

**AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED FROM 02 JULY TO 31 DECEMBER 2016  
OF  
VIPB ACCELERATED INCOME UNIT FUND**



**AHMAD & AKHTAR**

*Chartered Accountants*

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**Branch Office: Dhaka and Chittagong**



**Independent Auditor's Report  
To The Management Of  
VIPB Accelerated Income Unit Fund**

**Report on the Financial Statements**

We have audited the accompanying Statement of Financial Position of the **VIPB Accelerated Income Unit Fund (the fund)** as at 31 December 2016 and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the period from 2 July 2016 (Date of commencement) to 31 December 2016 then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the financial Statements**

The managements of the fund VIPB Asset Management Company Ltd. as Asset Manager and Investment Corporation of Bangladesh as Trustee and Custodian are responsible for the preparation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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 or 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) issued by ICAB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 our judgment, 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 which 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 (BFRSs), give a true and fair view of the state of the Fund's affairs as at 31 December 2016 and of the results of its operations and its Cash Flows for the period from 02 July 2016 to 31 December 2016 then ended and comply with Bangladesh Financial Reporting Standards (BFRSs) and other applicable laws and regulations.

**Report on regulatory requirements**

In accordance with the Securities and Exchange Commission (Mutual Fund) Rules 2001, 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;
- 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 Fund's Statement of Financial Position and Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and dealt with by this report are in agreement with the books of accounts; and
- The expenditure incurred was the purpose of the Fund's business.

Dated: 19 January 2017  
Place : Dhaka




*[Signature]*  
**AHMAD & AKHTAR**  
Chartered Accountants

**VIPB Accelerated Income Unit Fund**  
**Statement of Financial Position**  
**As at 31 December 2016**

Particulars	Note	Amount in Taka
<b>Assets</b>		
Investments - at market price	3	411,470,611
Preliminary and issue expenses	4	155,648
Accounts receivable	5	166,284
Advance, deposit and prepayments	6	486,253
Cash and cash equivalents	7	20,921,096
<b>Total Assets</b>		<b>433,199,892</b>
<b>Equity and Liabilities</b>		
<b>Unit holders' Equity</b>		<b>429,283,356</b>
Unit capital	8	400,571,570
Unit premium reserve	9	12,128,155
Unrealized gain	Annex-A	13,819,532
Retained earnings		2,764,099
<b>Liabilities</b>		<b>3,916,537</b>
Accounts payable	10	860,520
Liability for expenses	11	3,056,017
<b>Total Equity and Liabilities</b>		<b>433,199,892</b>
<b>Net asset value (NAV)</b>		<b>429,283,356</b>
<b>Net asset value (NAV) per unit:</b>		
At cost	12	<b>10.37</b>
At market price	13	<b>10.72</b>

The annexed notes from an integral part of these financial statements.

  
**Trustee**

Authorized signatory of Investment  
Corporation of Bangladesh (ICB)


  
**Asset Manager**

Authorized signatory of VIPB Asset  
Management Company Limited

Signed as per our annexed report on even date.

Date: 19 January 2017  
Place: Dhaka



  
**AHMAD & AKHTAR**  
Chartered Accountants

**VIPB Accelerated Income Unit Fund**  
**Statement of Profit or Loss & Other Comprehensive Income**  
**For the period from 02 July 2016 to 31 December 2016**

Particulars	Note	Amount in Taka
<b>Revenue</b>		
Profit on Sale of Securities	14	2,742,971
Interest income	15	916,217
Dividend income	16	3,473,402
<b>Total revenue</b>		<b>7,132,589</b>
<b>Less: Operating Expenses</b>		
Management fees		2,787,135
Amortization of preliminary and issue expenses		11,938
CDBL settlement and demat charges		123,438
CDBL fees		45,618
Trustee fees		74,795
Custodian fees		160,087
Brokerage commission		1,068,974
Audit fees		15,000
Newspaper publication exp		47,500
Bank charges and excise duty		25,007
Other expenses		9,000
<b>Total Expenses</b>		<b>4,368,491</b>
<b>Net profit for the period</b>		<b>2,764,099</b>
<b>Add: Other Comprehensive Income</b>		
Unrealised Gain/(Loss) on marketable securities	Annex-A	13,819,532
<b>Total Comprehensive income</b>		<b>16,583,631</b>
<b>Earnings per unit (EPU)</b>	<b>17</b>	<b>0.07</b>

The annexed notes from an integral part of these financial statements.

