

Prime Finance Second Mutual Fund
Statement of Financial Position
As at 31 December 2022

Particulars	Notes	Amount	
		31-Dec-22	31-Dec-21
Assets			
Non-current Assets			
Preliminary expenses	4	2,578,813	4,688,878
Current Assets			
Investment in securities at market price	5	187,551,085	213,042,471
Dividend receivable	6	4,509,791	3,617,834
Other assets	7	52,361	395,903
Investment in IPO		-	22,034,500
Short term investment	8	10,000,000	20,000,000
Cash and cash equivalents	9	39,054,726	20,302,239
		241,167,963	279,392,947
Total assets		243,746,776	284,081,825
Equity & Liabilities			
EQUITY			
Capital fund	10	210,566,800	211,065,340
Retained earnings	11	30,718,257	71,898,331
Total equity		241,285,057	282,963,671
Current Liabilities			
Accounts payable	12	2,461,719	893,543
Other liabilities	13	-	224,611
Total liabilities		2,461,719	1,118,154
Total Equity & Liabilities		243,746,776	284,081,825
Net Asset Value (NAV) per unit:	14		
at cost		13.17	14.32
at market price		11.46	13.41

The annexed notes 1 to 18 form an integral part of these financial statements.

The financial statements were approved and authorized by the Board of Trustees and were signed on behalf by:


Investment Corporation of Bangladesh
Trustee


Prime Finance Asset Management Co. Ltd.
Asset Manager


Signed in terms of our separate report the annexed date even.

Malek Siddiqui Wali, Chartered Accountants

Dated: Dhaka

February 13, 2023

Data Verification Code (DVC) No.: 2302150247A5987095


Md. Waliullah, FCA
Enrollment No: 0247

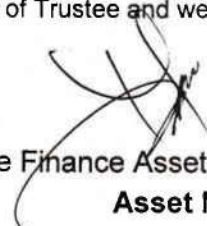
Prime Finance Second Mutual Fund
Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2022

Particulars	Notes	Amount	
		31-Dec-22	31-Dec-21
INCOME			
Capital gains on sale of securities (Annexure 3)		8,445,650	29,929,395
Interest income	15	1,278,778	1,880,683
Dividend (Annexure 4)		8,205,501	7,400,783
Interest on debentures / bonds		202,117	230,490
Total income		18,132,046	39,441,351
EXPENSES			
Management fees	16	5,061,963	5,210,859
Preliminary and issue expenses		2,110,065	2,110,063
Annual fees		210,567	212,555
Advertisement expenses		179,528	223,583
Custodian fees		183,939	195,475
Trustee fees		219,030	248,043
CDBL charges		244,666	74,376
Audit fees		40,250	34,500
IPO Charges		13,000	29,000
Bank charges		68,124	69,057
Fees and commissions		-	601,211
Provision for doubtful dividend receivable		384,354	
Realized loss from transaction of unit		49,869	347,000
Total expenses		8,765,355	9,355,722
Net profit/(loss) before provision (A - B)		9,366,691	30,085,629
(Provision)/Write back of provision	5.1	(16,776,312)	12,240,449
Net profit/(loss) for the year		(7,409,621)	42,326,078
Other Comprehensive income		-	-
Comprehensive income/(loss)		(7,409,621)	42,326,078
Earning per unit for the year	17	(0.35)	2.01

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February 13, 2023


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**Prime Finance Second Mutual Fund
Statement of Changes in Equity
for the year ended 31 December 2022**

Amount in Taka

Particulars	Capital Fund	Retained earnings	Total
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

**Prime Finance Second Mutual Fund
Statement of Changes in Equity
for the year ended 31 December 2021**

Particulars	Capital Fund	Retained earnings	Total
Balance as at 31 December 2020	211,350,340	29,572,254	240,922,595
Surrendered by unit holders	(285,000)	-	(285,000)
Net profit for the year	-	42,326,078	42,326,078
Balance as at 31 December 2021	211,065,340	71,898,332	282,963,672

