

**Audited Financial Statements  
of  
ICL Balanced Fund  
For the period from 12 April 2016 to 30  
June 2017**



# **Hoda Vasi Chowdhury & Co**

## **Chartered Accountants**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF ICL Balanced Fund**

We have audited the accompanying financial statements of ICL Balanced Fund (hereinafter referred to as "the Fund"), which comprise the statement of financial position from 12 April 2016 to 30 June 2017, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Asset Manager of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), Securities and Exchange Rules, 1987, Securities and Exchange Commission (Mutual Fund) Rules, 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 and error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of the Fund from 12 April 2016 to 30 June 2017 and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs) and comply with Securities and Exchange Rules, 1987, Securities and Exchange Commission (Mutual Fund) Rules, 2001 and other applicable laws and regulations.



**Emphasis of Matter:**

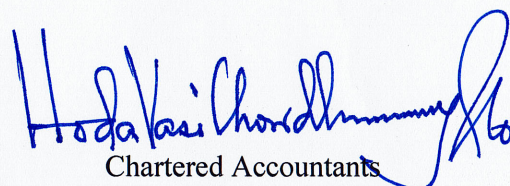
Without qualifying our report, we would like to draw attention to note 4.3 (i) to the accompanying financial statements where the management describes that ICL Balanced Fund had valued listed securities on a conservative basis which denotes a departure from BAS-39 "Financial Instruments: Recognition and Measurement".

We report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) the Fund's statement of financial position and statement of profit or loss and other comprehensive income along with the annexed notes 1 to 17 thereto dealt with by this report are in agreement with books of account of the Fund;
- c) 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; and
- d) all expenditure incurred were for the purposes of the Fund's business.

Dhaka,

**08 AUG 2017**

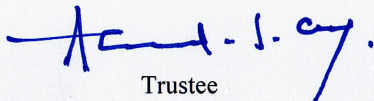
  
Chartered Accountants



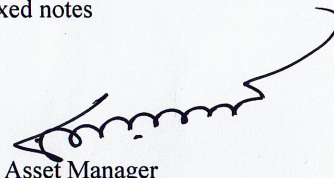
**ICL Balanced Fund  
Statement of Financial Position  
As at 30 June 2017**

	<u>Notes</u>	<u>2017 Taka</u>
<b>Assets</b>		
Investments at market price	5	232,512,679
Preliminary and issue expenses	6	1,761,632
Receivables	7	4,805,750
Cash and cash equivalents	8	129,762,525
<b>Total assets</b>		<b>368,842,586</b>
<b>Less: Liabilities</b>		
Accrued expenses and others	9	5,237,967
<b>Net assets</b>		<b>363,604,619</b>
<b>Owner's equity</b>		
Unit fund	10	315,402,000
Unit transaction reserve	11	7,648,356
Investment diminution reserve (Annexure A)		19,148,999
Retained earnings		21,405,264
		<b>363,604,619</b>
<b>Net Asset Value (NAV) per unit:</b>		
At cost	12	10.92
At market price	13	11.53

These financial statements should be read in conjunction with annexed notes

  
Trustee

Bangladesh General Insurance Company Limited

  
Asset Manager

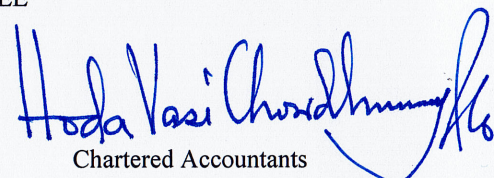
Impress Capital Limited

**AUDITORS' REPORT TO THE TRUSTEE**

See annexed report of date

Dhaka,

**08 AUG 2017**

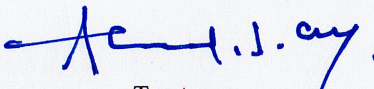
  
Chartered Accountants



**ICL Balanced Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the period from 12 April 2016 to 30 June 2017**

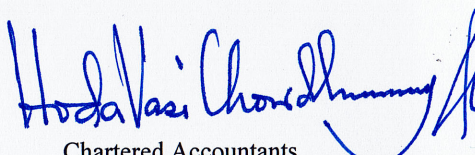
	<u>Notes</u>	12 April 2016 to 30 June 2017 <u>Taka</u>
<b>Income</b>		
Net gain on sale of marketable securities	14	13,896,013
Dividend income	15	7,316,381
Interest income	16	5,946,049
		<b>27,158,443</b>
<b>Less: Expenses</b>		
Management fee		4,604,747
Amortization of preliminary expenses		349,005
Trustee fee		280,388
Bank charges and others		195,634
Custodian fee		131,913
CDBL charges		95,492
BSEC registration fee		50,000
Audit fee		46,000
		<b>5,753,179</b>
<b>Net profit for the period</b>		<b><u>21,405,264</u></b>
<b>Earnings per unit for the period</b>	17	<b>0.68</b>

