

**AUDITORS' REPORT  
AND  
STATEMENT OF ACCOUNTS  
OF**

**IDLC Income Fund**

For the Period Ended on December 31, 2021

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**মালেক সিদ্দিকী ওয়ালী**  
**MALEK SIDDIQUI WALI**  
CHARTERED ACCOUNTANTS



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০

**Malek Siddiqui Wali**

CHARTERED ACCOUNTANTS

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## Independent Auditor's Report

To The Trustee of IDLC Income Fund  
Report on the Audit of the Financial Statements

### Opinion:

We have audited the financial statements of IDLC Income Fund, which comprise the Statement of Financial Position as at December 31, 2021, 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 December 31, 2021, and its financial performance and its cash flows for the period 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 both the Fund and Asset Management Company 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 judgment and maintain professional skepticism 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 the 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 both as per Rule 56 and Fifth (5th) Schedule of Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules), 2001.

**Malek Siddiqui Wali,**  
Chartered Accountants



Swadesh Ranjan Saha, FCA  
Enrolment No: 0718  
2201180718AS963988

Dated, Dhaka  
January 06, 2022  
Data Verification Code (DVC) No.

**IDLC Income Fund**  
**Statement of Financial Position**  
As at December 31, 2021


Particulars	Notes	December 31, 2021 BDT
<b>ASSETS</b>		
<b>Non-Current Asset</b>		
Preliminary and Issue Expenses	5	1,905,836
		<u>1,905,836</u>
<b>Current Asset</b>		
Investment in Securities at Market Price	6	36,307,491
Investment in Non-listed Securities at Fair Value	7	13,127,220
Accounts Receivables	8	122,165
Advance, Deposits and Prepayments	9	30,292
Cash and Cash Equivalents	10	97,723,782
		<u>147,310,950</u>
<b>Total Assets</b>		<u><u>149,216,786</u></u>
<b>OWNERS' EQUITY</b>		
Capital Fund	11	142,524,670
Unit Premium/ (Discount)		323,621
Investors' Balances		64
Fair Value Reserve		485,585
Retained Earnings	12	4,433,783
<b>Total Equity</b>		<u>147,767,724</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
		-
<b>Current Liabilities</b>		
Accounts Payables	13	1,449,063
		<u>1,449,063</u>
<b>Total Liabilities</b>		<u>1,449,063</u>
<b>Total Equity and Liabilities</b>		<u><u>149,216,786</u></u>
<b>Net Asset Value (NAV) Per Unit</b>		
At Cost	14	10.33
At Market Price	15	10.37

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

The financial statements were approved by the Board of Trustees on January 06, 2022 and were signed on its behalf by:

  
**Chairman, Trustee**

Sandhani Life Insurance Co. Ltd.

  
**Member, Trustee**

Sandhani Life Insurance Co. Ltd.

  
**Asset Manager**

IDLC Asset Management Ltd.

Signed in terms of our report of even date annexed.

Dated, Dhaka  
January 06, 2022

  
**Malek Siddiqui Wali**  
Chartered Accountants

**IDLC Income Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the Period Ended on December 31, 2021



**June 25 -  
December 31,  
2021**

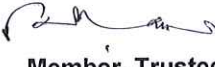
Particulars	Notes	BDT
<b>INCOME</b>		
Interest Income	17	3,154,803
Net Gain from Listed Securities	18	2,471,625
<b>Total Income</b>		<b>5,626,428</b>
<b>EXPENDITURE</b>		
Management Fee		498,277
Brokerage Commission		25,179
Amortization of Preliminary and Issue Expenses	5	221,338
Trustee Fee		40,930
Custodian Fee		28,555
Amortization of BSEC Fee	9	71,183
Tax Deducted at Source		7,343
Publication and Other Expenses	19	133,478
Bank Charges and Excise Duty		98,241
CDBL - Settlement and Demat Charges		33,621
Audit Fee		34,500
<b>Total Expenditure</b>		<b>1,192,645</b>
<b>Net Income for the Period</b>		<b>4,433,783</b>
<b>Other Comprehensive Income</b>		
Fair Value Reserve		485,585
<b>Total Comprehensive Income</b>		<b>4,919,368</b>
<b>Earnings Per Unit during the Period</b>	20	<b>0.31</b>

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Sandhani Life Insurance Co. Ltd.

