

**1ST JANATA BANK MUTUAL FUND  
INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**



**INDEPENDENT AUDITORS' REPORT  
TO THE UNIT HOLDERS  
OF  
1 ST JANATA BANK MUTUAL FUND**

**Opinion**

We have audited the financial statements of 1ST JANATA BANK MUTUAL FUND, which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss & other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects of the statement of financial position of 1ST JANATA BANK MUTUAL FUND as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Other Information**

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Emphasis of Matter**

We would like to bring attention of the users of this report to the fact that Regent Spinning Mills Corporate Bond-2015 (referred to as "Note-6.03") has been considered non-performing. Therefore, the Bond Trustee along with the Asset Management Company representing bondholders is pursuing the recovery of the principal and interest from the bond's issuer (Regent Spinning Mills Limited).

**Key Audit Matters:**

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.



These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<b>Risk</b>	<b>Our response to the risk</b>
<p><b>Valuation of Investments:</b></p> <p>The Fund's investment portfolio Presented in the Statement of Financial Position at market value in Listed securities Tk. 2,227,762,320 represents 77.06% of the total assets Tk. 2,890,978,454 as at 30 June 2023. Unrealized Loss in Securities Tk.375,876,815. This is considered to be the key driver of the Fund's capital and revenue Performance.</p> <p>The market value of financial instruments that are traded in an active market is determined based on quoted market prices.</p> <p>Due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. See annexed report of date.</p>	<ul style="list-style-type: none"><li>• Testing the key controls over identification, Measurement and management of valuation risk as well as evaluating the methodologies and input parameters used by the Fund in determining fair values.</li><li>• Obtained year-end share holding positions from the fund and through directional testing assessed the completeness of the report;</li><li>• Obtained the CDBL report (DPA6) and share portfolio and cross checked against each other to confirm status of financial instruments;</li><li>• Assessing the adequacy of the disclosures in the financial statements against relevant accounting standards, the security and exchange Rules 1987, security exchange commission (Mutual Fund) Rules 2001 and other applicable laws and regulations.</li></ul>
Note no. 05 to the financial statements	
<p><b>Net Gain on sale of Trading securities:</b></p> <p>Net Gain on Sale of trading securities is Represents Tk. 26,781,218 which is 22.28% of the total income of Tk. 120,191,772 for the year ended 30 June 2023.</p>	<p>We have tested-</p> <ul style="list-style-type: none"><li>• Ledgers which is Electronic generated from brokerage house of respected dates of securities sales and buy</li><li>• Buy and Sales rate checked with DSE website of respected dates.</li></ul>
Note no. 15.00 to the financial statements	
<p><b>Dividend Income:</b></p> <p>Dividend income of Tk. 82,157,346 represents 68.36% of the total income of Tk. 120,191,772 for the year ended 30 June 2023.</p>	<p>We have tested the design and operating effectiveness of controls around the due and receivable recording process</p> <ul style="list-style-type: none"><li>• Comparing observable inputs against independent sources and externally available market data.</li><li>• Re-performing the calculations used to check Accuracy and correctness of information.</li></ul> <p>Assessing the adequacy revenue recognition, measurement and disclosures made in relation to the income in the financial statements</p>
Note no. 16.00 to the financial statements	
<p><b>Management fee:</b></p> <p>Management fee of Tk. 32,182,824 represents 72.44% of the total expense of Tk 44,426,802 for the year ended 30 June 2023.</p>	<ul style="list-style-type: none"><li>• Management fee is calculated as per the Trust deed and prospectus @ 1.125% per annum of the weekly average NAV.</li><li>• Tested some sample basis voucher with ledger balance.</li></ul> <p>Assessing the adequacy expense recognition, measurement and disclosures made in relation to the expense in the financial statements</p>
Expenditure of the financial statements	
<p><b>Advance Income Tax</b></p> <p>Advance income Tax of Tk. 19,243,921 shown as tax deducted from dividend and bank interest income for the year ended 30 June 2023.</p>	<ul style="list-style-type: none"><li>• We have tested ledger balances of figures deducted from the dividend &amp; interest income.</li><li>• Mutual Fund income was tax exempted as per SRO No-333-Ain/Aykor/2011 (dated 27.10.2011) under ITO 1984, Section 44(4)(b). The tax exemption of Mutual Fund income remains specified in the Income Tax Act</li></ul>



	2023, Sixth Schedule, Part-1, Clause-10 (ka). In adherence to this law, the mutual fund has not made any tax provisions in its profit or loss statement and other comprehensive income.
Note no. 10.00 to the financial statements	

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, Bangladesh Securities & Exchange Commission (Mutual Fund) Rule, 2001, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the (consolidated) financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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.



**Report on other Legal and Regulatory Requirements**

In accordance with the Bangladesh Securities & Exchange Commission (Mutual Fund) Rules 2001, 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 Fund 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.
- d) the expenditure incurred and payments made were for the purpose of the Fund Business, and
- e) the information and explanation required by us have been received and fund satisfactory.

