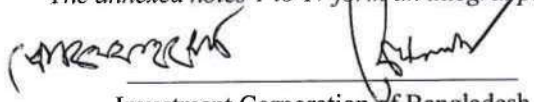



## Prime Finance Second Mutual Fund

### Statement of Financial Position (Balance Sheet) as at 31 March 2023

	<u>Notes</u>	<b>Un-audited 31 March 2023 Taka</b>	<b>Audited 31 December 2022 Taka</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Preliminary expenses	4	2,058,522	2,578,813
<b>Current Assets</b>			
Investment in securities at market price	5	191,005,390	187,551,085
Dividend receivable	6	4,509,790	4,509,791
Other assets	7	499,496	52,361
Short term investment	8	10,000,000	10,000,000
Cash and cash equivalents	9	15,300,184	39,054,726
		221,314,860	241,167,963
<b>Total assets</b>		<b>223,373,382</b>	<b>243,746,776</b>
<b>Current Liabilities</b>			
Accounts payable	10	446,124	2,461,719
Other liabilities	11	1,602,693	-
		2,048,817	2,461,719
<b>Total liabilities</b>		<b>2,048,817</b>	<b>2,461,719</b>
<b>Net assets</b>		<b>221,324,565</b>	<b>241,285,057</b>
<b>EQUITY</b>			
Capital fund	12	210,567,910	210,566,800
Unit premium		33	-
Retained earnings	13	10,756,622	30,718,257
<b>Total equity</b>		<b>221,324,565</b>	<b>241,285,057</b>
<b>Net Asset Value (NAV) per unit:</b>			
<b>at cost</b>		<b>12.11</b>	<b>13.17</b>
<b>at market price</b>		<b>10.51</b>	<b>11.46</b>

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

  
 Investment Corporation of Bangladesh  
 Trustee

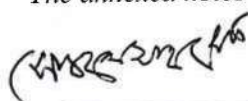
  
 Prime Finance Asset Management Co. Ltd.  
 Asset Manager


Dhaka, 25 April 2023

**Prime Finance Second Mutual Fund**  
**Statement of Profit and Loss and Other Comprehensive Income**  
**for the period ended 31 March 2023**

	<u>Notes</u>	<u>2023</u> <u>Taka</u>	<u>2022</u> <u>Taka</u>
<b>INCOME</b>			
Capital gains on sale of securities		133,920	2,505,951
Interest income	15	447,134	337,022
Dividend		-	989,197
<b>Total income</b>		<b>581,054</b>	<b>3,832,170</b>
<b>EXPENSES</b>			
Management fees	16	1,143,521	1,195,030
Preliminary and issue expenses		520,290	520,290
Advertisement expenses		70,100	63,122
Custodian fees		44,581	48,376
Trustee fees		49,650	58,026
CDBL charges		6,465	15,515
IPO Charges		-	5,000
<b>Total expenses</b>		<b>1,834,607</b>	<b>1,905,359</b>
<b>Net profit/(loss) before provision (A - B)</b>		<b>(1,253,553)</b>	<b>1,926,811</b>
(Provision)/Write back of provision	5.1	<b>2,348,598</b>	<b>(3,859,816)</b>
<b>Net profit/(loss) for the period</b>		<b>1,095,045</b>	<b>(1,933,005)</b>
<b>Other Comprehensive income:</b>			
Unrealised gain on investment		-	-
<b>Comprehensive income/(loss)</b>		<b>1,095,045</b>	<b>(1,933,005)</b>
<b>Earning per unit for the period</b>	17	<b>0.05</b>	<b>(0.09)</b>

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Investment Corporation of Bangladesh  
Trustee

