

**AUDITORS' REPORT  
AND  
AUDITED FINANCIAL STATEMENTS  
OF**

**IDLC Income Fund**

**As at and for the period ended December 31, 2022**



**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

9-G, Motijheel C/A, 2<sup>nd</sup> Floor, Dhaka-1000, Bangladesh.

PHONE : 9513471, 9569867

PABX: 9576118-9, 9576128

FAX: +88-02-9516236

Email: wali@satcombd.com

Web: www.msw-bd.com

## 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, 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period from July 01, 2022 to December 31, 2022 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, 2022, 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 Bithimala (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 Opinion.

### Emphasis of Matter:

With reference to note 4.02, the fund accounting policy to recognize the Fair Value loss of investment in securities (other than mutual Fund) in Profit or Loss statements and Fair Value gain on said investments has been shown in the statement of changes in equity under prudence approach. However, the nature of the investment suggests that the said investment shall be fallen in the category of "Fair value through Profit and Loss" as per paragraph 4.1.2A and 4.1.4 of IFRS 09 and both the fair value gain/ (loss) should be shown in profit or loss statement. Our opinion is not modified in respect to this matter.

### 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 Bithimala (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 the Bangladesh Securities and Exchange Commission Mutual Fund Bithimala (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 (5<sup>th</sup>) Schedule of Bangladesh Securities and Exchange Commission Mutual Fund Bithimala (Rules), 2001.

**Malek Siddiqui Wali, Chartered Accountants**

Dated, Dhaka  
January 15, 2023  
Data Verification Code (DVC) No:

  
Swadesh Ranjan Saha, FCA  
Enrolment No: 0718  
2301150718AS845374

**IDLC Income Fund**  
**Statement of Financial Position**  
As at December 31, 2022

Particulars	Notes	December 31, 2022 BDT	June 30, 2022 BDT
<b>ASSETS</b>			
<b>Non-Current Asset</b>			
Preliminary and Issue Expenses	5	1,480,634	1,694,983
		<b>1,480,634</b>	<b>1,694,983</b>
<b>Current Asset</b>			
Investment in Securities at Market Price	6	49,582,206	50,292,781
Investment in Non Listed Corporate Bonds	7	9,094,784	13,628,352
Investment in Govt. / Govt. Backed Securities	8	271,682,704	168,243,706
Account Receivables	9	1,869,358	138,842
Advances, Deposits and Prepayments	10	49,482	311,849
Cash and Cash Equivalents	11	269,865,871	147,969,921
		<b>602,144,404</b>	<b>380,585,451</b>
<b>Total Assets</b>		<b>603,625,038</b>	<b>382,280,434</b>
<b>OWNERS' EQUITY</b>			
Capital Fund	12	562,512,660	363,554,380
Unit Premium / (Discount)	13	17,187,447	8,801,968
Investors' Balance		66	53
Fair Value Reserve	14	348,070	1,564,675
Retained Earnings	15	21,969,600	6,729,211
<b>Total Equity</b>		<b>602,017,843</b>	<b>380,650,287</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
		-	
<b>Current Liabilities</b>			
Account Payables	16	1,607,195	1,630,138
Unclaimed Dividend	17	-	9
		<b>1,607,195</b>	<b>1,630,147</b>
<b>Total Liabilities</b>		<b>1,607,195</b>	<b>1,630,147</b>
<b>Total Equity and Liabilities</b>		<b>603,625,038</b>	<b>382,280,434</b>
<b>Net Asset Value (NAV) Per Unit</b>			
At Cost Price	18	10.70	10.43
At Market Price	19	10.70	10.47

The annexed notes form an integral part of these Financial Statements.

The financial statements were approved by the Board of Trustees on January 12, 2023 and were signed on its behalf by:



**Trustee**

Sandhani Life Insurance Co. Ltd.

Signed in terms of our report of even date annexed.



**Asset Manager**

IDLC Asset Management Ltd.

