

CEYBANK UNIT TRUST FUND
(INCOME & GROWTH)

ANNUAL REPORT

31 MARCH 2020

Managed By





Investment Objective

- To achieve a superior rate of return in the medium to long term, which includes reasonable capital appreciation and high income to commensurate with the level of risk.
- To compensate in the long term, for the increase in the general price levels.
- To achieve a consistent growth in the up market with reasonable downward protection in a down market.



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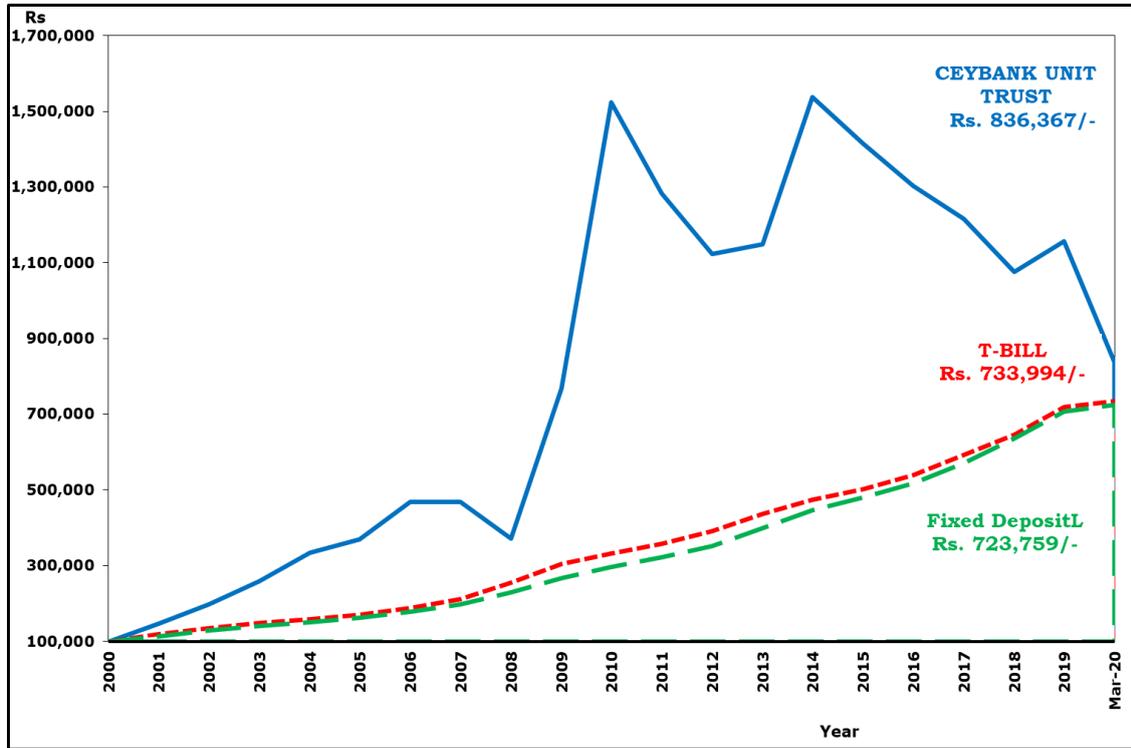
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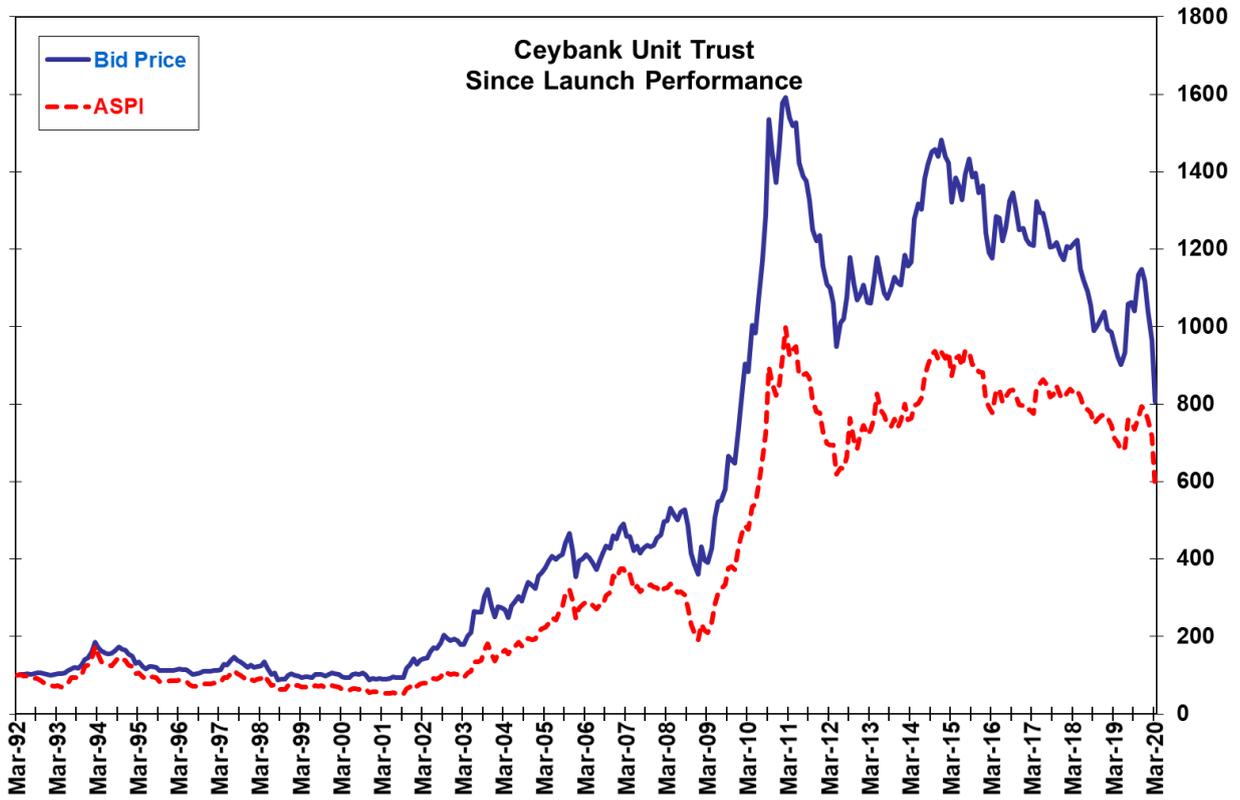
“The SEC in granting approval does not extend to either endorsing or ratifying the accuracy of the specific details set out therein, and that the management company remains at all times responsible for the specific details set out in the Annual Report.”

