

**RACE FINANCIAL INCLUSION UNIT FUND  
INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**



**INDEPENDENT AUDITORS' REPORT  
TO THE BOARD OF TRUSTEE  
RACE FINANCIAL INCLUSION UNIT FUND**

**Opinion**

We have audited the financial statements of RACE Financial Inclusion Unit Fund, which comprise the statement of financial position as at 31 December 2022, and the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects of the statement of financial position of Race Financial Inclusion Unit Fund as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standard 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Key Audit Matters:**

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Risk	Our response to the risk
<p><b>Valuation of Investments:</b></p> <p>The Fund's investment portfolio Presented in the Statement of Financial Position at market value in Listed securities Tk. 34,773,942 represents 12.94% of the total assets Tk. 268,717,484 and in non-listed securities TK. 191,493,012 represents 71.26% of the total assets Tk. 268,717,484 as at 31 December 2022. Unrealized Loss in Securities Tk. 3,429,544. This is considered to be the key driver of the Fund's capital and revenue Performance.</p> <p>The market value of financial instruments that are traded in an active market is determined based on quoted market prices.</p>	<ul style="list-style-type: none"> <li>• Testing the key controls over identification, Measurement and management of valuation risk as well as evaluating the methodologies and input parameters used by the Fund in determining fair values.</li> <li>• Obtained year-end share holding positions from the fund and through directional testing assessed the completeness of the report;</li> <li>• Obtained the CDBL report (DPA6) and share portfolio and cross checked against each other to confirm status of financial instruments;</li> <li>• Assessing the adequacy of the disclosures in the financial statements against relevant accounting standards, the</li> </ul>



Due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. See annexed report of date	security and exchange Rules 1987, security exchange commission (Mutual Fund) Rules 2001 and other applicable laws and regulations.
Note no. 15 to the financial statements	
<b>Net Gain on sale of marketable securities:</b>	
Net Gain on Sale of marketable securities is Represents Tk. 16,266,004 which is 53.54% of the total income of Tk. 30,382,883 for the year ended 31 December 2022.	We have tested- <ul style="list-style-type: none"> <li>• Ledgers which is Electronic generated from brokerage house of respected dates of securities sales and buy</li> <li>• Buy and Sales rate checked with DSE website of respected dates.</li> </ul>
Note no. 16.00 to the financial statements	
<b>Dividend Income:</b>	
Dividend income of Tk. 8,117,053 represents 26.72% of the total income of Tk. 30,382,883 for the year ended 31 December 2022.	We have tested the design and operating effectiveness of controls around the due and receivable recording process <ul style="list-style-type: none"> <li>• Comparing observable inputs against independent sources and externally available market data.</li> <li>• Re-performing the calculations used to check Accuracy and correctness of information.</li> </ul> Assessing the adequacy revenue recognition, measurement and disclosures made in relation to the income in the financial statements
Expenditure of the financial statements	
<b>Management fee:</b>	
Management fee of Tk. 3,542,415 represents 70.32% of the total expense of Tk. 5,037,798 for the year ended 31 December 2022.	<ul style="list-style-type: none"> <li>• Management fee is calculated as per the Asset Management Company @ 1.50% per annum of the weekly average NAV.</li> <li>• Tested some sample basis voucher with ledger balance.</li> </ul> Assessing the adequacy expense recognition, measurement and disclosures made in relation to the expense in the financial statements

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, Bangladesh Securities & Exchange Commission (Mutual Fund) Rule, 2001, 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, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the (consolidated) 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.


#### Report on other Legal and Regulatory Requirements

In accordance with the Bangladesh Securities & Exchange Commission (Mutual Fund) Rules 2001, we also report the following:

- a) we have obtained all the information and explanation 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 account as required by law have been kept by the Fund so far as it appeared from our examination of those books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.
- d) the investment was made as per Rule 56 of Bangladesh Securities & Exchange Commission (Mutual Fund) Rule, 2001;
- e) the expenditure incurred and payments made were for the purpose of the Fund Business, and
- f) the information and explanation required by us have been received and fund satisfactory.