Place: Dhaka  
Dated: August 13, 2023

**Harun-ur-Rashid FCA**  
Managing Partner, Enrolment No.312 (ICAB)  
**Zoha Zaman Kabir Rashid & Co.**  
Chartered Accountants

**DVC: 2308280312AS301553**



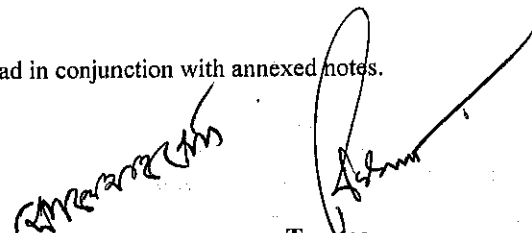
**1ST JANATA BANK MUTUAL FUND**  
**Statement of Financial Position**  
As at June 30, 2023

Particulars	Note	Amount in Taka	
		30-Jun-23	30-Jun-22
<b>A Asset</b>			
Investment in marketable securities-at Fair Value	05	2,227,762,320	2,025,192,875
Investment in non-listed securities-at Fair Value	06	531,749,880	799,675,108
Cash & cash equivalents	07	82,852,930	251,497,153
Preliminary & Issue Expenses	08	8,663,286	9,861,959
Others Receivable	09	15,018,971	47,789,402
Advance, Deposit & Prepayments	10	24,931,067	7,897,562
<b>Total assets</b>		<b>2,890,978,454</b>	<b>3,141,914,059</b>
<b>B Liabilities</b>			
Liabilities for expenses	11	41,862,478	2,728,735
Unclaimed Dividend	7.01	10,041,618	7,771,995
Other liabilities	12	3,561,379	404,197
<b>Total liabilities</b>		<b>55,465,475</b>	<b>10,904,927</b>
<b>C Net assets (A-B)</b>		<b>2,835,512,978</b>	<b>3,131,009,132</b>
<b>D Equity</b>			
Capital Fund	13	2,899,233,480	2,899,233,480
Dividend Equalization & TRR Reserve		28,829,310	160,770,843
Retained Earnings		(92,549,811)	71,004,810
		<b>2,835,512,978</b>	<b>3,131,009,132</b>
<b>Net Assets Value (NAV)-at Cost</b>	14	3,240,958,677	3,373,801,001
No. of unit		289,923,348	289,923,348
		<b>11.18</b>	<b>11.64</b>
<b>Net Assets Value (NAV)-at Fair Value</b>	14	2,835,512,978	3,131,009,132
No. of unit		289,923,348	289,923,348
		<b>9.78</b>	<b>10.80</b>

These financial statements should be read in conjunction with annexed notes.

  
Asset Manager

Bangladesh RACE Management PCL

  
Trustee


Investment Corporation of Bangladesh

See annexed report of the date

Dhaka

Date: August 13, 2023



  
Harun-ur-Rashid FCA  
Managing Partner, Enrolment No. 312 (ICAB)  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants  
DVC: 2308280312AS301553

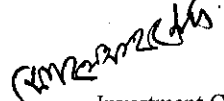


**1ST JANATA BANK MUTUAL FUND**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended June 30, 2023**


Particulars	Note	Amount in Taka	
		30-Jun-23	30-Jun-22
<b>A INCOME</b>			
Net profit on sale of investment	15	26,781,218	248,143,423
Dividend from investment	16	82,157,346	88,296,400
Financial income	17	11,253,209	33,421,757
<b>Total income</b>		<b>120,191,772</b>	<b>369,861,580</b>
<b>B EXPENDITURE</b>			
Management fees	18	32,182,824	36,880,926
Amortization of preliminary & issue exp.	08	1,198,673	1,198,673
Trustee fees	19	2,957,039	3,347,027
BSEC annual fee	20	2,899,233	2,899,233
CDBL charges	21	310,333	538,386
Custodian fees	22	2,714,333	3,138,770
CSE annual fee		600,000	600,000
DSE annual fee		600,000	600,000
Bank charges		247,713	177,950
Audit fee		57,500	58,500
Expenses for Capital Market Stabilization Fund	23	299,184	637,813
Printing publication & IPO expenses		359,971	859,384
<b>Total expenditure</b>		<b>44,426,802</b>	<b>50,936,661</b>
<b>Profit before Provision (A-B)</b>		<b>75,764,970</b>	<b>318,924,919</b>
(Total Provision for VAT and writeoff)/ write back against erosion of fair value	24	(168,314,781)	(248,826,068)
<b>Net Profit after Provision transferred to retained earnings</b>		<b>(92,549,811)</b>	<b>70,098,852</b>
<b>Other Comprehensive Income:</b>			
Unrealized gain/(loss)		-	-
<b>Total Profit or Loss and Other Comprehensive Income</b>		<b>(92,549,811)</b>	<b>70,098,852</b>
<b>Earnings per unit (EPU) for the year</b>	25	<b>(0.32)</b>	<b>0.24</b>

These financial statements should be read in conjunction with annexed notes.

  
Asset Manager  
Bangladesh RACE Management PCL

  
Trustee  
Investment Corporation of Bangladesh

See annexed report of the date

  
Harun-ur-Rashid FCA  
Managing Partner, Enrolment No. 312 (ICAB)  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

Dhaka  
Date: August 13, 2023





**1ST JANATA BANK MUTUAL FUND**  
Statement of Changes in Equity  
For the year ended June 30, 2023

Amount in Taka

Particulars	Capital Fund	Dividend Equalization & TRR Reserve	Unrealized Gain	Retained Earnings	Total Equity
Balance as at July 01, 2022	2,899,233,480	160,770,843	-	71,004,810	3,131,009,132
Dividend for 2021-2022 (Cash)	-	-	-	(202,946,344)	(202,946,344)
Dividend Equalization & TRR Reserve	-	(131,941,533)	-	131,941,533	-
Net profit for the year	-	-	-	(92,549,811)	(92,549,811)
<b>Balance at June 30, 2023</b>	<b>2,899,233,480</b>	<b>28,829,310</b>	<b>-</b>	<b>(92,549,811)</b>	<b>2,835,512,978</b>