The Growth in Value of Rs. 100,000/- invested in the Ceybank Unit Trust Fund (adjusted for dividends) Vs Treasury Bills & Fixed Deposits (For the period 29-12-2000 to 31-03-2020)



* Treasury Bill - 1 Year WAR
Fixed Deposit - AWFDR

Y/E	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Dec																						
CUT Value (Rs'000)	100	146	198	258	335	369	468	469	372	768	1,524	1,284	1,123	1,149	1,538	1,415	1,302	1,215	1,077	1,158	836	



CEYBANK UNIT TRUST FUND
Annual Report & Accounts 2019/2020
CORPORATE INFORMATION

(as at 31 March 2020)

TRUSTEE

National Savings Bank
Savings House, 255, Galle Road
Colombo 03

FUND MANAGERS & REGISTRAR

Ceybank Asset Management Ltd
Reg. No PV 3326
No 85, York Street, Colombo -1
Tel : 011- 760 2000-2, Fax : 011- 2327203
E.mail : info@ceybank.com
Web: www.ceybank.com

**DIRECTORS OF THE
MANAGEMENT COMPANY**

Mr. P.S.C. Pelpola
Chairman

Mr. C. Sathkumara
CEO/Executive Director

Mr. K. B.S. Bandara
(Nominee - Bank of Ceylon)

Mr. D. P.K. Gunasekera
(Nominee - Bank of Ceylon)

Mr. R. D.M.U.M.M. Bandara
(Nominee - Sri Lanka Insurance)

Ms. V. Govindan
(Nominee- Unit Trust of India)

Mr. M.P.R. Kumara
(Alternate to Mr. K. B. S. Bandara)

**MEMBERS OF
THE INVESTMENT ADVISORY PANEL**

Mr. Hari Selvanathan
Deputy Chairman
Carson Cumberbatch PLC

Mr. S N P Palihena
Former General Manager
Bank of Ceylon

AUDITORS
SJMS Associates
Chartered Accountants

TAX CONSULTANTS
Ernst & Young
Chartered Accountants

BANKERS & CUSTODIAN
Bank of Ceylon

LAWYERS
F. J. & G. De Saram
Attorneys –at-Law

Nithya Partners
Attorneys –at-Law

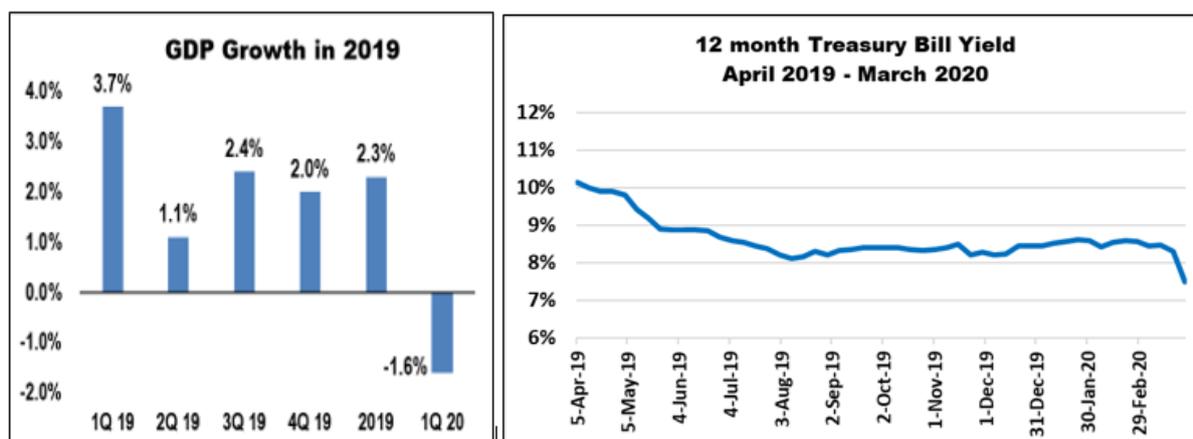
REPORT OF THE MANAGER

We have great pleasure in presenting the Annual Report and Audited Accounts of Ceybank Unit Trust Fund for the year ended 31st March 2020.

The Stock market was volatile and saw sharp movements during the period under review. The market indexes however, ended the year lower. The ASPI depreciated by 17.74% during the year and closed at 4,571.63 points on the 31st March 2020, a decrease 985.61 points. The more liquid S&P SL 20 index declined by 28.90%, from 2,738.95 to 1,947.42 a drop of 791.53 points. During the same period, the Net Asset Value per unit of your Fund decreased by 15.85% in line with the market. The net asset value per unit amounted to Rs 15.08 as at 31st March 2020.

Economy

The Sri Lankan Economy recorded a GDP growth of 2.3% for the year 2019, down from 3.3% the previous year. This was followed by a contraction of 1.6% in the first quarter of 2020. Annual Average Inflation measured by the CCPI (Base: 2013) which was at 4.1% in April 2019 decreased initially but subsequently moved up, ending higher at 4.7% as at 31st March 2020.



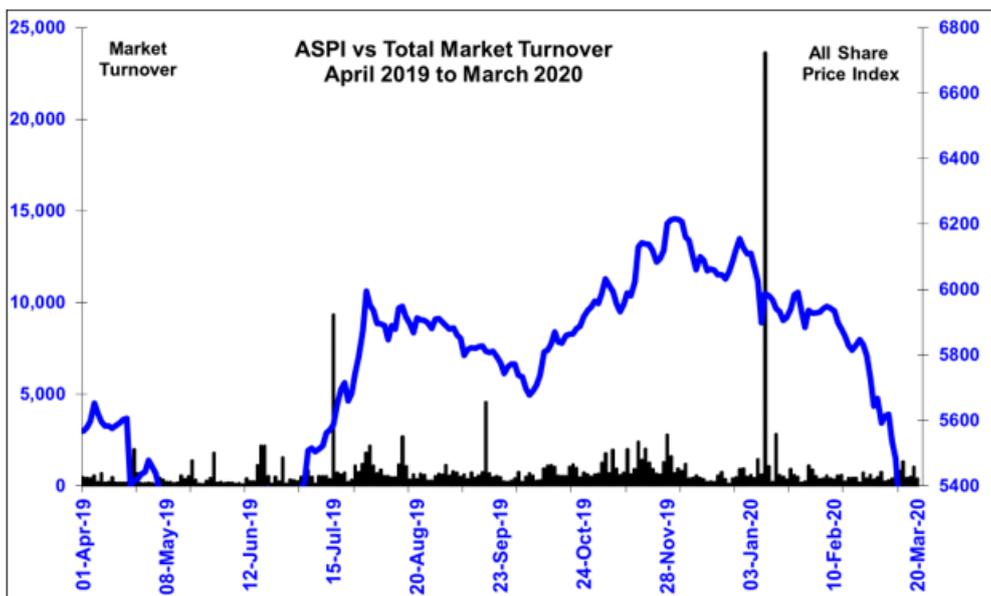
Interest rates were mixed. The benchmark 12month Treasury bill rate which was at 10.15% p.a. in April declined throughout the year to close 265 basis points lower at 7.50% p.a. by the end of March 2020. Yields on long term Treasury bonds also followed in tandem.

Overnight call money rates traded between 6.50% and 8.65% p.a. The exchange rate which was at 175.55 (Rs/US\$) beginning April 2019, depreciated continuously to close weaker. The exchange rate was at 188.62 (Rs/USD) as at 31st March 2020, down by 7.44% for the year.

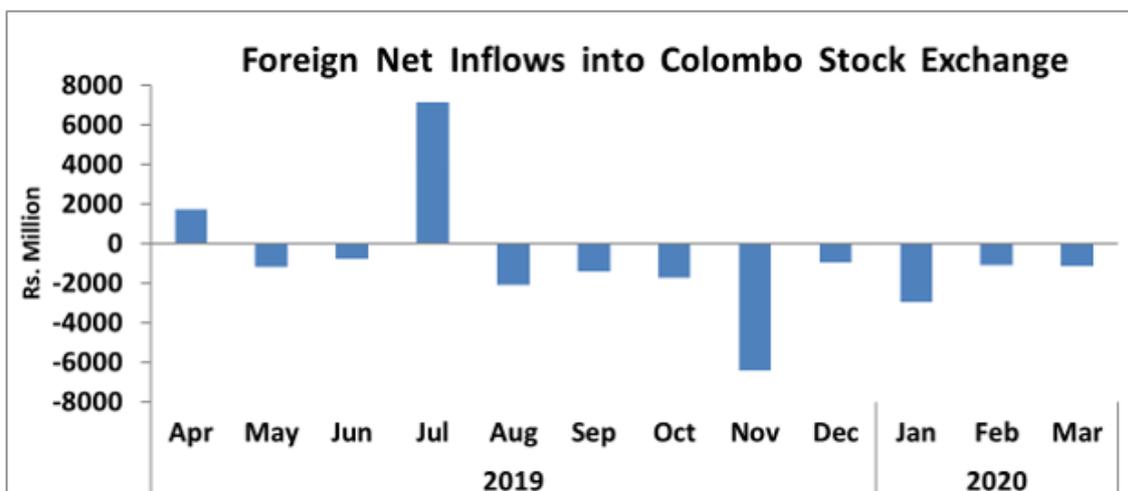
Central Bank key policy rates were changed five times during the year under review. In May and August 2019 and also January and March 2020. Effectively the Standing Deposit Facility Rate (SDFR) was reduced by 175bps (to 6.25%) Standing Lending Facility Rate (SDFR) was reduced by 175bps (to 7.25%) while the Statutory Reserve Requirement (SRR) for Commercial Banks was reduced by 100 bps (to 4.00%).

