



## Prime Finance Second Mutual Fund

### Statement of Financial Position (Balance Sheet) as at 30 September 2022

		Un-audited 30 September 2022 <u>Taka</u>	Audited 31 December 2021 <u>Taka</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Preliminary expenses	4	3,110,666	4,688,878
<b>Current Assets</b>			
Investment in securities at market price	5	201,387,821	213,042,471
Dividend receivable	6	668,460	3,617,834
Other assets	7	292,754	395,903
Investment in IPO		-	22,034,500
Short term investment	8	10,000,000	20,000,000
Cash and cash equivalents	9	27,583,616	20,302,239
		239,932,651	279,392,947
<b>Total assets</b>		<b>243,043,317</b>	<b>284,081,825</b>
<b>Current Liabilities</b>			
Accounts payable	10	2,191,123	893,543
Other liabilities	11	256,582	224,611
<b>Total liabilities</b>		2,447,705	1,118,154
<b>Net assets</b>		<b>240,595,612</b>	<b>282,963,671</b>
<b>EQUITY</b>			
Capital fund	12	210,566,800	211,065,340
Retained earnings	13	30,028,812	71,898,331
<b>Total equity</b>		<b>240,595,612</b>	<b>282,963,671</b>
<b>Net Asset Value (NAV) per unit:</b>			
<b>at cost</b>	14	12.99	14.32
<b>at market price</b>		11.43	13.41

*The annexed notes 1 to 17 form an integral part of these financial statements.*

  
 Investment Corporation of Bangladesh  
 Trustee

  
 Prime Finance Asset Management Co. Ltd.  
 Asset Manager

Dhaka, 27 October 2022

**Prime Finance Second Mutual Fund**  
**Statement of Profit and Loss and Other Comprehensive Income**  
**for the period ended 30 September 2022**

		From 1 Jan to 30 Sep 2022 Taka	From 1 Jan to 30 Sep 2021 Taka	Q3 From 1 Jly to 30 Sep 2022 Taka	Q3 From 1 Jly to 30 Sep 2021 Taka
<b>INCOME</b>					
Capital gains on sale of securities		7,930,099	28,252,072	3,156,887	4,561,289
Interest income	15	978,527	1,374,087	392,188	558,363
Dividend		2,372,986	2,810,921	317,232	1,385,625
Interest on debentures / bonds		202,118	-	202,118	-
<b>Total income</b>		<b>11,483,730</b>	<b>32,437,080</b>	<b>4,068,425</b>	<b>6,505,277</b>
<b>EXPENSES</b>					
Management fees	16	3,429,985	3,704,921	1,113,983	1,329,869
Preliminary and issue expenses		1,578,213	1,578,212	531,852	531,851
Annual fees		210,567	212,555	-	-
Advertisement expenses		126,629	193,684	28,879	66,034
Custodian fees		138,675	144,413	44,090	52,350
Trustee fees		165,925	180,908	53,782	65,738
CDBL charges		231,818	52,727	15,013	21,181
IPO Charges		10,000	20,000	5,000	-
Bank charges		29,075	53,193	29,075	36,368
Realized loss from transaction of unit		49,869	-	-	-
<b>Total expenses</b>		<b>5,970,756</b>	<b>6,140,613</b>	<b>1,821,674</b>	<b>2,103,391</b>
<b>Net profit/(loss) before provision (A - B)</b>		<b>5,512,974</b>	<b>26,296,467</b>	<b>2,246,751</b>	<b>4,401,886</b>
(Provision)/Write back of provision	5.1	<b>(13,612,040)</b>	<b>31,471,581</b>	<b>(5,354,469)</b>	<b>26,855,496</b>
<b>Net profit/(loss) for the period</b>		<b>(8,099,066)</b>	<b>57,768,048</b>	<b>(3,107,718)</b>	<b>31,257,382</b>
<b>Other Comprehensive income:</b>					
Unrealised gain on investment		-	4,613,642	-	4,613,642
<b>Comprehensive income/(loss)</b>		<b>(8,099,066)</b>	<b>62,381,690</b>	<b>(3,107,718)</b>	<b>35,871,024</b>
<b>Earning per unit for the period</b>	17	<b>(0.38)</b>	<b>2.72</b>	<b>(0.15)</b>	<b>1.47</b>

