

**IDLC Balanced Fund**

**For the Period ended 30 June 2019**



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস  
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

**Malek Siddiqui Wali**

CHARTERED ACCOUNTANTS

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## Independent Auditor's Report

To the Unit-holders of IDLC Balanced Fund  
Report on the Audit of the Financial Statements

### Opinion:

We have audited the financial statements of IDLC Balanced Fund, which comprise the Statement of Financial Position as at June 30, 2019, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001 and other applicable laws and regulations.

### Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other Legal and Regulatory Requirements:**

In accordance with Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001, we also report that:

- a) 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;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Fund so far as it appeared from our examinations of those books;
- c) The Statement of Financial Position and Statement of profit and loss and other comprehensive Income, of the Fund dealt with by the report are in agreement with the books of account and returns; and
- d) The investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001

Dated, Dhaka  
July 18, 2019

  
Malek Siddiqui Wali  
Chartered Accountants

**IDLC Balanced Fund**  
**Statement of Financial Position**  
As at June 30, 2019

Particulars	Notes	June 30, 2019	June 30, 2018
		Taka	Taka
<b>ASSETS</b>			
<b>Non-Current Asset</b>			
Preliminary and issue expenses	5	6,202,371	7,429,398
		<u>6,202,371</u>	<u>7,429,398</u>
<b>Current Asset</b>			
Investment in securities at cost price	6	489,515,625	525,839,939
Accounts Receivables	7	1,381,251	19,462,209
Prepayments	8	771,873	956,563
Cash and cash equivalents	9	303,858,287	293,999,412
		<u>795,527,036</u>	<u>840,258,123</u>
<b>Total Assets</b>		<u><b>801,729,407</b></u>	<u><b>847,687,521</b></u>
<b>OWNERS' EQUITY</b>			
Capital Fund	10	734,204,550	789,843,870
Unit Premium Reserves		-	15,119,682
Investor's Balances		6,015	-
Retained earnings	11	54,538,782	20,963,423
<b>Total Equity</b>		<u><b>788,749,347</b></u>	<u><b>825,926,975</b></u>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
		-	-
<b>Current Liabilities</b>			
Accounts payable	12	8,873,564	4,368,093
Provision for diminution in value of investments	13	4,106,496	17,392,454
		<u>12,980,060</u>	<u>21,760,546</u>
<b>Total Liabilities</b>		<u><b>12,980,060</b></u>	<u><b>21,760,546</b></u>
<b>Total Equity and Liabilities</b>		<u><b>801,729,407</b></u>	<u><b>847,687,521</b></u>
<b>Net asset value (NAV) per unit:</b>			
At cost	14	10.80	10.68
At market price	15	10.74	10.46

The annexed notes from 1 to 23 form an integral part of these Financial Statements.


  
Chairman, Trustee  
Investment Corporation of  
Bangladesh

  
Member, Trustee  
Investment Corporation of  
Bangladesh

  
Asset Manager  
IDLC Asset Management Limited

Signed in terms of our report of even date annexed

July 18, 2019  
Dated, Dhaka


  
Malek Siddiqui Wali  
Chartered Accountants

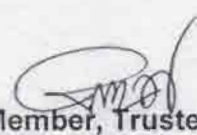



**IDLC Balanced Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the period ended on June 30, 2019

Particulars	Notes	July 01, 2018 - June 30, 2019	July 21, 2017 - June 30, 2018
		Taka	Taka
<b>INCOME</b>			
Interest income	16	17,191,295	18,840,006
Net gain on sale of securities	17	18,900,123	33,999,504
Dividend income	18	17,028,478	9,963,800
<b>Total Income</b>		<b>53,119,896</b>	<b>62,803,310</b>
<b>EXPENDITURE</b>			
Management fee		11,820,047	12,029,111
Brokerage Commission		6,736,621	5,423,195
Amortization of preliminary and issue expens	5	1,227,027	1,159,793
Trustee fee		1,345,488	1,377,359
BSEC annual fee		775,367	500,000
Custodian fee		945,790	965,406
Publication and other expenses		579,111	573,467
Sales Agent Commission		60,403	1,116,572
CDBL - Settlement and Demat charges		429,025	385,684
Bank charges and excise duty		190,318	293,180
Tax deducted at source		776,888	589,167
Audit fee		34,500	34,500
<b>Total Expenditure</b>		<b>24,920,584</b>	<b>24,447,434</b>
<b>Income before provision for the year</b>		<b>28,199,312</b>	<b>38,355,876</b>
Write back of Provision/(Provision) for diminution in value of investments	13	13,285,958	(17,392,454)
<b>Net income for the year</b>		<b>41,485,270</b>	<b>20,963,423</b>
<b>Earnings per unit during the year</b>	19	<b>0.565</b>	<b>0.265</b>

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**Asset Manager**  
IDLC Asset Management Limited