Capital Market Performance

The Stock market was volatile and saw sharp movements during the period under review. The market indexes however, ended the year lower.



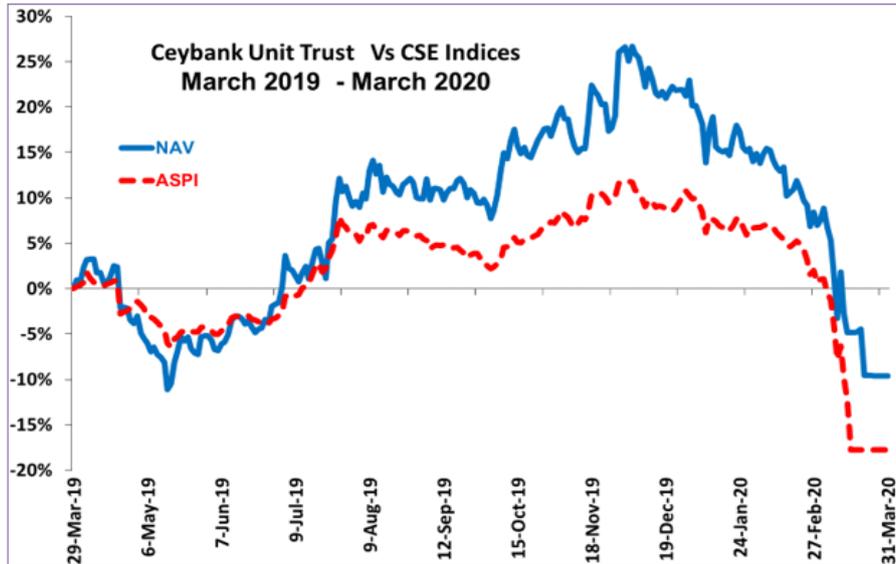
Foreign participation during most of the period remained negative, as continued uncertainty prevailed it being an election year. This prompted participants to remain on the sidelines. The All Share Price Index closed at 4,571.63 as at 31st March 2020 recording a decrease of 17.74% for the year under review.



Average daily turnover during the period was Rs 810.67 million.

Fund Performance

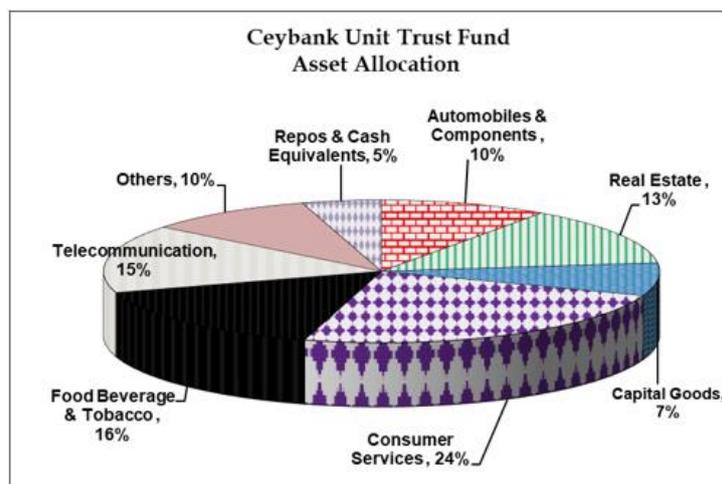
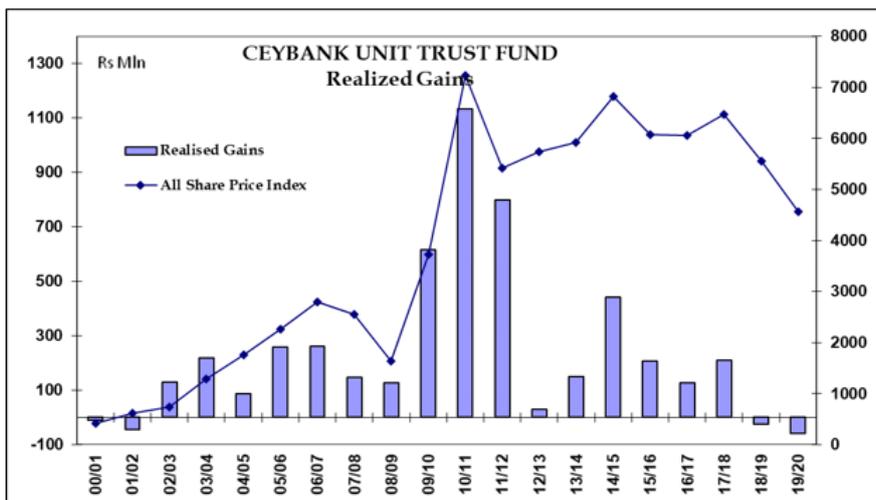
The ASPI depreciated by 17.74% and the S&P SL20 index by 28.90% during the period, while the Net Asset Value per unit of your Fund depreciated by 15.85%. The total net assets stood at Rs. 2,644 million as at 31st March 2020.



Interest income decreased from Rs 11.7 million to Rs 10.0 million during the period. Dividend income of the Fund decreased to Rs 38.3 million from Rs 112.8 million in the previous year.

The declining market didn't provide many opportunities for trading. The Fund incurred a capital loss of 57.1 million from the sale of equity during the period, an increase from Rs 22.9 million the previous year. The operating expenses increased from 75.2 million to 90.7 million mainly due to the impairment allowance for tax receivables.

The Net Asset Value of the portfolio decreased to Rs 2,644 million as at 31st March 2020 from Rs 3,181 million in March 2019.



Your Fund investments are, diversified widely across fundamentally strong stocks, with a medium to long term outlook, in Consumer services, Food & Beverages, Telecommunication and Real Estate sectors as depicted in the chart.

Future Outlook

The Covid Pandemic continues to have its effects on the economy which is expected to contract at around 3.0% in 2020, before bouncing back. The Future outlook on growth will depend on Government policy direction and its execution, both locally and Globally.

It is apparent that import substitution and local manufacturing will be given priority as the country is faced with large foreign exchange debts to repay, both in the short and medium term. We expect Import controls to be selective given the dependency of some sectors on imported raw materials used for value addition and export such as apparels.

Agriculture if harnessed well, could play a large role in maintaining food security and additionally supplement exports. If weather conditions are favorable it would help boost Agriculture and also reduce the cost of power generation via Hydro Electricity. The Tourism industry is bound to face multiple challenges with the Airport remaining closed and may take time to recover. Volatile crude oil prices globally could add pressure on the import bill.

Trade wars, recessions and other conflicts in the international scene has increased. Sri Lanka too is bound to feel its effects, especially our export sector.

