

**UFS-IBBL Shariah Unit Fund**

For the year ended December 31, 2019



## **Independent Auditors' Report**

**To the Trust Board of**

**UFS-IBBL Shariah Unit Fund**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of **UFS-IBBL Shariah Unit Fund** as at **December 31, 2019**, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information disclosed in notes 01 to 27 and Annexure - A to D.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Fund as at **December 31, 2019**, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1 and Securities and Exchange Commission (Mutual Fund) Rules 2001 and other applicable rules 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 this report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Matter**

We would like to report that as explained in note - 27 to the accompanying financial statements.

#### **Other Information**

Assets Manager is responsible for the other information. The other information comprises the information included the Annual report, but not included the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form assurance conclusion 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 information is materially inconsistent with financial statements or our knowledge obtain in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information we are required to report the fact. We have nothing to report in this regard.

#### **Our key audit matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matter is not a comprehensive reflection of all matters discussed.



This matter was 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 this matter.

Risk	Our response to the risk
<b>Investment in securities - at market price</b>	
Refer note no. 04 to 06 to the Statement of Financial Position	
<ul style="list-style-type: none"> <li>The investments of the fund comprise 56% of total Assets. These investments comprise of 1) Marketable Investments at market value; 2) Investment in non-listed securities and 3) Investment in IPO. These investments are valued at fair value based on market information. Therefore, the valuation of the investments has a significant impact on the financial results of the Fund.</li> </ul>	<p><b>Our procedure includes:</b></p> <p><b>Control test:</b> testing the effectiveness of the entity's control around the recording and re-assessment of the amount of Investment in securities -at market price</p> <p><b>Test of details:</b></p> <ul style="list-style-type: none"> <li>Determining the existence of the investments by obtaining a Statement of Central Depository of Bangladesh Limited (CDBL). The custodian of demits shares in Bangladesh.</li> <li>Determining that the used price is based on the method which is defined for the relevant investment category. We performed this procedure by comparing the used valuations of the investments with our independent valuation which is based on observable market prices. In performing these procedures we have used our valuation specialists.</li> <li>Recoverability determined by applying subsequent test of realization of income and investment</li> </ul> <p><b>Assessing disclosure:</b> considering the adequacy of the entity's disclosure regarding Investment in securities -at market price.</p> <p><b>Our result:</b> the result of our testing is satisfactory and we considered the investment in securities -at market price to be acceptable and recorded in correctly.</p>

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

The Fund has no employees and its portfolio management, risk management, and registration of subscriptions and redemptions are therefore performed by Universal Financial Solutions Limited (UFS). The financial administration, and the investment and shareholders administration are outsourced to Investment Corporation of Bangladesh (ICB) trust and Universal Financial Solutions Limited (UFS) is responsible for monitoring these processes as The Asset Management Company (AMC).



Assets Manager (UFS) is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note 2.1, 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. Securities and Exchange Commission (Mutual Fund) Rules 2001 require the Assets Manager to ensure investment policy, internal control and risk management functions of the Fund's.

In preparing financial statements, Assets Manager 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 Assets Manager either intends to liquidate the Fund's 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 consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. **If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.** Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund's to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other Legal and Regulatory Requirements**

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 purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Fund so far as it appeared from our examination of these 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; and
- d) the expenditure incurred was for the purposes of the Fund business.

**Dated: Dhaka**  
January 23, 2020



**Rahman Mostafa Alam & Co.**  
Chartered Accountants



**UFS- IBBL Shariah Unit Fund**  
**Statement of Financial Position**  
As at December 31, 2019

Particulars	Notes	Amount in Taka	
		December 31, 2019	December 31, 2018
<b>Assets</b>			
Investments in listed securities at market value	4.0	429,998,418	515,009,563
Investment in non-listed securities- market value	5.0	43,283,690	45,380,650
Investment in IPO	6.0	1,502,340	9,844,325
Preliminary expenses	7.0	29,599,548	36,407,258
Advance deposit and prepayments	8.0	518,646	941,055
Receivables	9.0	6,064,288	4,309,069
Cash and cash equivalents	10.0	333,323,656	314,953,253
<b>Total Assets (A)</b>		<b>844,290,586</b>	<b>926,845,173</b>
<b>Liabilities</b>			
Accounts payables	11.0	190,914	1,138,091
<b>Total liabilities (B)</b>		<b>190,914</b>	<b>1,138,091</b>
<b>Net Assets (A-B)</b>		<b>844,099,672</b>	<b>925,707,083</b>
<b>Equity</b>			
Capital fund	12.0	1,000,134,320	1,000,095,350
Units transaction reserve	13.0	(4,586)	(1,558)
Retained earnings/loss		(156,030,062)	(74,386,710)
<b>Total Equity</b>		<b>844,099,672</b>	<b>925,707,083</b>
<b>Total no. of units of the fund</b>		<b>100,013,432</b>	<b>100,009,535</b>
<b>Net Asset Value (NAV) per unit</b>			
At cost value	14.0	10.38	10.26
At market value	15.0	8.44	9.26

The annexed notes 1 to 27 and Annexure A to D form an integral part of these financial statements.