Malek Siddiqui Wali, Chartered Accountants

Dated: Dhaka

January 15, 2023

Data Verification Code (DVC) No.:

**Swadesh Ranjan Saha, FCA**

Enrollment No.: 718

2301150718AS845374



**IDLC Income Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the period ended December 31, 2022

Particulars	Notes	July 01, 2022 - December 31, 2022	June 25, 2021 - December 31, 2021
		BDT	BDT
<b>INCOME</b>			
Interest Income	20	14,515,644	3,154,803
Capital Gain	21	8,964,420	2,471,625
Dividend Income	22	1,605,450	-
Income against Load		251,104	-
<b>Total Income</b>		<b>25,336,618</b>	<b>5,626,428</b>
<b>EXPENDITURE</b>			
Management Fee		1,836,570	498,277
Brokerage Commission		41,918	25,179
Amortization of Preliminary and Issue Expenses	5	214,348	221,338
Trustee Fee		150,861	40,930
Custodian Fee		103,642	28,555
Amortization of BSEC Fee		262,367	71,183
Tax Deducted at Source		226,633	7,343
Publication and Other Expenses	23	170,556	133,478
Bank Charges and Excise Duty		174,054	98,241
Sales Agent Commission		156,242	-
CDBL - Settlement and Demat Charges		33,282	33,621
Audit Fee		-	34,500
<b>Total Expenditure</b>		<b>3,370,474</b>	<b>1,192,645</b>
<b>Net Income for the Period</b>		<b>21,966,145</b>	<b>4,433,783</b>
<b>Other Comprehensive Income</b>			
Fair Value Reserve	14	(1,216,604)	485,585
<b>Total Comprehensive Income</b>		<b>20,749,541</b>	<b>4,919,368</b>
<b>Earnings Per Unit</b>	24	<b>0.39</b>	<b>0.31</b>

The annexed notes form an integral part of these Financial Statements.

The financial statements were approved by the Board of Trustees on January 12, 2023 and were signed on its behalf by:



**Trustee**

Sandhani Life Insurance Co. Ltd.

Signed in terms of our report of even date annexed.



**Asset Manager**

IDLC Asset Management Ltd.

Malek Siddiqui Wali, Chartered Accountants



**Swadeshi Ranjan Saha, FCA**  
Enrollment No.: 718

Dated: Dhaka  
January 15, 2023

**IDLC Income Fund**  
**Statement of Changes in Equity**  
For the period ended December 31, 2022

Particulars	Capital Fund	Unit Premium/ (Discount)	Investors' Balances	Fair Value Reserve	Retained Earnings	Total Equity
	BDT	BDT	BDT	BDT	BDT	BDT
Opening Balance	363,554,380	8,801,968	53	1,564,675	6,729,211	380,650,287
Fund Subscribed / (Redeemed) during the period, Net	198,958,280	8,385,478	-	-	-	207,343,758
Investor's Balance	-	-	14	-	-	14
Net Income during the period	-	-	-	-	21,966,145	21,966,145
Fair Value Reserve	-	-	-	(1,216,604)	-	(1,216,604)
Dividend paid during the period	-	-	-	-	(6,725,756)	(6,725,756)
<b>As at December 31, 2022</b>	<b>562,512,660</b>	<b>17,187,447</b>	<b>66</b>	<b>348,070</b>	<b>21,969,600</b>	<b>602,017,843</b>

For the period ended December 31, 2021

Particulars	Capital Fund	Unit Premium/ (Discount)	Investors' Balances	Fair Value Reserve	Retained Earnings	Total Equity
	BDT	BDT	BDT	BDT	BDT	BDT
Opening Balance	-	-	-	-	-	-
Sponsor's Contribution	10,000,000	-	-	-	-	10,000,000
Fund Subscribed / (Redeemed) during the period, Net	132,524,670	323,621	-	-	-	132,848,291
Investor's Balance	-	-	64	-	-	64
Net Income during the period	-	-	-	-	4,433,783	4,433,783
Fair Value Reserve	-	-	-	485,585	-	485,585
Dividend paid during the period	-	-	-	-	-	-
<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 form an integral part of these Financial Statements.

