

Prime Finance Second Mutual Fund

Statement of Financial Position (Balance Sheet) as at 30 September 2023

			Un-audited 30 September 2023 <u>Taka</u>	Audited 31 December 2022 <u>Taka</u>
	<u>Notes</u>			
ASSETS				
Non-current Assets				
Preliminary expenses	4		1,000,600	2,578,813
Current Assets				
Investment in securities at market price	5		178,063,373	187,551,085
Dividend receivable	6		619,232	4,509,791
Other assets	7		668,746	52,361
Short term investment	8		10,000,000	10,000,000
Cash and cash equivalents	9		2,091,160	39,054,726
			191,442,511	241,167,963
Total assets			192,443,111	243,746,776
Current Liabilities				
Accounts payable	10		724,727	2,461,719
Other liabilities	11		3,010,801	-
Total liabilities			3,735,528	2,461,719
Net assets			188,707,583	241,285,057
EQUITY				
Capital fund	12		180,567,910	210,566,800
Retained earnings	13		8,139,673	30,718,257
Total equity			188,707,583	241,285,057
Net Asset Value (NAV) per unit:				
at cost			12.30	13.17
at market price			10.45	11.46

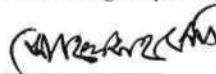
The annexed notes 1 to 17 form an integral part of these financial statements.



Chairman

Investment Corporation of Bangladesh

Trustee



Member



Prime Finance Asset Management Co. Ltd.
Asset Manager

Dhaka, 12 October 2023

Prime Finance Second Mutual Fund

**Statement of Profit and Loss and Other Comprehensive Income
for the period ended 30 September 2023**

	<u>Notes</u>	Un-audited 30 September 2023 Taka	Un-audited 30 September 2022 Taka	Q3 From 1 July to 30 September 2023 Taka	Q3 From 1 July to 30 September 2022 Taka
INCOME					
Capital gains on sale of securities		1,528,062	8,112,201	613,023	3,338,989
Interest income	15	978,883	1,039,657	441,392	453,318
Dividend		1,020,709	2,372,986	10,000	317,232
Total income		3,527,654	11,726,962	1,064,415	4,109,539
EXPENSES					
Management fees	16	3,442,721	3,718,622	1,122,269	1,402,620
Preliminary and issue expenses		1,578,212	1,716,957	531,853	670,596
Annual fees		242,153	210,567	-	-
Advertisement expenses		149,680	126,629	79,580	28,879
Custodian fees		134,785	150,576	44,619	55,991
Trustee fees		146,347	179,829	46,993	67,686
CDBL charges		121,042	231,818	100,344	15,013
IPO Charges		3,000	10,000	-	5,000
Bank charges		34,530	29,075	-	29,075
Fees and commissions		4,800	-	1,800	-
Tax expenses		754,538	-	10,000	-
Realized loss from transaction of unit		999,967	49,869	999,967	-
Total expenses		7,611,775	6,423,942	2,937,425	2,274,860
Net profit/(loss) before provision (A - B)		(4,084,121)	5,303,020	(1,873,010)	1,834,679
(Provision)/Write back of provision		-	(16,531,260)	(1,559,070)	(8,273,689)
Net profit/(loss) for the period	5.1	(1,521,904)	(11,228,240)	(3,432,080)	(6,439,010)
Other Comprehensive income:		-	-	-	-
Comprehensive income/(loss)		(1,521,904)	(11,228,240)	(3,432,080)	(6,439,010)
Earning per unit for the period	17	(0.08)	(0.53)	(0.17)	(0.30)

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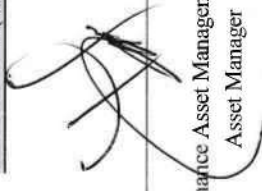
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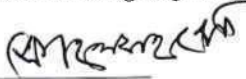
Statement of Changes in Equity for the period ended 30 September 2023

