

**EBL NRB Mutual Fund**

Trustee: Bangladesh General Insurance Company Limited  
42 Dilkusha Commercial Area  
Dhaka 1000

**EBL NRB Mutual Fund**

Auditors' report and financial statements  
for the year ended 30 June 2014

**S. F. AHMED & CO**

Chartered Accountants

House # 51 (3rd floor), Road # 9, Block # F, Banani, Dhaka 1213, Bangladesh

Telephones (880-2): PABX 987-1018 & 987-0619

Fax (880-2): 882-5135

Emails : (i) [sfaco@citechco.net](mailto:sfaco@citechco.net) (ii) [sfaco@sfahmedco.org](mailto:sfaco@sfahmedco.org)

Website : [www.sfahmedco.org](http://www.sfahmedco.org)

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## EBL NRB Mutual Fund

### Auditors' Report to the Trustee For the year ended 30 June 2014

We have audited the accompanying financial statements of EBL NRB Mutual Fund (the Fund), which comprise the statement of financial position (balance sheet) as at 30 June 2014, statement of comprehensive income (profit and loss statement), statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Respective responsibilities of management and auditors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain a reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

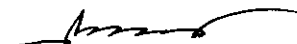
In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards give a true and fair view of the state of the Fund's affairs as of 30 June 2014 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules)

We also report that:

- 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 those books;
- the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss statement) dealt with by this report are in agreement with the books of account;
- the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001; and
- the expenditure incurred and payments made were for the purpose of the Fund's business.

Dhaka, Bangladesh  
Dated, 14 August 2014



  
S. F. AHMED & CO  
Chartered Accountants

**EBL NRB Mutual Fund**

**Statement of Financial Position (Balance Sheet)  
As at 30 June 2014**

	Notes	2014 BDT	2013 BDT
<b>Assets</b>			
Investment at cost in marketable securities	5	1,038,908,087	845,894,599
Cash and cash equivalents	6	470,090,076	486,440,965
Non-listed securities-at cost	7	293,809,466	293,809,466
Preliminary and issue expenses	8	33,983,979	38,972,393
Other receivables	9	16,654,023	42,517,587
Advance, deposits and prepayment	10	3,551,629	2,524,929
<b>Total asset</b>		<b>1,856,997,260</b>	<b>1,710,159,939</b>
<b>Less: Liabilities</b>			
Other payables	11	10,124,506	766,675
Other liabilities and provisions	12	1,388,155	2,824,184
<b>Total liability</b>		<b>11,512,661</b>	<b>3,590,859</b>
<b>Net assets</b>		<b>1,845,484,599</b>	<b>1,706,569,080</b>
<b>Equity</b>			
Capital fund	13	1,627,334,460	1,500,000,000
Unit premium		22,665,540	-
Retained earnings		165,484,599	176,569,080
Dividend equalisation reserve		30,000,000	30,000,000
<b>Total equity</b>		<b>1,845,484,599</b>	<b>1,706,569,080</b>
<b>Net asset value (NAV) per unit</b>			
	14		
At cost		11.34	11.38
At market price		11.66	11.49

These financial statements should be read in conjunction with annexed notes

for EBL NRB Mutual Fund



Asset Manager  
RACE Management PCL




Trustee  
Bangladesh General Insurance Company Limited



Dhaka, Bangladesh  
Dated, 14 August 2014

See annexed report of the date



S. F. AHMED & CO  
Chartered Accountants

EBL NRB Mutual Fund

Statement of Comprehensive Income (Profit and Loss Statement)  
For the year ended 30 June 2014