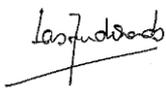
Attracting Foreign Direct Investments continues to be a challenge. Portfolio investments are expected to be slow, on global uncertainty. We expect interest rates to remain around current levels and until the end of the year on lower credit growth. Lower Interest rates globally will also help reduce the cost of borrowing internationally, to settle foreign debt.

We expect selected sectors and Companies in the Equity market to recover slowly from the effects of the pandemic. We will continue to search for value in specific sectors and counters and make changes to the Fund portfolio based on the changing market environment.

Management

We would like to thank our valued unit holders for the confidence placed in us. We are confident of providing a consistent return to the unit holders who remain in the Fund in the medium to long term. We also place on record our appreciation for the support and co-operation received from the Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange, the Trustee National Savings Bank and Custodian Bank of Ceylon.

Our sincere appreciation is also due to the stakeholders, the Chairman and Board of Directors and for their guidance. Our achievements would not have been possible without the skills and commitment of the Management Team. We thank them for their contribution and dedication throughout the year and look forward to their support in the future.



Ian Ferdinands
Acting CEO
December 2020

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF CEYBANK UNIT TRUST FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ceybank Unit Trust Fund ("the Fund") which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in unit holders' funds 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 give a true and fair view of the financial position of the Fund as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics), that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. 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 the information included in the manager's annual report, but does not include 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 of 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 other information is materially inconsistent with the financial statements or our knowledge obtained 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 other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Fund Management Company and the Trustee for the Financial Statements

The Manager and the Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Manager and Trustee determine 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, Manager and Trustee 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 and trustees 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 SLAuSs 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.

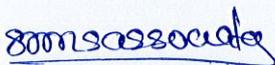
As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 and trustee.
- Conclude on the appropriateness of Manager's and Trustee'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 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.

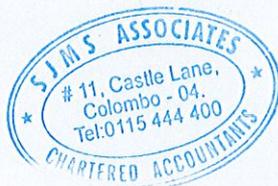
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of the Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the trust deed.



SJMS ASSOCIATES
Chartered Accountants
Colombo
18 December 2020



Statement of comprehensive income

For the year ended 31 March 2020

(all amounts in Sri Lanka Rupees thousands)

	Note	2019/2020 Rs.	2018/2019 Rs.
Investment income			
Dividend income		38,336	112,889
Interest income	4	10,032	11,696
Net realized gain on financial assets held at fair value through profit or loss	5	(57,147)	(22,914)
Net change in unrealized gain / (loss) on financial assets held at fair value through profit or loss	8	(398,139)	(925,479)
Other income		-	29
Total investment income / (expenses)		(406,917)	(823,779)
Expenses			
Management fee		(55,298)	(61,124)
Trustee and custodian fee		(12,355)	(12,045)
Audit fee		(283)	(279)
Transaction cost		(1,931)	(1,491)
Impairment allowance for tax receivables		(20,786)	-
Other expenses		(55)	(263)
Total operating expenses		(90,708)	(75,202)
Net operating profit / (loss) after deductions and before tax		(497,627)	(898,981)
Income tax expense	6	-	-
Profit / (loss) after tax		(497,627)	(898,981)
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss)		(497,627)	(898,981)
Increase / (decrease) in net assets attributable to unit holders		(497,627)	(898,981)



The accounting policies and notes from 1 to 16 form an integral part of these financial statements.

Statement of financial position

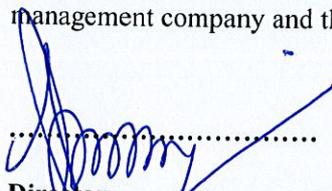
As at 31 March 2020

(all amounts in Sri Lanka Rupees thousands)

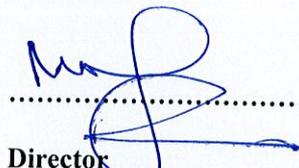
	Note	31.03.2020 Rs.	31.03.2019 Rs.
Assets			
Cash and cash equivalents	7	1,761	1,212
Dividend receivables		11,705	37,933
Financial assets - fair value through profit or loss	8	2,568,553	3,039,312
Financial assets measured at amortised cost	9	89,773	111,164
Receivable for sale of equity shares		-	271
Tax receivable	10	-	20,786
Total assets		2,671,792	3,210,678
Unit holders' funds and liabilities			
Liabilities			
Payables	11	27,304	29,153
Amount payable on unit redemption		-	35
Total liabilities (excluding net assets attributable to unit holders)		27,304	29,188
Unit holders' funds			
Net assets attributable to unit-holders	12	2,644,488	3,181,490
Total unit holders' funds and liabilities		2,671,792	3,210,678

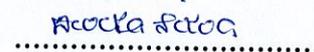
The fund management company and trustee are responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

The financial statements comply with the requirements of the trust deed and were approved by the fund management company and the trustees on 11 December 2020.


.....
Director
Ceybank Asset Management Ltd.

Fund Management Company


.....
Director
Ceybank Asset
Management Ltd.
Fund Management Company


.....
National Savings Bank -
Trustee

The accounting policies and notes from 1 to 16 form an integral part of these financial statements.



Statement of changes in unit-holders' funds
For the year ended 31 March 2020
(all amounts in Sri Lanka Rupees thousands)

	Note	2019/2020 Rs.	2018/2019 Rs.
Unit holders' funds at the beginning of year		3,181,490	4,209,607
Increase in net assets attributable to unit holders		(497,627)	(898,981)
Received on unit creations	12	1,482	2,484
Distributions to unit-holders		-	-
Payments on unit redemptions	12	(40,858)	(131,621)
Unit-holders' funds at the end of the year		<u><u>2,644,488</u></u>	<u><u>3,181,490</u></u>

The accounting policies and notes from 1 to 16 form an integral part of these financial statements.



Statement of cash flows

For the year ended 31 March 2020

(all amounts in Sri Lanka Rupees thousands)

	Note	2019/2020 Rs.	2018/2019 Rs.
<i>Cash flows from operating activities</i>			
Dividends received		64,564	85,822
Net interest received	4	10,032	11,642
Miscellaneous receipts		-	29
Management fees and trustee fees paid		(67,092)	(78,502)
Operating expenses paid		(2,444)	(2,247)
VAT and NBT paid		(1,128)	-
Investment in equity shares		(79,173)	(54,453)
Proceeds from sale of equity shares		93,810	80,371
Net investments in repurchase agreements	9	41,273	4,860
Net investments in commercial paper	9	(517)	62,176
Net investments in fixed deposits	9	(19,364)	18,425
<i>Net cash inflows / (outflows) from operating activities</i>		<u>39,959</u>	<u>128,123</u>
<i>Cash flows from financing activities</i>			
Proceeds from issue of units	12	1,482	2,484
Payments on redemptions of units		(40,892)	(134,353)
Distribution paid		-	-
<i>Net cash inflows / (outflows) from financing activities</i>		<u>(39,410)</u>	<u>(131,869)</u>
<i>Net increase / (decrease) in cash and cash equivalents</i>		<u>549</u>	<u>(3,746)</u>
Cash and cash equivalents at the beginning of the year	7	1,212	4,958
Net increase / (decrease) in cash and cash equivalents		<u>549</u>	<u>(3,746)</u>
<i>Cash and cash equivalents at the end of the year</i>	7	<u>1,761</u>	<u>1,212</u>

The accounting policies and notes from 1 to 16 form an integral part of these financial statements.



Notes to the financial statements**For the year ended 31 March 2020****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****1. General information**

Ceybank Unit Trust Fund is an income and growth fund, which was launched in March 1992 by Ceybank Asset Management Ltd with the objective of providing capital growth in terms of appreciation of the unit price whilst striving to provide a regular stream of dividends to the investors possibly on an annual basis. The fund would be invested in a mix of equity and fixed income securities with a view to balancing the risk assumed by the unit holders by investing primarily in listed equity. The registered office of the Management company is located at 85, York Street, Colombo 1. The Trustee of the fund is National Savings Bank, No.255, Galle Road, Colombo 03.