  
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Signed as per our annexed report on even date.

Date: 19 January 2017  
Place: Dhaka



  
**AHMAD & AKHTAR**  
Chartered Accountants

**VIPB Accelerated Income Unit Fund**  
**Statement of Changes in Equity**  
For the period from 02 July 2016 to 31 December 2016

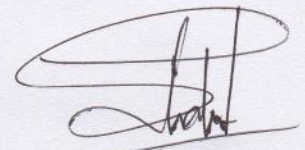
**Figure in BDT**

Particulars	Unit capital	Unit premium reserve	Unrealized gain / (loss)	Retained earnings	Total equity
Unit capital raised during the period	420,571,570	13,308,155	-	-	433,879,725
Unit surrendered	(20,000,000)	(1,180,000)	-	-	(21,180,000)
Unrealized gain on marketable securities	-	-	13,819,532	-	13,819,532
Net profit during the period	-	-	-	2,764,099	2,764,099
<b>Balance as on December 31, 2016</b>	<b>400,571,570</b>	<b>12,128,155</b>	<b>13,819,532</b>	<b>2,764,099</b>	<b>429,283,356</b>



**Trustee**

Authorized signatory of Investment Corporation of Bangladesh (ICB)




**Asset Manager**

Authorized signatory of VIPB Asset Management Company Limited

Signed as per our annexed report on even date.

Date: 19 January 2017  
Place: Dhaka

  
**AHMAD & AKHTAR**  
Chartered Accountants



VIPB Accelerated Income Unit Fund  
Statement of Cash Flows  
For the period from 02 July 2016 to 31 December 2016

Particulars	Amount in Taka
<b>A. Cash flows from operating activities</b>	
Interest income	2,389,254
Gain on sale of investments	2,821,328
Dividend income	3,307,118
Advance, deposit and prepayments	(531,871)
Bank charge and excise duties	(25,007)
CDBL charges	(123,438)
Brokerage commission	(1,068,974)
Other operating expenses	(37,500)
<b>Net cash from operating activities</b>	<b>6,730,910</b>
<b>B. Cash flows from investing activities</b>	
Net investment in shares and securities	(396,868,916)
<b>Net cash from investing activities</b>	<b>(396,868,916)</b>
<b>C. Cash flows from financing activities</b>	
Proceeds from issuance of units	433,879,725
Proceeds made for re-purchase of units	(21,180,000)
Preliminary & issue expenses	(1,640,623)
<b>Net cash from financing activities</b>	<b>411,059,102</b>
<b>Net cash flows for the period</b>	<b>20,921,096</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>20,921,096</b>
<b>Net operating cash flows per unit (Note- 18)</b>	<b>0.17</b>



Trustee

Authorized signatory of Investment  
Corporation of Bangladesh (ICB)



Asset Manager

Authorized signatory of VIPB  
Asset Management Company  
Limited

Date: 19 January 2017

Place: Dhaka



**VIPB Accelerated Income Unit Fund**  
**A Summary of Significant Accounting Policies and Other Explanatory Information**  
**As at and for the period ended 31 December 2016**

**1.00 Legal Status and Nature of the Company**

**1.01 The Fund and its Objectives**

“VIPB Accelerated Income Unit Fund” was established as a Trust under the Trust Act 1882 and registered with Sub-Registrars Office under the Registration Act 1908, on August 19, 2015. The Fund received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) on November 1, 2015 under the Securities and Exchange Commission (Mutual Fund) Rules 2001. The BSEC approved the Fund and provided consent on March 16, 2016. The initial size of the Fund is Tk. 100,000,000 (Taka ten hundred million only) divided into 10,000,000 units of Tk. 10 each. Subsequently, the unit capital of the Fund now stands at Tk. 400,571,570.

VIPB Asset Management Company Limited (VIPB AMCL) is the sole Sponsor of the Fund. Investment Corporation of Bangladesh (ICB) is the Trustee and the Custodian of the Fund. VIPB Asset Management Company Limited (VIPB AMCL) is managing the operations of the Fund as the Asset Management Company.

**1.02 Objectives**

The primary objective of the Fund is to achieve capital appreciation as well as earn dividend and interest income through investment in the capital market of Bangladesh. It mostly shall focus on generating cash earning and at the same time preservation of capital. The Fund shall strive to accumulate reserves over its life in order to reinvest and be able to distribute a lump sum at redemption.