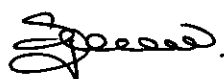
	Notes	2014 BDT	2013 BDT
<b>Income</b>			
Financial income	15	76,651,389	87,225,419
Profit on sale of investment		65,684,710	29,978,201
Dividend from investment		28,585,265	15,872,645
Other income		34,854	-
<b>Total income (A)</b>		<u>170,956,218</u>	<u>133,076,265</u>
<b>Expenditure</b>			
Management fees	16	21,544,934	22,027,705
Amortisation of preliminary expenses		4,926,192	4,934,070
Trustee fee	17	1,783,972	1,630,781
BSEC annual fee	18	1,500,000	1,500,000
Custodian fee	19	625,132	515,420
DSE annual fee		391,001	150,000
CSE annual fee		391,001	150,000
CDBL charges	20	291,635	58,449
Bank charges		78,030	88,632
Audit fee		57,500	34,500
Other operating expenses		451,302	357,379
<b>Total expenditure (B)</b>		<u>32,040,699</u>	<u>31,446,936</u>
<b>Profit before provision (A-B)</b>		138,915,519	101,629,329
Provision for unrealised loss on listed securities		-	72,390,217
<b>Net profit for the year</b>		<u>138,915,519</u>	<u>174,019,546</u>
<b>Earnings per unit for the year</b>	21	0.85	1.07

These financial statements should be read in conjunction with annexed notes

for EBL NRB Mutual Fund



Asset Manager  
RACE Management PCL




Trustee  
Bangladesh General Insurance Company Limited



Dhaka, Bangladesh  
Dated, 14 August 2014

See annexed report of the date



S. F. AHMED & CO  
Chartered Accountants

EBL NRB Mutual Fund

Statement of Changes in Equity  
For the year ended 30 June 2014

Particulars	Capital fund		Unit premium		Dividend equalisation reserve		Retained earnings		Total equity	
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance at 01 July 2012	1,500,000,000	-	-	-	30,000,000	2,549,534	1,532,549,534			
Net profit for the year	-	-	-	-	-	174,019,546	174,019,546			
Balance at 30 June 2013	1,500,000,000	-	-	-	30,000,000	176,569,080	1,706,569,080			
Balance at 01 July 2013	1,500,000,000	-	-	-	30,000,000	176,569,080	1,706,569,080			
Net profit for the year	-	-	-	-	-	138,915,519	138,915,519			
Dividend paid	-	-	-	-	-	(150,000,000)	(150,000,000)			
Unit premium	-	22,665,540	-	-	-	-	22,665,540			
Re-investment unit	127,334,460	-	-	-	-	-	127,334,460			
Balance at 30 June 2014	1,627,334,460	22,665,540	-	-	30,000,000	165,484,599	1,845,484,599			

for EBL NRB Mutual Fund

*[Signature]*

Asset Manager  
RACE Management PCL



Dhaka, Bangladesh  
Dated, 14 August 2014

Trustee *[Signature]*  
Bangladesh General Insurance Company Limited

See annexed report to the date

*[Signature]*  
S. F. AHMED & CO  
Chartered Accountants

EBL NRB Mutual Fund

Statement of Cash Flows  
For the year ended 30 June 2014

	2014 BDT	2013 BDT
<b>Cash flows from operating activities</b>		
Dividend income	28,985,478	13,388,075
Financial income	73,018,320	84,680,881
Advance, deposit and prepayments	(1,026,700)	2,075,260
Other income	34,854	-
Other operating expenses	(19,192,708)	(31,827,450)
<b>Net cash from operating activities (A)</b>	<u>81,819,244</u>	<u>68,316,766</u>
<b>Cash flows from investing activities</b>		
Investment in listed securities	(240,877,028)	(97,189,389)
Received from sundry securities	142,706,895	8,423,770
Non-listed securities	-	(113,888,890)
<b>Net cash used in investing activities (B)</b>	<u>(98,170,133)</u>	<u>(202,654,509)</u>
<b>Cash flows from financing activities</b>		
Capital contribution	-	-
<b>Net cash from financing activities (C)</b>	<u>-</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents (D = A+B+C)</b>	(16,350,889)	(134,337,743)
<b>Opening cash and cash equivalents (E)</b>	486,440,965	620,778,708
<b>Closing cash and cash equivalents (F = D+E)</b>	<u>470,090,076</u>	<u>486,440,965</u>

for EBL NRB First Mutual Fund



Asset Manager  
RACE Management PCL

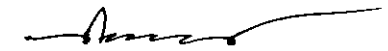


Trustee  
Bangladesh General Insurance Company Limited



Dhaka, Bangladesh  
Dated, 14 August 2014

See annexed report of the date



S. F. AHMED & CO  
Chartered Accountants

**EBL NRB Mutual Fund**

**Notes to Financial Statements  
For the year ended 30 June 2014**

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**1. The fund and legal Status**