1.1 Date of authorization for issue

The financial statements of the fund for the year ended 31 March 2020 were authorized for issue by the fund management company and the trustee on 11 December 2020.

2. Preparation of financial statements**2.1 Statement of compliance**

The financial statements of the fund, as at 31 March 2020 and for the year then ended, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS), laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Unit Trust Code of the securities and exchange commission of Sri Lanka..

These financial statements include the following components:

- Statement Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Unit holders' Fund
- Statement of Cash Flows
- Notes to the financial statements comprising accounting policies and other explanatory information

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the financial assets at fair value through profit or loss. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR).

The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

Notes to the financial statements**For the year ended 31 March 2020****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****2.3 Significant accounting judgments, estimates and assumptions - (Contd..)**

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

Determination of fair value and fair value hierarchy

The fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Techniques which use inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 : Techniques which use inputs that are not based on observable market data.

2.4 Summary of significant accounting policies

Accounting policies set and below have been applied consistently to all periods presents in these statements.

2.4.1 Financial instruments**(i) Recognition and initial measurement**

All financial assets are initially recognized on the date the fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVOCI. Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fund's financial assets classified under amortised cost include Treasury bill under repurchase agreement and fixed deposits.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

(iii) Subsequent measurement and gains and losses

<i>Financial assets at amortised cost</i>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<i>Debt investments at FVOCI</i>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment are recognised in profit or loss. The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(iv) Impairment

Credit impaired financial assets

The fund recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Credit - impaired financial assets at each reporting date, the fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: –

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the date of the statement of financial position the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes to the financial statements**For the year ended 31 March 2020****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****2.4.2 Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.

2.4.3 Derecognition**Financial assets**

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any- cash assets transferred or liabilities or liabilities assumed) is recognised in profit or loss.

2.4.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

2.4.5 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

2.4.6 Payables and provisions

Payables are initially recognized at fair value, which is the fair value of the consideration to be paid in the future for goods and service received, whether or not billed to the Trust, and subsequently at amortized cost.

Provisions are recognized when the fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Notes to the financial statements**For the year ended 31 March 2020****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****2.4.7 Revenue recognition**

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the fund and the revenue can be reliably measured.

Dividend income

Income is recognized when the right to receive the dividend is established, normally being the ex-dividend date. Dividend income is recognized net of withholding tax, if any

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Interest income from treasury securities fixed income securities are recognized net of withholding tax or notional tax due to the changes in the new Inland Revenue Act. No.24 of 2017.

Unrealised gains / (losses) on financial assets held at fair value through profit or loss

Unrealised gains / (losses) on financial assets held at fair value through profit or loss includes all gains and losses arise from changes in fair value of financial assets held at fair value through profit or loss" as at the reporting date.

Realised gains / (losses) on financial assets held at fair value through profit or loss

Realised gains / (losses) on financial assets held at fair value through profit or loss includes results of buying and selling of quoted equity securities.

2.4.8 Expenditure recognition

All expenses including management fees and trustee fees are recognised in "profit or loss" on accrual basis.

The management participation fee of the fund is as follows:

Management fee	1.65% p.a. of Net Asset Value of the Fund
Trustee fee	0.25% p.a. of Net Asset Value of the Fund
Custodian fee	0.085% p.a. of Net Asset Value of the Fund

2.4.9 Taxation

The fund is not liable to pay income tax as at the reporting date in accordance with the Inland Revenue Act. No.24 of 2017. Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unitholders in accordance with the new Inland Revenue Act No. 24 of 2017.

Provision for taxation has not been made in the current year, based on the provisions of Inland Revenue Act No. 24 of 2017.

Notes to the financial statements**For the year ended 31 March 2020****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****2.4.11 Unit holders' funds and net assets attributable to unit holders**

Unit holders funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders, as at the reporting date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund calculated in accordance with the directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Dividend to unit holders is declared according to Explanatory Memorandum. Distribution to unit holders is recognized in the Statement of changes in unit-holders' funds. Income not distributed is included in net assets attributable to unit holders.

3. Financial risk management**3.1 Financial risk management objectives, policies and processes**

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in repurchase agreements, commercial papers, fixed deposits and trading securities for the purpose of generating a return on the investment made by unit Holders, in addition to cash at bank, and other financial instruments such as other receivables and other payables, which arise directly from its operations.

The manager is responsible for identifying and controlling the risk that arise from these financial instruments. The Manager agrees policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive income and Statement of Financial Position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Manager on a regular basis as deemed appropriate, including the Fund manager, other key management, Risk and Investment Committees, and ultimately the Trustees of the Fund.

Concentration of risk arises when a number of financial instruments or contracts are entered in to with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousand unless otherwise stated)

3.1.1 Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investments strategies. As such, unit holders can manage this risk through their choices of which investment portfolios to participate in.

The Fund uses a range of different Fund managers for investment assets. Where a Unit Holder is invested in more than one investment portfolio, this reduces the impact of a particular manager underperforming. Within the underlying investment portfolio, diversification is achieved at a number of levels. The diversified portfolios are invested across a range of investment sectors. Within each sector of the diversified portfolios, the Fund managers invest in a variety of securities.

3.1.2 Price risk

Price risk is the risk that the fair value of the fund's investment in trading securities will fluctuate as a result of changes in the price of the fund's investments in trading securities. Price risk exposure arises from the fund's investment portfolios.

The table below shows the impact on the statement of comprehensive income and statement of financial position due to a reasonably possible change in the price of the fund's investment in trading securities in note 8, with all other variables held constant:

	31-Mar-20		31-Mar-19	
	Increases/ (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unit holders	Increases/ (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unit holders
	Rs.	Rs.	Rs.	Rs.
Change in price of the Fund's investment in trading securities existing as of reporting date:				
+ 10%	256,855	256,855	303,931	303,931
- 10%	(256,855)	(256,855)	(303,931)	(303,931)

3.1.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. However, due to the short term nature of the instruments of repurchase agreements and trust certificates it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund. The table below summarises the Fund's exposure to interest rate risks.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

	Floating interest rate	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
As at 31.03.2020				
Financial assets				
Cash and cash equivalents	-	-	1,761	1,761
Financial assets measured at amortised cost	-	89,773	-	89,773
Financial assets - held at fair value through profit or loss	-	-	2,568,553	2,568,553
Other receivables	-		11,705	11,705
Total exposure	-	89,773	2,582,019	2,671,792
As at 31.03.2019				
Financial assets				
Cash and cash equivalents	-	-	1,212	1,212
Financial assets measured at amortised cost	-	111,164	-	111,164
Financial assets - held at fair value through profit or loss	-	-	3,039,312	3,039,312
Other receivables	-		58,990	58,990
Total exposure	-	111,164	3,099,514	3,210,678

3.1.4 Credit risk

Credit risk is the risk that the counterparty to the financial statement will fail to discharge an obligation and cause the Fund to incur a financial loss.

The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as detailed below. It is the Fund's policy to enter into financial instruments with reputable counterparties.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

The details are as follows:

(i) *Debt securities*

The fund invests in debt securities which have an investment grade categorization as rated by Fitch. An analysis of debt by rating is set out in the table below.

	31.03.2020	31.03.2019
	Rs.	Rs.
Repurchase agreements		
Rating		
Risk free	-	57,486
BBB+	8,283	-
BBB	7,930	-
Commercial papers		
Rating		
BBB - (ICRA)	-	20,200
BBB +	20,717	-
Fixed Deposits		
A+	10,758	-
BBB+	21,077	-
BBB	21,006	-
Unrated	-	33,478
Total	89,773	111,164

(ii) *Cash and cash equivalents*

The exposure to credit risk for cash and cash equivalents is low as all counter-parties have a rating of AA+ as determined by the Fitch Rating agency.