*The annexed notes 1 to 17 form an integral part of these financial statements.*

  
Investment Corporation of Bangladesh  
Trustee

  
Prime Finance Asset Management Co. Ltd.  
Asset Manager



Dhaka, 27 October 2022


## Prime Finance Second Mutual Fund

### Statement of Changes in Equity for the period ended 30 September 2022

	Capital Fund <u>Taka</u>	Retained earnings <u>Taka</u>	Total <u>Taka</u>
<b>Balance as at 31 December 2021</b>	<b>211,065,340</b>	<b>71,898,332</b>	<b>282,963,672</b>
Subscribed by unit holders	(498,540)	-	(498,540)
Dividend paid to Unitholders	-	(33,770,454)	(33,770,454)
Net loss for the period	-	(8,099,066)	(8,099,066)
<b>Balance as at 30 September 2022</b>	<b>210,566,800</b>	<b>30,028,812</b>	<b>240,595,612</b>
<b>Balance as at 31 December 2020</b>	<b>211,350,340</b>	<b>29,572,254</b>	<b>240,922,595</b>
Surrendered by unit holders	(285,000)	-	(285,000)
Net profit for the period	-	42,326,078	42,326,078
<b>Balance as at 31 December 2021</b>	<b>211,065,340</b>	<b>71,898,332</b>	<b>282,963,672</b>

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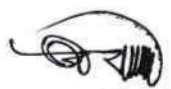

Dhaka, 27 October 2022

## Prime Finance Second Mutual Fund

### Statement of Cash Flows for the period ended 30 September 2022

	Un-audited 30 September 2022 <u>Taka</u>	Audited 31 December 2021 <u>Taka</u>
<b>Cash flows from operating activities:</b>		
Capital gains on sale of securities	7,930,099	29,929,395
Interest received	1,283,794	1,800,270
Dividend received	5,322,360	6,776,036
Cash paid for operating expenses	(2,984,046)	(7,896,899)
Cash received from transaction of unit	(49,869)	(347,000)
Bank charges	(29,075)	(69,057)
<b>Net cash from operating activities (A)</b>	<b>11,473,262</b>	<b>30,192,745</b>
<b>Cash flows from investing activities</b>		
Cash used in investment in securities	(1,957,390)	(13,798,244)
Cash received from/(used in) Investment in IPO	22,034,500	(22,034,500)
Cash received from/(used in) Investment in FDR	10,000,000	-
<b>Net cash used in investing activities (B)</b>	<b>30,077,110</b>	<b>(35,832,744)</b>
<b>Cash flows from financing activities:</b>		
Capital fund	(498,540)	(285,000)
Dividend paid to Unitholders	(33,770,454)	-
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>(34,268,994)</b>	<b>(285,000)</b>
<b>Net increase in cash and cash equivalents (D=A+B+C)</b>	<b>7,281,378</b>	<b>(5,924,999)</b>
<b>Opening cash and cash equivalents (E)</b>	<b>20,302,239</b>	<b>26,227,238</b>
<b>Closing cash and cash equivalents (F=D+E):</b>	<b>27,583,616</b>	<b>20,302,239</b>

*The annexed notes 1 to 17 form an integral part of these financial statements.*

  
  
 Investment Corporation of Bangladesh  
 Trustee

  
 Prime Finance Asset Management Co. Ltd.  
 Asset Manager

Dhaka, 27 October 2022

As per our report of same date

## **Prime Finance Second Mutual Fund**

### **Notes to the Financial Statements for the year ended 30 September 2022**

#### **1. Legal status and nature of the business**

Prime Finance Second Mutual Fund is an open-ended fund registered with Sub-Registrar's Office under the Registration Act 1908. The Bangladesh Securities and Exchange Commission also approved the Fund on 19 January 2016 vide Registration Code No. BSEC/Mutual Fund/2016/60. The initial size of the Fund is Tk. 500,000,000 (Taka five hundred million only). Actual fund size at the date of formation was Taka 331,761,000 out of which Taka 200,000,000 (Taka two hundred million) was subscribed by the Sponsor, Prime Finance & Investment Ltd. and rest of the amount was subscribed by several individuals and institutions. On 6 April 2017 Investment Corporation of Bangladesh, Trustee of the Fund has provided their approval to operate the Fund.