The financial statements were approved by the Board of Trustees on January 12, 2023 and were signed on its behalf by:

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

  
**Asset Manager**  
IDLC Asset Management Ltd.

Signed in terms of our report of even date annexed.

Malek Siddiqui Wali, Chartered Accountants

Dated: Dhaka  
January 15, 2023

  
**Swadeshi Ranjan Saha, FCA**  
Enrollment No.: 718

**IDLC Income Fund**  
**Statement of Cash Flows**  
For the period ended December 31, 2022

Particulars	Notes	July 01, 2022 - December 31, 2022	June 25, 2021 - December 31, 2021
		BDT	BDT
<b>A. Cash Flows From / (Used in) Operating Activities</b>			
Investment in Listed Securities		(15,758,430)	(19,540,943)
Investment in IPO shares		(3,628,570)	(23,416,350)
Investment in Non Listed Corporate Bonds		-	(13,002,629)
Investment in Govt. / Govt. Backed Securities		(396,993,720)	-
Proceeds from sale of marketable securities		27,845,390	9,607,013
Proceeds from sale of Govt. / Govt. Backed Securities		295,749,080	-
Interest Income from Govt. / Govt. Backed Securities		4,250,920	-
Proceeds from sale of Non Listed Corporate Bonds		4,651,163	-
Interest Income from Non Listed Corporate Bonds		348,837	-
Interest income realized in cash		5,873,419	2,908,046
Dividend income - received in cash		1,605,450	-
Income against Exit Load		251,104	-
Advance, Deposits & Prepayments		(121,084)	(131,279)
Payment made for Expenses		(2,199,200)	(2,626,133)
<b>Net Cash Used in Operating Activities</b>		<b>(78,125,640)</b>	<b>(46,202,275)</b>
<b>B. Cash Flows From / (Used in) Investing Activities</b>		-	-
<b>C. Cash Flows From / (Used in) Financing Activities</b>			
Unit Capital, Net		198,958,280	142,581,041
Unit Premium / (Discount), Net		8,385,478	318,322
Payable to Investors		(596,418)	1,026,630
Investors' Balance		14	64
Dividend paid for the period		(6,725,765)	-
<b>Net Cash Flows from Financing Activities</b>		<b>200,021,589</b>	<b>143,926,058</b>
<b>D. Net Cash Flows (A+B+C)</b>		<b>121,895,949</b>	<b>97,723,782</b>
<b>E. Cash and Cash Equivalents at the Beginning of the period</b>		<b>147,969,921</b>	<b>-</b>
<b>F. Cash and Cash Equivalents at the End of the period</b>		<b>269,865,871</b>	<b>97,723,782</b>
<b>Net Operating Cash Flow Per Unit</b>	25	<b>(1.39)</b>	<b>(3.24)</b>

The annexed notes form an integral part of these Financial Statements.

The financial statements were approved by the Board of Trustees on January 12, 2023 and were signed on its behalf by:



**Trustee**

Sandhani Life Insurance Co. Ltd.



**Asset Manager**

IDLC Asset Management Ltd.

Signed in terms of our report of even date annexed.

Malek Siddiqui Wali, Chartered Accountants

Dated: Dhaka  
January 15, 2023



**Swadesh Ranjan Saha, FCA**  
Enrollment No.: 718



**IDLC Income Fund**  
**Notes to the Financial Statements**  
As at and for the period ended December 31, 2022

**1 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:**

<b>Sponsor &amp; Asset Manager</b>	: IDLC Asset Management Ltd.
Registered Address	: Symphony (Level – 04), Plot - SE (F): 9, Road - 142, Gulshan Avenue, Bir Uttam Mir Shawkat Sarak, Dhaka 1212.
<b>Trustee</b>	: Sandhani Life Insurance Co. Ltd.
Registered Address	: Sandhani Life Tower, Rajuk Plot No - 34, Bangla Motor, Dhaka - 1000.
<b>Custodian</b>	: BRAC Bank Ltd.
Registered Address	: Anik Tower, 220/B, Tejgaon Gulshan Link Road Tejgaon, Dhaka 1208.