**Statement of Changes in Equity**  
For the year ended June 30, 2022

Particulars	Capital Fund	Dividend Equalization & TRR Reserve	Unrealized Gain	Retained Earnings	Total Equity
Balance as at July 01, 2021	2,899,233,480	160,770,843	24,064,070	377,806,312	3,461,874,703
Dividend for 2020-2021 (Cash)	-	-	-	(376,900,352)	(376,900,352)
Unrealized Gain	-	-	(24,064,070)	-	(24,064,070)
Net profit for the year	-	-	-	70,098,851	70,098,851
<b>Balance at June 30, 2022</b>	<b>2,899,233,480</b>	<b>160,770,843</b>	<b>-</b>	<b>71,004,810</b>	<b>3,131,009,132</b>

Asset Manager  
Bangladesh RACE Management PCL

Trustee  
Investment Corporation of Bangladesh

See annexed report of the date

Harun-ur-Rashid FCA  
Managing Partner, Enrolment No. 312 (ICAB)  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants

Dhaka  
Date: August 13, 2023







**1ST JANATA BANK MUTUAL FUND**  
**Statement of Cash Flows**  
**For the year ended June 30, 2023**

Particulars	Amount in Taka	
	30-Jun-23	30-Jun-22
<b>A. Cash flows from operating activities</b>		
Dividend income	86,691,074	86,215,549
Financial income	10,472,095	85,744,196
Net profit on sale of investment	26,781,218	248,143,423
Other operating expenses	(42,147,980)	(59,635,487)
<b>Net cash from operating activities</b>	<b>81,796,407</b>	<b>360,467,680</b>
<b>B. Cash flows from investing Activities</b>		
Net investment in securities	(49,763,910)	118,021,114
<b>Net cash from investing Activities</b>	<b>(49,763,910)</b>	<b>118,021,114</b>
<b>C. Cash flows from financing activities</b>		
Dividend for 2021-2022	(202,946,344)	(376,900,352)
Unclaimed Dividend	2,269,623	7,771,995
<b>Net cash from financing activities</b>	<b>(200,676,720)</b>	<b>(369,128,357)</b>
<b>D Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(168,644,223)</b>	<b>109,360,437</b>
<b>E Opening Cash &amp; Cash Equivalents</b>	<b>251,497,153</b>	<b>142,136,716</b>
<b>F Closing Cash &amp; Cash Equivalents (D+E)</b>	<b>82,852,930</b>	<b>251,497,153</b>
<b>Net Operating Cash Flow Per Unit (NOCFPU)</b>	<b>0.28</b>	<b>1.24</b>

Asset Manager  
Bangladesh RACE Management PCL

Trustee  
Investment Corporation of Bangladesh

See annexed report of the date

Dhaka  
Date: August 13, 2023

Harun-ur-Rashid FCA  
Managing Partner, Enrolment No. 312 (ICAB)  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants





**1ST JANATA BANK MUTUAL FUND**

Notes to the Accounts  
For the year ended June 30, 2023

**1. The fund and legal status**

1ST JANATA BANK MUTUAL FUND (hereinafter called as "Fund") was established under a Trust Deed signed on 28 January 2010 between 1ST JANATA BANK MUTUAL FUND (JBL) as a 'Sponsor' and the Investment Corporation of Bangladesh (ICB) as a "Trustee" under the Trust Act 1882 and Registration Act 1908. The Fund was registered with the Bangladesh Securities and Exchange Commission (BSEC) on 09 February 2010 vide registration code no. SEC/Mutual Fund/2010/19 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001. The operations of the Fund was commenced on 20 September 2010 by listing with Dhaka and Chittagong Stock Exchanges.

As provided in Trust Deed, Bangladesh RACE Management PCL, an asset management company, is the Fund Manager. Bangladesh RACE Management PCL was incorporated as a private limited company under Companies Act 1994 on March 2008.

1ST JANATA BANK MUTUAL FUND is a close-end Mutual Fund of twenty years' tenure. The objectives of the Fund are to provide regular dividend to the investors by investing the Fund both in capital and money market instruments. The Fund consists of 289,923,348 units of BDT 10 each. The units of the Fund are transferable.

**2. Objectives**

The objective of 1ST JANATA BANK MUTUAL FUND is to provide attractive dividends to its unit-holders by earning superior risk adjusted return from a diversified investment portfolio.

**3. Basis of preparation**

**3.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and as per requirements of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001, Trust Deed and other applicable laws and regulations.

**3.2 Basis of measurement**

These financial statements have been prepared on a going concern and accrual basis under historical cost convention and initial fair value for identical asset using trade date accounting in accordance with generally accepted accounting principles.

**3.3 Functional and presentational currency**

These financial statements are presented in BDT, which is also the Fund's functional and presentational currency.

**3.4 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.





Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

### 3.5 Reporting period

These financial statements are prepared for the period from 01 July 2022 to 30 June 2023.

### 3.6 Taxation

The income of the Fund is exempted from Income Tax as per Bangladesh Gadget, Act no. 12 of the year 2023 approved by The President of The Peoples Republic of Bangladesh dated June 22, 2023

## 4. Significant accounting policies

The accounting policies set out below have been applied throughout the period presented in these financial statements.