  
**Member, Trustee**

Sandhani Life Insurance Co.

  
**Asset Manager**

IDLC Asset Management Ltd.

Signed in terms of our report of even date annexed.

Dated, Dhaka  
January 06, 2022

  
**Malek Siddiqui Wali**  
Chartered Accountants

**IDLC Income Fund**  
**Statement of Changes in Equity**  
For the Period Ended on December 31, 2021

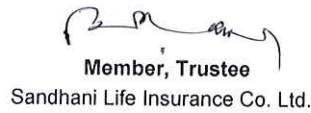
Particulars	Amount in BDT					
	Capital Fund	Unit Premium/ (Discount)	Investors' Balances	Fair Value Reserve	Retained Earnings	Total Equity
Opening Balance	-	-	-	-	-	-
Sponsor's Contribution	10,000,000	-	-	-	-	10,000,000
Fund Collected/ (Redeemed) during the Period, Net	132,524,670	323,621	-	-	-	132,848,291
Investor's Balances	-	-	64	-	-	64
Net Income During the Period	-	-	-	-	4,433,783	4,433,783
Fair Value Reserve	-	-	-	485,585	-	485,585
<b>As at December 31, 2021</b>	<b>142,524,670</b>	<b>323,621</b>	<b>64</b>	<b>485,585</b>	<b>4,433,783</b>	<b>147,767,724</b>

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

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**Chairman, Trustee**  
Sandhani Life Insurance Co. Ltd.

Signed in terms of our report of even date annexed.

  
**Member, Trustee**  
Sandhani Life Insurance Co. Ltd.

  
**Asset Manager**  
IDLC Asset Management Ltd.

Dated, Dhaka  
January 06, 2022

  
**Malek Siddiqui Wali**  
Chartered Accountants

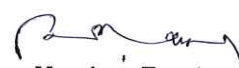
**IDLC Income Fund**  
**Statement of Cash Flows**  
For the Period Ended on December 31, 2021

Particulars	Notes	June 25 - December 31, 2021 BDT
<b>A. Cash Flows From/ (Used in) Operating Activities</b>		
Investment in Listed Securities		(19,540,943)
Investment in Initial Public Offering (IPO)		(23,416,350)
Investment in Non-listed Securities		(13,002,629)
Proceeds from Sell of Marketable Securities		9,607,013
Interest Income Realized in Cash		2,908,046
Advance, Deposits and Prepayments		(131,279)
Payment Made for Expenses		(2,626,133)
<b>Net Cash Used in Operating Activities</b>		<b>(46,202,275)</b>
<b>B. Cash Flows From/ (Used in) Investing Activities</b>		<b>-</b>
<b>C. Cash Flows From/ (Used in) Financing Activities</b>		
Unit Capital, Net		142,581,041
Unit Premium/ (Discount), Net		318,322
Payable to Investors		1,026,630
Investors' Balance		64
<b>Net Cash Flows from Financing Activities</b>		<b>143,926,058</b>
<b>D. Net Cash Flows (A+B+C)</b>		<b>97,723,782</b>
<b>E. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>-</b>
<b>F. Cash and Cash Equivalents at the End of the Period</b>		<b>97,723,782</b>
<b>Net Operating Cash Flow Per Unit for the Period</b>	16	<b>(3.24)</b>

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

The financial statements were approved by the Board of Trustees on January 06, 2022 and were signed on its behalf by:

  
**Chairman, Trustee**  
Sandhani Life Insurance Co. Ltd.

  
**Member, Trustee**  
Sandhani Life Insurance Co. Ltd.

  
**Asset Manager**  
IDLC Asset Management Ltd.

Signed in terms of our report of even date annexed.