**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 by paying an amount equivalent to the purchase price and the Asset Manager makes investments on their behalf. An unit represents a portion of the fund's holdings.

The target group of investors comprises both Institutions (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 Asset Management Ltd. or the selling agents from which the units are originally purchased.

**2 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 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), Securities and Exchange Rules, 1987, 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 Reporting Period of the Fund

The financial period of the Fund cover 1 year from July 01, 2022 to December 31, 2022.

### 3.05 Components of Financial Statements

- (i) Statement of Financial Position
- (ii) Statement of Profit or Loss and Other Comprehensive Income
- (iii) Statement of Changes in Equity
- (iv) Statement of Cash Flows
- (v) Notes to the Financial Statements

## 4 Significant Accounting Policies

### 4.01 Investment Policy

The Fund shall invest subject to 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 Rule 58 of 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:

#### 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 June 30, 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 31, 2022.

### 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 and 91 / 182 / 364 Days Bangladesh Government Treasury Bills, 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 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

##### Interest Income

Interest income comprises of interest income on fund kept at the Bank accounts, FDR with Banks and NBFIs, Corporate Bonds, Zero Coupon Bond, 91 Days Bangladesh Government Treasury Bills etc. and accounted for in the financial statements under accrual basis accounting system.

##### Capital Gains / Losses

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.

#### 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 the Trust Deed, the expenses are being written off over a period of 5 (five) years in a straight line basis.

#### 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 as per the Trust Deed - payable at the end of each quarter

#### 4.07 Trustee Fee

The Trustee is paid a 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.



#### 4.08 Custodian Fee

The Custodian has physical possession of the stock and securities of the Fund and is responsible for safekeeping of the securities. The Fund pays to the Custodian in the following fee 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 pays commission to the authorized selling agent(s) 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 is applicable for sale 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 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-Ain/Aikor/2011 dated November 10, 2011, under Section 44(4) clause (b) of Income Tax Ordinance, 1984; hence no provision for tax is required.

#### 4.11 BSEC Registration Fees and Annual Fees

The Fund has paid BDT 200,000 (two lac) to the Bangladesh Securities and Exchange Commission (BSEC) as Registration Fee as per Rule 10 of Securities & Exchange Commission (Mutual Fund) Rules, 2001. In addition to that, the Fund will have to pay 0.10% of the NAV of the Fund or BDT 50,000 (fifty thousand), whichever is higher, as annual fee as per Rule 11 of 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 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 can reinvest such dividend income accrued for purchasing Unit at a rate determined by IDLC Asset Management Ltd. The unit holders can 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 year 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 / (Discount)**

The general 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 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 and Fund's performance as well.

#### **4.16 Departure from IFRS and IAS**

The Fund has written off Preliminary and issue expenses over a year of 5 (five) years on a straight-line basis according to the Trust Deed 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 IASs and IFRSs:

Name of the IAS / IFRS	IAS / IFRS No.	Status
Presentation of Financial Statements	IAS 1	Applied
Statement of Cash Flows	IAS 7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8	N/A
Events after the Reporting Period	IAS 10	Applied
Income Taxes	IAS 12	Applied
Property, Plant and Equipment	IAS 16	N/A
Employee Benefits	IAS 19	N/A
Borrowing Costs	IAS 23	N/A
Related Party Disclosures	IAS 24	Applied
Financial Instruments: Presentation	IAS 32	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS 37	Applied
Intangible Assets	IAS 38	N/A
Investment Property	IAS 40	N/A
Agriculture	IAS 41	N/A
Financial Instruments	IFRS 9	Applied