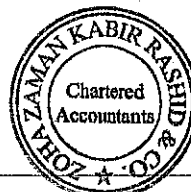
### 4.1 Investment policy

The investment policy of the Fund as summarized below has set in accordance with Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001 including amendments if any:

- (i) as per Rule 55 (02) of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001 as amended, at least 60% of total assets of the Fund is to be invested in capital market out of which at least 50% will be in listed securities;
- (ii) as per fifth schedule, no term loan and advance shall be given from the mutual fund.
- (iii) as per fifth schedule not more than 10% of total assets of one scheme of a mutual fund shall be invested in one company's share.
- (iv) as per fifth schedule not more than 15% of paid-up capital of a company's share shall be invested from all schemes of a mutual fund.
- (v) as per fifth schedule not more than 20% of one or group of companies' share, debenture or other securities shall be invested from all schemes of a mutual fund.
- (vi) as per fifth schedule not more than 25% in one sector/industry's share, debenture or other securities shall be invested from all scheme of a mutual fund.
- (vii) as per fifth schedule investment or loan from one scheme to another scheme shall not be made under one asset management company
- (viii) as per fifth schedule a mutual fund shall not make any loan for investment purpose
- (ix) as per fifth schedule, no expenses shall be charged in year more than 4% of weekly average NAV annually.

### 4.2 Valuation of Investment at Fair Value:

Fair Value is a market-based measurement. It is to estimate the price at which an orderly transaction to sell the assets or to transfer the liability would take place between market participants at the measurement date under current market condition. As per IFRS-13, 1st Janata Mutual Fund (the fund) adopts the assumption the market participants would use when pricing the assets, including assumptions about risk (a) the risk inherent in a particular valuation technique used to measure fair value (such as pricing model); and (b) the risk inherent in quoted price/input to the valuation technique.





#### 4.3 Dividend Policy

As per Rule 66 of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001 as amended, the Fund is required to distribute its profit in the form of dividend either in cash to its unit holders an amount which shall not be less than 70% of annual profit during the year, net provisions, net of provisions and net of negative retained earning brought forward balance.

#### 4.4 Cash & cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and fixed deposits.

#### 4.5 Net asset value calculation

NAV per unit is being calculated using the following formula:

$$\text{Total NAV} = \text{VA} - \text{LT}$$

$$\text{NAV per unit} = \text{Total NAV} / \text{No. of units outstanding.}$$

VA: Value of all securities in vault + Value of all securities placed in lien + Cash in hand and bank balances + Value of all securities receivables + receivables of proceeds of sale of investments + Dividend receivable, net tax + Interest receivable, net of tax + Issue expenses amortized on that date + Printing, publication and stationery expenses amortized on date.

LT: Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + Payable as trustee fee + All other payable related to printing, publication and stationery + Accrued deferred expenses with regard to management fee, annual fee, audit fee and safe keeping fee.

#### 4.6 Provisions

A provision is recognised if, as a result of a past event, the Fund 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. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting period. Provision for market unrealised loss shall be made in accordance with the rule 3(d) of 6th schedule of Mutual Fund Bidhimala 2001 and in case of provision write back.

#### 4.7 Revenue recognition

Gains/losses arising on sale of investment are included in the Profit and Loss Statement on the date at which the transaction takes place. Dividend and interest income are recognised as per IFRS-15 and Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.

#### 4.8 Statement of cash flows

Cash flows from operating activities have been presented under direct method.





05.00 Investment in marketable securities-at Fair Value  
Capital Market Securities-Listed:

Amount in Taka	
30-Jun-23	30-Jun-22
2,227,762,320	2,025,192,875
<u>2,227,762,320</u>	<u>2,025,192,875</u>

05.01 Capital Market Securities-Listed:

Sector/Category	Number of Shares	Amount in Taka			
		Cost	Fair Values As on June 30, 2023	Req. Provision /Excess Gain	Fair Values As on June 30, 2022
Bank	46,907,377	828,345,310	732,774,627	(95,570,682)	634,167,437
Cement	28,902	10,685,069	7,702,383	(2,982,686)	11,370,131
Corporate Bond	849	897,206	893,997	(3,209)	20,500,866
Engineering	9,097	1,611,261	1,381,834	(229,426)	1,480,082
Food and Allied	382,888	225,111,342	198,604,006	(26,507,336)	157,998,711
Fuel and Power	2,114,615	191,440,848	146,788,587	(44,652,262)	156,595,148
Insurance	1,689,270	139,700,569	102,345,101	(37,355,467)	41,797,111
Miscellaneous	313,066	76,983,695	67,638,415	(9,345,280)	42,953,931
Mutual Funds	10,297,556	131,824,947	96,504,053	(35,320,894)	99,033,671
NBFI	2,489,941	204,005,325	137,125,821	(66,879,504)	159,907,259
Pharma	1,437,406	616,514,451	599,486,745	(17,027,706)	559,299,290
Telecommunication	476,332	176,519,113	136,516,751	(40,002,361)	140,089,241
<b>Total</b>	<b>66,147,299</b>	<b>2,603,639,135</b>	<b>2,227,762,320</b>	<b>(375,876,815)</b>	<b>2,025,192,875</b>

06.00 Investment in non-listed securities

BSEC approved Non-listed Unit Fund (Category A)	06.01	3,431,116	3,598,570
BSEC approved investment in private equity of non-listed company (Category B)	06.02	408,318,764	155,869,392
BSEC approved Bond (Category C)	06.03	120,000,000	640,207,146
		<u>531,749,880</u>	<u>799,675,108</u>