Signed in terms of our report of even date annexed

July 18, 2019  
Dated, Dhaka

  
**Malek Siddiqui Wali**  
Chartered Accountants

**IDLC Balanced Fund**  
**Statement of Changes in Equity**  
 As at June 30, 2019

Particulars	Amount in Taka				
	Capital Fund	Unit Premium	Investor's Balances	Retained Earnings	Total Equity
<b>Opening Balance</b>	789,843,870	15,119,682	-	20,963,423	825,926,975
Sponsor's Contribution	-	-	-	-	-
Fund Collected/(redeemed) during the period, net	(55,639,320)	(2,106,819)	-	(1,176,677)	(58,922,816)
Investor's Balances	-	-	6,015	-	6,015
Net income during the year	-	-	-	41,485,270	41,485,270
Dividend paid during the year	-	(13,012,863)	-	(6,733,234)	(19,746,097)
<b>Balance as at June 30, 2019</b>	<b>734,204,550</b>	<b>-</b>	<b>6,015</b>	<b>54,538,783</b>	<b>788,749,347</b>

<b>Opening Balance</b>	-	-		-	-
Sponsor's Contribution	100,000,000	-		-	100,000,000
Fund Collected from General Investors	689,843,870	15,119,682		-	704,963,552
Net income during the year	-	-		20,963,423	20,963,423
Dividend paid during the year	-	-		-	-
<b>Balance as at June 30, 2018</b>	<b>789,843,870</b>	<b>15,119,682</b>		<b>20,963,423</b>	<b>825,926,975</b>

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Signed in terms of our report of even date annexed

  
**Chairman, Trustee**

Investment Corporation of Bangladesh

  
**Member, Trustee**

Investment Corporation of Bangladesh

  
**Asset Manager**  
 IDLC Asset Management Limited

July 18, 2019  
 Dated, Dhaka

  
**Malek Siddiqui Wali**  
 Chartered Accountants

**IDLC Balanced Fund**  
**Statement of Cash Flows**  
For the period ended on June 30, 2019

Particulars	July 01, 2018 - June 30, 2019	July 21, 2017 - June 30, 2018
	Taka	Taka
<b>A. Cash flows from/(used in) operating activities</b>		
Investment in marketable securities	(1,655,027,882)	(1,597,836,796)
Investment in IPO shares	(3,030,120)	(4,574,450)
Investment in Right Shares	-	(3,190,000)
Proceeds from sell of marketable securities	1,727,964,151	1,099,079,099
Interest income realized in cash	16,356,001	18,435,411
Dividend income received in cash	21,294,767	5,697,511
Advance, Deposit and Prepayments	(1,936,164)	(2,833,922)
Account Payables	1,500	-
Payment made for expenses	(22,249,365)	(26,257,026)
<b>Net cash used in operating activities</b>	<b>83,372,887</b>	<b>(511,480,173)</b>
<b>B. Cash Flows from investing activities</b>	-	-
<b>C. Cash flows from financing activities</b>		
(Redemption)/Issuance of Unit Capital, net	(61,755,510)	789,843,870
Unit Premium Reserves, net	(3,130,591)	15,119,682
Investor's Fund	5,148,620	516,033
Dividend paid for the period	(13,776,532)	-
<b>Net cash flow from financing activities</b>	<b>(73,514,012)</b>	<b>805,479,585</b>
<b>D. Net cash flows (A+B)</b>	<b>9,858,875</b>	<b>293,999,412</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>293,999,412</b>	<b>-</b>
<b>F. Cash &amp; cash equivalents at the end of the year (A+B+C)</b>	<b>303,858,287</b>	<b>293,999,412</b>
<b>Net Operating Cash flow per unit for the year</b>	<b>1.14</b>	<b>(6.48)</b>

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Bangladesh

  
**Asset Manager**  
IDLC Asset Management Limited

Signed in terms of our report of even date annexed

July 18, 2019  
Dated, Dhaka

  
**Malek Siddiqui Wali**  
Chartered Accountants

## IDLC Balanced Fund

### Notes to the Financial Statements

As at and for the period ended on June 30, 2019

#### 1. Introduction of the Fund and its activities

##### 1.1 Legal status and Key partners of the Fund

IDLC Balanced Fund (here-in-after referred to as "the Fund"), a Trust property, was established on February 05, 2017 under the Trust Act, 1882 and registered under the Registration Act, 1908 and subsequently on March 07, 2017 registered as a Mutual Fund from the Bangladesh Securities and Exchange Commission with an initial paid-up capital of Tk. 500 million divided into 50 million units of Tk. 10.00 each under the Securities and Exchange Commission (Mutual Fund), Rules, 2001 as an Open end Mutual Fund vide registration no. BSEC/MUTUAL FUND/2017/77.

Investment Corporation of Bangladesh (ICB), the Trustee of the Fund, in its 170th meeting held on July 18, 2017 approved the size of the Fund to be increased upto Tk. 1,500 million.