	December 31, 2022	June 30, 2022
Notes	BDT	BDT
<b>5 Preliminary and Issue Expenses</b>		
Opening Balance	1,694,983	2,127,174
Less: Amortized during the period	(214,348)	(432,191)
	<b>1,480,634</b>	<b>1,694,983</b>
<b>5.01 Opening Balance</b>		
Formation Fees	1,000,000	1,000,000
Pre-Formation Management fee	112,778	112,778
Application and Registration Fees Paid to BSEC	210,000	210,000
CDBL Fees	20,125	20,125
Trust Deed Registration Fees	91,000	91,000
Printing and Publication	682,261	682,261
Bank Charges	43,285	43,285
	<b>2,159,448</b>	<b>2,159,448</b>
Less: Interest Income from Escrow Account	(32,274)	(32,274)
	<b>2,127,174</b>	<b>2,127,174</b>
Less: Amortized Balance	(432,191)	-
	<b>1,694,983</b>	<b>2,127,174</b>
<b>6 Investment in Securities at Market Price</b>		
Investment in Listed Shares and Corporate Bonds	49,234,136	33,728,106
Investment in Initial Public Offering (IPO)	-	15,000,000
<b>Investment at Cost Value</b>	<b>49,234,136</b>	<b>48,728,106</b>
Add/ (Less): Unrealized Gain/ (Loss)	348,070	1,564,675
	<b>49,582,206</b>	<b>50,292,781</b>
<i>Please see Annexure A for Details calculation.</i>		
<b>6.01 Investment in Listed Shares and Corporate Bonds</b>		
Corporate Bond	49,157,906	33,399,476
Insurance	76,230	73,120
Pharmaceuticals & Chemicals	-	255,510
	<b>49,234,136</b>	<b>33,728,106</b>
<b>6.02 Investment in Initial Public Offering (IPO)</b>		
Achia Sea Foods Ltd.	-	15,000,000
	-	<b>15,000,000</b>
<i>*This is application money for IPO investment under Mutual Fund quota.</i>		
<b>7 Investment in Non Listed Corporate Bonds</b>		
Investment in Zero Coupon Bonds	8,351,466	13,002,629
Add: Accrued Interest	743,318	625,724
	<b>9,094,784</b>	<b>13,628,352</b>
<i>Please see Annexure B for Details calculation.</i>		
<b>8 Investment in Govt. / Govt. Backed Securities</b>		
Investment in Treasury Bills (91 Days / 182 Days / 364 Days)	268,915,150	167,670,510
Add: Accrued Interest	2,767,554	573,196
	<b>271,682,704</b>	<b>168,243,706</b>
<i>Please see Annexure C for Details calculation.</i>		
<b>9 Accounts Receivables</b>		
Interest Receivables - Term Deposits	1,869,358	138,842
	<b>1,869,358</b>	<b>138,842</b>
<b>10 Advances, Deposits and Prepayments</b>		
Annual fee - BSEC	49,482	311,849
	<b>49,482</b>	<b>311,849</b>



	Notes	December 31, 2022 BDT	June 30, 2022 BDT
<b>11 Cash and Cash Equivalents</b>			
Bank Deposits	11.01	34,703,058	94,118,304
Term Deposits	11.02	235,162,813	53,851,618
		<b>269,865,871</b>	<b>147,969,921</b>

**11.01 Bank Deposits**

Bank	Account No.	Type		
Southeast Bank Ltd.	13500000005	SND	14,186	17,224
	13500000011	SND	5	222
	13500000012	SND	12,707	68
BRAC Bank Ltd.	1501204896856001	CA	0	1,001,003
Standard Chartered Bank	02936613601	CD	568	7,291
	1123350355001	CETR	973,814	85,032,691
The City Bank Ltd.	1123350355002	CETR	33,545,964	6,939,039
	1123350355003	CETR	122,914	1,102,276
	1123350355004	CETR	2,483	1,433
NCC Bank Ltd.	0103-0325000848	CA	30,418	17,057
			<b>34,703,058</b>	<b>94,118,304</b>