06.01 BSEC approved Non-listed Unit Fund (Category A):

Particulars	No of Quantity	Amount in Taka			
		Cost	Fair Values As on June 30, 2023	Req. Provision /Excess Gain	Fair Values As on June 30, 2022
HFAML Unit Fund	356,294	3,000,000	3,431,116	431,116	3,598,570
<b>Total of BSEC approved Non-listed Unit Fund (Category A)</b>	<b>356,294</b>	<b>3,000,000</b>	<b>3,431,116</b>	<b>431,116</b>	<b>3,598,570</b>

06.02 BSEC approved investment in private equity of non-listed company (Category B):

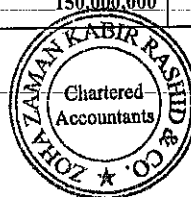
Particulars	No of Quantity	Amount in Taka			
		Cost	Fair Values As on June 30, 2023	Req. Provision /Excess Gain	Fair Values As on June 30, 2022
Best Holding Ltd	3,815,385	252,449,372	252,449,372	-	-
Padma Bank Limited	5,000,000	63,888,890	63,888,890	-	63,888,890
Multi Securities & Services Ltd.	2,837,290	91,980,502	91,980,502	-	91,980,502
<b>Total of BSEC approved investment in private equity of non-listed company (Category B)</b>	<b>11,652,675</b>	<b>408,318,764</b>	<b>408,318,764</b>	<b>-</b>	<b>155,869,392</b>

06.03 BSEC approved Bond (Category C)

Particulars	No of Quantity	Amount in Taka			
		Cost	Fair Values As on June 30, 2023	Req. Provision /Excess Gain	Fair Values As on June 30, 2022
Best Holding Ltd. Convertible Bond	-	-	-	-	248,000,000
Regent Spinning Mills Corporate Bond-2015	15	150,000,000	120,000,000	(30,000,000)	60,000,000
Premier Bank Ltd. Corporate Bonds	-	-	-	-	332,207,146
<b>Total of BSEC approved Bond (Category C)</b>	<b>15</b>	<b>150,000,000</b>	<b>120,000,000</b>	<b>(30,000,000)</b>	<b>640,207,146</b>

Net Provision Taken (5.01+6.01+6.02+6.03)

(405,445,699)	(242,791,869)
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Amount in Taka	
30-Jun-23	30-Jun-22

**\*\*\* 6.04 Investment in non-listed securities**

As on June 30, 2023 the Fund held a total of Tk 531,749,880 in non-listed securities. Each of these investments have been made by the Fund post regulatory (BSEC) approval. There are three categories of such investments (A) BSEC approved Non-listed Unit Fund; (B) BSEC approved investment in private equity of non-listed company; (C) BSEC approved Bond. The Category (A) investments are valued at the repurchase price which is enforceable on June 30, 2023 declared by respective AMC and this is also a quoted price as per IFRS-13. The investments in Category (B) are held at cost price as the underlying companies are going concerns. The valuation of Category (C) investments are valued at fair value by applying the methodology as per IFRS-13 using Present Value technique under Income approach and in compliance with Rules 58 of Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001.

**Category A for BSEC approved non-listed unit fund:**

Investments are valued at the repurchase price which is enforceable on June 30, 2023 declared by respective AMC.

**Category B. For Non-Listed Private Equity -BSEC approved (Padma Bank limited and Multi Securities & Services Limited & The Best Holdings Limited):**

The Fund has invested in the equity of three non-listed private companies (private equity investments), namely the (i) Padma Bank Limited and (ii) Multi Securities & Services Limited, both of which are regulated; the Padma Bank Limited is regulated by Bangladesh Bank and the Multi Securities & Services Limited is regulated by Bangladesh Securities and Exchange Commission, and the quasi-regulators the Dhaka Stock Exchange and the Chittagong Stock Exchange. There is a third investment in this category, namely (iii) the pre-IPO placement equity of Best Holdings Limited. We comment in more detail on each of these three investments below:

**(i) Padma Bank Limited:** The Fund has investment in equity of private company Padma Bank Limited (the "PBL") which has been approved by BSEC vide letter no. SEC/MF & SPV/MF-02/2009/467 dated May 31, 2012. The PBL is a Bangladesh Bank Regulated entity and going concern. Moreover, PBL private equity is owned by Govt. Banks and financial institutions which owns 65% or a majority of the total equity of the banks. Therefore, Padma Bank Ltd. is considered a going concern and the investment is held at cost by the Fund for a total investment amount of Tk. 63,888,890 Fair Value of the similar category of listed banks is above cost.

**(ii) Multi Securities and Services Limited:** The Fund has investment in equity of private company Multi Securities and Services Limited (MSSL) which has been approved by BSEC vide letter no. SEC/MF & SOV/MF-02/2009/783 dated November 04, 2015. The company is regulated by BSEC and is going concern and has been paying dividend regularly. Using prudence and conservative principal of accounting this investment is also held at cost by the Fund for a total investment amount of Tk. 91,980,502.