  
**Asset Manager**  
Universal Financial Solutions Limited

  
**Chairman, (Trustee)**  
Investment Corporation of Bangladesh (ICB)

Signed in terms of our separate report of even date.

**Dated: Dhaka**  
January 23, 2020



  
**Rahman Mostafa Alam & Co.**  
Chartered Accountants



**UFS-IBBL Shariah Unit Fund**  
**Statement of Profit or Loss and other Comprehensive Income**

For the year ended December 31, 2019

Particulars	Notes	Amount in Taka	
		January 01, 2019 to December 31, 2019	January 01, 2018 to December 31, 2018
<b>Income</b>			
Profit on sale of investment	16.0	13,362,666	6,710,341
Finance income	17.0	4,814,475	30,573,495
Dividend income	18.0	18,122,433	16,950,003
<b>Total Income</b>		<b>36,299,574</b>	<b>54,233,839</b>
<b>Expenses</b>			
Management fees	19.0	13,288,082	14,016,494
Selling, distribution and promotional expenses	20.0	-	7,712,667
Amortization of preliminary expenses		6,807,710	6,882,315
Brokerage fees		556,979	1,158,744
Printing and publications expenses		338,664	842,123
IPO Subscription fee		12,000	45,000
Other Expenses	21.0	546,245	4,339,621
Diminution of advance payments	22.0	1,436,528	-
Trustee fees		1,393,212	1,461,189
CDBL fees	23.0	67,331	371,324
Audit fee		20,000	20,000
Custodian fees		496,129	1,229,360
<b>Total Expenses</b>		<b>24,962,881</b>	<b>38,078,836</b>
<b>Profit earned before provision</b>		<b>11,336,693</b>	<b>16,155,003</b>
Provision	24.0	(92,980,045)	(100,768,745)
<b>Profit earned after provision</b>		<b>(81,643,352)</b>	<b>(84,613,742)</b>
Unrealized gain on securities		-	-
<b>Total profit and other comprehensive income during the year</b>		<b>(81,643,352)</b>	<b>(84,613,742)</b>
Number of units outstanding		100,013,432	100,009,535
Distributable profit /loss		(81,643,352)	(84,613,742)
<b>Earning per unit during the year</b>			
Before provision		0.11	0.16
After provision		(0.82)	(0.85)

The annexed notes 1 to 27 and Annexure A to D form an integral part of these financial statements.

  
**Asset Manager**  
Universal Financial Solutions Limited

  
**Chairman, (Trustee)**  
Investment Corporation of Bangladesh (ICB)

Signed in terms of our separate report of even date.

**Dated: Dhaka**  
January 23, 2020



  
**Rahman Mostafa Alam & Co.**  
Chartered Accountants



**UFS-IBBL Shariah Unit Fund**  
**Statement of Changes in Equity**  
For the year ended December 31, 2019

Particulars	Capital fund	Units transaction reserve	Retained earnings	Total
<b>Balance as at January 01, 2019</b>	<b>1,000,095,350</b>	<b>(1,558)</b>	<b>(74,386,710)</b>	<b>925,707,083</b>
Subscribed by unit holders	38,970	-	-	38,970
Net profit/(loss) before provision during the year	-	-	11,336,693	11,336,693
Provision against marketable investment	-	-	(92,980,045)	(92,980,045)
Unit Transaction Reserve	-	(3,028)	-	(3,028)
<b>Balance at December 31, 2019</b>	<b>1,000,134,320</b>	<b>(4,586)</b>	<b>(156,030,062)</b>	<b>844,099,672</b>
<b>Balance as at January 01, 2018</b>	<b>1,000,047,710</b>	<b>287</b>	<b>10,227,032</b>	<b>1,010,275,029</b>
Subscribed by unit holders	47,640	-	-	47,640
Net profit/ (loss) during the year	-	-	(84,613,742)	(84,613,742)
Unit transaction reserve	-	(1,845)	-	(1,845)
<b>Balance at December 31, 2018</b>	<b>1,000,095,350</b>	<b>(1,558)</b>	<b>(74,386,710)</b>	<b>925,707,083</b>

The annexed notes 1 to 27 and Annexure A to D form an integral part of these financial statements.