Dated, Dhaka  
January 06, 2022

  
**Malek Siddiqui Wali**  
Chartered Accountants

## IDLC Income Fund

### Notes to the Financial Statements

As at and for the period ended on December 31, 2021

#### 1.00 Introduction of the Fund and its activities

##### 1.01 Legal status and Key Partners of the Fund

IDLC Income Fund (here-in-after referred to as "the Fund"), a Trust property, was registered on April 12, 2021 under The Trust Act, 1882 and Registration Act, 1908 through a Trust Deed entered into between IDLC Asset Management Ltd. and Sandhani Life Insurance Co. Ltd. The Fund was registered by the BSEC on April 28, 2021 under the Securities and Exchange Commission (Mutual Fund), Rules, 2001. The initial target size of the Fund will be BDT 100 Million divided into 10 Million Units of BDT 10 each. Size of the Fund will be increased from time to time by the Asset Manager subject to approval of the Trustee and with due intimation to the BSEC. Registration no. of this Fund is BSEC/MUTUAL FUND/2021/118.

After initial public subscription, the size of the fund was BDT 10 crore.

##### **Key Partners of the Fund are as Follows:**

Sponsor:	IDLC Asset Management Ltd.
Registered Address:	Symphony (Level – 04), Plot - SE (F): 9, Road - 142, Gulshan Avenue, Bir Uttam Mir Shawkat Sarak, Dhaka 1212.
Trustee:	Sandhani Life Insurance Co. Ltd.
Registered Address:	Sandhani Life Tower, Rajuk Plot No - 34, Bangla Motor, Dhaka - 1000.
Custodian:	BRAC Bank Ltd.
Registered Address:	Anik Tower, 220/B, Tejgaon Gulshan Link Road Tejgaon, Dhaka 1208.
Asset Manager:	IDLC Asset Management Ltd.
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 Income Fund is an Open end Mutual Fund which is a professionally managed portfolio of Government Securities, 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 Institution (local and foreign) and Individuals (resident and non-resident). Units of the Fund may be Subscribed/ (Redeemed) 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 Income Fund is to generate return annually through investments in a range of fixed income securities; predominantly in Government securities as well as investment grade corporate bonds and money market instruments while maintaining the optimum balance of yield, safety and liquidity.

##### 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 Period of the Fund

These financial statements are prepared for the period from June 25, 2021 to December 31, 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.

- (i) shall invest not less than 40% (forty percent) of the total assets of the Scheme of the Fund in Government Securities or Government Backed Securities;
- (ii) investment in Government Securities shall not however exceed 60% of the total assets of the Fund;
- (iii) not more than 50% of the total assets of the Fund shall be invested in listed securities;
- (iv) not more than 20% of the total assets of the Fund shall be invested in non-listed securities at any particular date. In case of investment in non-listed Corporate Bonds or Pre-IPO placement shares, the asset manager shall obtain approval of the commission;
- (v) non-listed securities that are "Investment Grade" and enjoy "Very Strong" credit rating by a licensed credit rating agency are eligible for investment under this Scheme of the Mutual Fund;
- (vi) the Fund shall not invest more than 10% of its total assets in any one company or a group of companies under the control of a parent company. This condition shall not be applicable for investment in Government Securities; and
- (vii) the Fund shall not invest more than 10% of paid up capital (or other securities such as Bond or Debenture) issued by any 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:

#### 4.02.1 Listed Securities

- (i) Listed securities (other than Mutual Fund) has been 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. Mutual Fund securities are valued as per SRO No. SEC/CMRRCD/2009-193/172 dated 30 June 2015; and
- (ii) Market value is determined by taking the closing quoted Market Price of the securities only on the Dhaka Stock Exchange on the date of valuation i.e. on December 30, 2021.

#### 4.02.2 Non-listed Securities

As per IFRS 9 "Financial Instruments", Financial Assets are classified as either (i) Amortized Cost, (ii) Fair Value through Profit or Loss or (iii) Fair Value through Other Comprehensive Income. In case of valuation of Investment in Zero Coupon Bond, we have followed amortized cost method, as it meets both of the following assessment criteria:

- (i) Business Model Assessment: The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- (ii) Contractual Cash Flow Assessment: The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on a specified date.

#### 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.

##### **Interest Income**

Interest income comprises of interest income on fund kept at the Bank accounts, FDR with Banks and NBFIs, Zero Coupon Bond 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 5 (five) years.

#### 4.06 Management Fee

In consideration for the services rendered to the Mutual Fund under this Agreement, the Asset Manager shall be entitled to annual management fee which shall be equivalent to the maximum fee of 0.70% per annum which is within the limit as mentioned in the Rule 65(2) Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 payable at the end of each quarter

#### 4.07 Trustee Fee

The Trustee shall be paid an annual Trusteeship fee of @ 0.05% p. a. of the Net Asset Value (NAV) of the Fund on semi-annual in advance basis, from the formation date during the life of the fund or as may be agreed upon between the parties.