Key partners of the Fund are as Follows:

Sponsor: IDLC Finance Limited

Registered Address: Bay's Galleria (1st Floor), 57 Gulshan Avenue, Dhaka 1212

Trustee & Custodian: Investment Corporation of Bangladesh (ICB)

Registered Address: BDBL Bhaban, 8, RAJUK Avenue, Dhaka 1000, Bangladesh

Asset Manager: IDLC Asset Management Limited

Registered Address: Symphony (Level – 04), Plot # SE (F): 9, Road # 142, Gulshan Avenue, Bir Uttam Mir Shawkat Sarak, Dhaka 1212.

##### 1.2 Principal activities and nature of operation

IDLC Balanced Fund is an Open end Mutual Fund which is a professionally managed portfolio of equity stocks and fixed income instruments. Investors buy units of the Fund and the Asset Manager pools that money to make investments on their behalf. An unit represents a portion of the fund's holdings.

The target group of investors comprises both Institute and Individual. Units of the Fund may be bought / surrendered through IDLC Asset Management Limited and authorized selling agents appointed by the Asset Manager from time to time and any other procedure as prescribed by the Asset Manager. Surrender of units is allowed only through IDLC AML or the selling agents from which the units are originally purchased.

#### 2 Objectives

The objective of the IDLC Balanced Fund is to generate capital appreciation along with current income in the form of dividend from a combined portfolio of equity, debt and money market instruments.

#### 3. Basis of preparation

##### 3.1 Statement of compliance

These financial statements have been prepared under historical cost convention and in conformity with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange Commission (Mutual Fund), Rules, 2001 and other applicable laws and regulations.



### 3.2 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.

### 3.3 Functional currency and presentational currency

These financial statements are presented in Bangladeshi Taka, which is also the Fund's functional currency.

### 3.4 Closure of Accounting year of the Fund

These financial statements are prepared for the period from July 01, 2018 to June 30, 2019.

### 3.5 Components of financial statements

- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

## 4 Significant accounting policies

### 4.1 Investment policy

The Fund shall invest subject to Bangladesh Securities and Exchange Commission (Mutual Fund), Rules, 2001 and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Development and Regulatory Authority (IDRA) of Bangladesh or any other competent authority in this regards.

The Fund shall not invest:

- (i) less than 60% (sixty percent) of the total assets in capital market instruments out of which at least 50% (fifty percent) shall be invested in listed securities.
- (ii) more than 25% (twenty five percent) of the total assets in shares, debentures or other securities in any one industry.
- (iii) more than 20% (twenty percent) of the total assets in shares, debentures or other securities of a single company or group.
- (iv) more than 15% (fifteen percent) of the total asset in Pre-IPOs at one time.
- (v) more than 15% (fifteen percent) of any company's total paid up capital.
- (vi) more than 10% (ten percent) of the total asset in any one particular company.

### 4.2 Valuation policy

As per section 58 of Bangladesh Securities and Exchange Commission (Mutual Fund), Rules, 2001, the fund shall fix the valuation method for the Scheme subject to the prior approval of the Commission. The investment valuation policy of the Fund will be as follows:

#### 4.2.1 Listed Securities

The listed securities are valued at the closing quoted market price only on the Dhaka Stock Exchange on the date of valuation i.e. on June 30, 2019.

### 4.3 Net asset value (NAV) calculation

The Fund intends to determine its NAV per unit on the last business day of each week by dividing the value of the net asset of the Fund (the value of total assets less total liabilities as per Rule 60 of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 by the total number of outstanding units. The Fund will use the following formula to derive the NAV per unit:

Total NAV = VA - LT

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

LT: 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

#### 4.4 Revenue recognition

##### **Capital gains**

Capital gains/losses are recognized on being realized based on Average Costing method.

##### **Dividend income**

Dividend income is recognized on being declared by the investee-company based on the record date as the cut off date.

##### **Finance income**

Finance income comprises of interest income on fund kept at the bank accounts, FDR with Banks & NBFIs, etc and accounted for in the financial statements under accrual basis accounting system.

#### 4.5 Preliminary and issue expenses

Preliminary and issue expenses represent expenditures incurred prior to the commencement of operations and establishment of the Fund. As per Rule 65 (3) of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001*, the expenses are being written off over a period of 7 (seven) years.

#### 4.6 Management fee

As per *Bangladesh Securities and Exchange Commission (Mutual Fund) Regulation, 2001*, the Asset Management Company shall be entitled to charge the Fund an annual management fee for Investment Management at the following rate:

- (i) @ 2.5% per annum of weekly average Net Asset Value (NAV) of the Fund up-to Tk. 50,000,000 (Taka five crore);
- (ii) @ 2.0% per annum for additional amount of the weekly average NAV of the Fund over Tk.50,000,000 (Taka five crore) but up to Tk. 250,000,000 (Taka twenty five crore);
- (iii) @ 1.5% per annum for additional amount of the weekly average NAV of the Fund over Tk. 250,000,000 (Taka twenty five crore) but up to Tk. 500,000,000 (Taka fifty crore);
- (iv) @ 1.0% per annum for additional amount of the weekly average NAV of the Fund over Tk. 500,000,000 (Taka fifty crore).