Place: Dhaka,  
Dated: 15<sup>th</sup> February 2023



  
Tarek Rashid FCA  
Senior Partner, Enrolment No.1363  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants


**DVC: 2303151363AS851235**




**RACE FINANCIAL INCLUSION UNIT FUND**  
**Statement of Financial Position**  
**As at December 31, 2022**

Particulars	Notes	Amount in Taka
		31-Dec-22
<b>A Assets</b>		
Investment in marketable securities-at fair value	5.00	34,773,942
Investment in non-listed securities-at fair value	6.00	191,493,012
Cash & Cash Equivalents	7.00	29,655,934
Preliminary & Issue Expenses	8.00	3,119,101
Other Receivables	9.00	9,312,878
Advance, Deposit & Prepayments	10.00	362,617
<b>Total Asset</b>		<b>268,717,484</b>
<b>B Liabilities</b>		
Liabilities for Expenses	11.00	7,195,774
Other Liabilities	12.00	804,061
<b>Total Liabilities</b>		<b>7,999,835</b>
<b>C Net Asset (A-B)</b>		<b>260,717,649</b>
<b>D Equity</b>		
Capital Fund	13.00	250,000,000
Unit Premium & TRR Reserve		1,485,000
Retained Earnings		9,232,649
<b>Total Equity</b>		<b>260,717,649</b>
<b>Net Asset Value (NAV)-At Cost</b>	14.00	264,147,193
No. of Units		25,000,000
		<b>10.57</b>
<b>Net Asset Value (NAV)-at Fair Value</b>	14.00	260,717,649
No. of Units		25,000,000
		<b>10.43</b>

These financial statements should be read in conjunction with annexed notes.

  
**Asset Manager**  
Bangladesh RACE Management PCL

  
**Chairman, Trustee**  
SENTINEL Trustee & Custodial Services Limited

Place : Dhaka  
Date: February 15, 2023



  
**Tarek Rashid FCA**  
Partner, Enrolment No. 1363  
**Zoha Zaman Kabir Rashid & Co**  
Chartered Accountants

**DVC: 2303151363AS851235**



**RACE FINANCIAL INCLUSION UNIT FUND**  
**Statement of Profit or Loss & other Comprehensive Income**  
**For the period from 20 January 2022 to 31 December 2022**

Particulars	Notes	Amount in Taka
		31-Dec-22
<b>A Operational Income</b>		
Net Profit on sale of Investment	15.00	16,266,004
Dividend from Investment	16.00	8,117,053
Financial Income	17.00	5,999,826
<b>Total Operational Income</b>		<b>30,382,883</b>
<b>B Expenditure</b>		
Management Fee	18.00	3,542,415
Amortization of Preliminary & Issue Exp.	8.00	488,109
Trustee Fee	19.00	343,528
BSEC Annual Fee		125,000
CDBL Charge		77,230
Bank Charge		69,216
Audit Fee		46,500
Printing Publication & IPO expenses		345,800
<b>Total Expenditure</b>		<b>5,037,798</b>
<b>C Net Profit before Provision (A-B)</b>		<b>25,345,084</b>
(Total Provision for VAT, Tax & write off)/ write back against erosion of fair value	20.00	(4,012,435)
<b>D Net Profit after Provision transferred to retained earnings</b>		<b>21,332,650</b>
<b>E Earnings Per Unit (EPU) for the period</b>	21.00	<b>0.85</b>

These financial statements should be read in conjunction with annexed notes.