#### 4.08 Custodian Fee

The Custodian shall have physical possession of the stock and securities of the Fund and be responsible for safekeeping of the securities. The Fund shall pay to the Custodian safe keeping fee in following fees structure:

Asset held with the Custodian	% on average asset size	Maximum Fee
For the first BDT 500,000,000	0.05%	250,000
For the next BDT 250,000,000	0.04%	100,000
For the next BDT 250,000,000	0.03%	75,000
Rest Amount		50,000

#### 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 month/ 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 November 10, 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 BDT 1,000,000 (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) Before declaring any dividend, the investment in financial assets and securities (both listed and non-listed) should be fair-valued in accordance with IFRS to calculate the profit/ loss of the mutual fund;
- (ii) Any unrealized gain from both listed securities and non-listed securities may be considered either through "Profit & Loss account" or "Other Comprehensive Income" as decided by Asset Manager, approved by Trustee and commented by the Auditor;
- (iii) The accounting year of the Fund shall be July 01 to June 30 or as determined by the Commission;
- (iv) The Fund shall distribute minimum 70% (seventy percent), or as may be determined by the Bangladesh Securities and 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;
- (v) 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;
- (vi) 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;
- (vii) Surpluses arising simply from the valuation of investments shall not be available for dividend;
- (viii) 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;
- (ix) Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared; and
- (x) 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 Income 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. BDT 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

The Fund has written off Preliminary and issue expenses over a period of 05 (five) 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".

#### 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 Statement of Profit or Loss and Other Comprehensive Income.

#### 4.19 General

- i) Figures appearing in these financial statements have been rounded off to nearest BDT.
- ii) Comparative figures and account titles in the financial statements have been rearranged / reclassified where necessary to conform with current year's presentation.

#### 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 Income Fund applied following IAS and IFRS:

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 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
Financial Instruments: Recognition and Measurement	IFRS-9	Applied

December 31,  
2021

	Notes	BDT
<b>5 Preliminary and Issue Expenses</b>		
Opening Balance	5.1	2,127,174
Less: Amortized During the Period		(221,338)
		1,905,836
<b>5.1 Opening Balance</b>		
Formation Fees		1,000,000
Pre-Formation Management fee		112,778
Application and Registration Fees Paid to BSEC		210,000
CDBL Fees		20,125
Trust Deed Registration Fees		91,000
Printing and Publication		682,261
Bank Charges		43,285
		2,159,448
Less: Interest Income from Escrow Account		(32,274)
		2,127,174
Less: Amortized Balance		-
		2,127,174
<b>6 Investment in Securities at Market Price</b>		
Investment in Listed Securities at Cost	6.1	13,690,896
Investment in Initial Public Offering (IPO)	6.2	22,131,010
<b>Investment at Cost Value</b>		35,821,906
Add/ (Less): Unrealized Gain/ (Loss)		485,585
		36,307,491
<i>Please see <b>Annexure A</b> for Details calculation.</i>		
<b>6.1 Investment in Listed Securities at Cost</b>		
Corporate Bond		13,690,896
		13,690,896
<b>6.2 Investment in Initial Public Offering (IPO)</b>		
Union Bank Ltd.		21,400,000
BD Thai Food & Beverage Ltd.		637,500
United Insurance Company Ltd.		93,510
		22,131,010
<i>*This is application money for IPO investment under Mutual Fund quota.</i>		
<b>7 Investment in Non-listed Securities at Fair Value</b>		
Investment at Cost		13,002,629
Add: Accrued Interest		124,591
		13,127,220
<i>Please see <b>Annexure B</b> for Details calculation.</i>		
<b>8 Accounts Receivables</b>		
Term Deposits		122,165
		122,165
<b>9 Advance, Deposits and Prepayments</b>		
Prepaid to BSEC		101,475
Less: Amortization of During the Period		(71,183)
		30,292

December 31,  
2021

	Notes	BDT
<b>10 Cash and Cash Equivalents</b>		
Bank Deposits	10.1	17,625,982
Term Deposits	10.2	80,097,801
		<u>97,723,782</u>