  
Prime Finance Asset Management Co. Ltd.  
Asset Manager

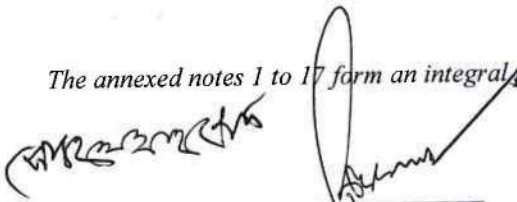
Dhaka, 25 April 2023


## Prime Finance Second Mutual Fund

### Statement of Changes in Equity for the period ended 31 March 2023

	Capital Fund <u>Taka</u>	Unit Premium <u>Taka</u>	Retained earnings <u>Taka</u>	Total <u>Taka</u>
<b>Balance as at 31 December 2022</b>	210,566,800	-	30,718,257	241,285,057
Subscribed by unitholders	1,110	-	-	1,110
Addition during the period	-	33	-	33
Dividend paid to unitholders	-	-	(21,056,680)	(21,056,680)
Net loss for the period	-	-	1,095,045	1,095,045
<b>Balance as at 31 March 2023</b>	<b>210,567,910</b>	<b>33</b>	<b>10,756,622</b>	<b>221,324,565</b>
<b>Balance as at 31 December 2021</b>	211,065,340	-	71,898,332	282,963,672
Subscribed by unit holders	(498,540)	-	-	(498,540)
Dividend paid to Unitholders	-	-	(33,770,454)	(33,770,454)
Net loss for the year	-	-	(7,409,621)	(7,409,621)
<b>Balance as at 31 December 2022</b>	<b>210,566,800</b>	<b>-</b>	<b>30,718,257</b>	<b>241,285,057</b>

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

  
 Investment Corporation of Bangladesh  
 Trustee

  
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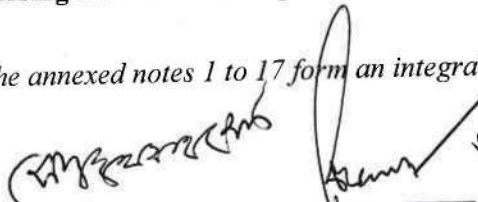
Dhaka, 25 April 2023

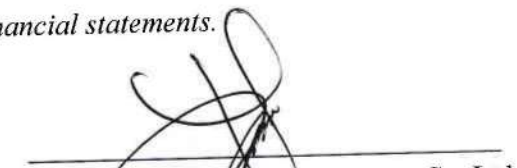
## Prime Finance Second Mutual Fund

### Statement of Cash Flows for the period ended 31 March 2023

	<b>2023</b>	<b>2022</b>
	<u>Taka</u>	<u>Taka</u>
<b>Cash flows from operating activities:</b>		
Capital gains on sale of securities	133,920	8,445,650
Interest received	-	1,824,437
Dividend received	-	6,929,190
Cash paid for operating expenses	(1,727,218)	(4,809,376)
Cash paid for transaction of unit	33	(49,869)
Bank charges	-	(68,124)
<b>Net cash from operating activities (A)</b>	<u><b>(1,593,265)</b></u>	<u><b>12,271,908</b></u>
<b>Cash flows from investing activities</b>		
Cash used in investment in securities	(1,105,707)	8,715,074
Cash received from/(used in) Investment in IPO	-	22,034,500
Cash received from/(used in) Investment in FDR	-	10,000,000
<b>Net cash used in investing activities (B)</b>	<u><b>(1,105,707)</b></u>	<u><b>40,749,574</b></u>
<b>Cash flows from financing activities:</b>		
Capital fund	1,110	(498,540)
Dividend paid to Unitholders	(21,056,680)	(33,770,454)
<b>Net cash generated from/(used in) financing activities (C)</b>	<u><b>(21,055,570)</b></u>	<u><b>(34,268,994)</b></u>
<b>Net increase in cash and cash equivalents (D=A+B+C)</b>	<u><b>(23,754,542)</b></u>	<u><b>18,752,488</b></u>
<b>Opening cash and cash equivalents (E)</b>	<u><b>39,054,726</b></u>	<u><b>20,302,239</b></u>
<b>Closing cash and cash equivalents (F=D+E):</b>	<u><u><b>15,300,184</b></u></u>	<u><u><b>39,054,726</b></u></u>

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, 25 April 2023

# Prime Finance Second Mutual Fund

## Notes to the Financial Statements for the period ended 31 March 2023

### 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 31 March 2023.

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

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

3.1.12 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>31 March 2023 Taka</b>	<b>31 December 2022 Taka</b>
Formation fees	466,153	583,016
Advertisement	114,630	147,214
CDBL charge	17,159	21,510
Management Fee	1,444,281	1,806,358
Printing and stationery	8,359	10,762
Other Expenses	7,940	9,953
<b>Total</b>	<b><u>2,058,522</u></b>	<b><u>2,578,813</u></b>

Movement of preliminary expenses is given below:

Opening balance	2,578,812	4,688,878
Less: Written off during the year	<u>520,290</u>	<u>2,110,066</u>
<b>Closing balance</b>	<b><u>2,058,522</u></b>	<b><u>2,578,812</u></b>