



এম এম রহমান এন্ড কোং
M M Rahman & Co.
Chartered Accountants



*Auditors' Report and
Audited Financial Statements
Of
IDLC Balanced Fund
For the year ended June 30, 2021*



INDEPENDENT AUDITOR'S REPORT To the unitholders of IDLC Balance Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **IDLC Balanced Fund** (the Fund), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) give a true and fair view of the state of the fund's affairs as at June 30, 2021 and of the results of its operations and cash flows for the year then ended and comply with the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

Emphasis of Matter:

We draw attention to the Note no. 4.02.1 to the Financial Statements against which we have not modified our auditor's opinion, the fund has a policy to measure the listed securities at fair value through profit or loss and related unrealized loss and right back of unrealized loss has been charged in the Statement of Profit or Loss and unrealized gain has been recognized in other comprehensive income through the Statement of Changes in Equity. However, according to the paragraph 5.7.1 of IFRS 9 Financial Instruments, a gain or loss on a financial asset that is measured at fair value shall be recognized in profit or loss. Therefore, the policy was not in compliance with the IFRS 9.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and other applicable laws and regulation 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 responsibility for the audit of the financial statements

The objectives of our audit 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 judgment 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, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on other legal and regulatory requirements

In accordance with the Securities and Exchange Rules 1987, the Securities and Exchange Commission (Mutual Fund) Act, 2001 we also report the following:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- In our opinion, proper books of account as required by law have been kept by the fund so far as it appeared from our examination of these books;
- The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- The expenditure incurred was for the purposes of the fund's business.

Name of Firm: M M Rahman & Co., Chartered Accountants

Registration No. of the firm: Reg. No.

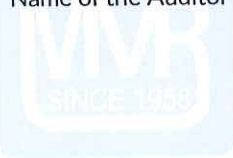
DVC: 2108110886 AS 563840

Signature of the Auditor 

Dated, Dhaka 11-08-2021

Name of the Auditor (Mohammed Forkan Uddin FCA,

Partner/Enrolment No. 886)





IDLC Balanced Fund

Statement of Financial Position

As at June 30, 2021

ASSETS	Notes	Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
Preliminary and issue expenses	5.00	3,744,955	4,971,982
Total non current assets		3,744,955	4,971,982
Investment in securities at market price	6.00	589,164,872	326,658,495
Accounts receivables	7.00	51,935,214	3,648,730
Advance and prepayments	8.00	734,959	618,831
Cash and cash equivalents	9.00	108,608,182	268,160,555
Total current assets		750,443,227	599,086,611
Total assets		754,188,182	604,058,593
EQUITIES			
Capital fund	10.00	585,768,250	674,059,330
Unit premium reserves		-	2,249,839
Investor's balances		1,701	1,383
Fair value reserve		68,256,417	-
Retained earnings	11.00	93,708,047	(76,206,441)
Total equities		747,734,415	600,104,111
LIABILITIES			
Accounts payable	12.00	6,453,767	3,954,482
Total current liabilities		6,453,767	3,954,482
Total liabilities		6,453,767	3,954,482
Total equity and liabilities		754,188,182	604,058,593
Net asset value (NAV) per unit:			
At cost	13.00	11.60	9.76
At market price	14.00	12.77	8.90

The annexed notes from 1 to 24 form an integral part of these financial statements.

The financial statements were approved by the Board of trustees on July 15, 2021 and were signed on its behalf by:

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.

Name of Firm: M M Rahman & Co., Chartered Accountants
Registration No. of the firm: Reg. No.

DVC: 2108110886AS 563840

Signature of the Auditor
Name of the Auditor (Mohammed Forkan Uddin FCA,
Partner/Enrolment No. 886)