The management fee is calculated on every closing day of the week on that week's average NAV of the Fund and accumulated up to the date of the financial statements.

#### 4.7 Trustee fee

The Trustee shall be paid an annual Trusteeship fee of @ 0.15% of the Net Asset Value (NAV) of the Fund on semi-annual in advance basis during the life of the Fund or as may be agreed upon between the parties.

#### 4.8 Custodian Fee

The Fund shall pay to the Custodian (i.e. ICB) a safe keeping fee @ 0.15% of balance securities (dematerialized and non-dematerialized) held by the Fund calculated on the basis of average month end value per annum. The fee for the Custodian services will be realized in semi-annually basis.

#### 4.9 Commission Payable to Selling Agent(s)

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager at the rate of 0.45% - 1.00% on the total sale amount of unit sales, accruable on collection basis and payable at the end of the quarter. The Selling Agent Commission will be applicable for sales of unit; not on surrender of units. If individuals are appointed as selling agents by the Asset Manager, the commission payable to them will vary and fixed as per Bangladesh Securities and Exchange Commission (Mutual Fund) Regulation, 2001. The selling agent commission may change in future with prior approval from the Trustee.

#### 4.10 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 for tax is required.

In Finance Act, 2016, 5% Income tax at source was applied to any Mutual Fund from the interest accrued on savings deposits or fixed deposits or any term deposit maintained with any Schedule Bank including a co-operative Bank or any bank run on Islamic principles or non-banking financial institutions or any leasing company or any housing finance company.

#### 4.11 BSEC Registration Fees and Annual Fees

The Fund has paid Tk. 1,000,000 (Taka Ten lac) only to the Securities and Exchange Commission (SEC) as Registration Fee as per Rule - 10 of Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001. In addition to that the Fund will have to pay 0.10% of the fund size per annum as annual fee as per Rule - 11 of Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001.

#### 4.12 Dividend policy

- (i) The Fund shall distribute minimum 70%, or as may be determined by the Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001 from time to time, of the annual net profit of the Fund as dividend at the end of each accounting year after making provision for bad and doubtful investments.
- (ii) The Fund may create a dividend equalization reserve by suitable appropriation from the income of the Scheme to ensure consistency in dividend disbursement for each year.
- (iii) Before declaration of dividend, the Asset Management Company shall make a provision in consultation with the Auditor if market value of investments goes below the acquisition cost and the method of calculation of this provision will be incorporated in the notes of accounts.
- (iv) Surpluses arising simply from the valuation of investments shall not be available for dividend.
- (v) The Asset Management Company will dispatch the Dividend warrants, at the expense of the Fund, within 45 days from the declaration of such dividend and submit a statement within next 7 (seven) days to the Commission, Trustee and the Custodian.
- (vi) Before registration for transfer of ownership, a transferee shall not possess the right to any

dividend declared.

- (vii) There will be a Cumulative Investment Plan (CIP) scheme in this Unit Fund. Under this scheme a unit holder instead of receiving dividend may reinvest such dividend income accrued for purchasing Unit at a rate determined by IDLC Asset Management Ltd. The unit holders may change their dividend preference in future as per their need.

#### 4.13 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 reporting period according to IAS -37.

#### 4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits when it has a short maturity of three months or less from the date of acquisition.

#### 4.15 Unit premium reserves

The general investors invest in IDLC Growth Fund by purchasing Fund's units through the Asset Manager or its approved selling agents. Investors buy or sale units of the Fund at the purchase price or surrender price, NAV/unit, published weekly at daily newspaper and Asset Manager's website. If the purchase price is greater than the face value, i.e. Tk. 10/unit, the investors are buying the units at premium and the Fund creates unit premium reserves from selling the units more than the face value. Similarly when investors redeem or sale their units at surrender rate which is more than the face value, they realized a portion of unit premium reserves and Fund's performance as well.

#### 4.16 Departure from IFRS and IAS

a. The Fund has written off Preliminary and issue expenses over a period of seven (07) years on a straight-line method according to Rule-65(3) Ka of Securities & Exchange Commission (Mutual Fund) Rules, 2001 which contradicts with Paragraph 69(a) of IAS 38 'Intangible Assets', as it states that "no intangible or other asset is recognized when expenditure on start-up activities (i.e. Start-up costs) is incurred to provide future economic benefits".

b. The Fund is required to maintain provision for the erosion on value of marketable securities according Rule-67(1) of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001* whereas the IFRS 9 requires to present the investment at market value.

#### 4.17 Statement of cash flows

Cash flows from operating activities have been presented under direct method according to IAS-7.

#### 4.18 Earnings per unit

Earnings per unit has been calculated in accordance with IAS-33 "Earnings per Share" and shown on the face of Profit or Loss & Other Comprehensive Income.

#### 4.19 General

Figures appearing in these financial statements have been rounded off to nearest Taka.