In accordance with the fund's policy, the investment manager monitors the fund's credit position on a daily basis.

3.1.5 Liquidity risk

Liquidity risk is the risk that the fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The fund is exposed to daily cash redemptions of redeemable units. It therefore, primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

Units are redeemed on demand at the unit holder's option. However, the Board of Directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

3.1.5 Liquidity risk - (Contd..)

The table below analyses the fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	Total Rs.	years
As at 31.03.2020					
Payables	16,025	283	10,996	27,304	
Amount payable on unit redemption	-	-	-	-	
Contractual cash flows	16,025	283	10,996	27,304	
As at 31.03.2019					
Payables	17,719	279	11,155	29,153	
Amount payable on unit redemption	35	-	-	35	
Contractual cash flows	17,754	279	11,155	29,187	

3.1.6 Capital risk management

The Fund considers its net assets attributable to Unit Holders as capital, notwithstanding net assets attributable to Unit Holders are classified as a liability. The amount of net assets attributable to Unit Holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of Unit Holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

Following being the disclosures of Unit Holders' Funds;

The movement in the Unit Holder's Funds as at 31 March 2020

i In terms of value

Unit Holders' Funds as at 01 April 2019	3,181,490
Decrease in net assets attributable to unit holders	(497,627)
Received on unit creations	1,482
Distributions to unit-holders	-
Payments on unit redemptions	(40,858)
Unit-holders' funds at the end of the year	2,644,488

In terms of No of units

ii Opening no of units as at 01 April 2019	177,511,596
Closing no of units as at 31 March 2020	175,377,256

Notes to the financial statements**For the year ended 31 March 2020****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****3.2 Fair value estimation**

The carrying amounts of the fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value including any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are added to the value of the asset or liability. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognized in profit or loss.

(i) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The fund values its investments in accordance with the accounting policies set out in note 2.4.1 For the majority of its investments, the fund relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

(ii) Fair value in an inactive or unquoted market - (Contd..)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the fund for similar financial instruments.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

3.3 Fair value hierarchy*(i) Classification of financial assets and financial liabilities*

The fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the responsible entity. The responsible entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below set out the trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 March 2020.

As at 31 March 2020	Level 1	Level 2	Level 3	Total
<i>Financial assets fair value through profit or loss</i>				
- Equity shares	2,568,553	-	-	2,568,553
Total	2,568,553	-	-	2,568,553

As at 31 March 2019	Level 1	Level 2	Level 3	Total
<i>Financial assets fair value through profit or loss</i>				
- Equity shares	3,039,313	-	-	3,039,313
Total	3,039,313	-	-	3,039,313

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts, exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include corporate debt securities and certain unlisted investments. As observable prices are not available for these securities, the responsible entity has used valuation techniques to derive fair value.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

4. Interest income

	2020	2019
Interest on repurchase agreements	3,487	4,685
Interest Income on bank (call) deposits	3,670	6,815
Interest on commercial papers	3,074	566
WHT on interest income	(199)	(370)
	10,032	11,696

Notional tax is not applicable as per new Inland Revenue Act No. 24 of 2017 and interest on fixed income securities have been recognized on net basis as the fund is treated as a tax pass through vehicle.

5. Net realized gain on financial assets held at fair value through profit or loss

Proceeds on sale of investments	93,540	79,739
Average cost of investments sold	(150,686)	(102,653)
	(57,147)	(22,914)

6. Income tax expense

Reconciliation between tax expense and the accounting profit / (loss) is as follows.

Accounting profit / (loss) before tax	(497,627)	(898,981)
Profits on dividend	(38,336)	(112,889)
Gain / (loss) related to the fair value through profit or loss financial assets		
Net change in unrealised (gain) / loss	398,139	925,479
Net realised (gain) / loss	57,147	22,914
Transaction cost	1,931	1,491
Loss from business	(78,746)	(61,986)
Income tax expense	-	-

Following the enactment of the new Inland Revenue Act, No. 24 of 2017 effective from 1 April 2018, the fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle. Hence no provision for the income tax was made in the financial statements for the current year.

7. Cash and cash equivalents

	31.03.2020	31.03.2019
Cash at bank - Bank of Ceylon	1,761	1,212
	1,761	1,212

7.1 Bank of Ceylon is the custodian of Ceybank Unit Trust Fund.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

8. Financial assets - fair value through profit or loss

	31.03.2020	31.03.2019
Held for trading		
Investment in equity shares (note 8 (a))	2,568,553	3,039,312
	2,568,553	3,039,312

a) Investment in equity shares

31 March 2020 Company	No. of shares	Market value	Percentage of total net assets
Banks Finance and Insurance			
Pan Asia Banking Corporation Limited	126,284	1,023	0.04%
Commercial Bank of Ceylon PLC	120,679	7,253	0.27%
Union Bank Of Colombo PLC	25,226	204	0.01%
Seylan Bank Limited	32,825	725	0.03%
Sampath Bank Limited.	684	81	0.00%
Nations Trust Bank PLC	4,192	265	0.01%
Peoples Leasing Company PLC	3,090	38	0.00%
Merchant Bank of Sri Lanka and finance PLC	11,798,960	66,074	2.50%
		75,664	2.86%
Beverages Food and Tobacco			
Lucky Lanka Milk Processing Company PLC	1,800,000	1,440	0.05%
		1,440	0.05%
Construction and Engineering			
Access Engineering PLC	247,962	3,273	0.12%
		3,273	0.12%
Diversified Holdings			
Expolanka Holdings PLC	373,335	747	0.03%
Adam Investments Limited	3,859,024	772	0.03%
Softlogic Holdings PLC	48,751	600	0.02%
Vallibel One PLC	15,812,879	189,755	7.18%
John Keells Holdings Limited	12,595	1,453	0.05%
		193,326	7.31%

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

a) Investment in equity shares (Continued)

As at 31.03.2019	No. of shares	Market value	Percentage of total net assets
Health Care			
The Lanka Hospitals Corporation PLC	3,009,379	82,758	3.13%
		82,758	3.13%
Hotels and Travels			
The Kingsbury PLC	8,397,050	73,054	2.76%
Trans Asia Hotels Limited	5,455,029	307,118	11.61%
Asian Hotels & Properties PLC	8,968,103	260,075	9.83%
Amaya Leisure PLC	18,340	459	0.02%
Aitken Spence Hotel Holdings PLC	195,848	2,957	0.11%
		643,663	24.34%
Land and Property			
C T Land Development PLC	1,667	34	0.00%
Equity Two Ltd	2,279,187	103,247	3.90%
Colombo Land & Development Company PLC	18,722,420	256,497	9.70%
		359,778	13.60%
Manufacturing			
Tokyo Cement Co. (Lanka) Limited-Non Voting	14,400	288	0.01%
Tokyo Cement Co. (Lanka) Limited	3,105	70	0.00%
Kelani Tyres Ltd	7,942,453	262,895	9.94%
Lanka Walltiles PLC	84,689	3,481	0.13%
Royal Ceramics Lanka Ltd	22,809	1,275	0.05%
Teejay Lanka PLC	35,600	829	0.03%
		268,838	10.17%
Plantations			
Kahawatte Plantations Ltd	6,833,907	243,970	9.23%
Kelani Valley Plantations Limited	2,219,852	177,588	6.72%
		421,559	15.94%
Power and Energy			
Lvl Energy Fund Limited	1,116,653	4,690	0.18%
Laugfs Gas PLC(non Voting)	12,175	78	0.00%
Laugfs Gas PLC	122,600	1,116	0.04%
Lanka IOC PLC	6,038,103	95,402	3.61%
Laughs Power Ltd	122,600	294	0.01%
Laughs Power Ltd- Non Voting	12,175	19	0.00%
		101,599	3.84%