**2.00 Summary of Significant Accounting Policies and Basis of Preparation of the Financial Statements**

**2.01 Preparation of the Financial Statements**

These financial statements are prepared on the accrual basis of accounting, under the historical cost convention, as modified for investments, which are ‘market-to-market’ and in conformity with the International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), International Accounting Standards (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and also in compliance with requirements of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 and other laws & regulations applicable in Bangladesh.

## **2.02 Statement of Cash Flows**

BAS-1, "Presentation of financial statements requires that a cash flow statement be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with basis to assess the ability of the enterprise to generate cash and cash equivalents and needs of the enterprise to utilize those cash flows. statement of cash flows has been prepared under the direct method for the period, classified by operating, investing and financing activities as prescribed in paragraph 10 and 18(a) of BAS 7 Statements of Cash Flows".

## **2.03 Statement of Changes in Equity**

The statement of Changes in Equity reflects information about the increase or decrease in net assets or wealth.

## **2.04 Investment Policy**

- a) The Fund shall only invest in securities and investment approved by the BSEC, the Bangladesh Bank and/or the Controller of Insurance of Bangladesh or any other competent authority in this regard.
- b) The Fund shall invest only in transferable securities whether in money market or equity market or privately placed debentures or securitized debts.
- c) Capital appreciation will be the primary consideration and dividend and interest income will be the secondary consideration for the trading security investments.
- d) Dividend and interest income will be the primary consideration and capital appreciation will be the secondary consideration for the Available-for-Sale security investments.
- e) The Fund shall categorize the investments either as "Trading Securities" or as "Available-for-Sale Securities (AFS)" as they deem prudent, as per provisions of IAS-39.
- f) Stock Dividend (Bonus shares) are added with existing shares with no value resulted decrease in per unit cost price of the existing shares.

## **2.05 Valuation of investment**

The listed securities are valued at the closing quoted market price only on the Dhaka Stock Exchange on the date of valuation i.e. on December 31, 2016.

## **2.06 Dividend policy**

- a) After the close of annual accounts, the Trustee, as appears, shall declare dividend for the Fund.
- b) It shall distribute at least 70% of the Annual Income derived from realized gains of the Fund, as dividend, at the end of each accounting year.
- c) No dividend may be declared or paid other than from earnings of the Fund available for distribution.
- d) Surplus arising simply from the valuation of investments may not be available for dividend.





**2.07 Management fees**

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 half yearly. As per the prospectus and the provisions of the rules the fee is calculated using the following slabs:

<u>VAV (Taka)</u>	<u>Percentage</u>
Taka 1 to Taka 5 Crore	2.50%
Exceeding Taka 5 Crore to 25 Crore	2.00%
Exceeding Taka 25 Crore to 50 Crore	1.50%
Over 50 Crore	1.00%

**2.08 Trustee fees**

The Trustee is entitled to an annual Trusteeship fee of @ 0.15% of the Net Asset Value (NAV) of the Fund only payable semi-annually during the life of the Fund.

**2.09 Custodian fees**

The Custodian is entitled to receive a custodian fee @ 0.15% of balance securities calculated on the average month end value per annum.

**2.10 CDBL (Central Depository of Bangladesh Limited) Fees**

The CDBL is entitled to receive an amount of Tk. 300,000/- as security deposit during the whole life of the Fund. Annual fee for the Fund payable in advance, based on face value of total fund size is payable as follow:

-Up to Tk. 5 crore	Tk 25,000/-
-Above Tk 5 crore up to Tk 20 crore	Tk 50,000/-
-Above Tk 20 crore	Tk 100,000/-

**2.11 Fund registration and annual fees**

The Fund has paid Tk. 400,000/- (Taka four lac) only to the Securities and Exchange Commission (SEC) as Registration Fee. In addition to that the Fund will have to pay @0.10% of the fund size of the Fund only per annum.

**2.12 Revenue Recognition**

- Dividend income is recognized on the ex-dividend date.
- Profit/Loss on sale of shares is accounted for based on difference between average cost price and selling price.
- Bonus shares have been recognized at zero cost.
- Interest on Fixed Deposit and Short Term Deposit is recognized as income on accrual basis.

**2.13 Taxation**

The income of the Fund is exempted from income tax under the SRO No. 333-Ain / IT / 2011 dated November 10, 2011; under section 44(4) clause (b) of income tax ordinance, 1984: hence no provision for tax has been made during the year in the books of the Profit & Loss Account.

**2.14 Preliminary & Issue Expenses**

As per Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 Preliminary & Issue Expenses are being written off over a period of 7 (seven) years.