#### 4.20 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of IASs and IFRSs as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. IDLC Balanced Fund applied following IAS and IFRS:

Name of the IAS	IAS/IFRS No.	Status
Presentation of Financial Statements	1	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	N/A
Employee Benefits	19	N/A
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Financial Instruments: Presentation	32	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Not applied
Investment Property	40	N/A
Agriculture	41	N/A
Financial Instruments: Recognition and Measurement	IFRS-9	Not applied



**IDLC Balanced Fund**  
**Notes to the Financial Statements**  
**As at and for the period ended on June 30, 2019**

	Notes	June 30, 2019	June 30, 2018
		Taka	Taka
<b>5. Preliminary and issue expenses</b>			
Opening Balance	(Note: 5.1)	7,429,398	8,589,191
Less: Amortized during the year		(1,227,027)	(1,159,793)
		<u>6,202,371</u>	<u>7,429,398</u>
<b>5.1 Preliminary and issue expenses</b>			
Formation Fees			5,000,000
Management Fees			3,200,000
Application & Registration Fees paid to BSEC			1,010,000
CDBL Fees			40,000
Trust Deed Registration Fees			160,870
Printing and Publication			852,559
Bank Charges			31,305
			<u>10,294,733</u>
Less: Interest income from Escrow Account			(1,705,542)
			<u>8,589,191</u>
<b>6. Investment in securities at cost price</b>			
Investment in listed securities	(Note: 6.1)	489,515,625	523,156,069
Investment in non - listed securities (Initial Public Offering)	(Note: 6.2)	-	2,683,870
		<u>489,515,625</u>	<u>525,839,939</u>
<b>6.1 Investment in listed securities</b>			
Bank		95,504,018	221,855,052
Engineering		115,892,077	89,899,242
Fuel & Power		39,215,080	92,700,340
Food & Allied		-	46,885,561
Information Technology		1,572,800	-
Mutual Fund		25,413,196	59,346,407
Pharmaceuticals		126,726,153	166,670
Telecommunication		84,776,902	12,234,367
Textile		194,810	68,430
Travel & Leisure		220,590	-
		<u>489,515,625</u>	<u>523,156,069</u>
<i>Details are mentioned in Annexure A</i>			
<b>6.2 Investment in IPO*</b>			
SK Trimmings & Industries		-	483,870
VFS Thread & Dyeing Ltd		-	2,200,000
		<u>-</u>	<u>2,683,870</u>
<i>*This is application money for IPO investment under Mutual Fund quota</i>			
<b>7. Accounts Receivables</b>			
Dividend receivables	(Note: 7.1)	-	4,266,289
Interest Receivables	(Note: 7.2)	1,239,889	404,596
Accounts receivable - Sale of Securities		-	14,652,349
Other Receivable	(Note: 7.3)	141,362	138,976
		<u>1,381,251</u>	<u>19,462,209</u>
<b>7.1 Dividend receivables</b>			
The City Bank Limited		-	4,266,289
<b>7.2 Interest Receivables</b>			
Interest Receivables - Fixed Deposits		1,239,889	278,588
Interest Receivables - Bank Accounts		-	126,008
		<u>1,239,889</u>	<u>404,596</u>



June 30, 2019	June 30, 2018
Taka	Taka

### 7.3 Other Receivable

This represents the excess amount of tax deducted at source from the accrued interest on the cash balances with Bank accounts.

141,362      138,976

### 8. Prepayments

Annual fee - BSEC  
Trustee fee

763,708      861,471

8,165      95,092

771,873      956,563

### 9. Cash and cash equivalents

Cash at bank

(Note: 9.1)

135,382,037

201,849,833

Term deposits (FDR)

(Note: 9.2)

168,476,250

92,149,579

303,858,287

293,999,412

#### 9.1 Cash at bank

Name of Bank	Account Name	Account No.	Type		
Southeast Bank Limited	IDLC Balanced Fund	13500000001	SND	1,018,137	422,810
	IDLC Balanced Fund - Trading	13500000003	SND	487,559	424,944
	IDLC Balanced Fund - Operations	13500000004	SND	17,786	465,179
BRAC Bank Limited	IDLC Balanced Fund	1203957267003	CA	13,447,995	7,870,997
	IDLC Balanced Fund - Trading	1203957267001	CA	2,832,385	187,756,202
	IDLC Balanced Fund - Operations	1203957267002	CA	6,512,323	4,255,451
ONE Bank Ltd	IDLC Balanced Fund - Trading	0013000002076	SND	109,453,866	
Standard Chartered Bank	IDLC Balanced Fund	02-1308406-01	CA	1,611,987	654,250
				<u>135,382,037</u>	<u>201,849,833</u>