**10.1 Bank Deposits**

Bank	Account No.	Type	
Southeast Bank Ltd.	13500000005	SND	999,020
	13500000011	SND	14,364
	13500000012	SND	19,698
The City Bank Ltd.	1123350355001	CETR	9,837,332
	1123350355002	CETR	495,103
	1123350355003	CETR	1,999,634
BRAC Bank Ltd.	1501204896856001	CA	4,086,073
Standard Chartered Bank	02936613601	OA	174,758
			<u>17,625,982</u>

**10.2 Term Deposits**

Bank	Account No.	
Exim Bank of Bangladesh Ltd.	09960100052791	810,800
	09960100052808	810,800
	09960100053202	6,589,700
	09960100052709	47,239,700
	09960100052733	8,215,600
	09960100052725	8,215,600
	09960100052717	8,215,600
		<u>80,097,801</u>

**11 Capital Fund**

Opening Balance	-
Sponsor's Contribution	10,000,000
Units Subscribed/ (Redeemed) by the General Investors During the Period, Net	132,524,670
	<u>142,524,670</u>

**11.1 Capital Allotment**

Year	Unit holders	No. of Unit	Face Value	
2021 - 2022	Sponsor's	1,000,000	10	10,000,000
2021 - 2022	General	13,252,467	10	132,524,670
	<b>Total</b>	<u>14,252,467</u>		<u>142,524,670</u>

All transactions are held through Banking Channel.

**12 Retained Earnings**

Opening Balance	-
Less: Dividend Paid During the Period	-
Add: Profit during the Period	4,433,783
	<u>4,433,783</u>

**13 Accounts Payables**

Management Fee	253,542
Trustee Fee	11,125
Payable to Investor	1,077,702
Custodian Fee	28,555

December 31,  
2021

Notes	BDT
Publication and Other Operational Expense	41,796
Audit Fee	34,500
CDBL Fee	1,843
	<b>1,449,063</b>
<b>14 Net Asset Value (NAV) Per Unit at Cost</b>	
Total Asset at Market Price	149,216,786
Less: Unrealized Gain/ (Loss)	485,585
Total Asset Value at Cost	148,731,201
Less: Accounts Payable	(1,449,063)
<b>Total NAV at Cost</b>	<b>147,282,138</b>
Number of Units	14,252,467
<b>NAV Per Unit at Cost</b>	<b>10.33</b>
<b>15 Net Asset Value (NAV) Per Unit at Market Price</b>	
Total Asset at Market Price	149,216,786
Less: Accounts Payable	(1,449,063)
<b>Total NAV at Market Price</b>	<b>147,767,724</b>
Number of Units	14,252,467
<b>NAV Per Unit at Market Price</b>	<b>10.37</b>
<b>16 Net Operating Cash Flow Per Unit</b>	
Net Operating Cash Flow for the Period	(46,202,275)
Number of Units	14,252,467
<b>Net Operating Cash Flow Per Unit</b>	<b>(3.24)</b>



June 25 -  
December 31,  
2021

	Notes	BDT
<b>17 Interest Income</b>		
Bank Deposits		656,326
Term Deposits		2,373,886
TMSS Women Empowerment Zero Coupon Bond		124,591
		<u>3,154,803</u>
<b>18 Net Gain from Listed Securities</b>		
ACME Pesticides Ltd.		807,922
APSCL Non-Convertible & Fully Redeemable Coupon Bearing Bond		380,788
Master Feed Agrotec Ltd.		170,942
Mostafa Metal Industries Limited		53,920
Oryza Agro Industries Ltd.		60,275
Sena Kalyan Insurance Company Ltd.		997,779
		<u>2,471,625</u>
<b>19 Publication and Other Expenses</b>		
Renewal and Registration Fees		25,000
Printing and Publication Expenses		79,838
Other Operational Expenses		10,000
Howla Charge		40
BO Account Maintenance Fees		3,600
IPO Subscription Fees		15,000
		<u>133,478</u>
<b>20 Earnings Per Unit</b>		
Net Income for the Period		4,433,783
Number of Units		14,252,467
<b>Earnings Per Unit</b>		<u>0.31</u>
<i>Other Comprehensive Income (OCI) is not considered for Earnings Per Unit (EPU) Calculation.</i>		
<b>21 Reconciliation Between Net Profit to Operating Cash Flow</b>		
Net Income for the Period		4,433,783
Amortization of Preliminary and Issue Expenses		221,338
Amortization of BSEC Fees		71,183
<b>Operating Cash Flow Before Changes in Working Capital</b>		<u>4,726,303</u>
<b>Changes in Working Capital:</b>		
Decrease/ (Increase) of Investment		(48,824,534)
Decrease/ (Increase) of Advance, Deposits and Prepayments		(101,475)
Decrease/ (Increase) of Accounts Receivables		(122,165)
Decrease/ (Increase) of Non-Listed Securities		(124,591)
(Decrease)/ Increase of Account Payables		1,449,063
Payment Made for Preliminary and Issue Expenses		(2,127,174)
		<u>(49,850,876)</u>
Less: Non-Operating Items		
Increase of Payables to Investors		1,077,702
		<u>(1,077,702)</u>
<b>Net Operating Cash Flows</b>		<u>(46,202,275)</u>

