

**Audited Financial Statements
of
UFS-PRAGATI LIFE UNIT FUND
For the year ended 31 December 2017**

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF UFS-PRAGATI LIFE UNIT FUND

We have audited the accompanying financial statements of UFS-Pragati Life Unit Fund (hereinafter referred to as "the Fund"), which comprise the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Asset Manager of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), Securities and Exchange Rules, 1987, Securities and Exchange Commission (Mutual Fund) Rules, 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 and error.

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 (BSA). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers 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 present fairly, in all material respects, the statement of financial position of the Fund as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs) and comply with Securities and Exchange Rules, 1987, Securities and Exchange Commission (Mutual Fund) Rules, 2001 and other applicable laws and regulations.

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) the Fund's statement of financial position and statement of profit or loss and other comprehensive income along with the annexed notes 1 to 19 thereto dealt with by this report are in agreement with books of account of the Fund;
- c) 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; and
- d) all expenditure incurred were for the purposes of the Fund's business.

Dhaka, **07 FEB 2018**


Chartered Accountants

**UFS-PRAGATI LIFE UNIT FUND
Statement of Financial Position
As at 31 December 2017**

	<u>Notes</u>	<u>2017 Taka</u>	<u>2016 Taka</u>
Assets			
Investments at market price	6	73,702,774	-
Preliminary and issue expenses	7	3,818,212	4,470,151
Receivables	8	140,672	216,855
Prepayment	9	55,571	1,419,117
Cash and cash equivalents	10	8,290,783	5,434,190
Total Assets		86,008,012	11,540,313
Less: Current Liabilities			
Accounts payable	11	1,651,724	1,543,558
Accrued expenses	12	95,482	30,000
Total Current Liabilities		1,747,206	1,573,558
Net Assets		84,260,806	9,966,755
Owners' Equity			
Unit fund	13	70,050,000	10,000,000
Unit transaction reserve		(2,399,195)	-
Unrealized gain on securities		7,576,823	-
Retained earnings		9,033,178	(33,245)
		84,260,806	9,966,755
Net Asset Value (NAV) per unit:			
At cost	14	10.95	9.97
At market price	15	12.03	9.97

These financial statements should be read in conjunction with annexed notes



Trustee

Bangladesh General Insurance Company Limited



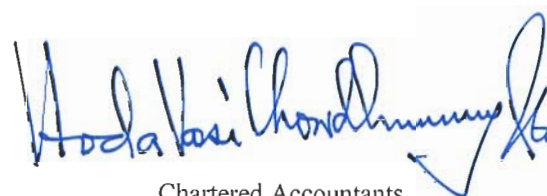
Asset Manager

Universal Financial Solutions Limited

AUDITORS' REPORT TO THE TRUSTEE

See annexed report of date

Dhaka, **07 FEB 2018**



Chartered Accountants

**UFS-PRAGATI LIFE UNIT FUND
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017**

	<u>Notes</u>	2017 <u>Taka</u>	22 May 2016- 31 Dec 2016 <u>Taka</u>
Income			
Interest income	16	1,282,606	-
Net gain on sale of marketable securities	17	9,546,317	-
Dividend income	18	1,410,347	-
		12,239,270	-
Less: Expenses			
Management fee		1,915,270	-
Brokerage fee		284,686	-
Amortization of preliminary expenses		550,033	-
BSEC annual fee		58,097	-
Trustee fee		84,736	-
Custodian fee		35,482	-
IPO Registration Fee (OTP)		25,000	-
IPO Subscription Fee		16,000	-
Printing and publications		71,000	-
CDBL charges		33,767	-
Audit fee		30,000	30,000
Bank charges and excise duties		68,776	3,245
		3,172,847	33,245
Net profit/(loss) for the year/period		9,066,423	(33,245)
Add: Other comprehensive income			
Unrealized gain on securities		7,576,823	-
Total profit including unrealized gain for the year/period		16,643,246	(33,245)
Earnings per unit for the year/period	19	1.29	(0.03)

These financial statements should be read in conjunction with annexed notes

A. Z. Chowdhury
Trustee

Bangladesh General Insurance Company Limited

Syed Hossain Hossain
Asset Manager

Universal Financial Solutions Limited

AUDITORS' REPORT TO THE TRUSTEE

See annexed report of date

Dhaka, **07 FEB 2018**

Hoda Vasi Chowdhury & Co
Chartered Accountants

UFS-PRAGATI LIFE UNIT FUND
Statement of Changes in Equity
For the year ended 31 December 2017

