



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

**Malek Siddiqui Wali**

CHARTERED ACCOUNTANTS

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**Auditors' Report  
To the Trustee of  
Prime Financial First Unit Fund**

We have audited the accompanying Statement of Financial Position of **Prime Financial First Unit Fund**, which comprises the statement of Financial Position as at December 31, 2015 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles (GAAP), Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations and for such internal control as management determines, which is necessary to enable the preparation of financial statements that are free from material misstatement, where due to fraud or error.

**Auditor's 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 where 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor consider 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 and opinion on the effectiveness of the entity's internal control. An audit also includes evaluation 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 prepared in accordance with Generally Accepted Accounting Principles (GAAP), Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as of December 31, 2015 and of the results of its operations and its cash flows for the period then ended and comply with the requirements of Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules) 2001, Trust Deed and other applicable laws and regulations.

**We also report that:**

- 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 ;
- in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books ;
- the Company's Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of accounts ;
- the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules) 2001.

Dated: Dhaka  
February 11, 2016

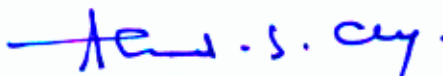
  
Malek Siddiqui Wali  
Chartered Accountants

**Prime Financial First Unit Fund**  
**Statement of Financial Position**  
As at December 31, 2015

<u>Particulars</u>	<u>Notes</u>	<u>2015 Taka</u>	<u>2014 Taka</u>
<b>Assets:</b>			
<b>Non-Current Assets</b>			
Preliminary expenses	4	1,181,390	1,787,029
Investment at market price	5	132,123,454	107,247,548
Investment in IPO		-	45,175,000
		<u>133,304,844</u>	<u>154,209,577</u>
<b>Current Assets</b>			
Receivables		5,281,471	6,081,471
Other assets		31,396	31,396
Cash and cash equivalents	6	77,141,058	67,838,643
		<u>82,453,925</u>	<u>73,951,510</u>
<b>Total assets</b>		<u>215,758,769</u>	<u>228,161,087</u>
<b>Equity &amp; Liabilities:</b>			
<b>Equity</b>			
Capital fund	9	197,765,800	196,709,300
Reserve for transaction of unit		961,570	429,549
Retained earnings		14,088,320	28,924,074
		<u>212,815,690</u>	<u>226,062,923</u>
<b>Current Liabilities</b>			
Accounts payable	7	2,288,173	2,071,409
Other liabilities	8	648,700	25,712
Dividend payable		6,206	1,043
		<u>2,943,079</u>	<u>2,098,164</u>
<b>Total Capital &amp; Liabilities</b>		<u>215,758,769</u>	<u>228,161,087</u>
<b>Net Asset Value (NAV) per unit:</b>			
at cost	12	115.33	122.14
at market price		107.61	114.92

The accounting policies and other notes form an integral part of the financial statements.

The financial statements were approved by the Board of Trustee on 11 February 2016 and were signed on its behalf by:



Bangladesh General Insurance Co. Ltd.  
Trustee



Prime Finance Asset Management Co. Ltd.  
Asset Manager

Signed in terms of our separate report the annexed date even

Dated: Dhaka  
February 11, 2016



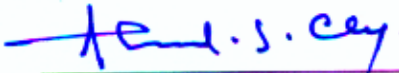
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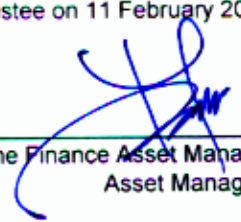
**Prime Financial First Unit Fund**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2015**

	<u>Notes</u>	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
<b>INCOME</b>			
Capital gain		10,561,882	10,028,264
Interest Income		5,167,046	5,491,959
Dividend earned		3,882,325	2,551,528
Interest on bond		313,572	310,080
Other income		1,629	15,697,669
<b>Total income</b>		<b>19,926,454</b>	<b>34,079,500</b>
<b>EXPENSES</b>			
Management fees	10	4,606,668	4,138,112
Preliminary and issue expenses		605,640	605,641
Custodian fees		189,628	199,570
Trustee fees		216,527	195,115
CDBL charges		28,547	41,219
Annual fees		184,559	184,175
Audit fees		69,000	69,000
Advertisement		244,194	147,200
Bank charges		6,381	14,151
Provision for unrealised loss on investment	11	1,071,762	-
<b>Total expenses</b>		<b>7,222,906</b>	<b>5,594,183</b>
<b>Net Profit for the year</b>		<b>12,703,548</b>	<b>28,485,317</b>
<b>Earning per unit</b>	13	<b>6.42</b>	<b>14.48</b>