These financial statements should be read in conjunction with annexed notes

  
Trustee  
Bangladesh General Insurance Company Limited

  
Asset Manager  
Impress Capital Limited

AUDITORS' REPORT TO THE TRUSTEE  
See annexed report of date

  
Chartered Accountants

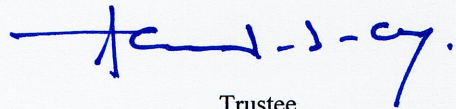
Dhaka,

**08 AUG 2017**

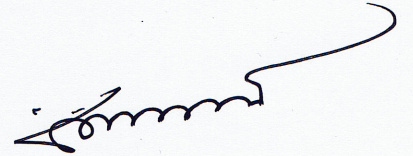


**ICL Balanced Fund**  
**Statement of Changes in Equity**  
**For the period from 12 April 2016 to 30 June 2017**

Particulars	Unit fund	Unit transaction reserve	Investment diminution reserve	Amount in Taka	
				Retained earnings	Total equity
Unit subscribed	326,012,000	-	-	-	326,012,000
Unit surrendered	(10,610,000)	-	-	-	(10,610,000)
Net profit for the period	-	-	-	21,405,264	21,405,264
Profit on unit subscribed	-	8,897,416	-	-	8,897,416
Loss on redemption of units	-	(1,249,060)	-	-	(1,249,060)
Investment diminution reserve	-	-	19,148,999	-	19,148,999
<b>Balance at 30 June 2017</b>	<b>315,402,000</b>	<b>7,648,356</b>	<b>19,148,999</b>	<b>21,405,264</b>	<b>363,604,619</b>



Trustee  
Bangladesh General Insurance Company Limited



Asset Manager  
Impress Capital Limited



**ICL Balanced Fund  
Statement of Cash Flows  
For the period from 12 April 2016 to 30 June 2017**

**12 April 2016 to  
30 June 2017**

**Taka**

**A. Cash flows from operating activities**

Net gain on sale of marketable securities  
Dividend income received  
Interest income realized  
Payment made for expenses  
*Net cash flows from operating activities*

13,896,013
5,332,519
3,124,162
(1,861,358)
<b>20,491,335</b>

**B. Cash flows from investing activities**

Investment in marketable securities, net  
Investment in IPO  
*Net cash used in investing activities*

(203,668,529)
(8,000,000)
<b>(211,668,529)</b>

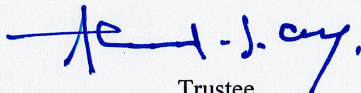
**C. Cash flows from financing activities**

Unit subscribed  
Unit surrendered  
Preliminary and issue expenses  
*Net cash generated from financing activities*  
**Cash and cash equivalents at the end of the period**

334,909,416
(11,859,060)
(2,110,637)
<b>320,939,719</b>
<b>129,762,525</b>

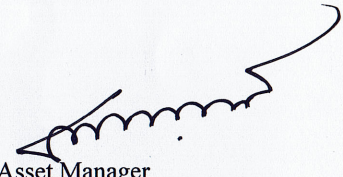
Net operating cash flows  
Number of outstanding units  
**Net operating cash flows per unit for the period**

20,491,335
31,540,200
<b>0.65</b>



Trustee

Bangladesh General Insurance Company Limited



Asset Manager

Impress Capital Limited



**ICL Balanced Fund  
Notes to the Financial Statements  
For the period from 12 April 2016 to 30 June 2017**

**1 Introduction**

ICL Balanced Fund ("the Fund") is an open-end mutual fund sponsored by Impress Capital Limited. The Fund got its approval from Bangladesh Securities & Exchange Commission on May 05, 2016 vide registration number BSEC/Mutual Fund/2016/65 under Securities and Exchange Commission (Mutual Fund) Rules, 2001. The current address of the fund is Evergreen Plaza (2nd Floor), 260/B, Tejgaon I/A, Dhaka-1208.

Bangladesh General Insurance Company Limited (BGIC) is the trustee and BRAC Bank Limited is the custodian of the fund. Impress Capital Limited is the Asset Manager.

**2 Closure of accounting year of the Fund**

The Fund has closed its books of accounts for the first period as at 30 June.