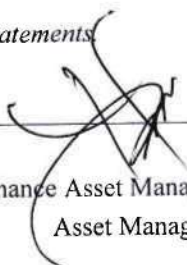
	Capital Fund Taka	Retained earnings Taka	Total Taka
Balance as at 31 December 2022	210,566,800	30,718,257	241,285,057
Subscribed/(Surrendered) by unitholders	(29,998,890)	-	(29,998,890)
Dividend for the last year	-	(21,056,680)	(21,056,680)
Net profit for the period	-	(1,521,904)	(1,521,904)
Balance as at 30 September 2023	180,567,910	8,139,673	188,707,583

Balance as at 31 December 2021	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)
Balance as at 31 December 2022	210,566,800	30,718,257	241,285,057

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


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Dhaka, 12 October 2023

Prime Finance Second Mutual Fund

Statement of Cash Flows for the period ended 30 September 2023

	30 September 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
Cash flows from operating activities:		
Capital gains on sale of securities	1,528,062	8,445,650
Interest received	362,498	1,824,437
Dividend received	4,911,268	6,929,190
Cash paid for operating expenses	(6,726,857)	(4,809,376)
Cash received/(paid) for transaction of unit	(999,967)	(49,869)
Bank charges	(34,530)	(68,124)
Net cash from operating activities (A)	(959,526)	12,271,908
Cash flows from investing activities		
Cash used in investment in securities	12,049,930	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
Net cash used in investing activities (B)	12,049,930	40,749,574
Cash flows from financing activities:		
Capital fund	(29,998,890)	(498,540)
Dividend paid to Unitholders	(18,055,080)	(33,770,454)
Net cash generated from/(used in) financing activities (C)	(48,053,970)	(34,268,994)
Net increase in cash and cash equivalents (D=A+B+C)	(36,963,566)	18,752,488
Opening cash and cash equivalents (E)	39,054,726	20,302,239
Closing cash and cash equivalents (F=D+E):	2,091,160	39,054,726

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Dhaka, 12 October 2023

Prime Finance Second Mutual Fund

Notes to the Financial Statements for the period ended 30 September 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 30 September 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

	30 September 2023 Taka	31 December 2022 Taka
Formation fees	228,532	583,016
Advertisement	48,375	147,214
CDBL charge	8,314	21,510
Management Fee	708,060	1,806,358
Printing and stationery	3,472	10,762
Other Expenses	3,847	9,953
Total	<u>1,000,600</u>	<u>2,578,813</u>

Movement of preliminary expenses is given below:

Opening balance	2,578,812	4,688,878
Less: Written off during the year	1,578,212	2,110,066
Closing balance	<u>1,000,600</u>	<u>2,578,812</u>

5. Investment at market price

	30 September 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
Investment in Securities at cost price (Annexure - 1)	211,508,599	223,558,529
Add: Unrealised loss on investment (Note 5.1)	(33,445,226)	(36,007,444)
Total investment	<u>178,063,373</u>	<u>187,551,085</u>

5.1 Unrealised loss on investment

Movement of Unrealised loss on investment in as follows:

Opening balance	36,007,444	19,231,132
Addition during the period	-	16,776,312
	<u>36,007,444</u>	<u>36,007,444</u>
Writeback of provision	(2,562,217)	-
Closing balance	<u>33,445,227</u>	<u>36,007,444</u>

6. Dividend receivable

Cash dividend receivable from:

ACMELAB	89,502	164,502
ACTIVEFINE	9,573	9,573
BARKAPOWER	-	198,326
BBS Cables	-	84,594
CONFIDCEM	-	18,920
DESCO	83,652	151,179
ESQUIRENET	-	37,000
EPGL	-	50,000
IFADAUTOS	-	24,525
RUNNERAUTO	-	76,043
SKTRIMS	-	16,000
SQURPHARMA	-	627,090
UPGDCL	-	365,942
JAMUNAOIL	-	630,036
KPCL	-	100,000
MJLBD	-	562,540
OLYMPIC	-	298,692
PADMAOIL	211,200	321,200
RENATA	-	259,434
BATBC	-	37,500
POWERGRID	-	40,000
MIRAKHTER	-	23,266
PTL	-	20,000
RELIANCE1	-	123,846
GRAMEENS2	-	312,189