Particulars	Amount in Taka				
	Unit fund	Unit transaction reserve	Unrealized gain on securities	Retained earnings	Total equity
Balance at 22 May 2016	-	-	-	-	-
Unit subscribed	10,000,000	-	-	-	10,000,000
Net loss for the period	-	-	-	(33,245)	(33,245)
Balance at 31 December 2016	10,000,000	-	-	(33,245)	9,966,755
Balance at 1 January 2017	10,000,000	-	-	(33,245)	9,966,755
Unit subscribed	90,175,000	-	-	-	90,175,000
Unit surrendered	(30,125,000)	(2,399,195)	-	-	(32,524,195)
Net profit for the year	-	-	-	9,066,423	9,066,423
Unrealized gain on securities	-	-	7,576,823	-	7,576,823
Balance at 31 December 2017	70,050,000	(2,399,195)	7,576,823	9,033,178	84,260,806

A. F. Chowdhury
Trustee

Bangladesh General Insurance Company Limited

Sayed Hossain Khan
Asset Manager

Universal Financial Solutions Limited

**UFS-PRAGATI LIFE UNIT FUND
Statement of Cash Flows
For the year ended 31 December 2017**

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>22 May 2016-</u> <u>31 Dec 2016</u> <u>Taka</u>
A. Cash flows from operating activities			
Receipts and prepayment		1,580,401	(4,000,000)
Interest income	16.1	1,383,887	233,487
Dividend income		1,270,300	-
Profit from sale of investments		9,546,317	-
Payment made for expenses		(4,099,365)	(799,297)
<i>Net cash from operating activities</i>		<u>9,681,540</u>	<u>(4,565,811)</u>
B. Cash flows from investing activities			
Investment in marketable securities		(64,475,751)	-
<i>Net cash from investing activities</i>		<u>(64,475,751)</u>	<u>-</u>
C. Cash flows from financing activities			
Proceeds from issuance of units		90,175,000	10,000,000
Payment made for repurchase of units		(30,125,000)	-
Premium/Discount		(2,399,195)	-
<i>Net cash used in financing activities</i>		<u>57,650,805</u>	<u>10,000,000</u>
Net cash flows (A+B+C)		<u>2,856,594</u>	<u>5,434,190</u>
Cash and cash equivalents at the beginning of the period		5,434,190	-
Cash & cash equivalents at the end of the year/period		<u>8,290,783</u>	<u>5,434,190</u>
Net operating cash flows		<u>9,681,540</u>	<u>(4,565,811)</u>
Number of outstanding units		<u>7,005,000</u>	<u>1,000,000</u>
Net operating cash flows per unit		<u>1.38</u>	<u>(4.57)</u>

A. Z. Chowdhury
Trustee

Bangladesh General Insurance Company Limited

Syed Haseb Hossain
Asset Manager

Universal Financial Solutions Limited

**UFS-PRAGATI Life Unit Fund
Notes to the Financial Statements
For the year ended 31 December 2017**

1 Introduction

UFS-PRAGATI LIFE UNIT FUND (hereafter called as "the Fund") was established under a Trust Deed signed on 19th May 2016 between Pragati Life Insurance Company Limited as a 'Sponsor' and Bangladesh General Insurance Company Limited (BGIC) as a "Trustee". The Fund was registered under the Trust Act 1882 and subsequently registered with Bangladesh Securities and Exchange Commission (BSEC) on 27th June 2016 vide Registration code No. BSEC/Mutual Fund/2016/69 under Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operations of the Fund was commenced on 03 May 2017 with an initial fund size of Taka 100,000,000 divided into 10,000,000 units of Taka 10 each.

UFS-PRAGATI Life Unit Fund is an open ended Fund and not listed with any stock exchanges. Unit holders of the Fund can purchase and repurchase units at weekly quoted price according to net asset value determined by Universal Financial Solutions Limited.

Bangladesh General Insurance Company Limited (BGIC) is the Trustee while BRAC Bank Limited is the Custodian of the Fund and Universal Financial Solutions Limited is managing the operations of the Fund.

2 Closure of accounting year of the Fund

The Fund has been closing its books of account as at 31st December every year.

3 Objective

The objective of the Fund is to provide attractive risk adjusted return to the unit holders by investing the proceeds in the capital market and money market.