EBL NRB Mutual Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 19 august 2010 between Eastern Bank Limited (EBL) as a 'Sponsor' and the Bangladesh General Insurance Company Limited as a "Trustee". The Fund was registered under the Trust Act 1882 as well as under the Bangladesh Securities and Exchange Commission (BSEC) on 30 august 2010 vide registration code no. SEC/Mutual Fund/2010/27 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operations of the Fund was commenced on 23 may 2011 by listing with Dhaka and Chittagong Stock Exchanges.

As provided in Trust Deed, RACE Management PCL, an asset management company, is the Fund Manager. RACE Management PCL was incorporated as a private limited company under Companies Act 1993. EBL NRB Mutual Fund is a close-end Mutual Fund of ten years' tenure. The objectives of the Fund are to provide regular dividend to the investors by investing the Fund both in capital and money market instruments. The Fund consists of 162,733,446 units of BDT 10 each. The units of the Fund are transferable.

**2. Objectives**

The objective of EBL NRB First Mutual Fund is to provide attractive dividends to its unit-holders by earning superior risk adjusted return from a diversified investment portfolio.

**3. Basis of preparation**

**3.1 Statement of compliance**

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) and as per requirements of the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, Trust Deed and other applicable laws and regulations.

**3.2 Basis of measurement**

These financial statements have been prepared on a going concern basis under historical cost convention in accordance with generally accepted accounting principles.

**3.3 Functional and presentational currency**

These financial statements are presented in BDT, which is also the Fund's functional and presentational currency.

**3.4 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3.5 Reporting period**

These financial statements are prepared for the period from 01 July 2013 to 30 June 2014.



EBL NRB Mutual Fund

Notes to Financial Statements  
For the year ended 30 June 2014

	2014 BDT	2013 BDT
<b>10. Advance, deposit and prepayment</b>		
Advance income tax deducted at source	359,141	424,929
Deposit- Central Depository Bangladesh Limited (CDBL)	500,000	500,000
Prepayment (note 10.1)	2,692,488	1,600,000
	<u>3,551,629</u>	<u>2,524,929</u>
<b>10.1 Prepayment</b>		
Annual fee - BSEC	1,627,334	1,500,000
Trustee fee	873,729	-
Annual fee - CDBL	91,425	-
Annual fee - DSE	50,000	50,000
Annual fee - CSE	50,000	50,000
	<u>2,692,488</u>	<u>1,600,000</u>
<b>11. Other payables</b>		
Management fee	10,035,346	90,062
Custodian fee	32,256	637,709
Audit fee	45,000	27,000
Payable to sundry securities	11,904	11,904
	<u>10,124,506</u>	<u>766,675</u>
<b>12. Other liabilities and provisions</b>		
Withholding income tax payable	1,013,392	2,374,879
Publication expenses	150,000	100,000
Preliminary expenses	150,000	150,000
Withholding VAT payable	74,763	199,305
	<u>1,388,155</u>	<u>2,824,184</u>
<b>13. Capital fund</b>		
<b>Size of capital fund</b>		
1,500,000,000 units of Taka 10 each	1,500,000,000	1,500,000,000
Add: 10% re-investment unit (RIU) (note 13.1)	127,334,460	-
	<u>1,627,334,460</u>	<u>1,500,000,000</u>

**Calculation of capital fund**

Fund size in 2013	Face value	NAV at 26 Aug 2013	RIU distributed as per NAV @ 10%	Total capital fund
<u>BDT</u>	<u>BDT</u>	<u>BDT</u>	<u>BDT</u>	<u>BDT</u>
1,500,000,000	10	11.78	127,334,460	1,627,334,460

**13.1 Re-investment unit**

The Trustee Committee of the Fund has approved the audited accounts of the fund for the year ended on June 30, 2013. The Fund has reported net profit of BDT 174,019,546 and earnings per unit of BDT 1.07. Accordingly the Trustee committee declared a dividend of 10% for the year in the form of re-investment unit to be issued at a valuation of the last published NAV per unit on the record date. Record date was at 26 August 2013.





