

Audit Report
of
CAPM Unit Fund
For the year ended 30 June 2014

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITORS' REPORTS TO THE TRUSTEES OF CAPM UNIT FUND

We have audited the accompanying financial statements of CAPM Unit Fund (here-in-after referred to as "the Fund"), which comprise the balance sheet as at 30 June 2014, the revenue account, the statement of changes in equity and the statement of cash flows for the period 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 (BAS)s, Bangladesh Financial Reporting Standards (BFRS)s, Bangladesh Securities and Exchanges Rules, 1987, Bangladesh Securities and Exchanges 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 judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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.

Hoda Vasi Chowdhury & Co

Chartered Accountants

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of the Fund as at 30 June 2014 and its financial performance and its cash flows for the period ended in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and comply with Bangladesh Securities and Exchange Rules, 1987, Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 and other application 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 balance sheet and revenue account along with the annexed notes 1 to 18 thereto dealt with by this report are in agreement with books of account of the Fund;
- c) 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 those books; and
- d) All expenditure incurred were for the purposes of the fund's business.

Dhaka, 14 August 2014



Chartered Accountants

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CAPM Unit fund
Balance Sheet
As at 30 June 2014

	<u>Notes</u>	<u>2014</u> <u>Taka</u>
ASSETS		
Investments in marketable securities- at market	5	11,527,550
Other receivables	6	114,020
Prepayments	7	98,280
Cash and cash equivalents	8	78,553,540
Preliminary and issue expenses	9	4,784,776
		95,078,167
LIABILITIES		
Accounts payable	10	1,345,822
		93,732,344
NET ASSETS		
OWNERS' EQUITY		
Unit fund	11	89,602,000
Investment Diminution Reserve		1,838,082
Retained earnings	12	2,292,262
		93,732,344
Net asset value (NAV) per unit:		
At cost	13	102.56
At market price	14	104.61



Trustee



Asset Manager

AUDITORS' REPORT TO THE TRUSTEE

See annexed report of date



Chartered Accountants

Dhaka, 14 August 2014

CAPM Unit fund Revenue Account

For the period ended from 24 March 2013 to 30 June 2014

	<u>Notes</u>	<u>2014</u> <u>Taka</u>
INCOME		
Interest income	15	3,601,412
Net gain on sale of marketable securities	16	235,239
Dividend income	17	75,010
		3,911,661
LESS : EXPENSES		
Management fee		1,195,752
Amortization of Preliminary and Issue ex- penses		74,375
CDBL Charges		4,537
Annul Fee-BSEC		1,718
Trustee fee-BGIC		37,055
Transaction agent fee		100,164
Custodian fee		24,431
Brokerage commission		9,680
Bank charges and excise duty		10,396
Audit fee		36,575
		1,494,683
Net income during the period		2,416,978
Earnings per unit during the period		2.70



Trustee



Asset Manager

AUDITORS' REPORT TO THE TRUSTEE

See annexed report of date



Chartered Accountants

Dhaka, 14 August 2014

CAPM Unit fund

Cash Flow Statement

For the period ended from 24 March 2013 to 30 June 2014

2014

Taka

Cash flows from operating activities

Interest income realized in cash	3,561,298
Dividend income received in cash	46,950
Gain on sale of investment	225,559
Payment made for expenses	(5,068,083)
Net cash from operating activities	(1,234,276)

Cash flows from investing activities

Acquisition of shares from secondary market	(14,832,271)
Proceeds from sale of shares in secondary market	5,142,803
Net cash used in investing activities	(9,689,468)

Cash flows from financing activities

Proceeds from issuance of units - Capital fund	89,477,284
Net cash used in financing activities	89,477,284

Net cash flows (A+B+C)

Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	78,553,540



Trustee



Asset Manager

CAPM Unit fund

Statement of Changes in Equity

For the period ended from 24 March 2013 to 30 June 2014

Particulars	Unit Fund	Invest- ment Dimi- nution Re- serve	Amount in Taka	
			Retained Earnings	Total Equity
Unit fund raised during the pe- riod	100,002,000	-	-	100,002,000
Unit fund surrendered	(10,400,000)			(10,400,000)
Net income during the period	-	-	2,416,978	2,416,978
Investment Diminution Re- serve	-	1,838,082	-	1,838,082
Less: Loss on redemption of units			(124,716)	(124,716)
Balance as at 30 June 2014	<u>89,602,000</u>	<u>1,838,082</u>	<u>2,292,262</u>	<u>93,732,344</u>



Trustee



Asset Manager

CAPM Unit fund

Notes to the Financial Statements

For the period ended from 24 March 2013 to 30 June 2014

1 Introduction

CAPM unit Fund is (here-in-after referred to as “ The Fund”), an Open-End Mutual Fund was established on 24 March 2013 under the Trust Act, 1882, registered under the Registration Act, 1908 and subsequently on 05 May 2013 registered as an Open-End Mutual Fund from the Bangladesh Securities and Exchange Commission with a total paid-up capital of Tk. 100 million divided into 1 million units of Tk. 100 each.