#### **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 the Securities and Exchange Commission (Mutual Fund) Rules, 2001 and other applicable laws and regulations.

##### **2.2 Basis of measurement**

The financial statements have been prepared on a going concern basis under historical cost convention.

##### **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**

These financial statements are prepared for the period ended 30 September 2022.

## **3. Significant accounting policies**

The accounting policies set out below have been applied consistently.

### **3.1 Investment policy**

**3.1.1** The Fund shall invest subject to the Mutual Fund Rules and only in those securities, deposits and investments approved by Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Regulatory Authority (IRA) of Bangladesh or any other competent authority in this regard.

**3.1.2** Before completing the subscription the Fund can not invest the sponsor's contribution in anywhere other than capital market.

**3.1.3** The Schemes of the Fund shall not invest more than 10% of its total assets in any one particular company.

**3.1.4** The Schemes of the Fund shall not invest more than 10% of its total assets in any one particular company.

**3.1.5** The Schemes of the Fund shall not invest in more than 15% of any company's paid-up capital.

**3.1.6** The Schemes of the Fund shall not invest more than 20% of its Assets in shares, debentures or the other securities of a single or group.

**3.1.7** The Schemes of the Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry.

**3.1.8** Not less than 60% of the total assets of the Fund shall be invested in capital market instruments out of which at least 50% will be invested in listed securities.

**3.1.9** Not more than 25% of the total asset of the Fund will be invested in Fixed Income Securities (FIS).

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

**3.1.1** The Fund shall not invest in or lend to another Scheme managed by the same Asset Management Company.

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

### **3.2 Valuation policy**

**3.2.1** For listed securities held in the portfolio of the Fund, the average quoted closing market price at the Stock Exchange(s) on the date of valuation shall be taken into account for calculation of Net Asset Value (NAV) of the Fund.

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

#### **3.2.4 Net Asset Value (NAV) calculation**

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

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

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

$V_A$  = 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.

$V_L$  = 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 and Cash with BO Account.

### **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 Income tax

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.

### 3.6 Revenue recognition

#### 3.6.1 Capital gain

Capital gain is recognized on being realized.

#### 3.6.2 Dividend income

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

#### 3.6.3 Finance income

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

### 3.7 Cash flow statement

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

## 4. Preliminary expenses

	<b>30 September 2022 Taka</b>	<b>31 December 2021 Taka</b>
Formation fees	702,476	1,056,961
Advertisement	180,523	279,361
CDBL charge	25,957	39,153
Management Fee	2,176,480	3,274,777
Printing and stationery	13,219	20,509
Other Expenses	12,011	18,117
<b>Total</b>	<b><u>3,110,666</u></b>	<b><u>4,688,878</u></b>

Movement of preliminary expenses is given below:

Opening balance	4,688,878	6,798,941
Less: Written off during the period	<u>1,578,214</u>	<u>2,110,063</u>
<b>Closing balance</b>	<b><u>3,110,664</u></b>	<b><u>4,688,878</u></b>



5. Investment at market price

	<b>30 September 2022 Taka</b>	<b>31 December 2021 Taka</b>
Investment in Securities at cost price (Annexure - 1)	234,230,993	232,273,603
Add: Unrealised loss on investment (Note 5.1)	<u>(32,843,172)</u>	<u>(19,231,132)</u>
<b>Total investment</b>	<b><u>201,387,821</u></b>	<b><u>213,042,471</u></b>

The fund has not any non performing investment as at 30 September 2022

5.1 Unrealised loss on investment

Movement of Unrealised loss on investment in as follows:

Opening balance	19,231,132	31,471,581
Addition during the period	<u>13,612,040</u>	-
	32,843,172	31,471,581
Writeback of provision	-	<u>(12,240,449)</u>
<b>Closing balance</b>	<b><u>32,843,172</u></b>	<b><u>19,231,132</u></b>

6. Dividend receivable

Receivable from:

ACMELAB	89,502	89,502
ACTIVEFINE-Cash dividend	-	19,146
BARKAPOWER	-	198,326
BBS Cables	-	100,708
BPML	-	40,560
CONFIDCEM	-	60,098
DESCO	83,652	156,179
ESQUIRENET	-	120,626
EPGL	-	35,000
ETL	-	29,132
IFADAUTOS	-	53,955
IFIC1STMF	284,106	284,106
NPOLYMAR	-	40,000
PREMIERCEM	-	57,600
RUNNERAUTO	-	56,043
SKTRIMS	-	15,000
SSSTEEL	-	10,000
SQUARETEXT	-	103,312
SQURPHARMA	-	376,254
UPGDCL	-	365,942
MJLBD	-	618,794
OLYMPIC	-	358,430
PADMAOIL	211,200	211,200
RENATA	-	217,921
	<b><u>668,460</u></b>	<b><u>3,617,834</u></b>

**7. Other assets**

	<b>30 September 2022 <u>Taka</u></b>	<b>31 December 2021 <u>Taka</u></b>
Accrued interest on FDR and STD Account	292,754	395,903
	<b><u>292,754</u></b>	<b><u>395,903</u></b>

**8. Short term investment**

This amount represents the investment in FDR. Details are as follows:

<b><u>FDR No.</u></b>	<b><u>Interest Rate</u></b>	<b><u>Issue Date</u></b>	<b><u>Expiry Date</u></b>	<b>30 September 2022 <u>Taka</u></b>	<b>31 December 2021 <u>Taka</u></b>
DBHFCL: 7100019258C	6.50%	08.06.2022	08.12.2022	10,000,000	10,000,000
LANKABAFIN: 001229200000019				-	10,000,000
				<b><u>10,000,000</u></b>	<b><u>20,000,000</u></b>

**9. Cash and cash equivalents**

Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161001)	1,268,089	6,911,597
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161004)	17,809,341	559,179
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161003)	447,942	447,942
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161005)	81,104	1,041,618
Cash at BO Account	7,977,140	11,341,903
	<b><u>27,583,616</u></b>	<b><u>20,302,239</u></b>

**10. Accounts payable**

Payable management fees	2,011,988	475,368
Payable custodian fees	132,010	101,132
Payable trustee fees	47,125	248,043
Audit fees payable	-	69,000
	<b><u>2,191,123</u></b>	<b><u>893,543</u></b>

**11. Other liabilities**

Tax deducted at source	26,788	20,347
VAT deducted at source	229,794	204,264
	<b><u>256,582</u></b>	<b><u>224,611</u></b>

**12. Capital fund**

	No. of <u>Unit</u>	Face value Per Unit <u>Taka</u>	30 September 2022 <u>Taka</u>	31 December 2021 <u>Taka</u>
Subscribed by Resident Bangladeshis	19,056,680	10	190,566,800	191,065,340
Subscribed by Sponsor	2,000,000	10	20,000,000	20,000,000
	<u>21,056,680</u>		<u>210,566,800</u>	<u>211,065,340</u>

**13. Retained earnings**

	30 September 2022 <u>Taka</u>	31 December 2021 <u>Taka</u>
Opening balance	71,898,332	71,898,331
Net profit/(loss) for the period	(8,099,066)	42,326,078
<b>Closing balance</b>	<u>63,799,266</u>	<u>114,224,410</u>

**14. Net Asset Value (NAV):****at cost**

Value of net asset at cost	273,438,784	302,194,803
Number of units	21,056,680	21,106,534
Net Asset Value per unit	<u>12.99</u>	<u>14.32</u>

**at market value**

Value of net asset at market price	240,595,612	282,963,671
Number of units	21,056,680	21,106,534
Net Asset Value per unit	<u>11.43</u>	<u>13.41</u>

**15. Interest income**

	30 September 2022	30 September 2021
Interest on FDR	695,610	940,166
Interest on STD Account	282,917	433,921
	<u>978,527</u>	<u>1,374,087</u>

**16. Management fees**

Management fees is payable to Prime Finance Asset Management Company Limited as per Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules), 2001. The Fund has to pay management fee to Prime Finance Asset Management Company Limited at the rates mentioned below:

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

**17. Earning per unit for the period**

	<b>30 September <u>2022</u></b>	<b>30 September <u>2021</u></b>
Net profit for the year	<u>(8,099,066)</u>	<u>57,768,048</u>
Number of units	<u>21,056,680</u>	<u>21,255,534</u>
<b>Earning per unit</b>	<b><u>(0.38)</u></b>	<b><u>2.72</u></b>