

# CEYBANK CENTURY GROWTH FUND

## ANNUAL REPORT

*31 MARCH 2016*





### **Investment Objective**

- Provide a high level of capital growth in the medium to long term by primarily investing in equity securities quoted in the Colombo Stock Exchange.
- Reduce the volatility of asset values associated with the aggressive growth.



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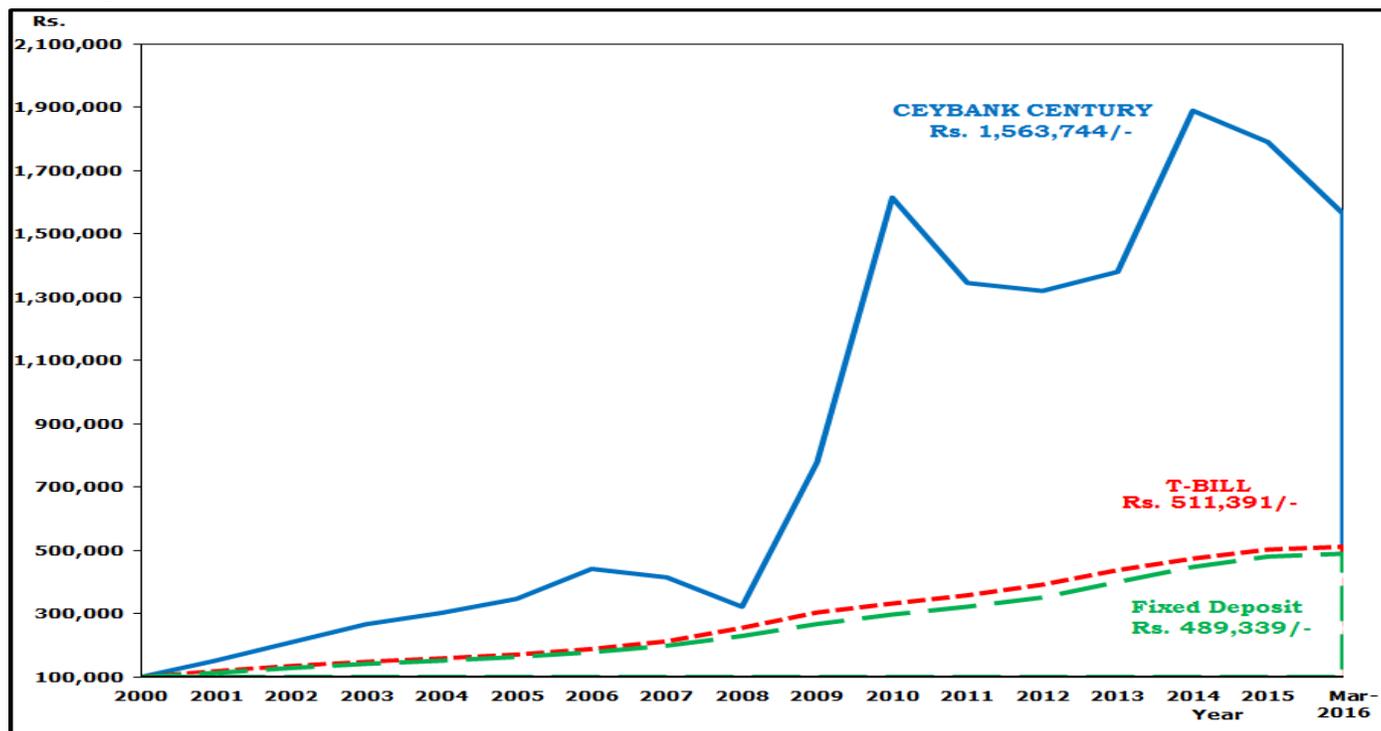
Management Team

Declaration by Trustee and Managing Company

“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 Century Growth Fund (adjusted for dividends) Vs Treasury Bills & Fixed Deposits (For the period 29-12-2000 to 31-03-2016)**