**(iii) The Best Holdings Limited:** The Fund has investments in the pre-IPO equity of private company the Best Holdings Limited (BHL). The private equity holdings are the result of the conversion of the Fund's holdings in the Best Holdings Limited Corporate Bond, a capital market security which was approved by the Bangladesh Securities & Exchange Commission vide its consent BSEC/CI/DS-47/2015/80, February 14, 2017 to raise capital through institutional private placement. The Trustee of the Bond is well reputed Green Delta Insurance Company Limited. Background of the conversion is as follows: In consideration of the Covid-19 pandemic related significant business loss suffered by the Hospitality sector in which Best Holdings Limited (BHL) operates, the Financial Instructions Division of the Ministry of Finance of the Government of Bangladesh vide its letter 53.00.0000.331.37.002.20.375 instructed bondholders and equity holders who participated in the BHL capital raise to restructure the cash flow requirements from the Bond and equity investment instruments. Based on the better cash inflow opportunity for the equity compared to the bond, the Investment Committee of the Fund, along with some other Bondholders, chose to convert the Bond holding into BHL equity as a pre-IPO equity placement, subject to the Issuer obtaining the necessary regulatory approvals. Subsequently the regulator BSEC has issued a gazette (dated 27 July, 2023 ref: BSEC/CMRRCD/2009-193(part#06)/64/PRD/146, which has provided an implied exemption to the Bond conversion. The investment is now held at cost in the total amount of Tk. 252,449,372, which is equivalent to the principal outstanding. In the event that the regulatory approval (post facto) sets a date certain that is after the Fund's conversion date, then it may give rise to a contingent claim: depending on the regulatory decision as to which date the conversion shall occur, there may arise a claim on the Issuer of interim interest to be settled in cash or kind (equity), in the amount of taka 68,671,200/=, to be paid by Issuer in cash or kind. Due to the related uncertainties, out of prudence, the Trustee and Investment Committee of the Fund has decided to not recognize this amount in the financial statements of the Fund, and may realize it as income only after the uncertainties are resolved.





Amount in Taka	
30-Jun-23	30-Jun-22

**C. For Non-Listed Bond (Regent Corporate Bond-2015):**

(i) **Regent Spinning Mills Corporate Bond-2015:** The Fund has investments in Regent Corporate Bond 2015 (the "Regent Bond"), which has been issued by Regent Spinning Mills Limited (the "Issuer") and was approved as a capital market security by Bangladesh Securities Exchange Commission approved vide BSEC letter, BSEC/CI/DS/23/2015/195, dated May 19, 2015. As on June 30, 2023 the Mutual Fund held 15 units of the Bond with Face Value of Taka 1.0 crore per unit for a total amount of Tk 150,000,000. The Regent Bond has not paid any coupon since the onset of Covid-19 pandemic in FY 2019-20, a development that has been disclosed in the financial statements of the Fund for FY 2020-21 and FY2021-22. The concern authority has conducted an initial assessment of the Regent Bond which included physical inspection of the premises, upon which it has assessed the Issuer business is a going-concern. Moreover, the assessment of assets of the Issuer, the corporate guarantor Regent Spinning Mills Limited and its group Directors as personal guarantor are held to cover the outstanding principal and interest against the Regent Bond. The Trustee and Bondholders are actively pursuing recovery efforts.

**07.00 Cash and cash equivalents :**

**FDR Accounts**

Padma Bank-0132200389127 Closed

**Operational Accounts**

One Bank Ltd.-(0123000000686)

One Bank Ltd.-(0182100000068)

BRAC Bank Ltd.-(1501202032682001)

City Bank Ltd.-(3101163392001)

Dhaka Bank Ltd.-(2011520000059)

Eastern Bank Ltd.-(1011220139894)

Janata Bank Ltd.-(004001375)

Premier Bank Ltd.-(010413600000003)

Padma Bank Ltd.-(0113000164456)

Padma Bank Ltd.-(0113000082173)

Southeast Bank Ltd.-(0013100000005)

**Dividend & IPO Accounts**

City Bank Ltd.-(3101163393001)

BRAC Bank Ltd.-(1513202210232001) Closed

Southeast Bank Ltd.-(8313100000137) Closed

Southeast Bank Ltd.-(008313100000190) Closed

Southeast Bank Ltd.-(008313100000253) Closed

One Bank Ltd.-(0013000001266) Closed

Bank Asia Ltd.-(04936000131)

Bank Asia Ltd.-04936000139 (2018-19)

Bank Asia Ltd.-04936000154 (2020-21)

One Bank Ltd.-(0183000001467)

**07.01 Unclaimed Cash Dividend:**

Year 2021-2022

Year 2020-2021

Year 2018-2019

Year 2017-2018

**08.00 Preliminary and issue expenses :**

Opening balance

Less: amortization during the year

**09.00 Other receivables :**

Receivable from Brokerhouse

Dividend Receivable

Interest Receivable

**09.01 Dividend Receivable:**

AB Bank Ltd

Lanka Bangla Finance Ltd

Berger Paint BD Ltd

City Bank Ltd

HEIDELBERG CEMENT BD

IBBL Bond Ltd

NCC BANK

United Commercial Bank Ltd

	638,075	59,853,054
	11,744,469	-
	37,042,005	17,694,154
	7,069	8,713
	2,585,792	13,286,880
	87	85
	6,595	8,056
	-	-
	39,294	38,533
	19,931,246	20,731,722
	816,678	131,804,777
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	7,925	7,788
	34,194	1,816,042
	6,205,981	6,247,349
	3,793,518	-
	<b>82,852,930</b>	<b>251,497,153</b>
	3,793,518	-
	6,205,981	6,247,349
	34,194	1,516,858
	7,925	7,788
	<b>10,041,618</b>	<b>7,771,995</b>
	9,861,959	11,060,632
	1,198,673	1,198,673
	<b>8,663,286</b>	<b>9,861,959</b>
	9,498	29,027,314
09.01	5,009,473	9,543,202
	10,000,000	9,218,886
	<b>15,018,971</b>	<b>47,789,402</b>
	-	197,650
	1,138,582	-
	5,476	27,380
	-	3,823,075
	28,902	141,786
	58,496	-
	361,213	1,806,108
	537,368	-