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February 13, 2023



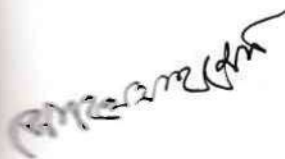
Md. Waliullah, FCA
Enrollment No: 0247

**Prime Finance Second Mutual Fund
Statement of Cash Flows
for the year ended 31 December 2022**

Particulars	Amount	
	31-Dec-22	31-Dec-21
Cash flows from operating activities:		
Capital gains on sale of securities	8,445,650	29,929,395
Interest received	1,824,437	1,800,270
Dividend received	6,929,190	6,776,036
Cash paid for operating expenses	(4,809,376)	(7,896,899)
Cash paid for transaction of unit	(49,869)	(347,000)
Bank charges	(68,124)	(69,057)
Net cash from operating activities (A)	12,271,908	30,192,745
Cash flows from investing activities		
Cash used in investment in securities	8,715,074	(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	-
Net cash used in investing activities (B)	40,749,574	(35,832,744)
Cash flows from financing activities:		
Capital fund	(498,540)	(285,000)
Dividend paid to Unitholders	(33,770,454)	-
Net cash generated from/(used in) financing activities (C)	(34,268,994)	(285,000)
Net increase in cash and cash equivalents (D=A+B+C)	18,752,488	(5,924,999)
Opening cash and cash equivalents (E)	20,302,239	26,227,238
Closing cash and cash equivalents (F=D+E):	39,054,726	20,302,239
Net Operating Cash Flow Per Unit (NOCFPU)	0.58	1.43

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Malek Siddiqui Wali, Chartered Accountants

Dated: Dhaka
February 13, 2023


Md. Waliullah, FCA
Enrollment No: 0247

Prime Finance Second Mutual Fund

Notes to the Financial Statements for the year ended 31 December 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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) 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 year ended 31 December 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 in more than 15% of any company's paid-up capital.
- 3.1.5 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.
- 3.1.6 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.
- 3.1.7 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.
- 3.1.8 Not more than 25% of the total assets of the Fund will be invested in Fixed Income Securities (FIS).
- 3.1.9 Not more than 15% of the total assets of the Fund shall be invested in pre-IPOs at one time.
- 3.1.10 The Fund shall not invest in or lend to another Scheme managed by the same Asset Management Company.
- 3.1.11 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.

3.2.3 Net Asset Value (NAV) calculation

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

Total NAV = VA - VL

NAV per unit = Total NAV / No. of units outstanding

VA = 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.

VL = 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.

	<u>31-Dec-22</u> Amount in BD	<u>31-Dec-21</u> Amount in BD
4. Preliminary expenses		
Formation fees	583,016	1,056,961
Advertisement	147,214	279,361
CDBL charge	21,510	39,153
Management Fee	1,806,358	3,274,777
Printing and stationery	10,762	20,509
Other Expenses	9,953	18,117
Total	<u>2,578,813</u>	<u>4,688,878</u>

Movement of preliminary expenses is given below:

Opening balance	4,688,878	6,798,941
Less: Written off during the year	2,110,065	2,110,063
Closing balance	<u>2,578,813</u>	<u>4,688,878</u>

5. Investment at market price

Investment in Securities at cost price (Annexure - 1)	223,558,529	232,273,603
Add: Unrealized loss on investment (Note 5.1)	(36,007,444)	(19,231,132)
Total investment	<u>187,551,085</u>	<u>213,042,471</u>

The fund has not any non performing investment as at 31 December 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 year	16,776,312	-
	<u>36,007,444</u>	<u>31,471,581</u>
Writeback of provision	-	(12,240,449)
Closing balance	<u>36,007,444</u>	<u>19,231,132</u>