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

a) Investment in equity shares (Continued)

As at 31.03.2020	No. of shares	Market value	Percentage of total net assets
Telecommunications			
Dialog Axiata PLC	623,769	5,302	0.20%
Sri Lanka Telecom PLC	18,697,853	411,353	15.56%
		416,655	15.76%
Total		2,568,553	97.13%
As at 31.03.2019			
	No. of shares	Market value	Percentage of total net assets
Banks Finance & Insurance			
Pan Asia Banking Corporation Limited	2,748,651	35,458	1.11%
Commercial Bank of Ceylon PLC	120,679	11,911	0.37%
Union Bank Of Colombo PLC	25,226	277	0.01%
Seylan Bank Limited	24,619	884	0.03%
The Finance Co Ltd	5,706,601	7,419	0.23%
Sampath Bank Limited.	657	118	0.00%
Nations Trust Bank Ltd	4,192	377	0.01%
Peoples Leasing Company PLC	3,000	40	0.00%
The Finance PLC- Non Voting	1,494,345	747	0.02%
Merchant Bank of Sri Lanka and finance PLC	11,783,123	122,544	3.85%
		179,776	5.65%
Beverages Food & Tobacco			
Lucky Lanka Milk Processing Company PLC	1,800,000	1,440	0.05%
		1,440	0.05%
Construction & Engineering			
Access Engineering PLC	162,462	2,112	0.07%
		2,112	0.07%
Diversified Holdings			
Expolanka Holdings PLC	373,335	1,493	0.05%
Adam Investments Limited	3,859,024	772	0.02%
Softlogic Holdings PLC	116	2	0.00%
Vallibel One PLC	14,711,807	210,379	6.61%
John Keells Holdings Limited	12,395	1,934	0.06%
		214,579	6.74%

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

a) Investment in equity shares (Continued)

As at 31.03.2019	No. of shares	Market value	Percentage of total net assets
Health Care			
The Lanka Hospitals Corporation PLC	2,975,800	130,042	4.09%
		130,042	4.09%
Hotels and Travels			
The Kingsbury PLC	8,256,194	105,679	3.32%
Trans Asia Hotels Limited	5,433,143	415,092	13.05%
Asian Hotels & Properties PLC	9,791,834	410,278	12.90%
Amaya Leisure PLC	18,340	682	0.02%
Aitken Spence Hotel Holdings PLC	190,848	4,523	0.14%
		936,255	29.43%
Information Technology			
PC House PLC	3,355,382	336	0.01%
		336	0.01%
Land and Property			
C T Land Development PLC	1,667	47	0.00%
Equity Two Ltd	2,275,602	120,607	3.79%
Colombo Land & Development Company PLC	17,336,125	204,566	6.43%
		325,221	10.22%
Manufacturing			
Tokyo Cement Co. (Lanka) Limited-Non Voting	14,400	266	0.01%
Tokyo Cement Co. (Lanka) Limited	3,105	64	0.00%
Kelani Tyres Ltd	8,037,911	248,371	7.81%
Lanka Walltile Ltd	84,689	5,081	0.16%
Royal Ceramics Lanka Ltd	22,809	1,346	0.04%
Teejay Lanka PLC	35,600	1,082	0.03%
		256,211	8.05%
Plantations			
Kahawatte Plantations Ltd	6,830,307	266,382	8.37%
Kelani Valley Plantations Limited	2,205,083	205,073	6.45%
		471,455	14.82%
Power and Energy			
Lvl Energy Fund Limited	1,116,653	8,822	0.28%
Laugfs (non Voting)	12,175	159	0.01%
Laugfs Gas Limited	122,600	2,060	0.06%
Lanka IOC Limited	6,097,277	106,093	3.33%
		117,133	3.68%

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

a) Investment in equity shares (Continued)

As at 31.03.2019 Company	No. of shares	Market value	Percentage of total net assets
Telecommunications			
Dialog Axiata PLC	610,269	5,553	0.17%
Sri Lanka Telecom PLC	18,654,133	399,198	12.55%
		404,752	12.72%
Total		3,039,312	95.53%

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 3.

b) Net change in unrealised gain/ (loss) on financial assets.

	31.03.2020	31.03.2019
Cost of investment in equity shares	4,477,554.4	4,549,911
Market value of investment in equity shares	(2,568,828)	(3,039,312)
Net change in unrealised gain/ (loss) on investment in equity shares - B/F	(1,510,599)	(585,130)
Net change in unrealised gain/ (loss) on investment in equity shares	398,129	925,469
Net change in unrealised gain/ (loss) on investment in commercial paper	10	10
	398,139	925,479

9. Financial assets measured at amortised cost

	31.03.2020	31.03.2019
Repurchase agreements (note 09 (a))	16,214	57,486
Commercial papers (note 09 (b))	20,717	20,200
Fixed deposits (note 09 (c))	52,842	33,478
	89,773	111,164

a) Investments in repurchase agreements

31.03.2020	Yield	Investment date	Maturity date	Cost	Carrying Value
First Capital Treasures	6.60%	31-Mar-20	9-Apr-20	8,282	8,283
Union Bank of	7.00%	31-Mar-20	9-Apr-20	7,929	7,930
				16,211	16,214
31.03.2019	Yield	Investment date	Maturity date	Cost	Carrying Value
Acuty Securities	9.45%	26-Mar-19	2-Apr-19	15,284	15,307
Nat Wealth Securities	9.80%	28-Mar-19	4-Apr-19	19,031	19,051
Union Bank of	9.00%	28-Mar-19	1-Apr-19	23,105	23,128
				57,419	57,486

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

b) Investment in commercial papers

31.03.2020	Yield	Investment date	Maturity date	Cost	Carrying value
Softlogic Holdings PLC	14.50%	26-Feb-20	26-May-20	20,443	20,717
				20,443	20,717
31.03.2019	Yield	Investment date	Maturity date	Cost	Carrying value
Janashakthi Limited	16.00%	8-Mar-19	8-Apr-19	20,000	20,200
				20,000	20,200

c) Investment in fixed deposits

As at 31.03.2020	Yield	Investment date	Maturity date	Cost	Carrying value
Seylan Bank	8.50%	24-Feb-20	24-May-20	10,666	10,758
Richard Pieris Finance (Ltd)	9.34%	29-Feb-20	29-May-20	20,906	21,077
Singer Finance (PLC)	8.84%	17-Mar-20	17-Apr-20	20,930	21,006
				52,503	52,842
As at 31.03.2019	Yield	Investment date	Maturity date	Cost	Carrying value
Pan Asia Bank	10.50%	20-Mar-19	20-Apr-19	33,363	33,478

Fair value of financial instruments carried at amortised cost are approximate to their carrying value due to short term maturity.

10. Tax receivable

	31.03.2020	31.03.2019
Tax receivable	20,786	20,786
Impairment allowance for tax receivables	(20,786)	-
	-	20,786

11. Payables

	31.03.2020	31.03.2019
Management fee, trust fee and custodian fee	16,025	16,592
Other payables	10,989	11,147
Accrued expenses	283	279
Unclaimed redemptions	8	8
Payable on equity share purchases	-	1,127
	27,304	29,153

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

12. Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	31.03.2020		31.03.2019	
	Units	LKR	Units	LKR
Opening capital balance	177,511,596	3,181,490	184,060,935	4,209,607
Applications	77,265	1,482	123,346	2,484
Redemptions	(2,211,605)	(40,858)	(6,672,685)	(131,621)
Distributions to unit-	-	-	-	-
Increase in net assets attributable to unit holders	-	(497,627)	-	(898,981)
Closing balance	175,377,256	2,644,488	177,511,596	3,181,490

	31.03.2020	31.03.2019
Net assets attributable to unit holders	2,644,488	3,181,490
	2,644,488	3,181,490

Distributions to unit-holders

Distributions during the year,

	2019/20		2018/19	
	No of Units	Rs '000	No of Units	Rs '000
Distributions	-	-	-	-

As stipulated within the trust-deed, each unit represents a right to an individual share in the trust and does not extend to a right to the underlying assets of the trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the trust.