Dated, Dhaka 11-08-2021



IDLC Balanced Fund

Statement of Profit or Loss and Other Comprehensive Income

For the year ended on June 30, 2021

	Notes	Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
INCOME			
Interest income	15.00	10,010,100	26,581,479
Net gain on sale of securities	16.00	123,405,103	(47,915,077)
Dividend income	17.00	16,550,476	12,767,917
Total Income		149,965,680	(8,565,681)
EXPENDITURE			
Management fee		11,163,482	10,570,369
Brokerage commission		5,140,546	1,309,475
Amortization of preliminary and issue expenses	5.00	1,227,027	1,230,389
Trustee fee		1,235,700	1,131,499
Custodian fee		1,046,704	882,280
BSEC annual fee		715,817	652,231
Tax deducted at source		211,247	579,129
Publication and other expenses	18.00	436,457	506,851
Bank charges and excise duty		251,848	266,140
Sales agent commission		61,307	95,410
CDBL charges		382,526	136,961
Audit fee		34,500	34,500
Total expenditure		21,907,162	17,395,234
Income before provision for the year		128,058,518	(25,960,914)
Write back of provision/(provision) for diminution in value of investments	19.00	57,496,486	(53,389,990)
Net income/(loss) for the year		185,555,004	(79,350,905)
Earnings per unit during the year	20.00	3.17	(1.18)
Other comprehensive income			
Fair value reserve		68,256,417	-
Total comprehensive income		253,811,421	(79,350,905)

The annexed notes from 1 to 24 form an integral part of these financial statements.

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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.

Name of Firm: M M Rahman & Co., Chartered Accountants

Registration No. of the firm: Reg. No.

DVC: 210811886A5563840

Signature of the Auditor 

Dated, Dhaka 11-08-2021

Name of the Auditor (Mohammed Forkan Uddin FCA,
Partner/Enrolment No. 886)



IDLC Balanced Fund

Statement of Changes in Equity
For the year ended on June 30, 2021

Amount in Taka

Particulars	Capital fund	Unit premium	Investor's balances	Fair value reserve	Retained earnings	Total equity
Opening Balance	674,059,330	2,249,839	1,383	-	(76,206,441)	600,104,111
Fund Collected/ (redeemed) during the year, net	(88,291,080)	(2,249,839)	-	-	(15,640,516)	(106,181,435)
Investor's Balances	-	-	318	-	-	318
Net income during the year	-	-	-	-	185,555,004	185,555,004
Fair Value Reserve	-	-	-	68,256,417	-	68,256,417
Balance as on June 30, 2021	585,768,250	-	1,701	68,256,417	93,708,047	747,734,415

For the year ended on June 30, 2020

Particulars	Capital fund	Unit premium	Investor's balances	Fair value reserve	Retained earnings	Total equity
Opening Balance	734,204,550	-	6,015	-	54,538,782	788,749,347
Fund Collected/(redeemed) during the year, net	(60,145,220)	2,249,839	-	-	-	(57,895,381)
Investor's balances	-	-	(4,632)	-	-	(4,632)
Net income during the year	-	-	-	-	(79,350,905)	(79,350,905)
Dividend paid during the year	-	-	-	-	(51,394,319)	(51,394,319)
Balance as on June 30, 2020	674,059,330	2,249,839	1,383	-	(76,206,441)	600,104,111

The annexed notes from 1 to 24 form an integral part of these financial statements.

The financial statements were approved by the Board of trustees on July 15, 2021 and were signed on its behalf by:


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.

Name of Firm: M M Rahman & Co., Chartered Accountants
Registration No. of the firm: Reg. No.

DVC: 2108110886A5563840

Signature of the Auditor 
Name of the Auditor (Mohammed Forkan Uddin FCA,
Partner/Enrolment No. 886)

Dated, Dhaka 11-08-2021



IDLC Balanced Fund

Statement of Cash Flows

For the year ended on June 30, 2021

	Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
Cash flows from operating activities		
Investment in marketable securities	(1,298,374,378)	(268,395,896)
Investment in IPO shares	(30,483,840)	(60,500,000)
Proceeds from sell of marketable securities	1,266,934,929	386,341,462
Interest income realized in cash	11,212,678	24,172,639
Dividend income received in cash	15,544,226	12,767,917
Advance and Prepayments	(2,067,645)	(1,630,689)
Payment made for expenses	(18,242,792)	(14,225,618)
Net cash flows from/(used in) operating activities	(55,476,821)	78,529,815
Cash flows from investing activities	-	-
Cash flows from financing activities		
Redemption of unit capital, net	(88,291,080)	(76,300,380)
Unit premium reserves, net	(17,890,355)	2,540,632
Payable to investors/(Payable settled with)	2,104,182	(4,940,802)
Investor's fund	1,701	1,383
Dividend paid for the year	-	(35,528,381)
Net cash used in financing activities	(104,075,552)	(114,227,548)
Net cash surplus/(deficit) for the year	(159,552,373)	(35,697,733)
Cash and cash equivalents at the beginning of the year	268,160,554	303,858,287
Cash & cash equivalents at the end of the year	108,608,182	268,160,554
Net operating cash flow per unit for the year	(0.95)	1.17

The annexed notes from 1 to 24 form an integral part of these financial statements.