4 Significant accounting policies

4.1 Basis of accounting

These financial statements have been prepared under the historical cost convention in accordance with the Bangladesh Financial Reporting Standards (BFRS), Securities and Exchange Rules, 1987 and Securities and Exchange Commission (Mutual Fund) Rules, 2001.

4.2 Marketable investments

a) Listed securities (other than Mutual Fund) are valued on a conservative basis at lower of cost or market value deviating from BAS-39' Financial Instruments: Recognition and Measurement'. Mutual Fund securities are valued at lower of 85% of Net Asset Value (NAV), cost price and market price as per SRO No. SEC/CMRRCD/2009-193/172 dated 30 June 2015.

b) Stock dividend (Bonus shares) are added with existing shares with at zero cost which results in decrease of per unit cost price of the existing shares. However, bonus shares are shown at fair value on the statement of financial position date.

4.3 Income recognition

i) Gains / losses arising on sale of investment are included in the Statement of Profit or Loss and Other Comprehensive Income on the date at which the transaction takes place. Capital gains / losses are recognized or being realized based on weighted average cost basis.

ii) Dividend income is recognized after expire of record date.

iii) Interest income is recognised when it is probable that the economic benefits will flow to the fund and the amount of revenue can be measured reliably using the effective interest method.

4.4 Preliminary and issue expenses

Preliminary and issue expenses are being written off over a period of seven years on a straight-line method.

4.5 Management fee

The management fee of the Fund is to be paid to the asset management company per annum on weekly average net asset value (NAV) accrued and payable semi-annually. As per the Prospectus and the provisions of the Securities & Exchange Commission (Mutual Fund) Rules, 2001, the fee is calculated using the following slabs:

<u>NAV (Taka)</u>	<u>Percentage</u>
On weekly average NAV up to Taka 5 Crore	2.5
Up to 25 Crore over 5 crore of weekly average NAV	2
Next 50 Crore over 25 crore of weekly average NAV	1.5
Over 50 Crore of weekly average NAV	1

4.6 Trustee fee

The Trustee is entitled to an annual Trusteeship Fee @ 0.10% on the Net Asset Value (NAV) or Taka. 2,00,000 whichever is higher.

4.7 Custodian fee

BRAC Bank Limited, the custodian of the Fund is entitled to receive a safekeeping fee @ 0.06% on the balance of securities held by the Fund calculated on the average month end value per annum and also received trade settlement fees of Taka 200 per trade as per Trust Deed. In any case the Custodian Fee shall not exceed 0.10% of the initial fund size annually.

4.8 Annual fee to BSEC

As per the Section 11 of Securities and Exchange Commission (Mutual Fund) Rules, 2001, every year the Fund is required to pay an Annual Fee to BSEC which is equal to 0.10% of the Fund or Taka 50,000 which ever is higher.

4.9 Taxation

The income of the Fund is fully 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 has been made.

4.10 Dividend policy

Pursuant to the Securities & Exchange Commission (Mutual Fund) Rules, 2001 or any amendments of the Rules by Bangladesh Securities and Exchange Commission time to time, the Fund shall distribute by way of dividend to the holders of the units after the closing of the annual accounts an amount which shall not be less than 70% of net income.

4.12 Earnings per unit

Earnings per unit has been calculated in accordance with BAS-33 "Earnings per Share" and shown on the face of the Statement of profit or loss and other comprehensive income.

4.13 Events after the reporting period

The Board of Trustees of the Fund has declared and approved cash dividend of 12% (i.e. Taka 1.2 per unit) for the year ended 31 December 2017 at its meeting held on 7 February 2018.