EBL NRB Mutual Fund

Notes to Financial Statements  
For the year ended 30 June 2014

14. Net asset value (NAV) per unit at cost	2014 BDT	2013 BDT										
<b>At cost</b>												
Total asset	1,856,997,260	1,710,159,939										
<u>Less:</u> Other payables	10,124,506	766,675										
Other liabilities and provisions	1,388,155	2,824,184										
Total net asset value at cost (numerator)	<u>1,845,484,599</u>	<u>1,706,569,080</u>										
Number of units (denominator)	<u>162,733,446</u>	<u>150,000,000</u>										
NAV per unit at cost	<u>11.34</u>	<u>11.38</u>										
<b>At market value</b>												
Total net asset value at cost price	1,845,484,599	1,706,569,080										
<u>Add:</u> Unrealised gain on securities	52,160,610	16,706,258										
Total net asset value at market - (numerator)	<u>1,897,645,209</u>	<u>1,723,275,338</u>										
Number of units (denominator)	<u>162,733,446</u>	<u>150,000,000</u>										
NAV per unit at market value	<u>11.66</u>	<u>11.49</u>										
<b>15. Financial income</b>												
Interest on												
Fixed deposit account	30,926,628	32,386,208										
Corporate bonds	26,619,699	22,539,549										
Short term deposit (STD) account	19,105,062	32,299,662										
	<u>76,651,389</u>	<u>87,225,419</u>										
<b>16. Management fee</b>												
	<u>21,544,934</u>	<u>22,027,705</u>										
<p>RACE Management PCL, the Fund Manager, is to be paid an annual management fees on weekly average net asset value (NAV) as per Rule 65 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and as per Trust Deed at the following rates:</p> <table border="1"> <thead> <tr> <th style="text-align: left;"><u>Slab</u></th> <th style="text-align: left;"><u>Rate of fee</u></th> </tr> </thead> <tbody> <tr> <td>On weekly average NAV up to Taka 5 crore</td> <td>2.5%</td> </tr> <tr> <td>On next 20 crore of weekly average NAV</td> <td>2%</td> </tr> <tr> <td>On next 25 crore of weekly average NAV</td> <td>1.5%</td> </tr> <tr> <td>On rest of weekly average NAV</td> <td>1%</td> </tr> </tbody> </table>			<u>Slab</u>	<u>Rate of fee</u>	On weekly average NAV up to Taka 5 crore	2.5%	On next 20 crore of weekly average NAV	2%	On next 25 crore of weekly average NAV	1.5%	On rest of weekly average NAV	1%
<u>Slab</u>	<u>Rate of fee</u>											
On weekly average NAV up to Taka 5 crore	2.5%											
On next 20 crore of weekly average NAV	2%											
On next 25 crore of weekly average NAV	1.5%											
On rest of weekly average NAV	1%											
<b>17. Trustee fee</b>												
	<u>1,783,972</u>	<u>1,630,781</u>										
<p>Bangladesh General Insurance Company Limited (BGIC), the trustee of the fund is entitled to get an annual trusteeship fee @ 0.10% of the net asset value per annum, payable semi-annually in advance basis during the entire life of the Fund as per Trust Deed.</p>												