	31-Dec-22	31-Dec-21
	Amount in BD	Amount in BD
6. Dividend receivable		
Cash dividend receivable from:		
ACMELAB	164,502	89,502
ACTIVEFINE	9,573	19,146
BARKAPOWER	198,326	198,326
BBS Cables	84,594	100,708
BPML	-	40,560
CONFIDCEM	18,920	60,098
DESCO	151,179	156,179
ESQUIRENET	37,000	120,626
EPGL	50,000	35,000
ETL	-	29,132
IFADAUTOS	24,525	53,955
IFIC1STMF	-	284,106
NPOLYMAR	-	40,000
PREMIERCEM	-	57,600
RUNNERAUTO	76,043	56,043
SKTRIMS	16,000	15,000
SSSTEEL	-	10,000
SQUARETEXT	-	103,312
SQURPHARMA	627,090	376,254
UPGDCL	365,942	365,942
JAMUNAOIL	630,036	-
KPCL	100,000	-
MJLBD	562,540	618,794
OLYMPIC	298,692	358,430
PADMAOIL	321,200	211,200
RENATA	259,434	217,921
BATBC	37,500	-
POWERGRID	40,000	-
MIRAKHTER	23,266	-
PTL	20,000	-
RELIANCE1	123,846	-
GRAMEENS2	312,189	-
GHAIL	29,874	-
GP	181,250	-
DOMINAGE	10,000	-
Beximcoltd	45,000	-
BSRMLTD	49,924	-
ACI	25,700	-
Total	4,894,145	3,617,834
Less: Provision for doubtful dividend receivable	(384,354)	-
	4,509,791	3,617,834
7. Other assets		
Accrued interest on FDR and STD Account	52,361	395,903
	52,361	395,903
8. Short term investment		
<u>FDR No.</u>		
DBHFCL: 71000192580	10,000,000	10,000,000
LANKABAFIN: 001229200000019	-	10,000,000
	10,000,000	20,000,000

		31-Dec-22	31-Dec-21
		Amount in BD	Amount in BD
9. Cash and cash equivalents			
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161001)		2,861,406	6,911,597
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161004)		26,717,814	559,179
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161003)		447,102	447,942
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161005)		79,028	1,041,618
Cash at BO Account		8,949,376	11,341,903
		39,054,726	20,302,239
10 Capital fund			
	No. of	Face value	
	Unit	Per Unit	
		Taka	2022
			2021
			Taka
Subscribed by Resident Bangladeshis	19,056,680	10	190,566,800
Subscribed by Sponsor	2,000,000	10	20,000,000
	21,056,680		210,566,800
			211,065,340
11 Retained earnings			
Opening balance			71,898,332
Dividend paid during the year for the last year			29,572,254
			(33,770,454)
			38,127,878
Net profit/(loss) for the year			29,572,254
Closing balance			(7,409,621)
			30,718,257
			71,898,332
12 Accounts payable			
Payable management fees			2,143,966
Payable custodian fees			475,368
Payable trustee fees			177,274
Audit fees payable			101,132
			100,229
			248,043
			40,250
			69,000
			2,461,719
			893,543
13 Other liabilities			
Tax deducted at source			-
VAT deducted at source			20,347
			-
			204,264
			-
			224,611
14. Net Asset Value (NAV):			
at cost			
Value of net asset at cost			277,292,500
Number of units			302,194,803
Net Asset Value per unit			21,056,680
			21,106,534
			13.17
			14.32
at market value			
Value of net asset at market price			241,285,057
Number of units			282,963,671
Net Asset Value per unit			21,056,680
			21,106,534
			11.46
			13.41
15. Interest income			
Interest on FDR			865,333
Interest on STD Account			1,269,403
			413,445
			611,280
			1,278,778
			1,880,683

31-Dec-22	31-Dec-21
Amount in BD	Amount in BD

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 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%

17. Earning per unit for the year

Net profit for the year	(7,409,621)	42,326,078
Number of units	21,056,680	21,106,534
Earning per unit	(0.35)	2.01

18. Event after balance sheet date

The Board of Trustee of the Fund has approved cash dividend at the rate of 10% i.e., Taka 1.00 (Taka one) only per unit for the year ended 31 December 2022 at the Meeting held on February 13, 2023.