**Asset Manager**  
Bangladesh RACE Management PCL

**Chairman, Trustee**  
SENTINEL Trustee & Custodial Services Limited

Place : Dhaka  
Date: February 15, 2023



**Tarek Rashid FCA**  
Partner, Enrolment No. 1363  
**Zoha Zaman Kabir Rashid & Co.**  
Chartered Accountants



**RACE FINANCIAL INCLUSION UNIT FUND**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2022**

Particulars	Amount in Taka			
	Capital Fund	Unit Premium & TRR Reserve	Retained Earnings	Total Equity
Fund Capital	250,000,000	-	-	250,000,000
Premium on Surrendered of Unit	-	-	(12,100,000)	(12,100,000)
Premium on Sale of Unit	-	1,485,000	-	1,485,000
Net profit for the year	-	-	21,332,650	21,332,649
<b>Balance at December 31, 2022</b>	<b>250,000,000</b>	<b>1,485,000</b>	<b>9,232,650</b>	<b>260,717,649</b>

**Asset Manager**  
Bangladesh RACE Management PCL

**Chairman, Trustee**  
SENTINEL Trustee & Custodial Services Limited

Place: Dhaka  
Date: February 15, 2023

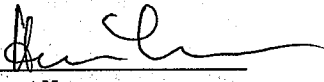
**Tarek Rashid FCA**  
Partner, Enrolment No. 1363  
**Zoha Zaman Kabir Rashid & Co**  
Chartered Accountants






RACE FINANCIAL INCLUSION UNIT FUND  
Statement of Cash Flows  
For the year ended December 31, 2022

Particular	Amount in Taka 31-Dec-22
<b>A. Cash Flows from Operating Activities:</b>	
Dividend Income	8,117,053
Financial Income	5,488,182
Net Profit on sale of Investment	16,266,004
Other Operating Expenses	(191,752)
<b>Net Cash Flow from Operating Activities</b>	<b>29,679,487</b>
<b>B. Cash Flows from Investing Activities:</b>	
Net Investment In Securities	(235,801,343)
Preliminary & Issue Expenses	(3,607,210)
<b>Net Cash used in Investing Activities</b>	<b>(239,408,553)</b>
<b>C. Cash Flows from Financing Activities:</b>	
Fund Capital	250,000,000
Premium on Surrendered of Unit	(12,100,000)
Premium on Sale of Unit	1,485,000
<b>Net Cash from Financing Activities</b>	<b>239,385,000</b>
<b>D. Net Increase/(Decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>29,655,934</b>
<b>E. Opening Cash and Cash Equivalents</b>	<b>-</b>
<b>F. Closing Cash and Cash Equivalents (D+E)</b>	<b>29,655,934</b>
<b>Net Operating Cash Flow Per Unit (NOCFPU)</b>	<b>1.19</b>

  
Asset Manager  
Bangladesh RACE Management PCL

  
Chairman, Trustee  
SENTINEL Trustee & Custodial Services Limited

Place: Dhaka  
Date: February 15, 2023

  
Tarek Rashid FCA  
Partner, Enrolment No. 1363  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants







**RACE FINANCIAL INCLUSION UNIT FUND**

**Notes to the Accounts**

**For the year ended December 31, 2022**

**1. The fund and legal status**

RACE Financial Inclusion Unit Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 5th September, 2021 between Bangladesh RACE Management PCL as a 'Sponsor' and SENTINEL Trustee & Custodial Services 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 30th September, 2021 vide registration code no. BSEC/Mutual Fund/2021/123 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.

As provided in Trust Deed, Bangladesh RACE Management PCL, an asset management company, is the Fund Manager. Bangladesh RACE Management PCL was incorporated as a private limited company under Companies Act 1994 on March 2008.

Race Financial Inclusion Unit Fund is a open-end Mutual Fund. 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 25,000,000 units of BDT 10 each. The units of the Fund are transferable.

**2. Objectives**

The RACE Financial Inclusion Unit Fund is created as a Sectoral Fund to invest majority assets in the Bond sector so as to channel stable earnings/income from fixed income instruments to investors across Bangladesh when bond markets are under stress the fund shall have the flexibility to balance/shift asset allocation to equities. The fund is created as a special purpose fund with the following objectives:

I. The Fund is an Open-end Special Purpose fund with balanced income orientation in the Bangladesh capital market;

II. The fund is created as a sectoral fund to invest majority assets in the bond sector so as to channel stable earnings/income from fixed income instruments to investors across Bangladesh; when bond markets are under stress the fund shall have the flexibility to balance/shift asset allocation to equities.