  
**Asset Manager**

Universal Financial Solutions Limited

  
**Chairman, (Trustee)**

Investment Corporation of Bangladesh (ICB)







**UFS- IBBL Shariah Unit Fund**  
**Statement of Cash Flows**  
For the year ended December 31, 2019

Particulars	Amount in Taka	
	December 31, 2019	December 31, 2018
<b>Cash flows from operating activities :</b>		
Interest income	4,814,475	44,512,940
Dividend income	12,058,145	13,604,065
Profit on sale of investment	13,362,666	6,728,440
Receipts from FY 2018	4,309,069	-
Paid off liabilities of FY 2018	(1,138,091)	-
Decrease in advances, deposits & prepayments	422,409	(962,720)
Payment made for expenses	(17,964,256)	(30,730,673)
<b>Net cash from/(used in) operating activities (A)</b>	<b>15,864,417</b>	<b>33,152,052</b>
<b>Cash flows from investing activities :</b>		
Securities buy	(101,381,081)	(116,886,403)
Securities sell	108,041,965	-
Repayment from money Market	-	250,000,000
Investment In non listed securities	-	(5,000,002)
IPO application	(18,000,000)	(9,766,985)
IPO refund	13,809,160	-
Issue and preliminary expenses	-	-
<b>Net cash used in investing activities (B)</b>	<b>2,470,044</b>	<b>118,346,610</b>
<b>Cash flow from financing activities :</b>		
Proceed from capital fund	38,970	46,000
Net of unit transaction reserve	(3,028)	(150)
<b>Net cash from/(used in) financing activities (C)</b>	<b>35,942</b>	<b>45,850</b>
<b>Net increase/(decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>18,370,403</b>	<b>151,544,512</b>
Opening cash and cash equivalents (E)	314,953,253	163,408,741
<b>Closing cash and cash equivalents (D+E)</b>	<b>333,323,656</b>	<b>314,953,253</b>
<b>Net Operating Cash Flow Per Unit (NOCFPU)</b>	<b>0.16</b>	<b>0.33</b>

  
Asset Manager

Universal Financial Solutions Limited

  
Chairman, (Trustee)

Investment Corporation of Bangladesh (ICB)





**UFS-IBBL Shariah Unit Fund**  
**Schedule of Investment In Listed Securities**  
As at December 31, 2019

SI No	Sector	Script Trading Code	No of Unit	Cost price/ Unit	Total Cost Price	Market Price/ Unit	Total Market Price	Unrealized Gain/(Loss)
1	Engineering	ACTIVEFINE	1,054,200	31.90	33,632,177	14.70	15,496,740	(18,135,437)
2	Pharmaceuticals	ADVENT	833	9.09	7,573	22.40	18,659	11,086
3	Pharmaceuticals	ACMELAB	93,435	111.73	10,439,518	60.90	5,690,192	(4,749,326)
4	Mutual Fund	AIBL1STIMF	1,343,071	8.31	11,154,258	7.20	9,670,111	(1,484,147)
5	Fuel and Power	BARKAPOWER	1,074,994	33.35	35,852,993	22.70	24,402,364	(11,450,630)
6	Tennary	BATASHOE	22,680	1,155.45	26,205,636	696.10	15,787,548	(10,418,088)
7	Engineering	BBS	193,931	42.05	8,154,718	16.00	3,102,896	(5,051,822)
8	Engineering	BBSCABLES	481,714	93.38	44,980,194	58.80	28,324,783	(16,655,411)
9	Engineering	BSRMLTD	9,000	72.03	648,300	48.80	439,200	(209,100)
10	Pharmaceuticals	BXPHARMA	789,757	105.89	83,624,976	69.40	54,809,136	(28,815,840)
11	Engineering	COPPERTECH	12,499	9.52	119,040	23.50	293,727	174,687
12	Textile	ESQUIRENT	88,323	45.00	3,974,535	28.30	2,499,541	(1,474,994)
13	Bank	EXIMBANK	364,028	17.13	6,236,744	10.10	3,676,683	(2,560,061)
14	Bank	FIRSTSBANK	1,394,970	13.70	19,110,726	9.70	13,531,209	(5,579,517)
15	Textile	FEKDIL	107,355	15.12	1,623,639	9.00	966,195	(657,444)
16	Textile	GENNEXT	869,225	8.95	7,782,322	2.70	2,346,908	(5,435,414)
17	Telecommunication	GP	173,684	400.53	69,564,950	285.80	49,638,887	(19,926,063)
18	Pharmaceuticals	IBP	1,785	9.09	16,227	18.30	32,666	16,438
19	Engineering	IFADAUTOS	14,250	103.18	1,470,307	46.20	658,350	(811,957)
20	Fuel and Power	INTRACO	657	9.52	6,257	13.60	8,935	2,678
21	Bank	ISLAMIBANK	1,312,113	35.90	47,100,431	19.10	25,061,358	(22,039,072)
22	Insurance	ISLAMINS	244,665	31.84	7,790,444	24.40	5,969,826	(1,820,618)
23	Textile	KTL	29,811	8.26	246,373	11.30	336,864	90,492
24	Cement	LHBL	20,000	58.80	1,176,000	33.60	672,000	(504,000)
25	Fuel and Power	LINDEBD	16,430	1,265.65	20,794,670	1,299.00	21,342,570	547,900
26	Textile	MLDYEING	10,449	8.33	87,075	32.90	343,772	256,697
27	Fuel and Power	MJLBD	27,657	112.89	3,122,171	63.30	1,750,688	(1,371,483)
28	Textile	NEWLINE	20,844	9.35	194,810	14.80	308,491	113,681
29	Food and Allied	OLYMPIC	55,538	218.25	12,121,388	165.00	9,163,770	(2,957,618)
30	Pharmaceuticals	RENATA	17,796	1,008.99	17,955,954	1,096.50	19,513,314	1,557,360
31	Ceramic	RAKCEAMIC	176,489	47.67	8,413,295	28.70	5,065,234	(3,348,060)
32	RINGSHINE	RINGSHINE	206,921	8.70	1,799,313	10.30	2,131,286	331,973
33	Engineering	RUNNERAUTO	13,535	71.43	966,825	59.50	805,333	(161,493)
34	Fuel and Power	SAIFPOWER	1,200,642	22.85	27,432,755	13.40	16,088,603	(11,344,152)
35	Pharmaceuticals	SILCOPHL	22,784	8.33	189,870	30.30	690,355	500,485
36	Engineering	SSSTEEL	8,803	10.00	88,030	22.50	198,068	110,038
37	Pharmaceuticals	SQURPHARMA	404,149	237.62	96,034,146	190.00	76,788,310	(19,245,836)
38	Fuel and Power	SUMITPOWER	310,390	40.82	12,670,198	36.30	11,267,157	(1,403,041)
<b>Total</b>								<b>(193,897,109)</b>