Bangladesh General Insurance Company Limited (BGIC) is the Trustee while BRAC Bank Limited is the Custodian of the Fund and CAPM (Capital & Asset Portfolio Management) Company Limited is the Asset Manager of the Fund.

2 Closure of Accounting year of the Fund

The Fund has been consistently closing its books of account as at 30 June every year. Although the fund was established on 24 March 2013, the operation of the fund started from 22 August 2013.

3 Objectives

The objectives of the CAPM Unit Fund are to achieve long term capital appreciation with regular dividend income by investing in a diversified portfolio predominantly consisting of equity and debt related securities of Bangladesh Capital Market and to outperform Bangladesh price inflation in the long run. The scheme has been designed to serve the latent demand of better return oriented savings scheme in the country. This will allow investors to save and invest simultaneously.

4 Significant accounting policies

4.1 Basis of accounting

These financial statements are prepared under historical cost convention and in conformity with the Generally Accepted Accounting Principles (GAAP) following Bangladesh Accounting Standards (BAS)s and Bangladesh Financial Reporting Standards (BFRS)s.

4.2 Marketable investments

a) Listed shares that are categorized as available-for-sale (AFS) financial assets are measured at cost in the Balance Sheet in accordance with the valuation policy of the Fund;

b) Market value is determined by taking the closing price of the securities at the Dhaka Stock Exchange Ltd. as of the Balance Sheet date; and

c) Stock dividend received and credited during the year are valued and accounted for at market value at the end of accounting period.

4.3 Dividend income

Dividend income will recognize on the declaration of dividend and subsequent approval by Annual General Meeting (AGM).

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

Management fee is charged as per Trust Deed as well as the provision of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001.

4.6 Trustee fee

The Trustee is entitled to an annual Trusteeship Fee @ 0.10% of the Net Asset Value (NAV) of the Fund only payable semi-annually during the life of the Fund as per Trust Deed.

4.7 Taxation

Income of the Fund is exempted from tax as per SRO no. 333-AIN/Income tax/2011 dated 27 October 2011.

4.8 Dividend policy

Pursuant to the Securities and 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 in quarterly, semiannually and / or annually as decided in the trustee meeting to the holders of the units after the closing of the annual accounts an amount which shall minimum 70% of the realized income.

4.9 Earnings per unit

Earnings per unit has been calculated in accordance with BAS-33 "Earnings per Share" and shown on the face of Revenue account.

5 Investments		
Investment in marketable securities - at market (Annexure-A)		<u>11,527,550</u>
6 Other receivables		
Dividend receivables		
Continental Insurance Limited	6,000	
Central Insurance Company Limited	4,760	
Bangladesh General Insurance Company Limited	3,600	
Heidelberg Cement Bangladesh Ltd.	5,700	
Square Textile Limited	5,000	
Renata Limited	3,000	
		<u>28,060</u>
Accrued interest on		
Short Notice Deposit (SND)	85,960	
		<u>114,020</u>
7 Prepayments		
Trustee fee - Bangladesh General Insurance Company Limited	10,397	
Annual fee - Bangladesh Securities and Exchange Commission	87,884	
		<u>98,280</u>
8 Cash and cash equivalents		
Cash in Hand		<u>262</u>
Cash at bank - SND Account with:		
Trust Bank Ltd (Gulshan branch)	78,006,463	
Trust Bank Ltd (Banani branch)	506,552	
One Bank Ltd	40,263	
		<u>78,553,278</u>
		<u>78,553,540</u>
9 Preliminary and issue expenses		
Total preliminary and issue expenses incurred	4,904,997	
Less: Amortization made during the year	74,375	
Interest on Escrow Account	45,847	
		<u>4,784,776</u>
The break up of preliminary and issue expenses is as follows:		
Legal fee	210,000	
Formation fee	1,000,000	
Technological development fee	1,000,000	
Printing and stationeries	651,161	
Promotional expenses	1,793,836	
Other expenses	250,000	
		<u>4,904,997</u>

10 Accounts payable

Management fee	1,195,752
Custodian fee	24,431
Audit fee	36,575
Agent fee	89,064
	<u>1,345,822</u>

11 Unit fund

1,000,000 units of Tk 100 each	100,000,000
Add: New Subscription of 20 Units of Tk 100 each	2,000
Less: Unit surrendered by unit holders	10,400,000
	<u>89,602,000</u>

12 Retained earnings

Net income during the period	2,416,978
Less: Loss on redemption of units	(124,716)
	<u>2,292,262</u>

Loss on redemption amounting Taka 124,716 arising from repurchase of units has been adjusted with retained earnings.