III. The fund is created as a special purpose fund with the following special objectives:

a. To invest a majority of its assets in fixed income securities so as to generate stable returns that are superior to money market returns offered by banks;

b. To provide demand support for the bond market of Bangladesh;

c. To promote financial inclusion of non-urban retail investors (outside dhaka/Chittagong belts) into capital market fund;

d. To promote responsible investing by channeling capital to companies that perform well on environmental, social, governance (esg) metrics and to contribute to the nation's sustainable development goals (sdg);

e. To channel bank investments into capital markets by fulfilling Bangladesh Bank's requirement to invest a portion of bank's capital market exposure in special purpose mutual funds.

**3. Basis of preparation**

**3.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 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 and accrual 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 20 January 2022 to 31 December 2022.

**3.6 Taxation**

The income of the Fund is exempted from Income Tax as per SRO No. 333-Act/Income Tax/2011 dated 10 November 2011, under Section 44(4) clause (b) of Income Tax Ordinance, 1984; hence no provision for tax is required.

**4. Significant accounting policies**

The accounting policies set out below have been applied throughout the period presented in these financial statements.

**4.1 Investment policy**

The Fund shall strive to maintain the following investment exposure limits with the goal of balancing return and risk:

- (i) The Mutual Fund shall invest not less than 30% of the total assets of the scheme of the fund in government securities or government backed securities.
- (ii) Investment in the 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; however, during periods of stress in fixed income securities market, the Fund may invest an additional 20% in cash or securities other than fixed income securities.
- (iv) Not more than 20% of the total assets of the fund shall be invested in non-listed securities that are not approved by the commission; however, government issued securities, government backed securities shall be exempt from this restriction. In case of investment in non-listed securities that are neither pre-approved by the commission nor are government issued nor are government backed securities, the asset manager shall obtain approval from 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 the 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. The condition shall not be applicable for investment in government securities.
- (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.

#### 4.2 Valuation of Investment at Fair Value:

Fair Value is a market-based measurement. It is to estimate the price at which an orderly transaction to sell the assets or to transfer the liability would take place between market participants at the measurement date under current market condition. As per IFRS-13, RACE Financial Inclusion Unit Fund (the fund) adopts the assumption the market participants would use when pricing the assets, including assumptions about risk (a) the risk inherent in a particular valuation technique used to measure fair value (such as pricing model); and (b) the risk inherent in quoted price/input to the valuation technique with regard to a) Amortized cost Method b) Fair value through Profit and loss accounts c) Fair value through other comprehensive income portfolios:

##### Capital Market Securities-Listed Securities:

The Capital Market Securities-Listed are valued at the closing quoted market price only on the Dhaka Stock Exchange on the date of Valuation i.e., on December 31, 2022 as per IFRS-13 Fair Value Measurement. Capital Market Securities-Listed (Mutual Fund) are valued considering the quoted market price and last disclosed NAV on December 31, 2022 by the methodology provided by BSEC vide directive no. SEC/CMRRC/2009/193/172 dated June 30, 2015.

##### Capital Market Securities-Non-Listed Unit Fund and Bonds:

Capital Market Securities-Non listed (Unit Fund) are valued at the repurchase price which is enforceable on December 31, 2022 declared by respective AMC and this is also a quoted price as per IFRS-13. Non listed securities (simple bonds) are valued at fair value by applying the methodology as per IFRS-13 and BSEC approved letter using present value technique under income approach and complying Mutual Fund Bhidhimala 2001, Sec-58.

#### 4.3 Dividend Policy

- 1) The accounting year of the Fund shall end on December 31 of every calendar year or as determined by the Commission.
- 2) The growth-oriented Fund in accordance with Rule 2 [1(9)] and Rule 66 of shall distribute minimum 50%, or as may be determined by the Bidhimala from time to time, of the annual net income of the Fund as dividend at the end of each accounting period after making provision for bad and doubtful investments. The Fund shall create a dividend equalization reserve by appropriation from the income of the Scheme;
- 3) Before declaration of dividend, the Asset Management Company shall make a provision with agreement of the auditors for revaluation of investments caused from loss if market value of investments goes beyond the acquisition cost, and the method of calculation of this provision must be incorporated in the notes of accounts.