The financial statements were approved by the Board of trustees on July 15, 2021 and were signed on its behalf by:


Chairman, Trustee
Investment Corporation of
Bangladesh


Member, Trustee
Investment Corporation of
Bangladesh


Asset Manager
IDLC Asset Management Limited

Name of Firm: M M Rahman & Co., Chartered Accountants
Registration No. of the firm: Reg. No.

DVC: 210811 0886 AS563840

Signature of the Auditor 
Name of the Auditor (Mohammed Forkan Uddin FCA,
Partner/Enrolment No. 886)

Dated, Dhaka 11-08-2021



IDLC Balanced Fund

Notes to the Financial Statements

As at and for the year ended on June 30, 2021

1.00 Introduction of the Fund and its activities

1.01 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 (1 st 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.

1.02 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.

2.00 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.



3.00 Basis of preparation

3.01 Statement of compliance

These financial statements have been prepared 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.

3.02 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.

3.03 Functional currency and presentational currency

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

3.04 Closure of Accounting year of the Fund

These financial statements are prepared for the period from July 01, 2020 to June 30, 2021.

3.05 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

4.00 Significant accounting policies

4.01 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.



4.02 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:

4.02.01 Listed Securities

(i) Listed securities (other than mutual Fund) has valued at 'Fair Value Through Profit or Loss' as per Securities and Exchange Commission (Mutual Fund) Rules, 2001 and related unrealized loss and right back of unrealized loss has been charged in the Statement of Profit or Loss and unrealized gain has been recognized in other comprehensive income through in the Statement of changes in equity under prudence approach. Mutual Fund securities are valued as per SRO No. SEC/CMRRCD/2009-193/172 dated 30 June 2015.

(ii) 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, 2021.

4.03 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

4.04 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.



4.05 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.

4.06 Management fee

As per *Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001*, the Asset Management Company shall be entitled to charge the Fund a 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 the NAV of the Fund and paid at the end of each quarter.

4.07 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.

4.08 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.

4.09 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) Rules, 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. 10,00,000 (Taka Ten lac) only to the Bangladesh Securities and Exchange Commission (BSEC) 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 Balanced 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

(i). The Fund has written off Preliminary and issue expenses over a period of 07 (seven) years on a straight-line method according to Rule-65(3) Ka of *Bangladesh 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".

(ii). The fund is required to maintain provision for the erosion on value of marketable securities according to Rule-67 (1) of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001* which contradicts with IFRS 9

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 and Other Comprehensive Income.

4.19 Per unit key financial ratio

Key financial ratios on per unit basis are disclosed in Annexure - C under Rule - 69 of *Bangladesh Securities & Exchange Commission (Mutual Fund) Rules, 2001* .

4.20 General

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

4.21 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 Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Not Applied
Events after the Reporting 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	Applied

4.21 Application of Compliance Standards by Bangladesh Securities & Exchange Commission (BSEC):

IDLC Balanced Fund has maintained the following compliance standards mentioned in *Bangladesh Securities & Exchange Commission, (Mutual Fund) Rules, 2001*.

Compliance Standards	Reference	Status
Minimum of 60% of total fund assets invested in capital market instruments, of which at least 50% shall be invested in listed securities.	Rule 55	Complied
The Fund hasn't allowed any advances or loans for any purpose.	5th Schedule Rule 56 (1)	Complied
No more than 10% of total fund assets shall be invested in any one particular company.	5th Schedule Rule 56 (2)	Complied
No more than 15% of any company's total paid up capital is held by the fund.	5th Schedule Rule 56 (3)	Complied
No more than 20% of total fund assets are invested in shares, debentures or other securities of a single company or group.	5th Schedule Rule 56 (4)	Complied
No more than 25% of total fund assets are invested in shares, debentures or other securities in any one industry.	5th Schedule Rule 56 (5)	Complied
Any transfers made by the Fund from one scheme to another if - *Are made at current market price of the listed securities through spot market and ** The investment objective of the scheme (which receives the securities) matches with the transferred securities.	5th Schedule Rule 56 (6)	Complied
The Fund has not invested in or lent to another Scheme under management of IDLC Asset Management Limited.	5th Schedule Rule 56 (7)	Complied
The Fund has not taken any loan for investment purpose.	5th Schedule Rule 56 (8)	Complied
Total Expenditure except preliminary expense shall not greater than 4% of weekly average net asset value at market price.	5th Schedule Rule 56 (10)	Complied



		Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
5.00 Preliminary and issue expenses			
Opening balance	5.01	4,971,982	6,202,371
Amortized during the year		(1,227,027)	(1,230,389)
Total		3,744,955	4,971,982
5.01 Opening balance			
Formation fees		5,000,000	5,000,000
Management fees		3,200,000	3,200,000
Application & registration fees paid to BSEC		1,010,000	1,010,000
CDBL fees		40,000	40,000
Trust deed registration fees		160,870	160,870
Printing and publication		852,559	852,559
Bank charges		31,305	31,305
		<u>10,294,733</u>	<u>10,294,733</u>
Interest income from escrow account		(1,705,542)	(1,705,542)
		<u>8,589,191</u>	<u>8,589,191</u>
Amortized balance		(3,617,209)	(2,386,820)
Opening balance		<u>4,971,982</u>	<u>6,202,371</u>
6.00 Investment in securities at market price			
Investment in listed securities at cost	6.01	498,409,255	374,154,982
Investment in Initial Public Offering (IPO)	6.02	22,499,200	10,000,000
Investment at cost value		520,908,455	384,154,982
Unrealized Gain / (Loss) in portfolio		68,256,417	(57,496,486)
Investment at market value		589,164,872	326,658,495
Please see Annexure A for Details calculation.			
6.01 Investment in listed securities at cost			
Bank		107,888,748	-
Corporate bond		59,074,613	59,074,613
Engineering		23,788,451	33,955,971
Financial institution		33,162,500	-
Food & allied		52,527,224	24,042,338
Fuel & power		-	61,067,987
Insurance		200,000	-
Mutual fund		-	48,216,384
Pharmaceuticals		105,506,440	62,039,636
Telecommunication		116,261,279	85,705,526
Travel & leisure		-	52,526
Total		498,409,255	374,154,982
Details are mentioned in Annexure A			
6.02 Investment in Initial Public Offering (IPO)*			
Walton Hi-Tech Industries Limited		-	10,000,000
Baraka Patenga Power Limited		22,499,200	-
Total		22,499,200	10,000,000

*This is application money for IPO investment under Mutual Fund quota.



		Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
7.00 Accounts Receivables			
Accrued Interest	7.01	2,446,152	3,648,730
Accounts receivable - Sale of Securities		48,482,812	-
Dividend receivables	7.02	1,006,250	-
Total		51,935,214	3,648,730
7.01 Accrued Interest			
Accrued Interest on fixed deposits		-	3,648,730
Accrued Interest on listed bonds		2,446,152	-
Accrued Interest on bank accounts		-	-
Total		2,446,152	3,648,730
7.02 Dividend receivables			
Marico Bangladesh Limited		310,000	-
NCC Bank Limited		431,250	-
First Security Islami Bank Limited		265,000	-
Total		1,006,250	-
8.00 Advance and prepayments			
Annual fee - BSEC		712,457	575,424
Trustee fee		22,502	43,407
Total		734,959	618,831
9.00 Cash and cash equivalents			
Cash at bank	9.01	108,608,182	41,561,256
Term Deposits (FDR)	9.02	-	226,599,299
Total		108,608,182	268,160,555

9.01 Cash at bank

Name of Bank	Account Name	Account No.	Type	Amount in Taka	Amount in Taka
Southeast Bank Limited	IDLC Balanced Fund	13500000001	SND	14,278	14,689
	IDLC Balanced Fund - Trading	13500000003	SND	6,709	7,490
	IDLC Balanced Fund - Operations	13500000004	SND	27,441	27,209
BRAC Bank Limited	IDLC Balanced Fund	1203957267003	CA	3,939,570	5,421,924
	IDLC Balanced Fund - Trading	1203957267001	CA	7,710,402	26,434,460
	IDLC Balanced Fund - Operations	1203957267002	CA	3,186,787	2,046,436
ONE Bank Ltd.	IDLC Balanced Fund - Trading	0013000002076	SND	7,505	2,190,052
Standard Chartered Bank	IDLC Balanced Fund	02-1308406-01	CA	93,715,489	5,418,996
Total				108,608,182	41,561,256

Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
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9.02 Term deposits

Name of Institution	Term	Account No.	Amount in Taka	Amount in Taka
IDLC Finance Limited	3 Months	10552236450758	-	40,752,611
	3 Months	10552236450759	-	45,846,688
	3 Months	10552236450760	-	45,000,000
	3 Months	10552236450761	-	7,500,000
	3 Months	10552236450762	-	7,500,000
	3 Months	10552236450763	-	47,000,000
	3 Months	10552236450769	-	8,250,000
	3 Months	10552236450770	-	8,250,000
	3 Months	10552236450771	-	8,250,000
	3 Months	10552236450772	-	8,250,000
Total			-	226,599,299

10.00 Capital fund

Opening balance	674,059,330	734,204,550
Units subscribed by the General investors during the year	20,975,910	58,013,340
Units redeemed by the General investors during the year	(109,266,990)	(118,158,560)
Closing balance	585,768,250	674,059,330

10.01 Capital allotment

Allotment Year	Basis of allotment	No. of unit	Face value per unit (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)
2019 - 2020	General Investors	(6,014,522)	10	(60,145,220)
2020 - 2021	General Investors	(8,829,108)	10	(88,291,080)
Total		58,576,825		585,768,250

(All transactions are held through Banking Channel)

11.00 Retained earnings

Opening balance	(76,206,441)	54,538,782
Less: Dividend paid during the year	-	(51,394,319)
	(76,206,441)	3,144,463
Add: Profit during the year	185,555,004	(79,350,905)
	109,348,563	(76,206,441)
Less: Units redeemed with realization of Fund's performance	(15,640,516)	-
Closing Balance	93,708,046	(76,206,441)



	Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
12.00 Accounts payable		
Management fee	2,853,078	2,476,933
Payable to Investor	2,829,416	723,852
Custodian fee	549,965	391,550
Provision for TDS on Interest Income	122,308	182,437
Publication & Other Operational Expense	10,250	75,520
Sales Agent Commission	17,228	55,411
Audit fee	34,500	34,500
CDBL fee	29,172	6,431
Unclaimed dividend	7,850	7,850
Total	6,453,767	3,954,482
12.01 Aging analysis of unclaimed dividend		
Up to 1 year	-	-
Over 1 year but within 3 years	7,850	7,850
Total	7,850	7,850
13.00 Net asset value (NAV) per unit at cost		
Total Asset at Market Price	754,188,182	604,058,593
Less: Unrealized gain/(loss) in portfolio	68,256,417	(57,496,486)
Total net asset value at cost	685,931,764	661,555,079
Less: Accounts payable	(6,453,767)	(3,954,482)
Total net asset value at cost	679,477,997	657,600,597
Number of units	58,576,825	67,405,933
NAV per unit at cost	11.60	9.76
14.00 Net asset value (NAV) per unit at market price		
Total Asset at Market Price	754,188,182	604,058,593
Less: Accounts payable	(6,453,767)	(3,954,482)
Total net asset value at market price	747,734,415	600,104,111
Number of units	58,576,825	67,405,933
NAV per unit at market price	12.77	8.90



	Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
Square Pharmaceuticals Limited	3,495,682	(13,966,723)
S. S. Steel Limited	-	132,925
Summit Power Limited	(5,902,560)	(424,330)
The City Bank Limited	2,942,085	(12,668,867)
Taufika Foods and Agro Industries Limited	423,917	-
Walton Hi-Tech Industries Limited	2,636,331	-
	123,405,103	(47,915,077)