**2.15 Net Asset Value (NAV) Per Unit**

The mutual fund calculates Net Asset Value per share using the cost and market value, which has been shown on the face of statement of financial position and the computation of NAV per unit is stated in Note 12 and 13.

**2.16 Earnings Per Unit**

The mutual fund calculates Earning Per Unit (EPU) in accordance with BAS 33. Earnings per Share, which has been shown on the face of the Income Statement.

**2.17 Functional and Presentation Currency**

These financial statements are presented in Taka, which is mutual fund's functional currency. Except as indicated figures have been rounded to the nearest Taka.

**2.18 Reporting Period**

This Financial Statement is presented for the period from July 2, 2016 to December 31, 2016.

**2.19 Proposed Dividend:**

The Board of Trustee has recommended no dividend for the period ended 31 December 2016. At the meeting held on 19 January 2017.

**2.20 General**

Figures appearing in these financial statements have been rounded off to nearest Taka.

	<b>Amount in Taka</b>
<b>3.00 Investment-at market price</b>	
Listed Company	391,470,611
Applications for IPO shares	20,000,000
	<b>411,470,611</b>
<b>(Details shown in Annexure-A)</b>	
<b>4.00 Preliminary and issue expenses</b>	
Preliminary and issue expenses (Note-4.01)	167,586
Less: Amortization made during the period	(11,938)
	<b>155,648</b>
<b>4.01 The break up of preliminary and issue expenses is as follows:</b>	
i) Application fee- BSEC	10,023
ii) Deed registration- Registrar Office	53,000
iii) Registration fee- BSEC	400,000
iv) Demat charges- CDBL	32,500
v) Prospectus published in newspapers	105,600
vi) Fund information published in newspapers	7,500
vii) Printing of prospectus books	32,000
viii) Formation fee - AMC	1,000,000
<b>Sub Total</b>	<b>1,640,623</b>
Less: Interest received from bank	(1,473,037)
<b>Preliminary &amp; issue expenses</b>	<b>167,586</b>
<b>5.00 Accounts receivables</b>	
Dividend receivable	166,284
	<b>166,284</b>
<b>6.00 Advance, deposit &amp; prepayments</b>	
<b>Security deposit</b>	
CDBL	300,000
Prepayment (Note-6.01)	186,253
	<b>486,253</b>
<b>6.01 Prepayment</b>	
CDBL fees	10,382
Trustee fees	175,871
	<b>186,253</b>
<b>7.00 Cash and cash equivalent</b>	
Cash at bank (SB A/C 0013500000001)	20,821,411
Cash in brokerage accounts	99,685
	<b>20,921,096</b>

	<b>Amount in Taka</b>
<b>8.00 Unit capital</b>	
Initial subscription of 10,000,000 units @ Tk 10 each	100,000,000
Add: New subscription of 32,057,157 units @ Tk. 10 each	320,571,570
Less: 2,000,000 units surrendered @ Tk. 10 each	(20,000,000)
	<b>400,571,570</b>
<b>9.00 Unit premium reserve</b>	
Unit premium reserve during the period	13,308,155
Less: premium reserve paid for re-purchase of units	(1,180,000)
	<b>12,128,155</b>
<b>10.00 Accounts payable</b>	
Right share (IDLC)	860,520
	<b>860,520</b>
<b>11.00 Liability for expenses</b>	
Management fees	2,787,135
Custodian fees	160,087
Audit fees	15,000
Trustee fees	74,795
Newspaper publication expenses	10,000
Others operating expenses	9,000
	<b>3,056,017</b>
<b>12.00 Net Asset Value (NAV) per unit at cost</b>	
Net Asset Value (NAV)	429,283,356
Less: Increase market value than cost balance of investment as on December 31, 2016	(13,819,532)
Balance of investment as on December 31, 2016	<b>415,463,824</b>
No of unit	<b>40,057,157</b>
<b>NAV per unit at cost</b>	<b>10.37</b>
<b>13.00 Net Asset Value per unit at market price</b>	
Net Asset Value (NAV)	<b>429,283,356</b>
No of unit	<b>40,057,157</b>
<b>NAV per unit at market price</b>	<b>10.72</b>