#### 9.2 Term deposits

Name of Institution	Account No.	Term	Rate		
IPDC Finance Limited	04941	3 Months	11.90%	8,353,750	-
	04942	3 Months	11.90%	8,353,750	-
	04943	3 Months	11.90%	8,353,750	-
	04944	3 Months	11.90%	8,353,750	-
	04945	3 Months	11.90%	8,353,750	-
	04946	3 Months	11.90%	8,353,750	-
	04947	3 Months	11.90%	8,353,750	-
United Finance Ltd	0667648615	3 Months	12.00%	110,000,000	-
IDLC Finance Limited	10552236450739	3 Months	10.50%	-	7,247,146
	10552236450741	3 Months	10.50%	-	748,447
	10552236450740	3 Months	10.50%	-	748,447
	10552236450745	3 Months	10.50%	-	8,206,289
	10552236450743	3 Months	10.50%	-	8,522,840
	10552236450731	3 Months	10.75%	-	9,232,388
	10552236450732	3 Months	10.75%	-	9,232,388
	10552236450733	3 Months	10.75%	-	9,232,388
	10552236450734	3 Months	10.75%	-	9,232,388
	10552236450735	3 Months	10.75%	-	9,232,388
	10552236450736	3 Months	10.75%	-	9,232,388
10552236450737	3 Months	10.75%	-	9,232,388	
10552236450738	3 Months	10.75%	-	2,049,697	
				<u>168,476,250</u>	<u>92,149,579</u>



	June 30, 2019	June 30, 2018
	Taka	Taka
<b>10. Capital Fund</b>		
Opening Balance	789,843,870	-
Fund collected from Sponsors during the period	-	100,000,000
Units subscribed by the General investors during the period	37,721,470	824,568,870
Units redeemed by the General investors during the period	(93,360,790)	(134,725,000)
	<b>734,204,550</b>	<b>789,843,870</b>

#### 10.1 Capital Allotment

Allotment Year	Basis of allotment	No. of unit	Face value per share (Taka)	Amount in Taka
2017 - 2018	Sponsor's Contribution	10,000,000	10	100,000,000
2017 - 2018	General Investors	68,984,387	10	689,843,870
2018 - 2019	General Investors	(5,563,932)	10	(55,639,320)
	<b>Total</b>	<b>73,420,455</b>		<b>734,204,550</b>

(All transactions are held through Banking Channel)

<b>11. Retained earnings</b>		
Opening balance	20,963,423	-
Less: Dividend paid during the year	(6,733,234)	-
	14,230,189	-
Add: Profit during the year	41,485,270	20,963,423
	55,715,459	20,963,423
Less: Units redeemed with realization of Fund's performance	(1,176,677)	-
	<b>54,538,782</b>	<b>20,963,423</b>

<b>12. Accounts payable</b>		
Management fee	2,876,416	3,234,931
Tax payable from Fixed Deposits	133,307	-
Custodian fee	96,115	395,889
Audit fee	34,500	34,500
CDBL fee	19,642	68,980
Payable to Investor	5,658,639	516,033
Sales Agent Commission	22,166	49,851
Dividend unclaimed	6,280	-
Publication & Other Operational Expense	26,500	67,909
	<b>8,873,564</b>	<b>4,368,093</b>

<b>13. Provision/(Write back of provision) for diminution in value of investments</b>		
Opening Balance	17,392,454	-
Add: Provision/(Write Back of provision) during the year (listed securities)	(13,285,958)	17,392,454
Required provision against diminution in value of investments at the end of the period	<b>4,106,496</b>	<b>17,392,454</b>

<b>14. Net asset value (NAV) per unit at cost</b>		
Total Asset at Cost Price	801,729,407	847,687,521
Less: Accounts payable	(8,873,564)	(4,368,093)
<b>Total net asset value at cost</b>	<b>792,855,843</b>	<b>843,319,428</b>
Number of units	73,420,455	78,984,387
NAV per unit at cost	<b>10.80</b>	<b>10.68</b>

<b>15. Net asset value (NAV) per unit at market price</b>		
Total net asset value at cost	792,855,843	843,319,428
Less: Provision for erosion of value of securities	4,106,496	17,392,454
<b>Total net asset value at market price</b>	<b>788,749,347</b>	<b>825,926,975</b>
Number of units	73,420,455	78,984,387
NAV per unit at market price	<b>10.74</b>	<b>10.46</b>