**3 Objective**

The objective of the Fund is to generate regular income as well as capital appreciation by investing in capital market and money market instruments at appropriate percentages as determined by the Asset Manager.

**4 Significant accounting policies**

**4.1 Basis of accounting**

These financial statements have been prepared under the historical cost convention in accordance with the Bangladesh Financial Reporting Standards (BFRSs), Securities and Exchange Rules, 1987 and Securities and Exchange Commission (Mutual Fund) Rules, 2001.

**4.2 Investment policy**

- i) The Fund shall invest subject to the and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and / or the Bangladesh Bank and / or the Insurance Development & Regulatory Authority (IDRA) of Bangladesh or any other competent authority in these regards.
- ii) Not less than 60% of the total assets of the Scheme of the Fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities.
- iii) Not more than 25% of the total asset of the Scheme of the Fund shall be invested in Fixed Income Securities (FIS).
- iv) Not more than 15% of the total asset of the Scheme of the Fund shall be invested in pre-IPOs at one time.
- v) All money collected under the Fund shall be invested only in encashable/transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.
- vi) The Fund shall get the securities purchased or transferred in the name of the Fund.
- vii) Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.
- viii) Time to time updated investment restrictions notified by BSEC shall be enforced in the Fund's investment decisions.



#### **4.3 Valuation policy**

- i) Listed securities (other than mutual Fund) are valued on a conservative basis at lower of cost or market value deviating from BAS-39' Financial Instruments: Recognition and Measurement'. Mutual Fund securities are valued at lower of 85% of Net Asset Value (NAV), cost price and market price as per SRO No. SEC/CMRRCD/2009-193/172 dated 30 June 2015.
- ii) Pursuant to Rule 58(2) of Securities and Exchange Commission (Mutual Fund) Act, 2001, the Fund valued non-listed securities on a consistent basis duly authenticated by Trustee of the Fund.
- iii) Market value is determined by taking the closing price of the securities in Dhaka Stock Exchange (DSE) at the statement of financial position date.

#### **4.4 Revenue recognition**

- i) Gains / losses arising on sale of investment are included in the Statement of Profit or Loss and Other Comprehensive Income on the date at which the transaction takes place. Capital gains / losses are recognized or being realized based on weighted average cost basis.
- ii) Dividends are recognized immediately after the record date as it is due.
- iii) Interest income is recognized on accrual basis.

#### **4.5 Preliminary and issue expenses**

Preliminary and issue expenses are being written off over a period of seven years on a straight-line method.

#### **4.6 Management fee**

The management fee of the Fund is to be paid to the asset management company per annum on weekly average net asset value (NAV) accrued and payable semi-annually. As per the Prospectus and the provisions of the Securities & Exchange Commission (Mutual Fund) Rules, 2001, the fee is calculated using the following slabs:

<u>NAV (Taka)</u>	<u>Percentage</u>
On weekly average NAV up to Taka 50 million	2.5
On next 200 million of weekly average NAV	2
On next 250 million of weekly average NAV	1.5
On rest of weekly average NAV	1

#### **4.7 Trustee fee**

The Trustee is entitled to an annual Trusteeship fee of Taka 200,000 (two hundred thousand) only or @ 0.10% of the Net Asset Value (NAV) of the Fund whichever is higher on semi-annual in advance basis, during the life of the Fund applicable from the effective date (the date of registration of this Trust Deed).

#### **4.8 Custodian fee**

The Fund shall pay to the Custodian a safe keeping fee @ 0.05% of the balance (dematerialized and non- dematerialized) securities held by the Fund calculated on the basis of average month end value per annum.



**4.9 Fund registration and annual fee**

As per the section 11 of Securities and Exchange Commission (Mutual Fund) Rules, 2001, every year the Fund is required to pay an Annual Fee to BSEC which is equal to 0.10% of the Fund or Taka 50,000 whichever ever is higher.

**4.10 Taxation**

The income of the Fund is fully exempted from Income Tax as per SRO No. 333-Act/Income Tax/2011 dated 10 November 2011, under Section 44(4) clause (b) of Income Tax Ordinance, 1984; hence no provision for tax is required.

**4.11 Dividend policy**

Pursuant to Rule 66 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 or any amendments of the Rules by Bangladesh Securities and Exchange Commission time to time, the Fund shall distribute by way of dividend to the holders of the units after the closing of the accounts an amount which shall be minimum 70% of the annual net profit as decided in the trustee meeting.

**4.12 Earning per unit**

Earnings per unit has been calculated in accordance with BAS-33 "Earnings per Share" and shown on the face of the Statement of profit or loss and other comprehensive income.