	<b>Amount in Taka</b>
<b>14.00 Net gain / loss on sale of marketable securities</b>	
Gain on sale of marketable securities (Note-15.01)	2,821,328
Less: Loss on sale of marketable securities (Note-15.02)	78,358
	<b>2,742,971</b>
<b>14.01 Gain on sale of marketable securities</b>	
The City Bank Ltd	215,524
Brac Bank Ltd	183,107
IDLC Finance Ltd	654,063
Asian Tiger Sandhani Life Growth Fund	240,064
DBH 1st Mutual Fund	191,966
Green Delta Mutual Fund	62,779
Grameen Phone Ltd	476,900
Yeakin Polymer Ltd	279,056
Fortune Shoes Ltd	517,868
	<b>2,821,328</b>
<b>14.02 Loss on sale of marketable securities</b>	
IDLC Finance Ltd	78,358
	<b>78,358</b>
<b>15.00 Interest income</b>	
Short Notice Deposit (SND)	916,217
	<b>916,217</b>
<b>16.00 Dividend income</b>	
Grameen Phone Ltd	305,031
Green Delta Mutual Fund	989,893
DBH 1st Mutual Fund	822,105
Square Pharmaceuticals Ltd	527,531
Olympic Industries Ltd	166,284
BATA Shoe	662,558
	<b>3,473,402</b>
<b>17.00 Earnings per unit (EPU)</b>	
Net profit for the year (A)	2,764,099
Number of units (B)	40,057,157
<b>Earnings per unit (A/B)</b>	<b>0.07</b>
<b>18.00 Net operating cash flows per unit</b>	
Net cash from operating activities (A)	6,730,910
Number of units (B)	40,057,157
<b>Net operating cash flows per unit</b>	<b>0.17</b>



VIPB Accelerated Income Unit Fund  
Statement of Investment in Securities  
As at 31 December 2016

								Annexure-A
Name of the securities	Number of share/unit	Average unit cost	Acquisition cost	Market Rate	Total market value	% of NAV	Unrealised Gain / (Loss)	
Brac Bank Ltd	523,328	60.40	31,607,136	64.10	33,545,325	7.81%	1,938,189	
The City Bank Ltd	799,391	23.49	18,778,176	27.20	21,743,435	5.07%	2,965,260	
IDLC Finance Ltd	43,026	46.00	1,979,162	57.00	2,452,482	0.57%	473,320	
Heidelberg Cement BD. Ltd	64,712	541.88	35,066,107	552.30	35,740,438	8.33%	674,330	
Square Pharmaceuticals Ltd	165,030	243.95	40,259,840	249.10	41,108,973	9.58%	849,133	
Linde Bangladesh Ltd	24,094	1,416.66	34,133,093	1,296.00	31,225,824	7.27%	(2,907,269)	
British American Tobacco BD. Co. Ltd	5,762	2,587.94	14,911,700	2,483.00	14,307,046	3.33%	(604,654)	
Olympic Industries Ltd	43,649	289.59	12,640,130	307.90	13,439,527	3.13%	799,397	
BATA Shoe Co. (BD.) Ltd	31,447	1,185.24	37,272,320	1,142.00	35,912,474	8.37%	(1,359,846)	
Fortune Shoes Ltd (IPO shares, locked in till January 24, 2017)	4,250	10.00	42,500	50.80	215,900	0.05%	173,400	
Grameenphone Ltd	124,641	266.79	33,252,869	284.10	35,410,508	8.25%	2,157,639	
Berger Paints BD. Ltd	13,106	2,279.66	29,877,259	2,317.80	30,377,087	7.08%	499,828	
Yeakin Polymer (Bonus shares on IPO shares not yet credited)	344	9.09	3,127	30.40	10,458	0.00%	7,330	
Green Delta Mutual Fund	4,918,160	6.53	32,126,477	7.30	35,902,568	8.36%	3,776,091	
MBL 1st Mutual Fund	1,412,066	6.48	9,156,196	7.20	10,166,875	2.37%	1,010,679	
DBH First Mutual Fund	5,170,928	6.80	35,146,687	7.30	37,747,774	8.79%	2,601,088	
NCCBL Mutual Fund-1	1,666,290	6.84	11,398,300	7.30	12,163,917	2.83%	765,617	
<b>Application for IPO shares</b>								
Pacific Denims Ltd	2,000,000	10.00	20,000,000	10.00	20,000,000	4.66%	-	
<b>Total investment</b>					<b>411,470,611</b>	<b>95.85%</b>	<b>13,819,532</b>	

Total investment

Note: The fund has invested 95.85% of the total net assets of the fund in capital market instruments, the rest is invested in cash instruments