Mutual Fund Valuation

SI NO	SCRIPT Code	No. of Unit	Cost Price (Tk.)	Total Cost Price (Tk.)	Market Price (Tk.)	Total Market Price (Tk.)	Unrealized Value
1	AIBL1STMF	1,343,071	8.31	11,154,258	7.20	9,670,111	(1,484,147)
				<b>11,154,258</b>		<b>9,670,111</b>	<b>(1,484,147)</b>

SI NO	NAV	85% Last NAV (Tk./unit)	Required Provision	Required provision in Amount	Loss Recovery	Total Market Price After Provision	Unrealized Value
1	9.44	8.02	0.28	377,456	1,106,691	10,776,802	(377,456)
				<b>377,456</b>	<b>1,106,691</b>	<b>10,776,802</b>	<b>(377,456)</b>

UFS - IBBL Shariah Unit Fund  
Investment In Non Listed Securities

SI No	Sector	Script Trading Code	No of Unit	Cost price/Unit	Total Cost Price	Market Price/Unit	Total Market Price	Unrealized Gain/(Loss)
1	Open Ended MF	ICB AMCL Islamic Unit Fun	3,883,496	10.30	40,000,009	8.60	33,398,066	(6,601,943)
2	Open Ended MF	ATC Shariah Unit Fund	469,925	10.64	5,000,002	8.86	4,163,536	(836,467)
					<b>45,000,011</b>		<b>37,561,601</b>	<b>(7,438,410)</b>

Annexure-A (ii)

SI No	Provision	NAV of the Funds	5% of NAV	Net RP	RP In Amount	Loss Recovery	Market price after RP	Un. Value after RP
1	1.70	7.75	0.39	0.39	1,504,855	5,097,089	38,495,154	(1,504,855)
2	1.78	9.00	0.45	0.45	211,466	625,000	4,788,536	(211,466)
					<b>1,716,321</b>	<b>5,722,089</b>	<b>43,283,690</b>	<b>(1,716,321)</b>

Summary of Investment

SI No	Particular	Cost Price	Market Price	Unrealized Value
1	Total Investment in Listed Securities	622,788,836	429,998,418	(192,790,418)
2	Total Investment in Non Listed Securities	45,000,011	43,283,690	(1,716,321)
		<b>667,788,847</b>	<b>473,282,108</b>	<b>(194,506,739)</b>