**11.02 Term Deposits**

Bank	Account No.		
Exim Bank of Bangladesh Ltd.	09960100052733	-	8,471,910
	09960100052725	-	8,471,910
	09960100052717	-	8,471,910
	09960100052791	-	832,976
	09960100052808	-	832,976
	09960100053202	-	6,769,936
	0121001224711	-	8,000,000
	0121001224729	-	6,000,000
	0121001224745	-	6,000,000
IDLFC Finance Limited	10552255266616	6,000,000	-
	10552255266617	6,000,000	-
	10552255266618	8,000,000	-
	10252255266620	9,151,875	-
	10252255266621	9,151,875	-
	10252255266622	9,151,875	-
	10252255266623	9,151,875	-
	10252255266624	9,151,875	-
	10252255266625	8,135,000	-
	10252255266626	864,344	-
	10252255266627	864,344	-
	10552255266605	6,914,750	-
	10552255266606	7,631,250	-
	10552255266607	7,631,250	-
	10552255266608	7,631,250	-
	10552255266609	7,631,250	-
10552255266610	46,296,250	-	
10552255266611	46,296,250	-	
10552255266612	9,157,500	-	
10552255266613	6,105,000	-	
10552255266614	6,105,000	-	
10552255266615	8,140,000	-	
		<b>235,162,813</b>	<b>53,851,618</b>

**12 Capital Fund**

Opening Balance	363,554,380	-
Sponsor's Contribution	-	10,000,000
Add: Units Subscribed During the period	242,308,270	394,258,190
Less: Units Redeemed During the period	(43,349,990)	(40,703,810)
	<b>562,512,660</b>	<b>363,554,380</b>

Notes	December 31, 2022	June 30, 2022
	BDT	BDT

### 12.01 Capital Allotment, Net

period	Unit holders	No. of Unit	Face		
2021 - 2022	Sponsor	1,000,000	10	10,000,000	10,000,000
2021 - 2022	General	35,355,438	10	353,554,380	353,554,380
2022 - 2023	General	19,895,828	10	198,958,280	-
<b>Total</b>				<b>562,512,660</b>	<b>363,554,380</b>

All transactions are held through Banking Channel.

### 13 Unit Premium / (Discount)

Opening Balance	8,801,968	-
Units Subscribed/ (Redeemed) During the period, Net	8,385,478	8,801,968
	<b>17,187,447</b>	<b>8,801,968</b>

### 14 Fair Value Reserve

Opening Balance	1,564,675	-
Add: Increase / (Decrease) During the Period	(1,216,604)	1,564,675
	<b>348,070</b>	<b>1,564,675</b>

### 15 Retained Earnings

Opening Balance	6,729,211	-
Less: Dividend Paid During the period	(6,725,756)	(4,275,740)
	3,455	(4,275,740)
Add: Profit during the period	21,966,145	11,004,951
	<b>21,969,600</b>	<b>6,729,211</b>

### 16 Accounts Payables

Management Fee	1,072,309	378,574
Trustee Fee	41,424	11,647
Payable to Investor	301,618	898,036
Custodian Fee	104,782	24,885
Publication and Other Operational Expense	41,194	30,820
Sales Agent Commission	45,867	242,120
Audit Fee	-	34,500
CDBL Fee	-	9,556
	<b>1,607,195</b>	<b>1,630,138</b>

### 17 Unclaimed Dividend

Up to 1 period	-	9
	<b>-</b>	<b>9</b>

### 18 Net Asset Value (NAV) Per Unit at Cost

Total Asset Value at Market Price	603,625,038	382,280,434
Less: Unrealized Gain / (Loss)	348,070	1,564,675
Total Asset Value at Cost Price	<b>603,276,968</b>	<b>380,715,759</b>
Less: Account Payables	(1,607,195)	(1,630,138)
Unclaimed Dividend	-	-
<b>Total NAV at Cost Price</b>	<b>601,669,773</b>	<b>379,085,621</b>
Number of Units	56,251,266	36,355,438
	<b>10.70</b>	<b>10.43</b>

### 19 Net Asset Value (NAV) Per Unit at Market Price

Total Asset Value at Market Price	603,625,038	382,280,434
Less: Account Payables	(1,607,195)	(1,630,138)
Unclaimed Dividend	-	-
<b>Total NAV at Market Price</b>	<b>602,017,843</b>	<b>380,650,296</b>
Number of Units	56,251,266	36,355,438
	<b>10.70</b>	<b>10.47</b>