17.00 Dividend income

Beximco Pharmaceuticals Limited	909,645	757,500
British American Tobacco Bangladesh Co. Limited	3,421,710	948,120
Bangladesh Submarine Cable Company Limited	746,000	-
BRAC Bank Limited	1,454,000	-
Coppertech Industries Limited	-	8,339
DBH First Mutual Fund	-	613,984
Dominage Steel Building Systems	7,500	-
First Security Islami Bank Limited	265,000	-
Grameenphone Limited	6,004,428	2,854,374
Green Delta Mutual Fund	-	417,082
LafargeHolcim Bangladesh Limited	315,000	-
Marico Bangladesh Limited	310,000	-
National Credit and Commerce Bank Limited	431,250	-
New Line Clothings Limited	-	5,855
Renata Limited	-	545,694
Seapearl Beach Resort & Spa Ltd. (fractional share)	552	22
Silco Pharmaceuticals Limited	-	3,798
Singer Bangladesh Limited	406,530	1,463,000
Square Pharmaceuticals Limited	1,517,612	1,173,900
Summit Power Limited	-	3,976,250
The City Bank Limited	761,250	-
	16,550,476	12,767,917

18.00 Publication and other expenses

Printing and publication expenses	249,662	414,556
Renewal & registration expenses	20,000	-
Other operational expenses	41,245	82,495
BO & Hawla Charges	88,550	1,800
IPO subscription fees	37,000	8,000
	436,457	506,851



Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
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19.00 Provision/(Write back of provision) for diminution in value of investments

Unrealized gain/ (loss) in Portfolio at the end of the year	68,256,417	(62,465,243)
Add: Provision for unrealized loss in Listed Mutual Funds at Market price	-	8,585,584
	<u>68,256,417</u>	<u>(53,879,659)</u>
Less: Provision for unrealized loss in Listed Mutual Funds revalued at 85% of NAV of respective Mutual Funds	-	(3,616,827)
Opening balance for the year	57,496,486	4,106,496
Less: Required (provision) against diminution in value of investments at the end of the year	-	(57,496,486)
Provision write back/(required) for the year in Profit or Loss statement	<u>57,496,486</u>	<u>(53,389,990)</u>

20.00 Earnings per unit (EPU)

Net income for the year (A)	185,555,004	(79,350,905)
Outstanding number of units (B)	58,576,825	67,405,933
Earnings per unit (A÷B)	<u>3.17</u>	<u>(1.18)</u>

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

Other Comprehensive Income (OCI) is not considered for Earnings Per Unit (EPU) calculation.

The Net Profit After Tax (NPAT) and EPU would have been BDT 128,058,518 and BDT 2.19 respectively if the recovery of previous years' provision for diminution in value of investments have not been considered in calculating the net profit.

21.00 Net operating cash flow per unit

Net Operating cash flow for the year (A)	(55,476,821)	78,529,815
Outstanding number of units (B)	58,576,825	67,405,933
Net Operating Cash flow per unit (A÷B)	<u>(0.95)</u>	<u>1.17</u>

22.00 Reconciliation between net profit to operating cash flow

Net Profit before wrote back of provision/(provision)	128,058,518	(25,960,914)
Amortization charged	1,227,027	1,230,389
Operating cash flow before changes in working capital	<u>129,285,545</u>	<u>(24,730,525)</u>



	Amount in Taka June 30, 2021	Amount in Taka June 30, 2020
Changes in working capital:		
Decrease/(Increase) of investment	(136,753,473)	105,360,643
Decrease/(Increase) of prepayments	(116,128)	153,042
Decrease/(Increase) of accounts receivables	(48,286,484)	(2,267,479)
(Decrease)/Increase of account payables	2,499,285	(4,919,082)
	<u>(182,656,800)</u>	<u>98,327,124</u>
Less: Non-operating items		
Increase of payables to investors	2,105,565	(4,934,786)
Increase of Dividend unclaimed balances	-	1,570
	<u>(2,105,565)</u>	<u>4,933,216</u>
Net operating cash flows	<u><u>(55,476,820)</u></u>	<u><u>78,529,815</u></u>

23.00 Events after the reporting period

The Board of Trustees of the Fund has approved **dividend per unit 1.50 Taka** for the year ended on June 30, 2021 at the meeting held on July 15, 2021.


24.00 Date of authorization

The Trustee Board has authorized these financial statements for issue on July 15, 2021.