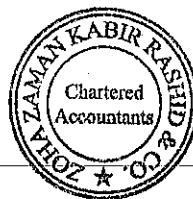




# Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

		Amount in Taka	
		30-Jun-23	30-Jun-22
	Southeast Bank Ltd	278,421	1,392,126
	Standard Bank Ltd	577,753	681,848
	Union Bank Limited	117,777	112,169
	Multi Securities & Services Ltd	1,905,485	1,361,061
		<b>5,009,473</b>	<b>9,543,202</b>
<b>10.00</b>	<b>Advance, deposit and prepayments :</b>		
	Advance Income Tax (AIT)	19,243,921	2,096,099
	Security Deposit- CDBL	500,000	500,000
	Prepayments	5,187,146	5,301,463
		<b>24,931,067</b>	<b>7,897,562</b>
<p>The Mutual Fund was tax exempted from inception, therefore during the year 2022-2023 National Board of Revenue (NBR) issued a letter for deduction of tax from dividend income upon query of some clients. Some clients deducted AIT from Fund's dividend income. Presently The income of the Fund is exempted from Income Tax as per Bangladesh Gadget, Act no. 12 of the year 2023 approved by The President of The Peoples Republic of Bangladesh dated June 22, 2023. RACE management PCL took the activities to collect the deducted Tax from clients. Now it is under process.</p>			
<b>10.01</b>	<b>Prepayments :</b>		
	Bangladesh Securities and Exchange Commission (annual fee)	2,899,233	2,899,233
	Investment Corporation of Bangladesh (trustee fee)	1,659,459	1,773,776
	Dhaka Stock Exchange Limited (annual fee)	302,465	302,465
	Chittagong Stock Exchange Limited (annual fee)	302,465	302,465
	Central Depository Bangladesh Limited (annual fee)	23,523	23,523
		<b>5,187,146</b>	<b>5,301,463</b>
<b>11.00</b>	<b>Liabilities for expenses</b>		
	Audit Fee	45,000	40,500
	Management Fee	14,965,684	51,608
	Custodian Fee	1,866,783	2,026,286
	CDBL charges and other payable	274,900	77,500
	Payable to Brokerhouse	24,177,271	-
	Preliminary expenses	207,741	207,741
	Printing Publication Expenses	325,100	325,100
		<b>41,862,478</b>	<b>2,728,735</b>
<b>12.00</b>	<b>Other Liabilities</b>		
	Liabilities for Tax	800,308	404,197
	Liabilities for VAT	2,761,070	-
		<b>3,561,379</b>	<b>404,197</b>
<b>13.00</b>	<b>Capital Fund</b>		
	Size of capital fund		
	289,923,348 units of Taka 10 each	2,899,233,480	2,899,233,480
		<b>2,899,233,480</b>	<b>2,899,233,480</b>
<b>14.00</b>	<b>Net Asset Value (NAV)</b>		
	Total Net Assets Value at Cost	3,240,958,677	3,373,801,001
	Number of unit	289,923,348	289,923,348
	<b>Per Unit NAV at Cost</b>	<b>11.18</b>	<b>11.64</b>
	a.Total Net Assets Value at Cost	3,240,958,677	3,373,801,001
	b. (Unrealized loss) or Unrealized Gain	(405,445,699)	(242,791,869)
	Total Net Assets Value at Fair Value (a+b)	<b>2,835,512,978</b>	<b>3,131,009,132</b>
	Number of unit	289,923,348	289,923,348
	<b>Per Unit NAV at Fair Value</b>	<b>9.78</b>	<b>10.80</b>
<b>15.00</b>	<b>Net profit on sale of investment</b>		
	Net Profit on sale of Investment	26,781,218	248,143,423
		<b>26,781,218</b>	<b>248,143,423</b>
<b>16.00</b>	<b>Dividend from investment</b>		
	Listed securities	75,402,247	83,270,534
	Non-Listed securities	6,755,098	5,025,867
		<b>82,157,346</b>	<b>88,296,400</b>