5 General

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

	2017 <u>Taka</u>	22 May 2016 to 31 December 2016 <u>Taka</u>
6 Investments at market price	<u>73,702,774</u>	<u>-</u>
<p>The Fund had originally invested Taka 8.47 million in Square Pharmaceuticals Limited representing 9% of total assets pursuant to relevant regulation. Subsequently, one of the unitholders has surrendered units worth Taka 20 million resulting change of ratio to 10.05%. Considering the best interest of unit holders the Fund did not sell the shares but subsequently the Fund has complied with the investment restrictions.</p>		
7 Preliminary and issue expenses		
Opening balance	4,470,151	4,470,151
Interest income adjustment (FDR & Bank)	(101,906)	-
Less: Amortization of preliminary expenses	(550,033)	-
	<u>3,818,212</u>	<u>4,470,151</u>
8 Receivables		
Dividend receivables	140,047	-
Other receivables	625	216,855
	<u>140,672</u>	<u>216,855</u>
9 Advance and Prepayment		
Advance	-	1,419,117
Prepayment		
Annual fee to BSEC	55,571	-
	<u>55,571.00</u>	<u>1,419,117</u>
10 Cash and cash equivalents		
Cash at bank:		
<i>STD accounts with:</i>		
Bank Asia	5,790,783	222,529
<i>Term deposits (FDR) with:</i>		
International Leasing and Financial Services Limited	2,500,000	5,211,661
	<u>8,290,783</u>	<u>5,434,190</u>
11 Accounts payable		
Bashundhara Paper Mills	1,290,320	-
Aman Cotton Fibrous	359,880	-
Preliminary and issue expenses payable	-	1,543,558
Trustee fees payable	1,524	-
	<u>1,651,724</u>	<u>1,543,558</u>
12 Accrued expenses		
Audit fees	60,000	30,000
Custodian fees	35,482	-
	<u>95,482</u>	<u>30,000</u>

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	2017 Taka	22 May 2016 to 31 December 2016 Taka
13 Unit fund		
Opening balance (10,000,000 units of Taka 10 each)	10,000,000	10,000,000
Units subscribed during the year (9,000,000 of Taka 10 each)	90,175,000	-
Unit redeemed during the year (3,012,500 units of Taka 10 each)	(30,125,000)	-
	<u>70,050,000</u>	<u>10,000,000</u>
14 Net Asset Value (NAV) per unit at cost		
Total net asset value at Cost Price	<u>76,683,983</u>	<u>9,966,755</u>
Number of units	7,005,000	1,000,000
NAV per unit at cost	<u>10.95</u>	<u>9.97</u>
15 Net Asset Value (NAV) per unit at market price		
Total net asset value at cost price	76,683,983	9,966,755
Add: Unrealized gain/(loss)	7,576,823	-
Total net asset value at market price	<u>84,260,806</u>	<u>9,966,755</u>
Number of units	7,005,000	1,000,000
NAV per unit at market price	<u>12.03</u>	<u>9.97</u>
16 Interest income		
Fixed deposits receipts-net off tax	163,254	-
Short term deposit-net off tax	1,119,352	-
	<u>1,282,606</u>	<u>-</u>
16.1 During the year, interest income of Taka 101,906 has been adjusted with preliminary and issue expenses and amount appearing in statement of cash flows has been arrived as follows:		
Interest income	1,282,606	
Interest amount adjusted with preliminary and issue expenses	101,906	
Interest receivable	(625)	
Amount appeared in Statement of Cash Flows	<u>1,383,887</u>	
17 Net gain/(loss) on sale of marketable securities		
Sector-wise break up of gain on sale of investment are as under:		
Textile	473,903	-
Telecommunication	174,771	-
Bank	2,460,991	-
Engineering	5,907,946	-
Cement	528,706	-
	<u>9,546,317</u>	<u>-</u>
18 Dividend income		
Sector-wise break up of dividend income on investment are as under:		
Mutual Fund	1,165,815	-
Cement	30,654	-
Engineering	18,634	-
Pharmaceuticals & Chemicals	195,244	-
	<u>1,410,347</u>	<u>-</u>
19 Earnings per unit		
Net profit/(loss) for the year/period (A)	9,066,423	(33,245)
Number of units (B)	7,005,000	1,000,000
Earnings per unit (A÷B)	<u>1.29</u>	<u>(0.03)</u>


Trustee

Bangladesh General Insurance Company Limited


Asset Manager

Universal Financial Solutions Limited

Investment in Mutual Fund
UFS-PRAGATI LIFE UNIT FUND
As at 31 December 2017

Sl. No.	Sectors	Name of Instruments	Number of Share	Weighted Average Price	Total Value at Cost	Market Price per unit	Total Value at Market Price	Unrealized Gain/(Loss)	85% of NAV on the basis of current market price
1	Mutual Fund	ATCSLGF	300,000	12.93	3,880,000	12.00	3,600,000	(280,000)	(280,000)
		GRAMEENS2	316,066	15.67	4,953,732	15.50	4,899,023	(54,709)	-
		RELIANCE1	359,807	11.38	4,095,761	11.00	3,957,877	(137,884)	-
			975,873		12,929,493		12,456,900	(472,593)	(280,000)

As per BSEC Circular No. SEC/CMRRCD/2009-193/172, dated 30 June 2015 Mutual Fund has separate provision method for investment in Mutual Funds which has been given below (Valuation of Mutual Fund is given in Annexure-B):