13 Net asset value (NAV) per unit at cost

Total net asset value at cost	91,894,262
Number of units	896,020
NAV per unit at cost	<u>102.56</u>

14 Net asset value per unit at market value

Total net asset value at market price	93,732,344
Number of units	896,020
NAV per unit at market price	<u>104.61</u>

15 Interest income

Short Notice Deposit (SND)	3,601,412
	<u>3,601,412</u>

16 Net gain on sale of marketable securities

Delta Life Insurance Company Limited	(530,550)
First Lease Finance and Investment Limited	11,541
5th ICB mutual fund	29,690
Republic Insurance Company Limited	14,369
Bangladesh Submarine Cable Company Limited	24,824
Olympic Industry Limited	124,467
Square Pharmaceuticals Limited	293,821
ICB	(15,171)
Heidelberg Cement Bangladesh Ltd.	36,417
Lafarge Surma Cement Limited	220,255
BSRM Steel Limited	25,575
	<hr/>
	235,239

17 Dividend income

ICB	4,000
Titas Gas Transmission and Distribution Company Limited	7,000
Olympic Industry Limited	500
Meghna Petroleum Limited	10,500
Padma Oil Company Limited	9,000
LankaBangla Finance Limited	3,000
BSRM Steel Limited	2,250
British American Tobacco Bangladesh Company Limited	5,200
Pubali Bank Limited	2,500
Pioner Insurance Company Limited	3,000
Continental Insurance Limited	6,000
Central Insurance Company Limited	4,760
Bangladesh General Insurance Company Limited	3,600
Heidelberg Cement Bangladesh Ltd	5,700
Square Textiles Limited	5,000
Renata Limited	3,000
	<hr/>
	75,010

19 Events after the reporting period

The Board of Trustees of the Fund has declared and approved dividend at the rate of Taka 1.90 Per unit for the period ended 30th June 2014 at the meeting held on 14th August 2014.



Trustee



Asset Manager

Annexure-A: Investment in marketable securities

CAPM Unit fund

As at 30 June 2014

Name of the Companies	Total acquisition cost	Total Market Value	<i>Amount in Taka</i>
			Deficit (Excess)
Square Pharmaceuticals Ltd.	1,817,766.10	2,822,000.00	(1,004,233.90)
3rd ICB mutual fund	40,873.44	45,300.00	(4,426.56)
4th ICB mutual fund	103,035.13	105,500.00	(2,464.87)
British American Tobacco Bangladesh Company Ltd.	406,330.08	463,620.00	(57,289.92)
Bangladesh General Insurance Company Ltd.	94,970.64	64,200.00	30,770.64
Bangladesh Submarine Cable Company Ltd.	406,029.54	375,600.00	30,429.54
Central Insurance Company Ltd.	112,061.35	83,640.00	28,421.35
Continental Insurance Ltd.	186,635.34	132,000.00	54,635.34
Delta Life Insurance Company Ltd.	546,872.60	821,250.00	(274,377.40)
Heidelberg Cement Bangladesh Limited	63,954.91	76,275.00	(12,320.09)
ICB	305,649.18	377,850.00	(72,200.82)
Jamuna Oil Company Limited	462,380.79	425,400.00	36,980.79
LankaBangla Finance Limited	359,546.02	260,470.00	99,076.02
Meghna Petroleum Limited	407,181.61	492,480.00	(85,298.39)
Olympic Industry Limited	1,783,279.14	2,227,000.00	(443,720.86)
Padma Oil Company Ltd.	477,057.16	514,560.00	(37,502.84)
Pioner Insurance Company Ltd.	202,864.50	179,640.00	23,224.50
Pubali Bank Limited	156,531.25	137,550.00	18,981.25
Renata Limited	681,463.54	835,740.00	(154,276.46)
Square Textile Limited	244,343.12	236,775.00	7,568.12
Titas Gas Transmission & Distribution Company Ltd.	479,311.21	459,600.00	19,711.21
Lafarge Surma Cement Limited	57,403.14	83,300.00	(25,896.86)
GPH Ispat Limited	293,928.12	307,800.00	(13,871.88)
	<u>9,689,467.91</u>	<u>11,527,550.00</u>	<u>1,838,082.09</u>



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