	July 01, 2018 - June 30, 2019	July 21, 2017 - June 30, 2018
	Taka	Taka
<b>16. Interest income</b>		
Term Deposit (FDR)	8,418,051	10,793,396
Cash at Bank (STD Account)	8,773,244	8,046,611
	<b>17,191,295</b>	<b>18,840,006</b>
<b>17. Gain / (Loss) from Listed Securities</b>		
AB Bank Limited	-	(132,632)
Active Fine Chemicals Limited	(2,729,549)	-
Advanced Chemical Industries Limited	-	855,114
Advent Pharma Limited	416,414	640,316
Al-Arafah Islami Bank Limited	-	644,319
Aman Feed Limited	540,023	-
Bank Asia Limited	(108,438)	-
BBS Cables Limited	3,383,738	(10,766,768)
Bangladesh Submarine Cable Company Limited	-	(2,612,291)
Beximco Pharmaceuticals Limited	1,550,031	(3,822,249)
BRAC Bank Limited	10,253,792	4,670,331
British American Tobacco Bangladesh Company Limited	17,015,008	110,281
Dhaka Bank Limited	(10,718,470)	-
DBH First Mutual Fund	-	172,203
Delta Life Insurance Co. Limited	(107,405)	-
Dutch-Bangla Bank Limited	121,781	(266,035)
Eastern Bank Limited	-	2,215,094
EXIM Bank Limited	-	(317,355)
Genex Infosys Limited	791,094	-
Grameenphone Limited	2,422,834	6,954,244
Grameen One : Scheme Two	(6,493,020)	-
Green Delta Mutual Fund	-	(262,728)
IDLC Finance Limited	-	(1,437,081)
Investment Corporation of Bangladesh Limited	-	(1,007,607)
Ifad Autos Limited	(6,709,516)	7,737,097
Indo Bangla Pharmaceuticals Limited	756,654	-
Intraco Refueling Station Limited	555,381	939,815
IPDC Finance Limited	(2,954,136)	-
Kattali Textiles Limited	707,245	-
Khulna Power Company Limited	2,074,474	-
LankaBangla Finance Limited	(1,634,233)	1,807,501
M.L. Dyeing Limited	723,686	-
Mercantile Bank Limited	(3,818,562)	391,654
Nahee Aluminum Composite Panel Limited	6,502,398	2,093,243
National Credit and Commerce Bank Limited	-	(371,422)
Newline Textiles Limited	204,320	-
OIMEX Electrode Limited	-	3,087,457
Olympic Industries Limited	(3,214,370)	79,950
ONE Bank Limited	-	494,118
Prime Bank Limited	(5,161,892)	-
Queen South Textile Mills Limited	277,153	539,153
Shepherd Industries Limited	422,030	-
Silco Pharmaceuticals Limited	289,717	-
Silva Pharmaceuticals Limited	878,428	-
Singer Bangladesh Limited	10,024,591	(1,297,726)
SK Trims Industries Limited	1,503,445	-
Square Pharmaceuticals Limited	(2,061,730)	7,607,196
S. S. Steel Limited	832,420	-
Summit Power Limited	4,913,822	-
The City Bank Limited	(5,133,911)	11,828,484



July 01, 2018 - June 30, 2019	July 21, 2017 - June 30, 2018	
Taka	Taka	
Unique Hotel & Resorts Limited	(347,056)	-
United Power Generation and Distribution Co. Limited	8,721,187	-
VFS Thread Dyeing Limited	1,166,386	-
Western Marine Shipyard Limited	(6,955,642)	3,425,830
<b>18,900,123</b>	<b>33,999,504</b>	

#### 18. Dividend income

Advanced Chemical Industries Limited	-	596,000
Bangladesh Submarine Cable Company Limited	-	180,000
Beximco Pharmaceuticals Limited	305,039	-
Dhaka Bank Limited	615,000	-
Grameen Scheme 2	2,525,621	-
Grameenphone Limited	2,333,025	3,794,500
IFAD Autos	1,337,724	-
Intraco Refueling Station Limited	6,605	-
IPDC Finance Limited	451,300	-
Kattali Textile Limited	20	-
NAHEE Aluminum Composite	-	14,462
Oimex Electrode Limited (fractional share)	-	50
Olympic Industries Limited	-	139,500
Prime Bank Limited	3,631,834	-
Silco Pharmaceuticals Limited (fractional share)	10	-
Singer Bangladesh Limited	137	-
SK Trims & Industries Limited	2,455	-
Square Pharmaceuticals Limited	-	973,000
Summit Power Limited	5,415,000	-
The City Bank Limited (fractional share)	24	4,266,289
Unique Hotel & Resorts Limited	394,790	-
VFS Thread Dyeing Limited	9,895	-
<b>17,028,478</b>	<b>9,963,800</b>	

#### 19. Earnings per unit

Net income for the year (A)	41,485,270	20,963,423
Outstanding number of units (B)	73,420,455	78,984,387
Earnings per unit (A+B)	<b>0.5650</b>	<b>0.2654</b>

The Earnings per unit increases from previous income year mainly due to release of provision for erosion of value of securities.

#### 20. Net Operating Cashflow per share

Net Operating cash flow for the year (A)	83,372,887	(511,480,173)
Outstanding number of units (B)	73,420,455	78,984,387
Net Operating Cashflow per share (A+B)	<b>1.14</b>	<b>(6.48)</b>

Net Operating Cashflow per share is positive in current year which was negative in previous income year due to investment liquidation from listed securities in the Fund is higher than new investment in listed securities.