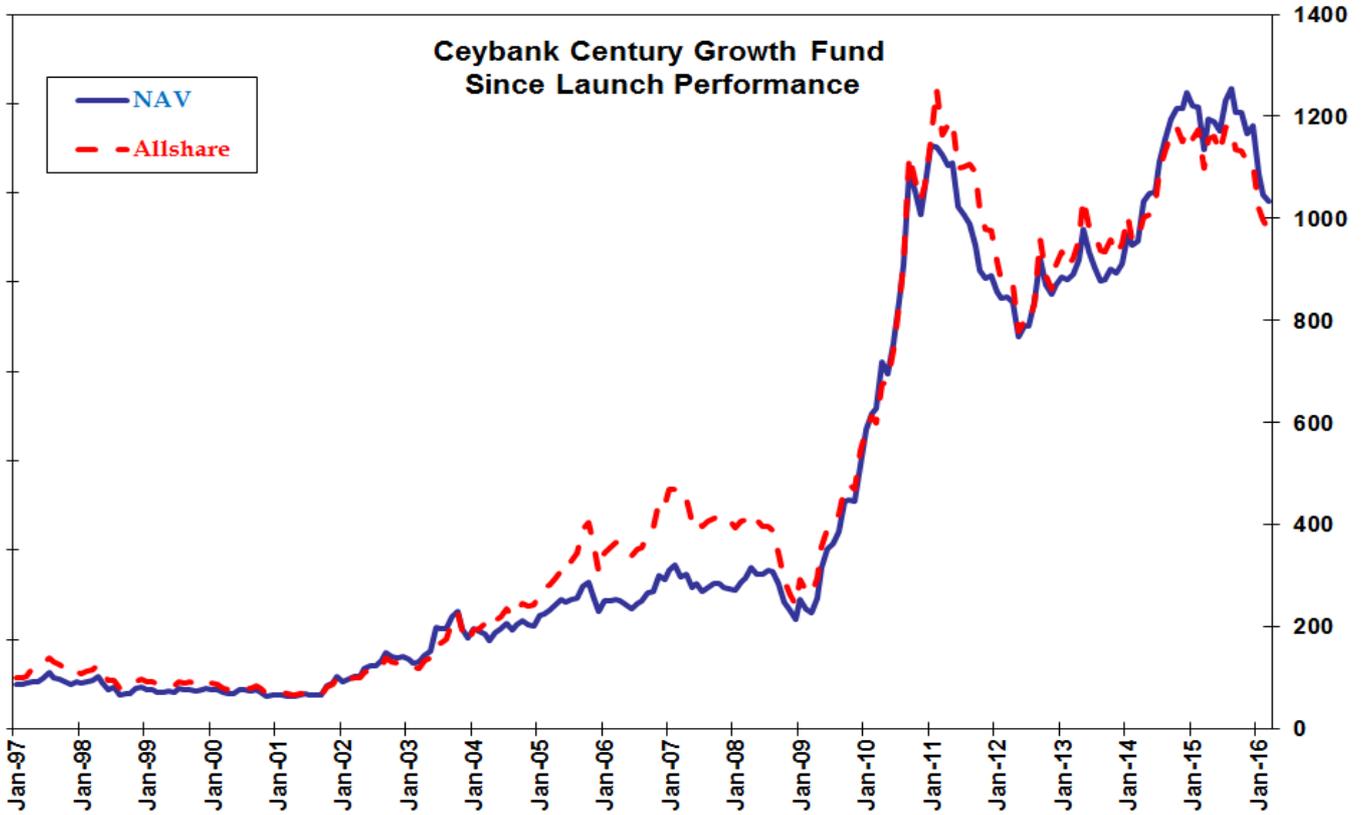


\* Treasury Bill - 1 Year WAR  
Fixed Deposit - AWDR

Y/E Dec'	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Mar
CCGF Value (Rs'000)	100	152	210	267	302	347	441	415	322	778	1,615	1,345	1,320	1,380	1,889	1,790	1,564



### PERFORMANCE HIGHLIGHTS



*Performance is based on Time Weighted Monthly Returns*

CEYBANK CENTURY GROWTH FUND  
Annual Report & Accounts 2015/2016  
CORPORATE INFORMATION

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TRUSTEE

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

FUND MANAGERS & REGISTRAR

Ceybank Asset Management Ltd  
Reg. No PV 3326  
No 54/C 1, Ward Place, Colombo -7  
Tel : 011 760 2000-2, Fax : 2683095  
E.mail : ceybank@slt.lk

DIRECTORS OF THE  
MANAGEMENT COMPANY

Mr. P. S. C. Pelpola  
Chairman

Mr. M Selvanathan  
Deputy Chairman

Mr. C. Sathkumara  
CEO/Executive Director

Mr. D. M. Gunasekera  
(Nominee - Bank of Ceylon)

Mr. S.M.S.C.Jayasuriya  
(Nominee - Bank of Ceylon)

Shri B Babu Rao  
(Nominee - Unit Trust of India)

Mr. M S P Ranjith Perera  
(Nominee - Sri Lanka Insurance)

Mr. P.P.J.Perera  
(Nominee - Sri Lanka Insurance)

Mr. Ajith weeratunge  
(Alternate to Mr. M Selvanathan)

Mr. G.A. Jayashantha  
(Alternate to Mr. D. M. Gunasekera)

Mr. U. D. Liyanagamage  
(Alternate to Mr. P.P.J.Perera)

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

Mr. Tennyson Rodrigo  
Former Managing Director  
Capital Development & Investment Co Ltd

AUDITORS  
SJMS Associates  
Chartered Accountants

TAX CONSULTANTS  
Ernst & Young  
Chartered Accountants

BANKERS & USTODIAN  
Bank of Ceylon

LAWYERS

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

Nithya Partners  
Attorneys –at-Law



## REPORT OF THE MANAGER

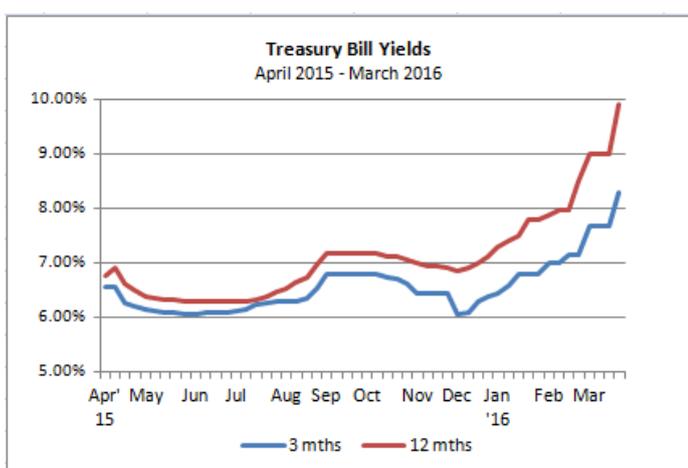
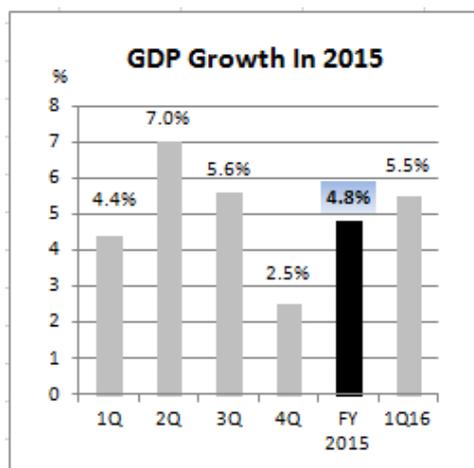
We have great pleasure in presenting the Annual Report and Audited Accounts of Ceybank Century Growth Fund for the year ended 31<sup>st</sup> March 2016.

The stock market was volatile during most of the year, rising twice ahead of the Parliamentary election in August and declining thereafter. The ASI depreciated by 10.97% during the year and closed at 6,071.88 on the 31<sup>st</sup> March 2016, tumbling by 748 points. The Net Asset Value per unit of your Fund dropped by 8.68% during the same period. The net asset value per unit amounted to Rs 61.58 as at 31<sup>st</sup> March 2016.

The Fund declared and distributed a tax free dividend of Rs 2.00 (200cts) per unit to the unit holders in October 2015. The cumulative dividends paid to unit holders since the inception of the Fund, stand at Rs. 17.00 per unit.

### Economy

The Sri Lankan Economy recorded a GDP growth of 4.8% for the year 2015, Sector wise, Industry grew by 3.0%, Services by 5.3% and Agriculture by 5.5% for the year 2015. This was followed by a 5.5% growth in the first quarter of 2016. Annual Average Inflation measured by the CCPI (New) which was at 2.1% in April 2015 declined during most of the year, before edging up in February and March 2016. Average inflation was at 1.1% as at 31<sup>st</sup> March 2016.