EBL NRB Mutual Fund

Notes to Financial Statements  
For the year ended 30 June 2014

	2014 BDT	2013 BDT
<b>18. BSEC annual fee</b>	<u>1,500,000</u>	<u>1,500,000</u>
Annual fee of Taka 1,500,000 (at the rate of 0.10% of the fund size) was paid to BSEC as per Rules 11(1) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001		
<b>19. Custodian fee</b>	<u>625,132</u>	<u>515,420</u>
BRAC Bank Limited, the custodian of the fund is entitled to receive a safekeeping fee @ 0.07% on the balance of securities calculated on average month end value per annum as per Trust Deed.		
<b>20. CDBL charges</b>	<u>291,635</u>	<u>58,449</u>
CDBL charge of Taka 291,635 was paid to Central Depository Bangladesh Limited (CDBL) as per Annexure A-1 of CDBL Bye Laws (3.7).		
<b>21. Earnings per unit for the year</b>		
Net Income for the year (numerator)	<u>138,915,519</u>	<u>174,019,546</u>
Number of units (denominator)	<u>162,733,446</u>	<u>162,733,446</u>
Earnings per unit	<u>0.85</u>	<u>1.07</u>

**22. Events after the reporting period**

The Trustee of the Fund has approved dividend at the rate of 10% on the capital fund of Taka 1,627,334,460 in the form of re-investment units to be issued at a valuation of the last published NAV per Unit before the record date for the year ended 30 June 2014 at the meeting held on 14 August 2014.

**23. Others**

- 23.1** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- 23.2** Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
- 23.3** Figures of previous year have been rearranged wherever considered necessary, to conform the current year's presentation.

for EBL NRB Mutual Fund



Asset Manager  
RACE Management PCL



Trustee  
Bangladesh General Insurance Company Limited

Dhaka, Bangladesh  
Dated, 14 August 2014



Annex A

EBL NRB Mutual Fund

Notes to financial statements  
For the year ended 30 June 2014

List of the Total Investment & Aggregate Required Provision

Particulars	Cost Value	Market Value	Fair Value	Required Provision / (excess)
	BDT	BDT	BDT	BDT
Investment in marketable securities (Note-5)	1,038,908,087	981,089,863	1,029,271,883	9,636,204
Listed Securities (Active) (Annex-A1)	888,503,189	861,975,317	861,975,317	26,527,872
Listed thinly traded/illiquid Securities	100,404,899	69,114,546	117,296,566	(16,891,668)
IPO Investment (Tung Hai Knitting & Dyeing Ltd)	50,000,000	50,000,000	50,000,000	-
Investment in Non-listed securities (Note-7)	293,809,466		355,606,280	(61,796,814)
Non listed equity Securities	63,888,890	Not Available	92,000,000	(28,111,110)
Non listed debt Securities	229,920,576	Not Available	263,606,280	(33,685,704)
<b>Total</b>	<b>1,332,717,553</b>		<b>1,384,878,163</b>	<b>(52,160,610)</b>

As the Fair Value of the investments is much higher that cost value, no provision has been taken on investments.

Annex A1

Sector-wise break up of investment in Listed securities (Active)

Sector/category	Number of shares	Cost	Market value	Difference
		BDT	BDT	BDT
Bank	5,590,588	186,530,760	138,945,307	(47,585,453)
Cement	32,000	9,702,400	16,272,000	6,569,600
Corporate bond	665	632,867	655,524	22,657
Food and allied	17,800	10,953,942	41,262,180	30,308,238
Fuel and power	2,293,910	171,146,220	159,711,470	(11,434,750)
Insurance	784,563	109,178,318	88,867,263	(20,311,055)
Mutual funds	7,425,461	70,699,151	54,358,190	(16,340,961)
NBFI	261,434	64,741,197	56,223,154	(8,518,043)
Pharma	283,158	89,868,172	127,589,052	37,720,880
Services and real estate	36,300	2,821,962	871,200	(1,950,762)
Tannery	136,700	41,396,067	47,038,590	5,642,523
Telecommunication	202,727	25,459,048	49,502,131	24,043,083
Textile	38,000	1,509,360	965,200	(544,160)
Travel and leisure	1,177,460	103,863,724	79,714,056	(24,149,668)
<b>Total Value of Listed Securities (Active)</b>	<b>18,280,766</b>	<b>888,503,189</b>	<b>861,975,317</b>	<b>(26,527,872)</b>