**4.13 Events after the reporting period**

The Trustee of the Fund has declared and approved cash dividend of 5% (i.e. Tk. 0.5 per unit) at its meeting held on 08 August 2017 for the unitholders for the period from 12 April 2016 to 30 June 2017.

**4.14 General**

Figures appearing in these financial statements have been rounded off to nearest Taka.



	<b>2017</b>
	<b><u>Taka</u></b>
<b>5 Investments at market price</b>	
Investment in marketable securities (Annexure-A)	224,512,679
Investment in IPO (BBS Cables Limited)	8,000,000
	<b><u>232,512,679</u></b>
The Company has made application in IPO (BBS Cables Limited) on 01 January 2017 for the purpose of investment.	
<b>6 Preliminary and issue expenses</b>	
Preliminary and issue expenses (note: 6.1)	2,110,637
Less: Amortization made during the period	(349,005)
	<b><u>1,761,632</u></b>
<b>6.1 Preliminary and issue expenses</b>	
Formation fees for AMC	1,000,000
CDBL registration fee	258,500
Advertisement expenses-Prothom Alo	248,400
BSEC registration fee	230,058
Advertisement expenses-Banik Barta	230,000
Trust deed registration cost	91,500
Printing expenses	51,179
BO A/C fee with IDLC	1,000
	<b><u>2,110,637</u></b>
<b>7 Receivables</b>	
Interest receivables (FDR) (note: 7.1)	2,821,887
Dividend receivables (note: 7.2)	1,983,863
	<b><u>4,805,750</u></b>
<b>7.1 Interest receivables (FDR)</b>	
Midland Bank Ltd.	1,680,000
Delta Brac Housing Finance Corporation Ltd.	1,141,887
	<b><u>2,821,887</u></b>
<b>7.2 Dividend receivables</b>	
Southeast Bank Ltd.	1,180,000
The City Bank Ltd.	559,313
Bata Shoe Company (Bangladesh) Limited	183,750
Green Delta Insurance Ltd.	38,000
Peoples Insurance Company Ltd.	22,800
	<b><u>1,983,863</u></b>
<b>8 Cash and cash equivalents</b>	
<b>Cash at banks:</b>	
<b>STD accounts with:</b>	
Midland Bank Limited	7,369,562
Prime Bank Limited	26,088
	<b><u>7,395,650</u></b>
<b>Term deposits (FDR) with:</b>	
Delta Brac Housing Finance Corporation Ltd.	82,366,875
Midland Bank Limited	40,000,000
	<b><u>122,366,875</u></b>
	<b><u>129,762,525</u></b>



	<b>2017</b>
	<b><u>Taka</u></b>
<b>9 Accrued expenses and others</b>	
Management fee	3,085,997
Brokerage payable	1,695,151
Trustee fee	280,388
Custodian fee	108,582
Audit fee	46,000
TDS for advertisement	19,136
CDBL charge	2,713
	<u><u>5,237,967</u></u>
<b>10 Unit fund</b>	
Initial subscription (10,000,000 units of Taka 10 each)	100,000,000
Units subscribed during the period (22,601,200 units of Taka 10 each)	226,012,000
Units Surrendered during the period (1,061,000 units of Taka 10 each)	(10,610,000)
	<u><u>315,402,000</u></u>
<b>11 Unit transaction reserve</b>	
New subscription 22,601,200 units	8,897,416
Less: Premium reserve paid for re-purchase	(1,249,060)
	<u><u>7,648,356</u></u>
<b>12 Net Asset Value (NAV) per unit at cost</b>	
Total Net Asset Value (NAV) at market price	363,604,619
Less: Unrealized gain	(19,148,999)
Total Net Asset Value (NAV) at cost	<u><u>344,455,620</u></u>
Number of units	<u>31,540,200</u>
NAV per unit at cost	<u><u>10.92</u></u>
<b>13 Net Asset Value (NAV) per unit at market price</b>	
Total Net Asset Value (NAV) at market price	363,604,619
Number of units	<u>31,540,200</u>
NAV per unit at market price	<u><u>11.53</u></u>
	<b>12 April 2016 to 30 June 2017</b>
	<b><u>Taka</u></b>
<b>14 Net gain on sale of marketable securities</b>	
<b>Sector-wise break up of gain on sale of investments are as under:</b>	
Financial Institutions	3,917,780
Bank	3,252,569
Textile	2,436,918
Cement	1,832,095
Tannery Industries	1,009,925
Pharmaceuticals & Chemicals	712,127
Fuel & Power	456,172
Travel & Leisure	337,312
Insurance	243,547
Miscellaneous	126,884
Service & Real Estate	21,027
Food & Allied	(88,702)
Engineering	(361,640)
	<u><u>13,896,013</u></u>