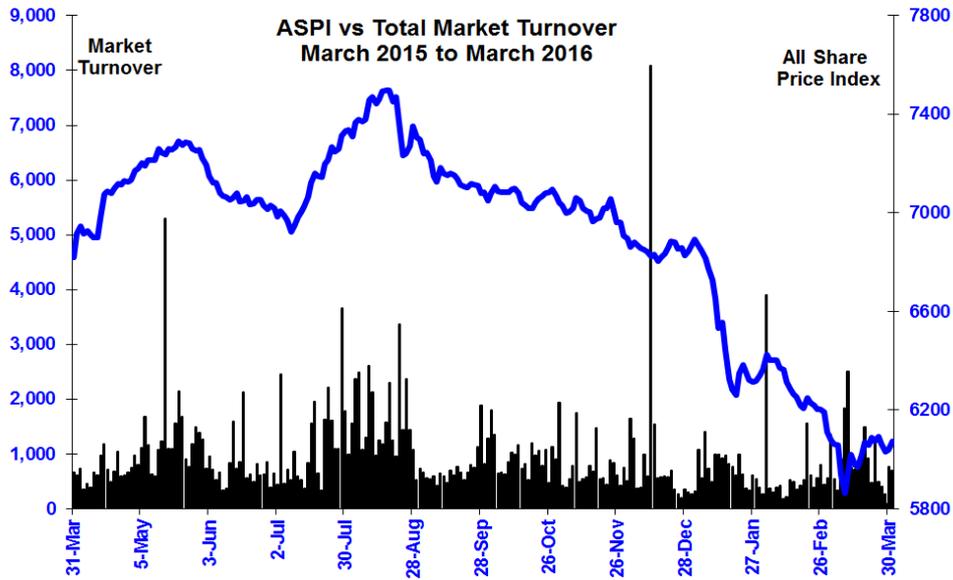
Interest rates which moved up gradually during the period March to December 2015, increased sharply by almost 300 basis points from December 2015 to March 2016. The benchmark 12 month Treasury bill rate which was at 6.76% p.a. at the beginning of the year closed 314 basis points higher at 9.90% p.a. by the end of the March 2016. Yields on long term Treasury bonds remained volatile during the year.

Overnight call money rates traded between 5.90% and 8.15% p.a. The exchange rate which was at 133.33 (Rs/US\$) in April 2015, depreciated by 8.51% during the year to close at 144.68 (Rs/ US\$) as at 31<sup>st</sup> March 2016.

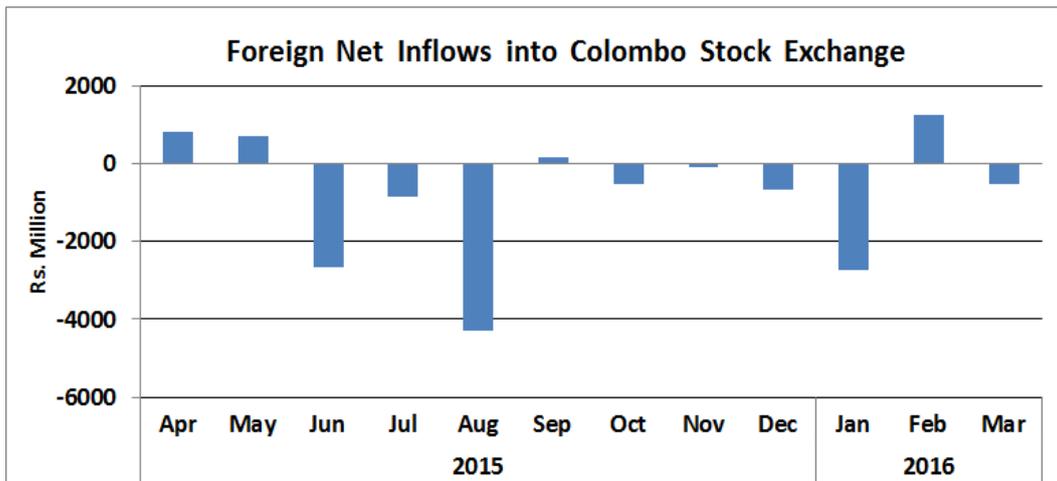
Central Bank key policy rates were adjusted three times during the year under review. The Standing Lending Facility Rate (SLFR) was both reduced and then increased by 0.5% to remain unchanged at 8%, while the Standing Deposit Facility Rate (SDFR) was increased 0.5% to close at 6.50% at end March 2016. The Statutory Reserve Requirement (SRR) for Commercial Banks which was at 6.0% was increased to 7.50% p.a. in January 2016.

### Capital Market Performance

The Stock market remained volatile during the period prior to the Parliamentary elections, reaching a high in August 2015 and then losing momentum, before continuing on a gradual downward slide thereafter.

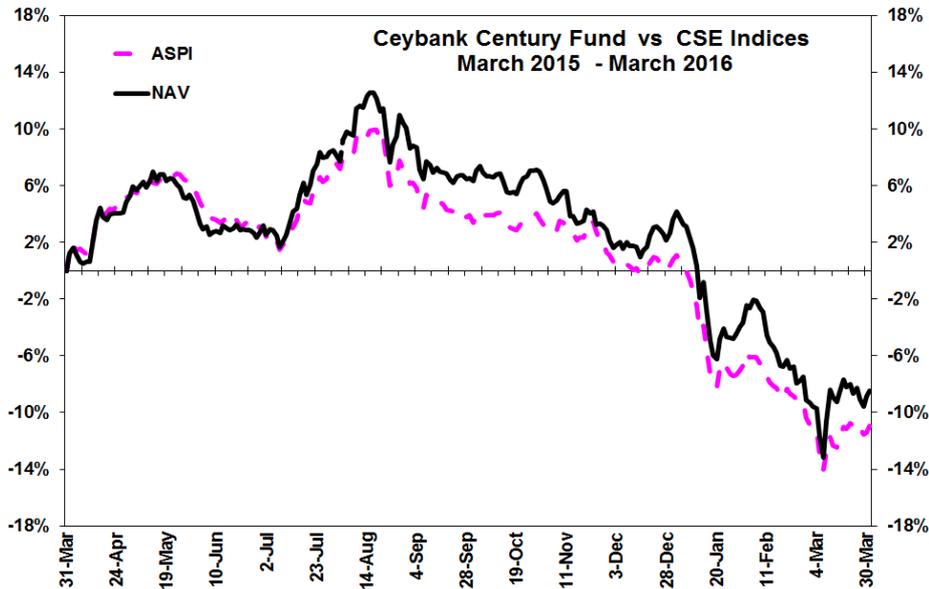


Foreign participation in the market slowed down, as foreign investors exited the market on a continuous basis, on uncertainty in government policy and also due to a reverse in fund flows from the Asian region to the USA on an anticipated rise in US interest rates. The All Share Index closed at 6,071.88 on 31<sup>st</sup> March 2016 recording a decline of 10.97% for the year under review.