Chairman, Trustee
Investment
Corporation of
Bangladesh


Member, Trustee
Investment
Corporation of
Bangladesh


Asset Manager
IDLC Asset Management Limited

IDLC Balanced Fund
Details of Investment in Listed Securities
As at June 30, 2021

(Amount in Taka)

Investment in Listed Securities:

Sl.	Sector	Name of the Company	No. of Share	Avg. Cost	Total Cost	Market Value	Total Market Value	% of Total Assets	Unrealized Gain/(Loss)
1	Bank	AB Bank Limited	680,000	16.00	10,882,900	14.80	10,064,000	1.33%	(818,900)
2		BRAC Bank Limited	1,481,700	42.64	63,176,742	49.50	73,344,150	9.72%	10,167,408
3		The City Bank Limited	456,750	29.18	13,329,897	26.40	12,058,200	1.60%	(1,271,697)
4		First Security Islami Bank Limited	26,500	11.93	316,190	10.80	286,200	0.04%	(29,990)
5		Mercantile Bank Limited	630,000	15.19	9,567,500	14.60	9,198,000	1.22%	(369,500)
6		NCC Bank Limited	618,125	17.17	10,615,519	14.60	9,024,625	1.20%	(1,590,894)
					107,888,748		113,975,175	15.11%	6,086,427
7	Corporate Bond	Ashuganj Power Station Company Limited's non convertible Bond	11,869	4,977.22	59,074,613	5,280.50	62,674,255	8.31%	3,599,641
8	Engineering	Singer Bangladesh Limited	135,510	175.55	23,788,451	179.70	24,351,147	3.23%	562,696
					23,788,451		24,351,147	3.23%	562,696
9	Financial Institution	LankaBangla Finance Limited	900,000	36.85	33,162,500	35.60	32,040,000	4.25%	(1,122,500)
					33,162,500		32,040,000	4.25%	(1,122,500)
10	Food & Allied	British American Tobacco Bangladesh Company Ltd.	120,000	437.73	52,527,224	539.10	64,692,000	8.58%	12,164,776
					52,527,224		64,692,000	8.58%	12,164,776
11	Insurance	Sonali Life Insurance Company Limited	20,000	10.00	200,000	11.00	220,000	0.03%	20,000
					200,000		220,000	0.03%	20,000



12	Pharmaceuticals	Beximco Pharmaceuticals Limited	414,073	92.87	38,454,116	177.30	73,415,143	9.73%	34,961,026
13		Marico Bangladesh Ltd.	15,500	2,119.97	32,859,610	2,229.20	34,552,600	4.58%	1,692,990
14		Square Pharmaceuticals Ltd.	175,000	195.39	34,192,713	215.50	37,712,500	5.00%	3,519,787
					105,506,440		145,680,243	19.32%	40,173,803
15	Telecommunication	Bangladesh Submarine Cable Company Limited	358,000	143.25	51,284,833	171.90	61,540,200	8.16%	10,255,367
16		Grameenphone Ltd.	175,995	369.19	64,976,446	349.40	61,492,653	8.15%	(3,483,793)
					116,261,279		123,032,853	16.31%	6,771,574
					498,409,255		566,665,672	75.14%	68,256,417

Sub-Total

B. Investment in Initial Public Offering (IPO)

1	Fuel & Power	Baraka Patenga Power Limited			22,499,200		22,499,200	2.98%	-
					22,499,200		22,499,200	2.98%	-
					520,908,455		589,164,872	78.12%	68,256,417

Sub-Total

Grand Total





IDLC Balanced Fund

Disclosure under Rule - 69 of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001

Particular		June 30, 2021	June 30, 2020	June 30, 2019
(a)	Net Asset Value per unit at Cost	11.60	9.76	10.80
(b)	Net Asset Value per unit at Market	12.76	8.90	10.74
(c)	Per unit income other than investment	0.171	0.394	0.234
(d)	Per unit income from Capital gain/(loss) & Dividend Income	2.389	(0.521)	0.489
(e)	Per Unit Expense	0.374	0.258	0.339
(f)	Per unit provision for diminution value of Investment	-	0.792	0.056
(g)	Per unit net income / (loss)	3.168	(1.177)	0.565
(h)	Highest Purchase / Surrender Price per unit during the year	13.60	9.98	10.92
(i)	Lowest Purchase / Surrender Price per unit during the year	8.99	8.78	9.72
(j)	Highest Price - earning ratio during the year	4552.17		93.60
(k)	Lowest Price - earning ratio during the year	8.49		52.55