July 01, 2018 - June 30, 2019	July 21, 2017 - June 30, 2018
Taka	Taka

## 21. Reconciliation between net profit to operating cashflow

Net Profit before wrote back of provision/(provision)	28,199,312	38,355,876
Amortization charged	1,227,027	1,159,793
Operating cash flow before changes in working capital	<u>29,426,339</u>	<u>39,515,669</u>
<b>Changes in Working capital:</b>		
Decrease/(Increase) of investment	36,324,313	(525,839,939)
Decrease/(Increase) of prepayments	184,690	(956,563)
Decrease/(Increase) of accounts receivables	18,080,958	(19,462,209)
Increase of account payables	4,505,471	4,368,093
Payment made for Preliminary expenses	-	(8,589,191)
	<u>59,095,433</u>	<u>(550,479,809)</u>
Less Non-operating items		
Increase of payables to investors	5,142,606	516,033
Increase of Dividend unclaimed balances	6,280	-
	<u>(5,148,886)</u>	<u>(516,033)</u>
<b>Net operating cash flows</b>	<u><b>83,372,887</b></u>	<u><b>(511,480,173)</b></u>

## 22. Events after the reporting period

The Board of Trustees of the Fund has approved dividend at the rate of Tk. 0.70 Per unit i.e. 7% for the period ended on June 30, 2019 at the meeting held on July 18, 2019.

## 23. Date of authorisation

The Trustee Board has authorised these financial statements for issue on July 18, 2019.

July 18, 2019  
Dated, Dhaka

  
**Chairman, Trustee**  
Investment Corporation of  
Bangladesh

  
**Member, Trustee**  
Investment Corporation of  
Bangladesh

  
**Asset Manager**  
IDLC Asset Management Limited



Annexure A.

**IDLC Balanced Fund**  
Details of Investment in Listed Securities  
As at June 30, 2019

Sl.	Sector	Name of the Company	No. of Share	Avg. Cost	Total Cost	Market Value	Total Market Value	% of Total Assets	Unrealized Gain/(Loss)
(Amount in Taka)									
1	Bank	BRAC Bank Limited	1,194,120	61.35	73,255,518	66.10	78,931,332	9.00%	5,675,814
2		Dhaka Bank Limited	1,291,500	17.23	22,248,500	13.60	17,564,400	2.20%	(4,684,100)
					<b>95,504,018</b>		<b>96,495,732</b>	<b>12.10%</b>	<b>981,714</b>
1	Engineering	Coppertech Industries Ltd.	23,810	10.00	238,100	10.00	238,100	0.03%	-
2		IFAD Autos Limited	370,000	114.04	42,415,059	81.10	30,007,000	3.76%	(12,408,059)
3		Singer Bangladesh Limited	409,999	178.42	73,150,887	193.20	79,211,807	9.93%	6,060,919
4		S. S. Steel Limited	8,803	10.00	88,030	26.80	235,920	0.03%	147,890
					<b>116,892,077</b>		<b>109,692,827</b>	<b>13.75%</b>	<b>(6,199,249)</b>
1	Fuel & Power	Summit Power Limited	980,000	40.02	39,215,080	41.70	40,886,000	5.12%	1,650,920
					<b>39,215,080</b>		<b>40,886,000</b>	<b>5.12%</b>	<b>1,650,920</b>
1	Information Technology	Genex Infosys Limited	7,043	10.00	70,430	55.90	393,704	0.05%	323,274
2		ADN Telecom Limited	50,079	30.00	1,502,370	30.00	1,502,370	0.19%	-
					<b>1,572,800</b>		<b>1,896,074</b>	<b>0.24%</b>	<b>323,274</b>
1	Mutual Funds	Asian Tiger Capital Partners Asset Management Limited	2,531,631	9.30	23,547,916	10.30	20,075,799	3.27%	(2,527,883)
2		Green Delta Mutual Fund	255,073	7.31	1,865,280	7.50	1,913,048	0.24%	47,768
					<b>25,413,196</b>		<b>21,988,847</b>	<b>3.51%</b>	<b>2,575,651</b>
1	Pharmaceuticals	Beximco Pharmaceuticals Limited	505,000	79.29	40,041,487	83.50	42,167,500	5.29%	2,126,013
		Renata Limited	7,583	1,167.17	8,850,664	1,190.40	9,087,467	1.14%	236,803
		Silco Pharmaceuticals Limited	18,990	10.00	189,900	24.60	467,154	0.06%	277,254
		Square Pharmaceuticals Ltd.	294,500	263.65	77,644,102	204.30	77,836,350	9.76%	192,248
					<b>126,726,153</b>		<b>129,568,471</b>	<b>16.24%</b>	<b>2,832,318</b>
1	Telecom	Grameenphone Ltd	214,486	395.26	84,776,902	304.70	78,223,044	9.81%	(6,553,858)
					<b>84,776,902</b>		<b>78,223,044</b>	<b>9.81%</b>	<b>(6,553,858)</b>
1	Textile	New Line Clothings Ltd	19,481	10.00	194,810	24.00	467,544	0.06%	272,734
					<b>194,810</b>		<b>467,544</b>	<b>0.06%</b>	<b>272,734</b>
1	Travel & Leisure	Seaspear Beach Resort & Spa Ltd	22,059	10.00	220,590	10.00	220,590	0.03%	-
					<b>220,590</b>		<b>220,590</b>	<b>0.03%</b>	<b>-</b>
	<b>Grand Total</b>				<b>489,515,625</b>		<b>485,409,129</b>	<b>60.86%</b>	<b>(4,106,496)</b>