**Fund Performance**

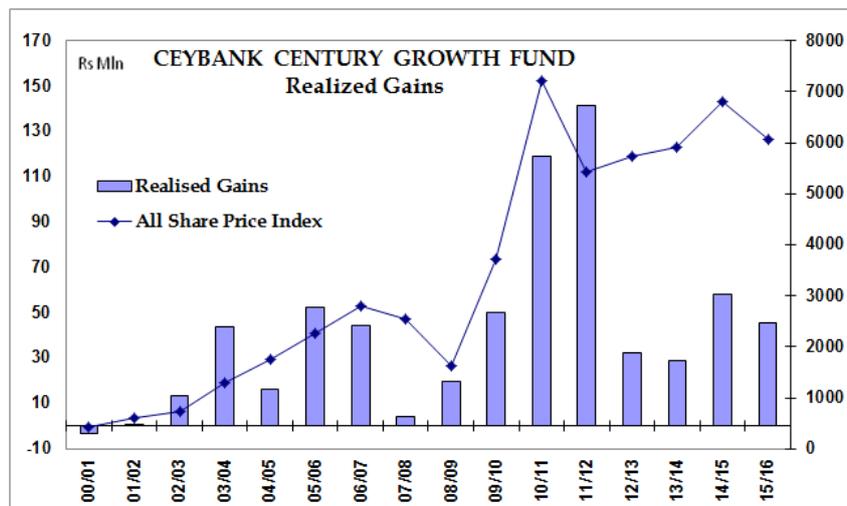
The ASI depreciated by 10.97% during the period while the Net Asset Value per unit of your Fund depreciated by 8.68%. The total net assets stood at Rs. 1,070 million as at 31<sup>st</sup> March 2016.

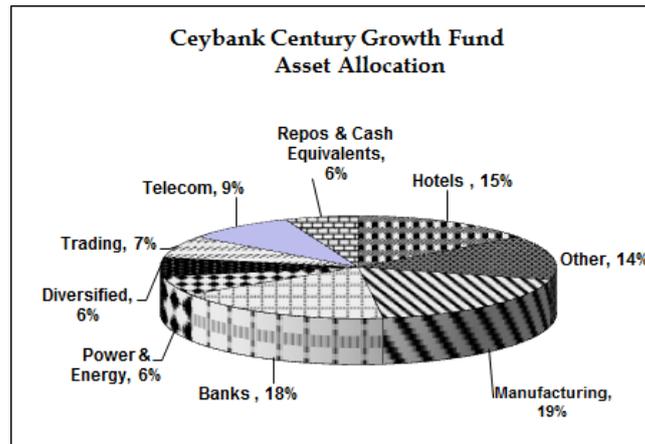


Dividend income of the Fund increased by 7% to Rs 38.73 million from Rs 36.19 million in the previous year. Interest income increased from Rs 3.66 million to Rs 5.50 million during the same period in line with the increase in market interest rates..

The Fund realized Rs 46.70 million as capital gains from the sale of equity during the period, a decrease of 22% in comparison to Rs 60.07 million the previous year.

The Net Asset Value of the portfolio decreased to Rs 1,070 million as at 31<sup>st</sup> March 2016 from Rs 1,165 million in March 2015.





Your Fund investments are, diversified widely across fundamentally strong stocks, with a medium to long term outlook, in Hotel, Manufacturing, Telecommunication, Diversified, and Power & Energy sectors as depicted in the chart. These stocks have performed well and are expected to add value to your units in the medium term.

### Future Outlook

The economy is expected to grow at around 5.5% in 2016. The Future outlook on growth will depend on Government policy which continues to be unclear with amended budget proposals and taxes.

Export markets remain a concern, as both the USA and Europe face declining economic growth and social and political challenges. The lifting of the EU ban on fisheries is a positive factor, as is the relatively low crude oil prices globally. Local weather conditions will be an important determinant that will affect growth in areas of Agriculture and Energy. Credit growth has been improving and performance of the corporate sector has been encouraging. Tourism and Infrastructure development would be areas where accelerated growth can be anticipated. Attracting Foreign Direct Investments continues to be a challenge. Concerns also remain on foreign fund outflows from portfolios, which include both equity and Debt which have created volatility in the exchange rate.

We expect interest rates to remain flat and increase towards the end of the year as the Government crowds out the private sector.

We believe that the equity market has value and Companies in selected sectors will perform well once economic policy direction is established. We will continue to look for value and invest in these counters. and make changes to the asset allocation based on the changing market conditions.

### 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 the members of the Investment Advisory Panel 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.

Chitra Sathkumara  
**Executive Director/ CEO**  
14 July 2016



A S S O C I A T E S  
Independent Correspondent Firm to  
Deloitte Touche Tohmatsu

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Chartered Accountants  
No. 11, Castle Lane,  
Colombo 04, Sri Lanka.

Tel: +94(11) 2580409, 5444400  
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Restructure & Corporate Recovery  
Tel: 5364293, 5444420 Fax: 2504008

E-mail: sjmsa@sjmsassociates.com  
Website: www.sjmsassociates.lk

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF CEYBANK CENTURY GROWTH FUND

### Report on the Financial Statements

We have audited the accompanying financial statements of Ceybank Century Growth Fund, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes unit holders' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Ceybank Asset Management Limited, the Managers and the Trustees of the Unit Trust are responsible for the preparation of these financial statements that give true and fair view in accordance with Sri Lanka Accounting Standards and for such internal controls as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. 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 misstatement 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 preparation of the financial statements that give a true and fair view 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 the management of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

a) The basis of opinion and Scope and Limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Fund,
- the financial statements of the Fund, comply with the requirements of Section 151 of the Companies Act No. 7 of 2007

**SJMS ASSOCIATES**  
Chartered Accountants

Colombo  
13 July 2016

## Statement of comprehensive income

For the year ended 31 March 2016

(all amounts in Sri Lanka Rupees thousands)

	Note	2015/2016	2014/2015
<b>Investment Income</b>			
Dividend		38,739	36,190
Interest income from financial assets - Loans & receivables	4.	5,505	3,667
Net realized gain on financial assets held at fair value through profit or loss	5.	46,705	60,078
Net change in unrealized gain / (loss) on financial assets held at fair value through profit or loss		(170,210)	108,531
Other income		<u>8</u>	<u>2</u>
<b>Total investment income</b>		<b><u>(79,253)</u></b>	<b><u>208,468</u></b>
<b>Expenses</b>			
Management fee		(20,365)	(19,851)
Trustee & custodian fee		(4,064)	(3,950)
Transaction cost		(3,349)	(2,499)
Audit fee		(224)	(196)
Write off of long outstanding ESC receivable balance		(117)	
Other expenses		<u>(120)</u>	<u>(327)</u>
<b>Total operating expenses</b>		<b><u>(28,238)</u></b>	<b><u>(26,823)</u></b>
<b>Net operating profit after deductions and before tax</b>		<b>(107,490)</b>	<b>181,645</b>
Income tax expense	6	-	-
<b>Increase/(decrease) in net assets attributable to unit-holders</b>		<b><u>(107,490)</u></b>	<b><u>181,645</u></b>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.