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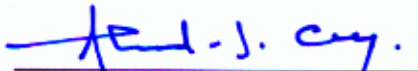
  
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**Prime Financial First Unit Fund**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2015**

	<u>Capital Fund</u> <u>Taka</u>	<u>Reserve for Transaction of Unit</u> <u>Taka</u>	<u>Retained earnings</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
<b>Balance as at 31 December 2013</b>	185,380,000	92,300	18,971,757	204,444,057
Unit subscribed	11,329,300	-	-	11,329,300
Reserve made during the year	-	337,249	-	337,249
Dividend paid during the year	-	-	(18,533,000)	(18,533,000)
Net profit for the year	-	-	28,485,317	28,485,317
<b>Balance as at 31 December 2014</b>	<b>196,709,300</b>	<b>429,549</b>	<b>28,924,074</b>	<b>226,062,923</b>
Unit subscribed	1,056,500	-	-	1,056,500
Reserve made during the year	-	532,021	-	532,021
Dividend paid during the year	-	-	(27,539,302)	(27,539,302)
Net profit for the year	-	-	12,703,548	12,703,548
<b>Balance as at 31 December 2015</b>	<b>197,765,800</b>	<b>961,570</b>	<b>14,088,320</b>	<b>212,815,690</b>

The accounting policies and other notes form an integral part of the financial statements.


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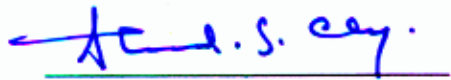
  
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Chartered Accountants

**Prime Financial First Unit Fund**  
**Statement of Cash Flow**  
For the year ended December 31, 2015

	<u>Notes</u>	<u>2015 Taka</u>	<u>2014 Taka</u>
<b>A. Cash flows from operating activities</b>			
Capital gain		10,561,882	10,028,264
Interest received		6,280,618	1,202,039
Dividend received		3,882,325	2,551,528
Paid for operating expenses		(4,699,371)	(5,682,010)
Bank Charge paid		(6,381)	(14,151)
Transfer charge received		1,629	-
<b>Net cash flows from operating activities</b>		<u>16,020,702</u>	<u>8,085,670</u>
<b>B. Cash flows from investing activities</b>			
Cash received from/(used) for acquisition/disposal of investment		(25,947,668)	11,234,905
Cash refunded from/(used) in IPO		45,175,000	(25,175,000)
<b>Net cash received/ (used) for investing activities</b>		<u>19,227,332</u>	<u>(13,940,095)</u>
<b>C. Cash flows from financing activities</b>			
Cash on account of surrender/sale of unit		1,056,500	11,329,300
Cash received from transaction of unit		532,020	337,249
Dividend paid		(27,534,139)	(18,531,957)
<b>Net cash generated from financing activities</b>		<u>(25,945,619)</u>	<u>(6,865,408)</u>
<b>D. Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>		<u>9,302,415</u>	<u>(12,719,833)</u>
<b>E. Opening cash and cash equivalents</b>		<u>67,838,643</u>	<u>80,558,476</u>
<b>F. Closing cash and cash equivalents (D+E)</b>		<u>77,141,058</u>	<u>67,838,643</u>
<b>Cash flows from operating activities per unit</b>	14	<u>8.10</u>	<u>4.11</u>

The accounting policies and other notes form an integral part of the financial statements.