The creation price was at LKR 16.08 per unit (31 March 2019- LKR 18.97) and the redemption price was at LKR 15.07. per unit (31 March 2019- LKR 17.78) as at 31 March 2020.

12.1 Reconciliation between the net asset value as per financial statements and the published net asset value.

	31.03.2020
	LKR '000
Published net asset value	2,665,510
Being recording of impairment allowance for tax receivables	(20,786)
Amendment of dividend entry	(233)
Being recording of audit fee adjustment entry for the year	(3)
Net asset value as per financial statements	<u>2,644,488</u>

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

13. Related party transactions

The following have been identified as related parties to Ceybank Unit Trust Fund in accordance with LKAS 24 - Related Party Disclosures.

a) Management entity

The management entity of Ceybank Unit Trust is Ceybank Asset Management Limited.

b) Key management personnel**i) Directors**

Key management personnel includes persons who are directors of Ceybank Asset Management Limited at any time during the financial year.

- Mr. P. S. C. Pelpola (Chairman)
- Mr. C. Sathkumara (CEO/ Executive Director)
- Mr. A. P. Weeratunge
- Mr. K.B.S. Bandara
- Mr. D. P. K. Gunasekara
- Mr. R. D. M. U. M. M. Bandara
- Ms. Vasantha Govindan
- Mr. M. P. R. Kumara (Alternate Director to Mr. K. B. S. Bandara)

ii) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

c) Key management personnel unit holdings

The key management personnel of Ceybank Asset Management Ltd held units in the fund as follows.

	No of units held opening	No of units held closing	Fair value of investment Rs.'000	Distribution paid by the fund Rs.'000
31 March 2020	8,459	9,522	144	-
31 March 2019	8,459	8,459	150	-

d) Key management personnel compensation

Key management personnel are paid by Ceybank Asset Management Limited. Payments made from the fund to Ceybank Asset Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the trust during the financial year and there were no material contracts involving key management personnel's interest existing at year end.

Notes to the financial statements

For the year ended 31 March 2020

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

f) *Related party unit holding*

The management company of Ceybank Unit Trust held units in the fund as follows:

31 March 2020

	No of units held opening	No of units held closing	Fair value of investment Rs.'000	Transaction value during the year Rs.'000	Distribution paid by the fund Rs.'000
Ceybank Asset Management Ltd	6,007,535	6,007,535	90,594	-	-

g) *Transactions with and amounts due to related parties*

The fees charged by the management company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

	Charge for the year		Balance outstanding	
	2020	2019	31.03.2020	31.03.2019
Management fees	(55,298)	(61,124)	13,288	16,592
Trustee/custodian fees	(12,355)	(12,045)	2,736	
	(67,653)	(73,169)	16,025	16,592

14. **Contingent assets and liabilities and commitments**

There were no significant commitments and/or contingent liabilities existing as at the reporting date which require adjustments to or disclosures in the financial statements.

15. **Events occurring after the reporting period**

No significant events have occurred after the reporting period which require adjustments to or disclosures in the financial statements.

16. **Impact on COVID-19 Pandemic**

On 11th March 2020, the World Health Organisation declared COVID 19 as a Global Pandemic situation. The pandemic has significantly affected the Sri Lankan economy as well as the business environment. The situation has started before the financial year end and has been continued so far effecting many aspects of the country. With the declaration of COVID 19 as a Global Pandemic situation and in response to the serious threat imposed on public health and safety, Sri Lankan Government enforced several measures to control the pandemic such as entry restrictions for foreigners, movement restrictions between districts and later island wide curfew was imposed from 20th March 2020 onwards.

Accordingly, the COVID-19 Pandemic had a moderate impact on the Fund's general business routines. The Managing Company (the Company) followed the government guidelines and acted to ensure the safety of employees, stakeholder and business partners. The Company had adequate infrastructure in place to face such emergency and therefore the impact on the business operations was minimal.

Notes to the financial statements**For the year ended 31 March 2020****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****16. Impact on COVID-19 Pandemic - (Contd..)**

The Fund has considered the said situation as an adjusting event and has evaluated and determined the extent of the development after the reporting date also in the current reporting period. All relevant and adequate adjustments have been incorporated in the financial statements. However, the outbreak of COVID-19 did not have a significant impact on the performance, liquidity and valuation of assets of the Fund.

Fund primarily invests in shares listed on the Colombo Stock Exchange (CSE). The All Share Price Index (ASPI) of the CSE have declined by 25% during the period from 1 January 2020 to 20 March 2020 due to the Covid-19 global pandemic. Furthermore, the share market opened for trading on 11 May 2020 after being closed for a period of seven weeks due to the curfew enforced in Colombo. The ASPI dropped by 3.92% on 11 May 2020 compared to 20 March 2020. However, the ASPI increased by 52% on 16 December 2020 compared to 11 May 2020.

CEYBANK UNIT TRUST FUND
Annual Report & Accounts 2019/2020
MANAGEMENT TEAM

(as at 31 March 2020)

CEYBANK ASSET MANAGEMENT LTD

MANAGEMENT TEAM

CHAIRMAN

Palitha Pelpola

CEO / EXECUTIVE DIRECTOR

Chitra Sathkumara

B. Sc, MBA (Finance)

General Manager

W. D. F. Wimalaratne
FIB (IBSL), Dip. In Bank Mgt. (IBSL),
Pg. DBFA (ICASL)
Former Deputy General Manager
Bank of Ceylon

**Manager – Investment &
Business Development**

Ian Ferdinands
Chartered Marketer
Certified e Marketer
MBA(Finance)

Manager – Finance

Ravindra Hettiarachchi
Chartered Finalist (ICASL)
B. Sc (Mgt) Sp. Hons
MBA

Manager - Marketing

Kumudu Kekirideniya
Dip.in Marketing (UK),
MICM (UK)

Fund Manager

Kanchana Karannagoda
B.Sc. B. Admin. Sp. (Finance) Hons
CIMA, CGMA

Registrar

Pamudi Kariyawasam

Manager – IT

Sameera Fernando



**DECLARATION BY
TRUSTEES AND MANAGING COMPANY**

Declaration by Trustees and Management Company as per SEC Circular No 02/2009 on Guidelines for Trustees and Management Companies of Unit Trust Funds.

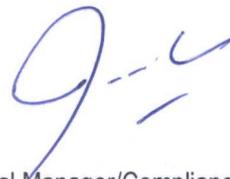
National Savings Bank the Trustee and Ceybank Asset Management Ltd the Managers of Ceybank Unit Trust Funds hereby declare that,

1. the requirements of Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. the transactions were and will be carried out at arm's length basis and on terms which are best available for the Fund, as well as act, at all times, in the best interest of the Fund's unit holders.



Trustee to
Ceybank Unit Trust Fund

National Savings Bank



General Manager/Compliance Officer
Ceybank Asset Management Ltd





Managers of the Ceybank Unit Trust Fund's

No 85, York Street, Colombo -1

Tel : 011- 760 2000-2, Fax : 011- 2327203 E.mail : info@ceybank.com Web: www.ceybank.com