## Statement of financial position

As at 31 March 2016

(all amounts in Sri Lanka Rupees thousands)

	Note	31.03.2016	31.03.2015
<b>Assets</b>			
Cash and cash equivalents	7	6,668	6,400
Receivable from brokers		104	104
Other receivable		3,766	4,562
Financial assets held at fair valued through profit or loss	8	1,013,338	1,042,130
Loans and receivables	9	44,401	110,204
Income tax receivable	10	7,671	7,235
<b>Total assets</b>		<b>1,075,948</b>	<b>1,170,635</b>
<b>Unit holders' funds and liabilities</b>			
<b>Liabilities</b>			
Payables	11	4,972	5,294
Amount payable on unit redemption		420	85
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>5,392</b>	<b>5,379</b>
<b>Unit holders' funds</b>			
<b>Net assets attributable to unit holders</b>	12	<b>1,070,556</b>	<b>1,165,256</b>
<b>Total unit holders' funds and liabilities</b>		<b>1,075,948</b>	<b>1,170,635</b>

The financial statements comply with the requirements of the Companies Act No. 7 of 2007 and were approved by the fund management company and the trustees on 01 July 2016 and 13 July 2016 respectively.



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



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

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.



**Statement of changes in unit holders' funds****For the year ended 31 March 2016****(all amounts in Sri Lanka Rupees thousands)**

	<b>2015/2016</b>	<b>2014/2015</b>
<b>Unit holders' funds at the beginning of year</b>	1,165,256	1,023,155
Increase in net assets attributable to unit holders	(107,490)	181,645
Received on unit creations	100,814	158,288
Payments on unit redemptions	(53,585)	(164,649)
Distributions to unit holders	(34,439)	(33,183)
<b>Unit holders' funds at the end of the year</b>	<b><u>1,070,556</u></b>	<b><u>1,165,256</u></b>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.

**Statement of cash flows****For the year ended 31 March 2016****(all amounts in Sri Lanka Rupees thousands)**

	2015/2016	2014/2015
<b><i>Cash flows from operating activities</i></b>		
Miscellaneous receipts/(payments)	(2,400)	1,098
Dividends received	41,954	37,185
Interest received	5,531	3,635
Operating expenses paid	(25,105)	(27,474)
Tax paid	(553)	(364)
Investment in equity shares	(206,675)	(64,147)
Proceeds from sale of equity shares	108,612	170,282
Net investments in repurchase agreements	66,114	(56,884)
Net investments in bank deposits	(337)	(20,000)
<b><i>Net cash inflows from operating activities</i></b>	<b><u>(12,859)</u></b>	<b><u>43,331</u></b>
<b><i>Cash flows from financing activities</i></b>		
Proceeds from issue of units	100,814	158,288
Payments on redemptions of units	(53,250)	(164,963)
Distribution paid	(34,438)	(33,183)
<b><i>Net cash outflows from financing activities</i></b>	<b><u>13,126</u></b>	<b><u>(39,858)</u></b>
<b><i>Net increase in cash and cash equivalents</i></b>	<b><u>268</u></b>	<b><u>3,473</u></b>
Cash and cash equivalents at the beginning of the year	6,400	2,927
Net increase in cash and cash equivalents	268	3,473
<b><i>Cash and cash equivalents at the end of the year</i></b>	<b><u>7</u> <u>6,668</u></b>	<b><u>6,400</u></b>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.

**Notes to the financial statements****For the year ended 31 March 2016****(In the notes all amounts are shown in Sri Lanka Rupee thousands unless otherwise stated)****1. General information**

Ceybank Century Growth Fund was launched in December 1996, by Ceybank Asset Management Ltd with the objective of providing capital growth in terms of appreciation of unit price in the medium to long term by primarily investing in equity securities quoted on the Colombo Stock Exchange. The Fund would strive to minimise the high risk associated with investing in equity by diversifying across different economic sectors and individual securities. The registered office of the Management Company is located at 54/C1, Ward Place, Colombo 7.

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

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

**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.

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. Following are the key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**2.4 Summary of Significant Accounting Policies****2.4.1 Financial instruments – initial recognition and subsequent measurements****2.4.1.1 Date of recognition**

All financial assets are initially recognized on the trade date, i.e. the date that 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.

**2.4.1.2 Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management intention in acquiring them. All financial assets are measured initially at the fair value plus transaction costs, except in the cases of financial assets recorded at fair value through profit or loss.

**2.4.1.3 Financial assets - Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables in the statement of financial position comprise of repurchase agreements, commercial papers and placements with other banks.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate, less allowance for impairment. The amortization is included in the "interest income" in the statement of comprehensive income. The losses arising from impairment is recognized in the statement of comprehensive income in "credit loss expense".

Interest income is recognized by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

**Notes to the financial statements****For the year ended 31 March 2016****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****2.4.1.4 Financial assets at fair value through profit or loss**

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. Up on the initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred.

***Financial assets held for trading***

Financial assets, held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in the 'net change in financial assets held for trading' in the statement of comprehensive income. Interest income or expense and dividend income are recorded in "investment income" according to the terms of the contract. Included in this classification are quoted equity securities and quoted debentures.

**2.4.1.5 Determination of fair value**

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 6.

**2.4.1.6 Derecognition of financial assets**

A financial asset is derecognized when,

- 1) The rights to receive cash flows from the asset have expired.
- 2) The fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either,
  - The fund has transferred substantially all the risks and rewards of the asset or
  - The fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**2.4.2 Impairment of receivables**

The company assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Receivable is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**2.4.3 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.

**2.4.4 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.

**2.4.5 Revenue recognition**

Revenue is recognized to the extent that it is probable that the 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

**Notes to the financial statements****For the year ended 31 March 2016****(In the notes all amounts are shown in Sri Lanka Rupee thousands unless otherwise stated)**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 repurchase agreements and government treasury bills are recognized at gross of notional tax credit or withholding tax.

**2.4.6 Expenses**

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

**2.4.7 Accrued expenses**

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

**2.4.8 Income tax**

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The fund is liable to pay income tax at the rate 10% in accordance with the Inland Revenue Act No. 10 of 2006.

**2.4.9 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 valuation guidelines issued by the Unit trust Association of Sri Lanka and 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**

The fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity risk.

The fund's overall risk management programme focuses on ensuring compliance with the fund's "Product Disclosure Statement" and seeks to maximise the returns derived for the level of risk to which the fund is exposed. Financial risk management is carried out by the Management Company.

The fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

**3.1 Market risk***(i) Price Risk*

The fund is exposed to equity securities price risk. This arises from investments held by the fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

The management company mitigates price risk through diversification and a careful selection of securities within specified limits set by the management company. Maximum limit of 97 % of the net assets attributable to unit holders are invested in equity securities and remaining amount is invested in short term investment less than three months as repurchase agreements and bank deposits.