4) The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund to ensure consistency in dividend.

5) The Asset Management Company shall dispatch the dividend warrants at the expense of the Fund, within 45 days of the declaration of the dividend and shall submit a statement within next 7 (seven) days to the Commission, the Trustee and the Custodian.

#### 4.4 Cash & cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and fixed deposits.

#### 4.5 Net asset value calculation

NAV per unit is being calculated using the following formula:

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 bank balances + Value of all securities receivables + receivables of proceeds of sale of investments + Dividend receivable, net tax + Interest receivable, net of tax + Issue expenses amortised on that date + Printing, publication and stationery expenses amortised on date.

LT: Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + Payable as trustee fee + 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.

#### 4.6 Provisions

A provision is recognised 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. Provision for market unrealised loss shall be made in accordance with the rule 3(d) of 6th schedule and in case of provision write back it shall be vice versa. As per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rule-2019, the BSEC has introduced concept of Risk Based Capital Adequacy to the capital market and in relation there is a requirement to build up Total Risk Requirement (TRR). As AMC, Bangladesh RACE Management PCL has built up adequate TRR on Balance Sheet as prudent risk management. Further in interest of unitholders the dividend equalization reserve may be used to enhance a period's dividend payout using this reserve built up in previous period.

#### 4.7 Revenue recognition

Gains/losses arising on sale of investment are included in the Profit and Loss Statement on the date at which the transaction takes place. Dividend and interest income are recognised as per IAS-18 and IFRS-15 and Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala 2001.

#### 4.8 Statement of cash flows

Cash flows from operating activities have been presented under direct method.





**RACE FINANCIAL INCLUSION UNIT FUND**  
Notes to the Financial Statements  
For the period ended December 31, 2022

		Amount in Taka	
		31-Dec-22	
<b>5.00</b>	<b>Investment in marketable securities-at fair value</b>		
	Capital Market Securities-Listed Securities:	5.01	34,773,942
			<u>34,773,942</u>
<b>5.01</b>	<b>Capital Market Securities-Listed</b>		
		Amount in Taka	
	Sector/ Category	No. of Shares	Cost Value
			Fair Value (31 Dec 2022)
			Required (Provision)/ Excess
	Bank	1,693,102	20,145,667
	Corporate Bond	160	164,589
	Food and Allied	21,156	14,552,675
	Insurance	7,623	76,230
	Pharma	3,900	4,757,337
	<b>Total</b>	<b>1,725,941</b>	<b>39,696,498</b>
			<b>17,269,649</b>
			<b>3,891</b>
			<b>(2,180,878)</b>
			<b>137,976</b>
			<b>(7,527)</b>
			<b>(4,922,556)</b>
<b>6.00</b>	<b>Investment in non-listed securities-at fair value</b>		
	Capital Market Securities-Non-Listed Unit Funds & Bonds:	6.01	191,493,012
			<u>191,493,012</u>
<b>6.01</b>	<b>Capital Market Securities-Non-Listed Unit Funds &amp; Bonds:</b>		
		Amount in Taka	
	Particulars	Cost Value	Fair Value (31 Dec 2022)
			Required (Provision)/ Excess
	Premier Bank Ltd. Corporate Bonds	190,000,000	191,493,012
	<b>Total of Bond</b>	<b>190,000,000</b>	<b>191,493,012</b>
			<b>1,493,012</b>
			<b>1,493,012</b>
	<b>Net Provision Taken (5.01+6.01)</b>		<u><u>(3,429,544)</u></u>
<b>7.00</b>	<b>Cash and Cash Equivalents :</b>		
	<u>Bank balance with Operational Account:</u>		
	Bank Asia-62036000025		15,533,990
	One Bank-0183000001638		14,121,944
			<u>29,655,934</u>
<b>8.00</b>	<b>Preliminary and Issue Expenses :</b>		
	Preliminary and Issue Expenses		3,607,210
	<u>Less: Amortization during the year</u>		488,109
			<u>3,119,101</u>
<b>9.00</b>	<b>Other Receivables :</b>		
	Interest Receivable	22.00	511,644
	Receivable from Brokerage house-Multi Securities Limited		8,734,411
	Receivable from Brokerage house-Smart Trades Limited		66,823
			<u>9,312,878</u>
<b>10.00</b>	<b>Advances, Deposits and Prepayments :</b>		
	Advance Income Tax		228,847
	Prepayments	10.01	133,770
			<u>362,617</u>