Notes	July 01, 2022 - December 31, 2022 BDT	June 25, 2021 - December 31, 2021 BDT
<b>20 Interest Income</b>		
Bank Deposits	1,306,092	656,326
Term Deposits	6,297,843	2,373,886
Treasury Bills	6,445,278	-
TMSS Women Empowerment Zero Coupon Bond	466,431	124,591
	<b>14,515,644</b>	<b>3,154,803</b>
<b>21 Capital Gain</b>		
Global Islami Bank Limited	(1,503,068)	-
APSCL Non-Convertible and Fully Redeemable Coupon Bearing Bond	-	380,788
Achia Sea Foods Limited	1,071,318	-
Chartered Life Insurance Company Limited	388,833	-
Meghna Insurance Company Limited	337,232	-
Sena Kalyan Insurance Company Ltd.	-	997,779
Master feed Agrotec Ltd.	-	170,942
Oryza Agro Industries Ltd.	-	60,275
Mostafa Metal Industries Ltd.	-	53,920
ACME Pesticides Ltd.	-	807,922
BD Paints Limited	808,731	-
Navana Pharmaceuticals Limited	7,861,375	-
	<b>8,964,420</b>	<b>2,471,625</b>
<b>22 Dividend Income</b>		
APSCL Non-Convertible and Fully Redeemable Coupon Bearing Bond	1,605,450	-
	<b>1,605,450</b>	<b>-</b>
<b>23 Publication and Other Expenses</b>		
Renewal and Registration Fees	-	25,000
Printing and Publication Expenses	151,556	79,838
Other Operational Expenses	-	10,040
BO Account Maintenance Fees	-	3,600
IPO Subscription Fees	19,000	15,000
	<b>170,556</b>	<b>133,478</b>
<b>24 Earnings Per Unit</b>		
Net Income for the period	21,966,145	4,433,783
Number of Units	56,251,266	14,252,467
<b>Earnings Per Unit</b>	<b>0.39</b>	<b>0.31</b>
<i>Other Comprehensive Income (OCI) is not considered for Earnings Per Unit (EPU) Calculation.</i>		
<b>25 Net Operating Cash Flow Per Unit</b>		
Net Operating Cash Flow for the period	(78,125,640)	(46,202,275)
Number of Units	56,251,266	14,252,467
<b>Net Operating Cash Flow Per Unit</b>	<b>(1.39)</b>	<b>(3.24)</b>
<b>26 Reconciliation of Net profit with Cash Flows From / (Used in) Operating Activities</b>		
Net Income for the period	21,966,145	4,433,783
Amortization of Preliminary and Issue Expenses	214,348	221,338
Amortization of BSEC Fees	262,367	71,183
<b>Operating Cash Flow Before Changes in Working Capital</b>	<b>22,442,860</b>	<b>4,726,303</b>
<b>Changes in Working Capital:</b>		
(Increase) / Decrease of Investment	(97,099,507)	(48,824,534)
(Increase) / Decrease of Advances, Deposits and Prepayments	-	(101,475)
(Increase) / Decrease of Account Receivables	(1,730,516)	(122,165)
(Increase) / Decrease of Accrued Interest of Non-listed Securities	(2,311,952)	(124,591)
Increase / (Decrease) of Account Payables	(22,943)	1,449,063
Increase / (Decrease) of Unclaimed Dividend	-	-
Payment Made for Preliminary and Issue Expenses	-	(2,127,174)
	<b>(101,164,918)</b>	<b>(49,850,876)</b>
Less: Non-Operating Items		
Increase / (Decrease) of Payables to Investors	(596,418)	1,077,702
Increase / (Decrease) of Unclaimed Dividend	-	-
	<b>596,418</b>	<b>(1,077,702)</b>
<b>Net Cash Used in Operating Activities</b>	<b>(78,125,640)</b>	<b>(46,202,275)</b>

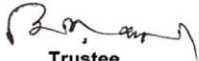
Notes	July 01, 2022 - December 31, 2022	June 25, 2021 - December 31, 2021
	BDT	BDT

**27 Events After the Reporting Period**

The Board of Trustees of the Fund has approved 3.90% interim cash Dividend for the Period Ended on December 31, 2022 at the Meeting held on January 12, 2023.