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Trustee

  
Prime Finance Asset Management Co. Ltd.  
Asset Manager

Signed in terms of our separate report the annexed date even

Dated: Dhaka  
February 11, 2016

  
Malek Siddiqui Wali  
Chartered Accountants

**Prime Financial First Unit Fund**  
**Notes to the Financial Statements**  
**As at and for the year ended 31 December, 2015**

**1. The Fund**

Prime Financial First Unit Fund is an open-ended fund established as a Trust under the Trust Act 1882 and registered with Sub-Registrar's Office under the Registration Act 1908 on 2 June 2010. The Bangladesh Securities and Exchange Commission also approved the Fund on 13 June 2010 vide Registration Code No. SEC/Mutual Fund/2010/24. The initial size of the Fund is Tk. 200,000,000 (Taka two hundred million only) divided into 2,000,000 units of Taka 100 each. Subsequently the size of the Fund has been increased to Taka 1,000,000,000 (Taka one billion) divided into 10,000,000 units of Taka 100 each on 10 November 2010.

Prime Finance & Investment Limited is the sponsor of the Fund and subscribed an amount of Taka 30,000,000 (Taka thirty million) only.

**2. Basis of preparation**

**2.1 Statement of compliance**

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

These financial statements were approved by the Board of Trustees on 11 February 2016.

**2.2 Basis of measurement**

These financial statements have been prepared on a going concern basis under historical cost convention in accordance with generally accepted accounting principles.

**2.3 Functional currency and presentation currency**

These financial statements are presented in Bangladesh Taka, which is also the Fund's functional currency. All financial information presented in Taka have been rounded off to the nearest taka.

**2.4 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.

## 2.5 Reporting period

The financial period of the Fund covers one year from 1 January to 31 December. These financial statements are prepared for the year ended 31 December 2015.

## 2.6 Taxation

The income of the Fund is 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 of tax is required.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Investment policy

3.1.1 The Fund shall invest subject to the Rules and only in those securities, deposits and investments approved by the 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 this regards.

3.1.2 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 per cent shall be invested in listed securities.

3.2.3 Not more than 25% of the total asset of the Scheme of the Fund shall be invested in Fixed Income Securities (FIS).

3.2.4 Not more than 15% of the total asset of the Scheme of the Fund shall be invested in pre-IPOs at one time.

3.2.5 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.

3.2.6 The Fund shall get the securities purchased or transferred in the name of the Fund.

3.2.7 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.

### 3.2 Valuation policy

3.2.1 For listed securities, the average quoted market price on the stock exchanges on the date of valuation shall form the basis of any calculation of Net Asset Value of such securities in the portfolio of the Fund.

3.2.2 For securitized debts, debentures, margin or fixed deposits, the accrued interest on such instruments on the date of valuation shall be taken into account in any calculation of Net Asset Value of such securities in the portfolio of the Fund.

3.2.3 The valuation of non-listed securities will be made by the Asset Management Company with their reasonable value and approved by the Trustee and commented upon by the Auditors in the annual report of the Scheme.

### 3.2.4 Net Asset Value (NAV) calculation

The Fund will use the following formula to derive NAV per unit:

$$\text{Total NAV} = V_A - L_T$$

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

$V_A$  = Value of all securities in vault + Value of all securities placed in lien + Cash in hand and at bank + Value of all securities receivables + receivables of proceeds of sale of investments + Dividend receivables net of tax + Interest receivables net of tax + Issue expenses amortized as on date + Printing, publication and stationery expenses amortized as on date.

$L_T$  = Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + Payable as Trustee fees + 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.

### 3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

### 3.4 Provisions

A provision is recognized 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 balance sheet date.

### 3.5 Revenue recognition

#### 3.5.1 Capital gain

Capital gain is recognized on being realized.

#### 3.5.2 Dividend income

Dividend income is recognized on being declared by the investee company if it is made within the balance sheet date.

#### 3.5.3 Finance income

Finance income comprises interest income on fund kept at the bank account. Interest income is recognized as it accrues.

### 3.6 Cash flow statement

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



4. Preliminary expenses

Preliminary expenses will be amortised within seven years from the date of initiation.