GHAIL	-	29,874
GP	137,750	181,250
DOMINAGE	-	10,000
Beximcoltd	-	45,000
BSRMLTD	-	49,924
LankaBangla	20,895	-
Heidelberg Cement	12,106	-
City Bank Ltd	236,790	-
IBBLPBOND	202,118	-
ACI	-	25,700
	1,003,586	4,894,145
Provision for doubtful dividend receivable (Note 6.1)	(384,354)	(384,354)
	619,232	4,509,791

6.1 Provision for doubtful dividend receivable

Provision made against the cash dividend receivable form the following company:

	30 September 2023 Taka	31 December 2022 Taka
ACMELAB	89,502	89,502
DESCO	83,652	83,652
PADMAOIL	211,200	211,200
	384,354	384,354

Movement of the above provision is as follows:

Opening balance	384,354	-
Add: Addition during the period	-	384,354
Closing balance	384,354	384,354

7. Other assets

Accrued interest on FDR and STD Account	668,746	52,361
	668,746	52,361

8. Short term investment

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

<u>FDR No.</u>	30 September 2023 Taka	31 December 2022 Taka
DBHFCL: 71000192580	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

9. Cash and cash equivalents

Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161001)	1,151,904	2,861,406
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161004)	91,737	26,717,814
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161003)	446,607	447,102
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161005)	63,683	79,028
Cash at BO Account	337,229	8,949,376
	<u>2,091,160</u>	<u>39,054,726</u>

10. Accounts payable

Payable management fees	711,326	2,143,966
Payable custodian fees	(644)	177,274
Payable trustee fees	14,045	100,229
Audit fees payable	-	40,250
	<u>724,727</u>	<u>2,461,719</u>

11. Other liabilities

Tax deducted at source	9,201	-
Dividend payable	3,001,600	-
	<u>3,010,801</u>	<u>-</u>

12. Capital fund

	<u>No. of Unit</u>	<u>Face value Per Unit Taka</u>	30 September 2023 Taka	31 December 2022 Taka
Subscribed by Resident Bangladeshis	16,056,791	10	160,567,910	190,566,800
Subscribed by Sponsor	2,000,000	10	20,000,000	20,000,000
	<u>18,056,791</u>		<u>180,567,910</u>	<u>210,566,800</u>

13. **Retained earnings**

	30 September 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
Opening balance	30,718,257	71,898,332
Dividend paid during the year for the last year	<u>(21,056,680)</u>	<u>(33,770,454)</u>
	9,661,577	38,127,878
Net profit/(loss) for the period	<u>(1,521,904)</u>	<u>(7,238,067)</u>
Closing balance	<u>8,139,673</u>	<u>30,889,811</u>

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

at cost

Value of net asset at cost	<u>222,152,809</u>	<u>277,676,855</u>
Number of units	<u>18,056,791</u>	<u>21,056,680</u>
Net Asset Value per unit	<u>12.30</u>	<u>13.19</u>

at market value

Value of net asset at market price	<u>188,707,583</u>	<u>241,456,611</u>
Number of units	<u>18,056,791</u>	<u>21,056,680</u>
Net Asset Value per unit	<u>10.45</u>	<u>11.47</u>

15. **Interest income**

	30 September 2023 <u>Taka</u>	30 September 2022 <u>Taka</u>
Interest on FDR	792,926	738,943
Interest on STD Account	<u>185,957</u>	<u>300,714</u>
	<u>978,883</u>	<u>1,039,657</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>	<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 avreage NAV	2.00%
On Next 25.00 Crore of the weekly avreage NAV	1.50%
On rest of the weekly avreage NAV	1.00%

17. Earning per unit for the year

	30 September 2023	30 September 2022
Net profit for the year	<u>(1,521,904)</u>	<u>(11,228,240)</u>
Number of units	<u>18,056,791</u>	<u>21,056,680</u>
Earning per unit	<u>(0.08)</u>	<u>(0.53)</u>