**Notes to the financial statements****For the year ended 31 March 2016****(In the notes all amounts are shown in Sri Lanka Rupee thousands unless otherwise stated)****Summarised sensitivity analysis**

The following table summarises the sensitivity of the funds operating loss and net assets attributable to unit holders to price risk. The reasonably possible movements in the risk variables have been determined based on managements best estimate, having regard to a number of factors, including historical correlation of the funds investment with the relevant benchmark and market volatility. However, actual movements in the risk variables maybe greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in performances and correlation between the performances of the economies, markets and securities in which the fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

**Impact on operating profit / Net assets attributable to unit holders - Price Risk**

	<b>31.03.2016</b>	<b>31.03.2015</b>
Change in price of the Trust's investment in trading securities		
- +10%	101,334	104,213
- - 10%	(101,334)	(104,213)

*(ii) Cash flow and fair value interest rate risk*

The fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the fund to fair value interest rate risk.

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.

The table below summarises the fund's exposure to interest rate risks. It includes the fund's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

	<b>Floating interest</b>		<b>Non- interest</b>	
<b>As at 31.03.2016</b>	<b>rate</b>	<b>Fixed interest rate</b>	<b>bearing</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	-	-	6,668	6,668
Loans and receivables	-	44,401	-	44,401
<b>Total exposure</b>	<b>-</b>	<b>44,401</b>	<b>6,668</b>	<b>51,068</b>
<b>As at 31.03.2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	-	6,400	6,400
Loans and receivables	-	110,204	-	110,204
<b>Total exposure</b>	<b>-</b>	<b>110,204</b>	<b>6,400</b>	<b>116,604</b>

**Summarised sensitivity analysis**

The following table summarises the sensitivity of the funds operating profit and net assets attributable to unit holders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on managements best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the funds investment with the relevant benchmark and market volatility. However, actual movements in the risk variables maybe greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in performances and correlation between the performances of the economies, markets and securities in which the fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

**Impact on operating profit / Net assets attributable to unit holders - Interest rate**

	<b>31.03.2016</b>	<b>31.03.2015</b>
Change in interest rate of the fund's investment in trading securities:		
+ 1.5%	83	55
- 1.5%	(83)	(55)

## Notes to the financial statements

For the year ended 31 March 2016

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

**3.2 Credit risk**

The fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main concentration of credit risk, to which the fund is exposed, arises from the fund's investment in debt securities, cash and cash equivalents, amounts due from brokers and other receivables.

*(i) Debt securities*

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

	31.03.2016	31.03.2015
<b>Repurchase agreements</b>		
<b>Rating</b>		
Risk free	24,057	90,194
<b>Bank deposits</b>		
<b>Rating</b>		
<b>Company</b>		
<b>Rating Agency</b>		
BBB - Orient Finance PLC	20,344	-
BBB - Softlogic Finance PLC	-	20,010

*(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.

**3.3 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 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 unitholder's option. However, the managers of the fund does 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.

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.

31 March 2016	1 month	1-6 months	6-12 months	Total
Payables	2,267	224	2,481	4,972
Amount payable on unit redemption	420	-	-	420
Contractual cash flows(excluding gross settled derivatives)	<b>2,687</b>	<b>224</b>	<b>2,481</b>	<b>5,392</b>
	<b>Less than</b>			
	<b>1 month</b>	<b>1-6 months</b>	<b>6-12 months</b>	<b>Total</b>
Payables	2,609	196	2,489	5,294
Amount payable on unit redemption	85	-	-	85
Contractual cash flows(excluding gross settled derivatives)	<b>2,694</b>	<b>196</b>	<b>2,489</b>	<b>5,379</b>

**Notes to the financial statements****For the year ended 31 March 2016****(In the notes all amounts are shown in Sri Lanka Rupee thousands unless otherwise stated)****3.4 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. 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 recognised 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. 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.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

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.

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.

**3.5 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).

## Notes to the financial statements

For the year ended 31 March 2016

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

## (i) Classification of financial assets and financial liabilities

The level in the fair value hierarchy within which the fair value measurement is categorised 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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the management Company. The management company considers observable data to be the 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 fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 March 2016.

<b>As at 31 March 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets held for trading:</b>				
- Equity shares	1,013,338	-	-	1,013,338
<b>Total</b>	<b>1,013,338</b>	<b>-</b>	<b>-</b>	<b>1,013,338</b>
<b>As at 31 March 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets held for trading:</b>				
- Equity shares	1,042,130	-	-	1,042,130
<b>Total</b>	<b>1,042,130</b>	<b>-</b>	<b>-</b>	<b>1,042,130</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain listed 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. These include; investment-grade corporate bonds and certain unlisted unit trusts, and over-the-counter derivatives. 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 unit trusts. As observable prices are not available for these securities, the management company has used valuation techniques to derive fair value.

## Notes to the financial statements

For the year ended 31 March 2016

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

**4. Interest income from financial assets not held at fair value through profit or loss**

	<b>2016</b>	<b>2015</b>
Interest on repurchase agreements	3,673	3,657
Interest on fixed deposits	1,831	10
	<b>5,505</b>	<b>3,667</b>

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

Net gains recognised in relation to financial assets held at fair value through profit or loss:

Proceeds on sale of investments	109,510	170,282
Average cost of investments sold	(62,805)	(110,204)
	<b>46,705</b>	<b>60,078</b>

**6. Income tax expense**

The trust does not have an income tax liability for the year due to taxable losses incurred.

Reconciliation between tax expense and the accounting profit is as follows.

Accounting profit/(loss) before tax	(107,490)	181,645
Profits on dividend	(32,528)	(36,190)
Gain/(loss) related to the fair value through profit or loss financial assets		
Net change in unrealised (gain)/loss	170,210	(108,531)
Net realised gain	(46,705)	(60,078)
Transaction cost	3,349	-
Write off of long outstanding ESC receivable	117	-
Loss from business	(13,047)	(23,154)
Income tax expense	-	-

**7. Cash and cash equivalents**

	<b>31.03.2016</b>	<b>31.03.2015</b>
<b>Cash at bank</b>		
Bank of Ceylon	6,668	6,400
	<b>6,668</b>	<b>6,400</b>

## Notes to the financial statements

For the year ended 31 March 2016

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

## 8. Financial assets held at fair value through profit or loss

	31.03.2016	31.03.2015
<b>Held for trading</b>		
Investment in equity shares (note 10(a))	1,013,338	1,042,130
	<b>1,013,338</b>	<b>1,042,130</b>