June 25 -  
December 31,

2021

Notes


BDT

**22 Events After the Reporting Period**

The Board of Trustees of the Fund has approved 3% Dividend for the Period Ended on December 31, 2021 at the Meeting held on January 06, 2022.

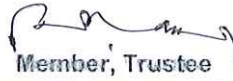
**23 Date of Authorization**

The Trustee Board has authorized these financial statements for issue on January 06, 2022.



Chairman, Trustee

Sandhani Life Insurance Co. Ltd.



Member, Trustee

Sandhani Life Insurance Co. Ltd.



Asset Manager

IDLC Asset Management Ltd.

Dated, Dhaka  
January 06, 2022

**IDLC Income Fund**  
**Details of Investment in Securities**  
As at December 31, 2021

**A. Investment in Listed Securities**

Amount in BDT

Sl.	Sector	Name of The Company	No. of Shares/ Corporate Bonds	Avg. Cost	Total Cost	Market Value	Total Market Value	% of Total Assets	Unrealized Gain/ (Loss)
1	Corporate Bond	APSCL Non-Convertible & Fully Redeemable Coupon Bearing Bond	2,662	5,143	13,690,896	5,326	14,176,481	9.50%	485,585
					<u>13,690,896</u>		<u>14,176,481</u>	<u>9.50%</u>	<u>485,585</u>
<b>Sub-Total</b>					<u>13,690,896</u>		<u>14,176,481</u>	<u>9.50%</u>	<u>485,585</u>

**B. Investment in Initial Public Offering (IPO)**

<b>Bank</b>	Union Bank Ltd.				21,400,000		21,400,000	14.34%	-
<b>Food &amp; Allied</b>	BD Thai Food & Beverage Ltd.				637,500		637,500	0.43%	-
<b>Insurance</b>	United Insurance Company Ltd.				93,510		93,510	0.06%	-
<b>Sub-Total</b>					<u>22,131,010</u>		<u>22,131,010</u>	<u>14.83%</u>	<u>-</u>
<b>Grand Total</b>					<u>35,821,906</u>		<u>36,307,491</u>	<u>24.33%</u>	<u>485,585</u>

**IDLC Income Fund**  
**Details of Investment in Non-Listed Securities**  
As at December 31, 2021

**A. Investment in Non-Listed Securities**

Amount in BDT

Sl.	Nature	Name of the Institution	No. of Securities	Tenure	Avg. Cost	Total Cost	Yield	Accrued Interest	% of Total Assets	Fair Value
1	TMSS Women Empowerment Zero Coupon Bonds	Thengamara Mohila Sabuj Sangha (TMSS)**	5	1	930,233	4,651,163	7.50%	43,007	3.15%	4,694,170
2			5	2	865,333	4,326,663	7.50%	41,507	2.93%	4,368,170
3			5	3	804,961	4,024,803	7.50%	40,077	2.72%	4,064,879
						<b>13,002,629</b>		<b>124,591</b>	<b>8.80%</b>	<b>13,127,220</b>

\*\* Accrued Interest of "TMSS Women Empowerment Zero Coupon Bonds" Calculated on Cost Value. Face Value of such Zero Coupon Bonds is BDT 5,000,000.