	<b>Amount in Taka</b>
	<b>31-Dec-22</b>
<b>10.01 Prepayments :</b>	
Advance BSEC Annual Fee	125,000
Advance CDBL Annual Fee	8,770
	<u>133,770</u>
<b>11.00 Liabilities for expenses:</b>	
Audit Fee	31,500
Management Fee	3,400,718
Trustee Fee	309,176
Preliminary Expenses payable	3,279,280
Printing & Publication Expenses	175,100
	<u>7,195,774</u>
<b>12.00 Other Liabilities:</b>	
Liabilities for Tax & VAT	804,061
	<u>804,061</u>
<b>13.00 Capital Fund:</b>	
Size of Fund Capital	
25,000,000 Units of Taka 10 each	250,000,000
	<u>250,000,000</u>
<b>14.00 Net Asset Value (NAV):</b>	
Total Net Assets Value at Cost	264,147,193
Number of unit	25,000,000
Per Unit NAV at Cost	<u>10.57</u>
a. Total Net Assets Value at Cost	264,147,193
b. (Unrealized loss) or Unrealized Gain	(3,429,544)
Total Net Assets Value at Fair Value (a+b)	260,717,649
Number of unit	25,000,000
Per Unit NAV at Fair Value	<u>10.43</u>
<b>15.00 Net profit on sale of investment:</b>	
Net profit on sale of investment	29,931,716
Less: Loss on sale of Investment	13,665,712
Total	<u>16,266,004</u>
<b>16.00 Dividend from investment:</b>	
Listed securities	8,117,053
	<u>8,117,053</u>
<b>17.00 Financial Income:</b>	
Interest Income from Corporate Bonds	4,748,463
Interest Income from Bank Accounts	1,251,363
	<u>5,999,826</u>
<b>18.00 Management fee:</b>	<u>3,542,415</u>
<b>19.00 Trustee fee:</b>	<u>343,528</u>

SENTINEL Trustee & Custodial Services Limited the trustee of the fund is entitled to get an annual trusteeship fee @0.15% of the net asset value per annum, payable semi-annually in advance basis during the entire life of the Fund as per Trust Deed.





	Amount in Taka
	31-Dec-22
<b>20.00 (Provision for VAT, Tax &amp; write off)/ write back against erosion of fair value</b>	
a. Balance Forwarded for provision from last year	-
b. Total required (Provision)/Excess (Note 5.01+6.02)	(3,429,544)
(b-a)(Provision)/Written Back of provision in Profit or Loss Statement for mkt loss	(3,429,544)
Provision for Tax & VAT and write off/write back	(582,891)
<b>Total (Provision)/Writeback Charged</b>	<b>(4,012,435)</b>
<b>21.00 Earnings Per Unit (EPU):</b>	
Net profit after (provision)/writeback of unrealize loss	21,332,649
Number of unit	25,000,000
	<b>0.85</b>
<b>22.00 Interest Receivable :</b>	
Interest receivable from Corporate Bond	511,644
	<b>511,644</b>

**23.00 Events after the Reporting Period:**

The Trustee of the Fund has approved dividend at the rate of 3.50% on the capital fund of Taka 87,50,000 in the form of cash dividend for the year ended December 31, 2022 at the meeting held on 15 February 2023.

**24.00 Others:**

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

**Asset Manager**  
Bangladesh RACE Management PCL

**Chairman, Trustee**  
SENTINEL Trustee & Custodial Services Limited

Place: Dhaka  
Date: February 15, 2023