## a) Investment in equity shares

As at 31 March 2016 Company	Number of shares	Market value	Percentage of net assets
<b>Banks, Finance &amp; Insurance</b>			
Peoples Leasing Company PLC	266,500	4,264	0.40%
HNB PLC-Non Voting	314,318	54,684	5.11%
Sampath Bank PLC	219,584	49,626	4.64%
HNB Assurance PLC	648,244	35,005	3.27%
Nations Trust Bank PLC	77,291	5,735	0.54%
Commercial Bank of Ceylon PLC - Non Voting	379,142	42,843	4.00%
HNB PLC	500	101	0.01%
		<b>192,258</b>	<b>17.96%</b>
<b>Beverages, Food &amp; Tobacco</b>			
Lucky Lanka Milk Processing Company PLC	200,000	260	0.02%
		<b>260</b>	<b>0.02%</b>
<b>Chemicals &amp; Pharmaceuticals</b>			
CIC Holdings PLC	220,060	21,016	1.96%
		<b>21,016</b>	<b>1.96%</b>
<b>Construction &amp; Engineering</b>			
Access Engineering PLC	133,600	2,779	0.26%
		<b>2,779</b>	<b>0.26%</b>
<b>DIVERSIFIED HOLDINGS</b>			
John Keells Holdings PLC- Warrant 2	53,102	494	0.05%
Softlogic Holdings PLC	1,606,610	21,368	2.00%
Vallibel One PLC	187,292	3,334	0.31%
Sunshine Holdings PLC	25,927	1,296	0.12%
John Keells Holdings PLC	258,399	38,243	3.57%
		<b>64,735</b>	<b>6.05%</b>
<b>HEALTH CARE</b>			
The Lanka Hospitals Corporation Limited PLC	717,399	36,587	3.42%
		<b>36,587</b>	<b>3.42%</b>

## Notes to the financial statements

For the year ended 31 March 2016

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

## a) Investment in equity shares - (Continued)

31 March 2016 Company	Number of shares	Market value	Percentage of total net assets
<b>Hotels &amp; Travels</b>			
Asian Hotels & Properties PLC	1,190,269	56,895	5.31%
Amaya Leisure PLC	145,491	8,802	0.82%
Trans Asia Hotels PLC	516,568	41,274	3.86%
Aitken Spence Hotel Holdings PLC	1,033,615	54,782	5.12%
		<b>161,752</b>	<b>15.11%</b>
<b>Land &amp; Property</b>			
Millennium Housing Developers PLC	100,000	720	0.07%
Colombo Land & Development Company PLC	285,401	6,108	0.57%
Seylan Developments PLC	213,802	2,608	0.24%
C T Land Development PLC	717,563	32,577	3.04%
		<b>42,013</b>	<b>3.92%</b>
<b>Manufacturing</b>			
Textured Jersey Lanka PLC	135,374	4,291	0.40%
Lanka Walltile PLC	231,423	22,865	2.14%
Tokyo Cement Co (Lanka) PLC	778,249	25,137	2.35%
Royal Ceramics Lanka PLC	587,482	58,807	5.49%
Kelani Tyres PLC	1,351,439	86,492	8.08%
		<b>197,592</b>	<b>18.46%</b>
<b>Plantations</b>			
Namunukula Plantations PLC	345,349	20,548	1.92%
Kelani Valley Plantations PLC	467,529	30,389	2.84%
		<b>50,938</b>	<b>4.76%</b>
<b>Power and Energy</b>			
Hemas Power PLC	28,687	637	0.06%
Lanka IOC PLC	2,022,884	65,744	6.14%
		<b>66,381</b>	<b>6.20%</b>
<b>Telecommunications</b>			
Dialog Axiata PLC	4,513,083	46,033	4.30%
Sri Lanka Telecom PLC	1,356,497	52,632	4.92%
		<b>98,666</b>	<b>9.22%</b>
<b>Trading</b>			
Singer (Sri Lanka) PLC	665,771	78,361	7.32%
		<b>78,361</b>	<b>7.32%</b>
		<b>1,013,338</b>	<b>94.66%</b>

## Notes to the financial statements

For the year ended 31 March 2016

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

## a) Investment in equity shares - (Continued)

As at 31 March 2015 Company	Number of shares	Market value	Percentage of net assets
<b>Banks, Finance &amp; Insurance</b>			
Peoples Leasing Company PLC	260,000	5,746	0.49%
HNB PLC-Non Voting	414,767	68,437	5.87%
Sampath Bank PLC	218,847	55,171	4.73%
HNB Assurance PLC	561,610	47,737	4.10%
Nations Trust Bank PLC	77,291	7,737	0.66%
Commercial Bank of Ceylon PLC - Non Voting	374,089	49,081	4.21%
		<b>233,909</b>	<b>20.07%</b>
<b>Beverages, Food &amp; Tobacco</b>			
Lucky Lanka Milk Processing Company PLC	200,000	440	0.04%
		<b>440</b>	<b>0.04%</b>
<b>Chemicals &amp; Pharmaceuticals</b>			
CIC Holdings PLC	304,619	23,151	1.99%
		<b>23,151</b>	<b>1.99%</b>
<b>Construction &amp; Engineering</b>			
Access Engineering PLC	119,000	2,285	0.20%
		<b>2,285</b>	<b>0.20%</b>
<b>Diversified Holdings</b>			
John Keells Holdings PLC- Warrant 2	46,465	1,492	0.13%
John Keells Holdings PLC-Warrant 1	19,335	402	0.03%
Softlogic Holdings PLC	1,046,055	13,808	1.18%
Vallibel One PLC	130,845	2,656	0.23%
Sunshine Holdings PLC	25,927	1,244	0.11%
John Keells Holdings PLC	206,765	41,229	3.54%
		<b>60,831</b>	<b>5.22%</b>
<b>Health Care</b>			
The Lanka Hospitals Corporation Limited PLC	240,805	9,608	0.82%
		<b>9,608</b>	<b>0.82%</b>
<b>Hotels &amp; Travels</b>			
Asian Hotels & Properties PLC	1,184,409	74,618	6.40%
Amaya Leisure PLC	138,563	9,907	0.85%
Trans Asia Hotels PLC	516,168	48,520	4.16%
Aitken Spence Hotel Holdings PLC	988,947	66,259	5.69%
		<b>199,304</b>	<b>17.10%</b>
<b>Land &amp; Property</b>			
Millennium Housing Developers PLC	100,000	700	0.06%
Colombo Land & Development Company PLC	122,754	3,020	0.26%
Seylan Developments PLC	213,802	2,822	0.24%
C T Land Development PLC	627,222	21,953	1.88%
		<b>28,495</b>	<b>2.45%</b>