**12 April 2016  
to 30 June 2017**

**Taka**

**15 Dividend income**

**Sector-wise break up of dividend income on investments are as under:**

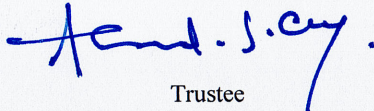
Bank	2,262,513
Dividend income (Corporate Bond)-net off tax	1,312,392
Financial Institutions	1,033,047
Textile	958,829
Telecommunication	556,200
Fuel & Power	262,570
Food & Allied	228,780
Pharmaceuticals & Chemicals	220,000
Insurance	212,800
Tannery Industries	183,750
Engineering	67,901
Travel & Leisure	17,600
	<b><u>7,316,381</u></b>

**16 Interest income**

Fixed Deposit Receipts (FDR)	5,435,203
Short Notice Deposit (SND)	510,846
	<b><u>5,946,049</u></b>

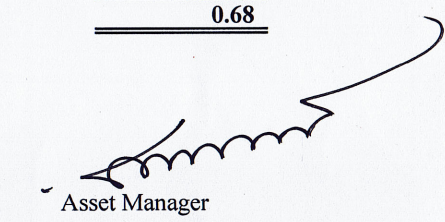
**17 Earnings per unit for the period**

Net profit for the period (A)	21,405,264
Number of units (B)	31,540,200
Earnings per unit (A÷B)	<b><u>0.68</u></b>



Trustee

Bangladesh General Insurance Company Limited

  
Asset Manager  
Impress Capital Limited



**ICL Balanced Fund**  
**Investment in marketable securities**  
**As at 30 June 2017**

*Amount in taka*

Sl no.	Sectors	Name of instruments	Number of Share	Weighted average price	Total Cost	Market Price	Total Market Value	Unrealized gain/(loss)
1	Bank	The City Bank Ltd.	586,047	29.54	17,311,168	37.40	21,918,158	4,606,990
2		Eastern Bank Ltd.	500,000	29.95	14,977,020	35.00	17,500,000	2,522,980
3		Southeast Bank Ltd	745,000	20.29	15,115,419	18.50	13,782,500	(1,332,919)
4	Corporate Bond	IBBL Mudaraba Perpetual Bond	26,293	978.37	25,724,227	971.00	25,530,503	(193,724)
5	Financial Institutions	IDLC Finance Ltd.	220,000	72.74	16,003,836	70.80	15,576,000	(427,836)
6	Food & Allied	British American Tobacco Bangladesh Company Limited	4,075	2,518.00	10,260,852	2,829.30	11,529,398	1,268,546
7		Olympic Industries Ltd.	29,800	272.94	8,133,739	278.50	8,299,300	165,561
8	Insurance	Fareast Islami Life Insurance Co. Ltd.	30,000	71.34	2,140,239	75.60	2,268,000	127,761
9		Green Delta Insurance Ltd.	113,534	54.24	6,157,991	63.10	7,163,995	1,006,005
10		Peoples Insurance Company Ltd.	19,000	17.47	331,842	21.90	416,100	84,258
11	IT Sector	AAMRA Networks Limited	98,764	39.00	3,851,796	39.00	3,851,796	-
12	Miscellaneous	Aman Feed Limited	16,000	75.32	1,205,165	74.00	1,184,000	(21,165)
13	Mutual Fund	Prime Finance 2nd Mutual Fund	100,000	10.00	1,000,000	11.69	1,169,000	169,000
14	Pharmaceuticals & Chemicals	Beximco Pharmaceuticals Ltd.	100,000	85.64	8,564,083	113.00	11,300,000	2,735,917
15		Renata Limited	9,540	1,104.58	10,537,672	1,157.10	11,038,734	501,062
16		Square Pharmaceuticals Ltd.	85,000	251.24	21,355,232	290.10	24,658,500	3,303,268
17	Tannery Industries	Bata Shoe Company Bangladesh Limited	17,555	1,139.44	20,002,880	1,131.30	19,859,972	(142,909)
18	Telecommunication	Grameenphone Ltd.	78,500	286.58	22,496,229	344.40	27,035,400	4,539,171
19	Textile	Nurani Dyeing & Sweater Limited	19,429	10.00	194,290	22.20	431,324	237,034
					<b>205,363,680</b>		<b>224,512,679</b>	<b>19,148,999</b>