Sector Name	Name of the Funds	No. of units	Cost per unit	Total acquisition cost	Amount in Taka	
					Market Price per unit	Unrealized Gain/(Loss)
Mutual Funds	ATCSLGF	300,000	12.93	3,880,000	12.00	(280,000)
	GRAMEENS2	316,066	15.67	4,953,732	15.50	-
	RELIANCE1	359,807	11.38	4,095,761	11.00	-
				12,929,493		(280,000)

Amount in Taka

Investment in securities at market price:	Total cost price	Total market price	Unrealized Gain/(Loss)
Investment in securities other than Mutual Fund	53,196,458	61,053,280	7,856,823
Investments in Mutual Fund	12,929,493	12,649,493	(280,000)
Total	66,125,951	73,702,774	7,576,823

ANNEXURE - A

Investment in Marketable Securities
UFS-PRAGATI LIFE UNIT FUND
As at 31 December 2017

Investment in listed securities							Amount in Taka	
Sl. No.	Sectors	Name of Instruments	Number of Share	Weighted Average Price	Total Cost	Market Price	Total Market Value	Unrealized Gain/(Loss)
1	Pharmaceuticals	ACI	4,400	473.39	2,082,897	459.80	2,023,120	(59,777)
		BXPHERMA	60,000	110.18	6,610,952	103.80	6,228,000	(382,952)
		SQURPHARMA	32,018	264.69	8,474,750	301.80	9,662,972	1,188,222
2	Tannery	APEXTANRY	2,000	154.38	308,760	148.60	297,200	(11,560)
		BBSCABLES	1,263	8.70	10,984	105.70	133,515	122,531
		NAHEEACP	17,308	9.09	157,342	73.40	1,270,377.8	1,113,036
		OIMEX	23,438	10.00	234,380	65.20	1,528,158	1,293,778
		SINGERBD	10,000	192.70	1,927,000	195.50	1,955,000	28,000
4	Bank	CITYBANK	150,000	38.18	5,727,259	53.20	7,980,000	2,252,741
		EBL	140,000	35.61	4,984,784	51.10	7,154,000	2,169,216
		SOUTHEASTB	200,000	20.90	4,180,000	22.20	4,440,000	260,000
5	Cement	CONFIDCEM	14,087	115.07	1,621,013	152.50	2,148,298	527,285
		MICEMENT	10,000	98.85	988,500	84.70	847,000	(141,500)
6	Fuel and Power	EASTRNLAB	100	1,051.40	105,140	974.40	97,440	(7,700)
		FAREASTFIN	100,000	13.30	1,330,000	11.20	1,120,000	(210,000)
7	Financial Institution	IDLC	60,000	71.88	4,312,680	85.30	5,118,000	805,321
		PRIMEFIN	100,000	14.05	1,404,500	12.20	1,220,000	(184,500)
8	Textile	SAIHAMCOT	200,000	21.43	4,285,317	16.90	3,380,000	(905,317)
					48,746,258		56,603,080	7,856,822
	*IPO Allotment	Bashundhara Paper Mills	38,629	80.00	3,090,320	80.00	3,090,320	-
		Aman Cotton Fibrous	33,997	40.00	1,359,880	40.00	1,359,880	-
					4,450,200		4,450,200	-
					53,196,458		61,053,280	7,856,822

*Shares of Bashundhara Paper Mills Limited and Aman Cotton Fibrous Limited are yet to be transferred to the BO account of the Fund.

ANNEXURE - B

Valuation of Mutual Fund
UFS-PRAGATI LIFE UNIT FUND
As at 31 December 2017

Amount in Taka

Name of instruments of Mutual Funds	Face Value	No. of Units	Cost Price	Total acquisition cost	Market Price	Total Market Price	Unrealized loss (based on MP)	Particular fund's NAV on 28/12/2017	85% of last NAV	Required provision	Unrealized loss recovery
ATCSLGF	10	300,000	12.93	3,880,000	12.00	3,600,000	(280,000)	14.11	11.99	(280,000)	-
GRAMENS2	10	316,066	15.67	4,953,732	15.50	4,899,023	(54,709)	20.11	17.09	-	54,709
RELIANCE1	10	359,807	11.38	4,095,761	11.00	3,957,877	(137,884)	14.38	12.22	-	137,884
				12,929,493		12,456,900	(472,592)			(280,000)	192,593