	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
Opening balance	1,787,030	2,392,669
Less: Written off during the period	<u>605,640</u>	<u>605,640</u>
<b>Closing balance</b>	<b><u>1,181,390</u></b>	<b><u>1,787,029</u></b>

5. Investment

Investment at cost price (Annexure - 1)	147,386,284	121,438,616
Less: Reserve for unrealized loss (Annexure - 1)	<u>(15,262,830)</u>	<u>(14,191,068)</u>
<b>Investment at market price</b>	<b><u>132,123,454</u></b>	<b><u>107,247,548</u></b>

The investment in marketable securities is designated as Held for Trading in accordance with BAS 39 Financial Instruments: Recognition and Measurement and measured at market value, and any gains or losses recognised in the face of Statement of Comprehensive Income.

6. Cash and cash equivalents

Cash in hand	-	5
Cash at bank (Dutch-Bangla Bank Limited, Local Office; A/c No. 101.120.2870)	56,171,512	29,379,171
Cash at BO Account with PFI Securities Ltd.	19,448,616	38,459,467
Cash at BO Account with Fareast Stocks & Bonds Ltd.	<u>1,520,930</u>	<u>-</u>
	<b><u>77,141,058</u></b>	<b><u>67,838,643</u></b>

7. Accounts payable

Payable to Prime Finance Asset Management Company Ltd.	2,080,458	1,675,685
Custodian fees payable	68,127	325,135
Audit fees payable	<u>139,588</u>	<u>70,588</u>
	<b><u>2,288,173</u></b>	<b><u>2,071,409</u></b>

8. Other liabilities

Tax deducted at source	175	-
VAT deducted at source	<u>648,525</u>	<u>25,712</u>
	<b><u>648,700</u></b>	<b><u>25,712</u></b>

9. Capital fund

	<u>No. of</u> <u>Unit</u>	<u>Face value</u> <u>Per Unit</u> <u>Taka</u>	<u>Total</u> <u>Capital Fund</u> <u>Taka</u>
Subscribed by Resident Bangladeshis	1,677,658	100	167,765,800
Subscribed by Sponsor	<u>300,000</u>	100	<u>30,000,000</u>
	<b><u>1,977,658</u></b>		<b><u>197,765,800</u></b>

10. Management fees

Management fees is payable to Prime Finance Asset Management Company Limited. As per Securities and Exchange Commission (Mutual Fund) Rules, 2001 the Fund has to pay management fee to Prime Finance Asset Management Company Limited at the rates mentioned in the next page:

<u>Slab</u>	<u>Rate of Fees</u>
On the weekly average NAV upto Taka 5.00 crore	2.50%
On Next 20.00 Crore of the weekly average NAV	2.00%
On Next 25.00 Crore of the weekly average NAV	1.50%
On rest of the weekly average NAV	1.00%

**11 Provision for unrealised loss on investment**

Reserve required for unrealised loss on investment	15,262,830
Reserve already created for unrealised loss on investment	14,191,068
Reserve made during the year	<u>1,071,762</u>

The investment in marketable securities is designated as Held for Trading in accordance with BAS 39 Financial Instruments: Recognition and Measurement and measured at market value, and any gains or losses recognised in the face of Statement of Comprehensive Income.

**12. Net Asset Value (NAV):**

	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
<b><u>at cost</u></b>		
Value of net asset at cost	<u>228,078,520</u>	<u>240,253,991</u>
Number of units	<u>1,977,658</u>	<u>1,967,093</u>
Net Asset Value per unit	<u>115.33</u>	<u>122.14</u>
<b><u>at market value</u></b>		
Value of net asset at market price	<u>212,815,690</u>	<u>226,062,923</u>
Number of units	<u>1,977,658</u>	<u>1,967,093</u>
Net Asset Value per unit	<u>107.61</u>	<u>114.92</u>

**13. Earning per unit**

Earning per unit is calculated on the basis of unit held as at 31 December 2015.

**14. Cash flows from operating activities per unit**

Cash flows from operating activities per unit is calculated on the basis of unit held as at 31 December 2015.

**15. Even after reporting date**

The Board of Trustee of the Fund has approved cash dividend at the rate of 7% i.e., Taka 7 (Taka seven ) only per unit for the year ended 31 December, 2015 at the Meeting held on 11 February, 2016.