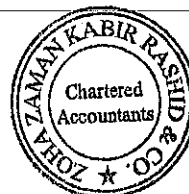




# Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

		Amount in Taka	
		30-Jun-23	30-Jun-22
<b>16.01</b>	<b>Dividend from investment Listed securities:</b>		
	ISTPRIMEMF	697,400	634,000
	AB Bank Ltd	-	197,650
	ACI Ltd	1,402,440	429,207
	Al-Arafa Islami Bank Ltd	-	553,161
	Apex Footwear Ltd	-	95,136
	Bank Asia Ltd	12,124,553	8,142,086
	BATBC	7,135,561	5,386,440
	BEXIMCO Pharma Ltd	1,683,024	1,304,965
	BGIC	-	207,240
	BRAC Bank Ltd	136,378	126,878
	Berger Paint BD Ltd	-	109,520
	BEXIMCO Ltd	882,984	17,500
	City Bank Ltd	-	3,823,075
	Dutch-Bangla Bank Ltd	3,091,512	2,742,198
	Eastern Bank Ltd	3,027,673	1,742,324
	First Security Bank Ltd	42,500	-
	Fraction Dividend	38	6,650
	Grameenphone Ltd	9,586,182	10,902,663
	HEIDELBERG CEMENT BD	28,902	141,800
	IBBL Bond Ltd	58,496	1,315,940
	ICB	517,721	1,138,986
	ICB AMCL 2nd MF	358,090	526,800
	IDLC	396,218	377,369
	LankaBangla Finance Ltd	1,138,582	1,138,582
	Linde Bd Ltd	2,306,556	3,020,490
	LRBDL	-	27,360
	Marico Bd Ltd	-	733,540
	NCC BANK	-	1,806,108
	NCCBL MUTUAL FUND-I	3,678,034	7,356,067
	PF 1st Mutual fund	588,625	781,500
	Premier Bank Ltd	12,785,805	10,705,325
	Prime 1st ICBA MF	710,125	1,179,375
	Prime Bank Ltd	1,046,047	1,046,047
	Renata Ltd	3,711,904	4,072,033
	Shahjalal Islami Bank Ltd	14,572	11,564
	Singer BD Ltd	9,097	54,582
	Southeast Bank Ltd	-	1,392,126
	Square Pharmaceuticals Ltd	3,508,850	1,832,310
	Standard Bank Ltd	577,753	681,848
	Summit Power Ltd	3,501,485	6,857,190
	Union Bank Limited	117,777	112,169
	United Commercial Bank Ltd(UCBL)	537,368	517,680
	Uttara Bank Ltd	-	23,053
		<b>75,402,247</b>	<b>83,270,534</b>
<b>16.02</b>	<b>Dividend from investment Non-Listed securities</b>		
	Best Holding Ltd	3,819,200	1,909,600
	HFAML UNIT FUND	213,776	356,294
	ICB AMCL Converted 1st Mutual Fund	-	37,851
	Multi Securities & Services Ltd	2,722,122	2,722,122
		<b>6,755,098</b>	<b>5,025,867</b>
<b>17.00</b>	<b>Financial Income</b>		
	Interest Income from Bank Accounts	5,081,783	10,117,789
	Interest Income from Corporate Bonds	6,171,426	23,303,968
		<b>11,253,209</b>	<b>33,421,757</b>
<b>18.00</b>	<b>Management fees</b>		
		32,182,824	36,880,926
		<b>32,182,824</b>	<b>36,880,926</b>
	Asset management company shall charge the fund as annual management fee for investment management @1.125%p.a of the weekly average net asset value of the fund as per Tust deed 4.3.14.		
<b>19.00</b>	<b>Trustee fees</b>		
		2,957,039	3,347,027
		<b>2,957,039</b>	<b>3,347,027</b>





# Zoha Zaman Kabir Rashid & Co.

Chartered Accountants

Amount in Taka	
30-Jun-23	30-Jun-22

Investment Corporation of Bangladesh (ICB) the trustee of the fund is entitled to get an annual trusteeship fee @ 0.10% of the net asset value per annum, payable semi-annually in advance basis during the entire life of the Fund as per Trust Deed.

20.00	<b>BSEC annual Fee</b>	<u>2,899,233</u>	<u>2,899,233</u>
		<u>2,899,233</u>	<u>2,899,233</u>

Annual fee paid to BSEC as per Rules 11(1) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001

21.00	<b>CDBL Charges</b>	<u>310,333</u>	<u>538,386</u>
		<u>310,333</u>	<u>538,386</u>

CDBL charge paid to Central Depository Bangladesh Limited (CDBL) as per Annex A 1 of CDBL Bye Laws (3.7).

22.00	<b>Custodian fees</b>	<u>2,714,333</u>	<u>3,138,770</u>
		<u>2,714,333</u>	<u>3,138,770</u>

Investment Corporation of Bangladesh (ICB), the custodian of the fund is entitled to receive a safekeeping fee @ 0.10% on the balance of securities calculated on average month end value per annum as per Trust Deed.

23.00	<b>Expenses for Capital Market Stabilization Fund:</b>	<u>299,184</u>	<u>637,813</u>
		<u>299,184</u>	<u>637,813</u>

In compliance with BSEC Rule-SEC/SRMIC/165-2020/part-1/166 unpaid/ unclaimed dividend with accrued interest has been transferred to

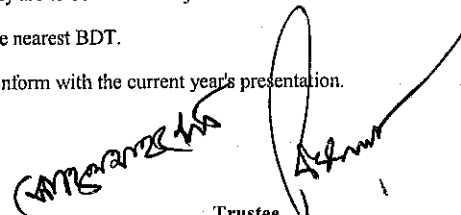
24.00	<b>(Total Provision for VAT and write off)/ write back against erosion of fair value</b>		
	Provision for previous year B/F	(242,791,869)	-
	Capital Market Securities-Listed	05.01 (375,876,815)	(256,597,585)
	BSEC approved Non-listed Unit Fund (Category A)	06.01 431,116	598,570
	BSEC approved investment in private equity of non-listed company (Category B)	06.02 -	-
	BSEC approved Bond (Category C)	06.03 (30,000,000)	13,207,146
	<b>Required Provision</b>	<u>(162,653,830)</u>	<u>(242,791,869)</u>
	Provision for VAT	(5,660,950)	(6,034,199)
		<u>(168,314,780)</u>	<u>(248,826,068)</u>

25.00	<b>Earnings per unit for the year</b>		
	Net profit for the year (numerator)	(92,549,811)	70,098,852
	Number of units (denominator)	<u>289,923,348</u>	<u>289,923,348</u>
	<b>Earnings per unit</b>	<u>(0.32)</u>	<u>0.24</u>

26.00 **Events after the reporting period**  
The Trustee of the Fund has declared no dividend for the year ended June 30, 2023 and the record date will be on September 04, 2023 at the meeting held on August 13, 2023.

- 27.00 **Others**
- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
  - Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
  - Figures of previous year have been rearranged wherever considered necessary, to conform with the current year's presentation.

  
Asset Manager  
Bangladesh RACE Management PCL

  
Trustee  
Investment Corporation of Bangladesh

Dhaka  
Date: August 13, 2023