**28 Date of Authorization**

The Trustee Board has authorized these financial statements for issue on January 12, 2023.

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

  
**Asset Manager**  
 IDLC Asset Management Ltd.



**IDLC Income Fund**  
**Details of Investment in Shares, Corporate Bonds and Initial Public Offering**  
As at December 31, 2022

<b>A. Investment in Listed Shares and Corporate Bonds</b>										<b>Amount in BDT</b>	
Sl.	Sector	Name of The Company	No. of Securities	Avg. Cost	Total Cost Value	Market Value	Total Market Value	% of Total Assets	Unrealized Gain/ (Loss)		
1	Corporate Bond	APSCL Fully Redeemable Non-Convertible and Coupon Bearing Bond	8,976	5,476.59	49,157,906	5,500.00	49,368,000	8.18%	210,094		210,094
					<b>49,157,906</b>		<b>49,368,000</b>	<b>8.18%</b>	<b>210,094</b>		<b>210,094</b>
2	Insurance	Islami Commercial Insurance Company Limited	7,623	10.00	76,230	28.10	214,206	0.04%	137,976		137,976
					<b>76,230</b>		<b>214,206</b>	<b>0.04%</b>	<b>137,976</b>		<b>137,976</b>
	<b>Sub-Total</b>				<b>49,234,136</b>		<b>49,582,206</b>	<b>8.21%</b>	<b>348,070</b>		<b>348,070</b>
					-		-	<b>0.00%</b>	-		-
	<b>Grand Total</b>				<b>49,234,136</b>		<b>49,582,206</b>	<b>8.21%</b>	<b>348,070</b>		<b>348,070</b>

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

**IDLC Income Fund**  
**Details of Investment in Zero Coupon Bonds**  
As at December 31, 2022

**A. Investment in Zero Coupon Bonds**

Sl.	Name of the Securities	No. of Securities	Tenure in Year(s)	Avg. Cost	Total Cost	Yield	Accrued Interest	% of Total Assets	Amount in BDT	
									Fair Value	
1	Thengamara Mohila Sabuj Sangha (TMSS)**	5	2	865,333	4,326,663	7.50%	378,176	0.78%	4,704,839	
2		5	3	804,961	4,024,803	7.50%	365,142	0.73%	4,389,945	
					<b>8,351,466</b>		<b>743,318</b>	<b>1.51%</b>	<b>9,094,784</b>	



**IDLC Income Fund**  
**Details of Investment in Treasury Bills**  
As at December 31, 2022

**A. Investment in 91 Days Treasury Bills**

Sl.	Name of the Securities	No. of Securities	Tenure in Day(s)	Avg. Cost	Total Cost	Yield	Accrued Interest	% of Total Assets	Fair Value
1		1	91	24,629,300	24,629,300	6.0370%	366,626	4.14%	24,995,926
2	91 Days Bangladesh Government Treasury Bills	1	91	49,165,600	49,165,600	6.8071%	183,384	8.18%	49,348,984
3		1	91	49,138,800	49,138,800	7.0296%	123,028	8.16%	49,261,828
4		1	91	49,122,750	49,122,750	7.1630%	57,841	8.15%	49,180,591
					<b>172,056,450</b>		<b>730,879</b>	<b>28.62%</b>	<b>172,787,329</b>

**B. Investment in 182 Days Treasury Bills**

Sl.	Name of the Securities	No. of Securities	Tenure in Day(s)	Avg. Cost	Total Cost	Yield	Accrued Interest	% of Total Assets	Fair Value
1	182 Days Bangladesh Government Treasury Bills	1	182	96,858,700	96,858,700	6.5042%	2,036,675	16.38%	98,895,375
					<b>96,858,700</b>		<b>2,036,675</b>	<b>16.38%</b>	<b>98,895,375</b>
	<b>Grand Total</b>				<b>268,915,150</b>		<b>2,767,554</b>	<b>45.01%</b>	<b>271,682,704</b>