## Notes to the financial statements

For the year ended 31 March 2016

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

## a) Investment in equity shares - (Continued)

As at 31 March 2015 Company	Number of shares	Market value	Percentage of total net assets
<b>Manufacturing</b>			
Textured Jersey Lanka PLC	103,113	2,485	0.21%
Lanka Walltile PLC	375,941	36,015	3.09%
Tokyo Cement Co (Lanka) PLC	1,181,093	44,173	3.79%
Royal Ceramics Lanka PLC	609,610	67,667	5.81%
Kelani Tyres PLC	141,272	11,019	0.95%
		<b>161,359</b>	<b>13.85%</b>
<b>Plantations</b>			
Namunukula Plantations PLC	329,955	23,394	2.01%
Kelani Valley Plantations PLC	464,529	33,400	2.87%
		<b>56,794</b>	<b>4.87%</b>
<b>Power and Energy</b>			
Hemas Power PLC	28,687	542	0.05%
Lanka IOC PLC	2,444,439	98,511	8.45%
		<b>99,053</b>	<b>8.50%</b>
<b>Telecommunications</b>			
Dialog Axiata PLC	4,364,630	45,392	3.90%
Sri Lanka Telecom PLC	1,082,286	49,244	4.23%
		<b>94,636</b>	<b>8.12%</b>
<b>Trading</b>			
Singer (Sri Lanka) PLC	633,904	72,265	6.20%
		<b>72,265</b>	<b>6.20%</b>
		<b>1,042,130</b>	<b>89.43%</b>

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.

## Notes to the financial statements

For the year ended 31 March 2016

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

## 9. Loans and receivables

	31.03.2016	31.03.2015
Repurchase agreements (Note 9 (a))	24,057	90,194
Fixed deposits (Note 9 (b))	20,344	20,010
	<b>44,401</b>	<b>110,204</b>

## a) Investment in repurchase agreements

	Yield	Investment date	Maturity date	Cost	Carrying value
<b>As at 31.03.2016</b>					
Commercial Bank	7.90%	30/Mar/2016	01/Apr/2016	24,046	24,057
				<b>24,046</b>	<b>24,057</b>

	Yield	Investment date	Maturity date	Cost	Carrying value
<b>As at 31.03.2015</b>					
Commercial Bank	6.25%	31-Mar-15	1-Apr-15	78,105	78,119
Perpetual Treasuries Limited	6.95%	23-Mar-15	6-Apr-15	12,055	12,075
				<b>90,160</b>	<b>90,194</b>

## b) Investment in fixed deposits

## As at 31.03.2016

	Yield	Investment date	Maturity date	Cost	Carrying value
Orient Finance PLC	11.00%	31-Mar-16	30-Apr-16	20,338	20,344
				<b>20,338</b>	<b>20,344</b>

## As at 31.03.2015

Company	Yield	Investment date	Maturity date	Cost	Carrying value
Softlogic Finance PLC	9.25%	30-Mar-15	30-Jun-15	20,000	20,010
				<b>20,000</b>	<b>20,010</b>

## 10. Income tax receivable

	31.03.2016	31.03.2015
ESC receivable	-	117
Withholding tax receivable	1,440	1,257
Notional tax receivable	4,070	3,701
Income tax receivable	2,161	2,161
	<b>7,671</b>	<b>7,235</b>

## Notes to the financial statements

For the year ended 31 March 2016

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

**11. Payables**

	<b>31.03.2016</b>	<b>31.03.2015</b>
Payable on equity share purchases	502	541
Accrued expenses	224	196
Other payables	4,246	4,557
	<b>4,972</b>	<b>5,294</b>

**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:

	<b>31.03.2016</b>		<b>31.03.2015</b>	
	<b>Units</b>	<b>LKR</b>	<b>Units</b>	<b>LKR</b>
Opening capital balance	16,741,160	1,165,256	16,931,914	1,023,155
Applications	1,406,624	100,814	2,145,755	158,288
Redemptions	(761,580)	(53,585)	(2,336,509)	(164,649)
Distributions to unit-holders	-	(34,439)	-	(33,183)
Increase in net assets attributable to unit holders	-	(107,490)	-	181,645
<b>Closing balance</b>	<b>17,386,203</b>	<b>1,070,556</b>	<b>16,741,160</b>	<b>1,165,256</b>
			<b>31.03.2016</b>	<b>31.03.2015</b>
Net assets attributable to unit holders			1,070,556	1,165,256
			1,070,556	<b>1,165,256</b>

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

**Capital risk management**

The fund considers its net assets attributable to unit holders as an equity. The amount of net assets attributable to unitholders 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 Trust Deed, the responsible entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders.

**Notes to the financial statements****For the year ended 31 March 2016****(In the notes all amounts are shown in Sri Lanka Rupee thousands unless otherwise stated)****13. Related party transactions****a) Management entity**

The management entity of Ceybank Century Growth Fund 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. M. Selvanathan (Deputy Chairman)
- Mr. C. Sathkumara (CEO/ Executive Director)
- Mr. D. M. Gunasekara
- Mr. S.M. S. C. Jayasuriya
- Sri Busi Babu Rao
- Mr. M. S. P. R. Perera
- Mr. P. P. J. Perera
- Mr. Ajith Weeratunge (Alternate Director to Mr. M. Selvanathan)
- Mr. G. A. Jayashantha (Alternate Director to Mr. D. M. Gunasekara)
- Mr.U. D. Liyanagamage (Alternate Director to Mr. P. P. J. Perera)

**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**

None of the key management personnel of Ceybank Asset Management Limited held units in the fund during the year.

**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 Fund**

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

**f) Related party unit holding**

The management company of Ceybank Asset Management Limited did not hold any units in the fund.

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

	Charge for the year		Balance outstanding	
	2016	2015	2016	2015
Management fees	20,365	19,851	1,765	2,068
Trustee fees	4,064	3,950	-	-
	<b>24,429</b>	<b>23,801</b>	<b>1,765</b>	<b>2,068</b>

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

There were no material capital commitments, contingent liabilities and contingent assets as at the reporting date.

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

No significant events have occurred since the end of the reporting period which would impact on the financial position of the fund disclosed in the statement of financial position as at 31 March 2016 or on the results and cash flows of the fund for the year ended on that date.

CEYBANK CENTURY GROWTH FUND  
Annual Report & Accounts 2015/2016  
MANAGEMENT TEAM

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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

**Manager – Finance**

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

**Registrar**

K. Dorin Sherina

**Assistant Fund Manager**

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

**Marketing Manager**

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



**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 the 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 Funds  
**National Savings Bank**

  
General Manager / Compliance Officer  
Ceybank Asset Management Ltd





**Managers of the Ceybank Unit Trust Fund's**

No.54/4C1, Ward Place, Colombo 07, Sri Lanka

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