

CEYBANK UNIT TRUST FUND
(INCOME & GROWTH)

ANNUAL REPORT

31 MARCH 2014

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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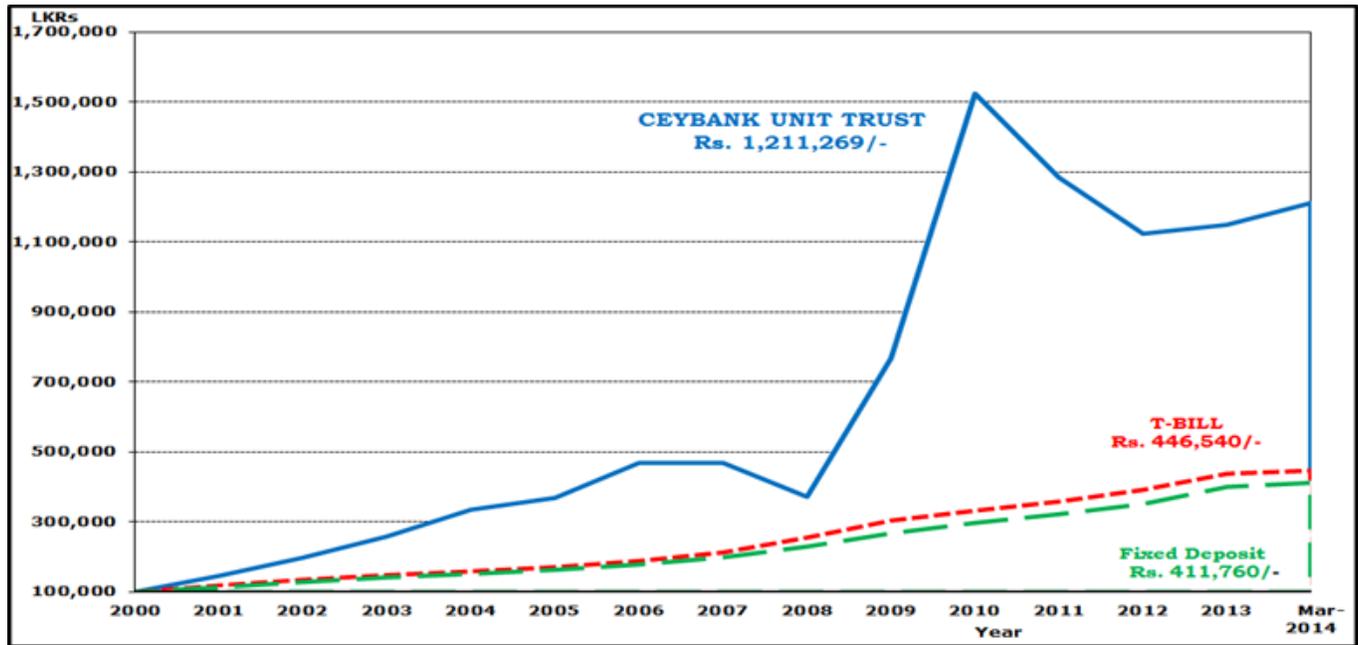
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Management Team

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.”

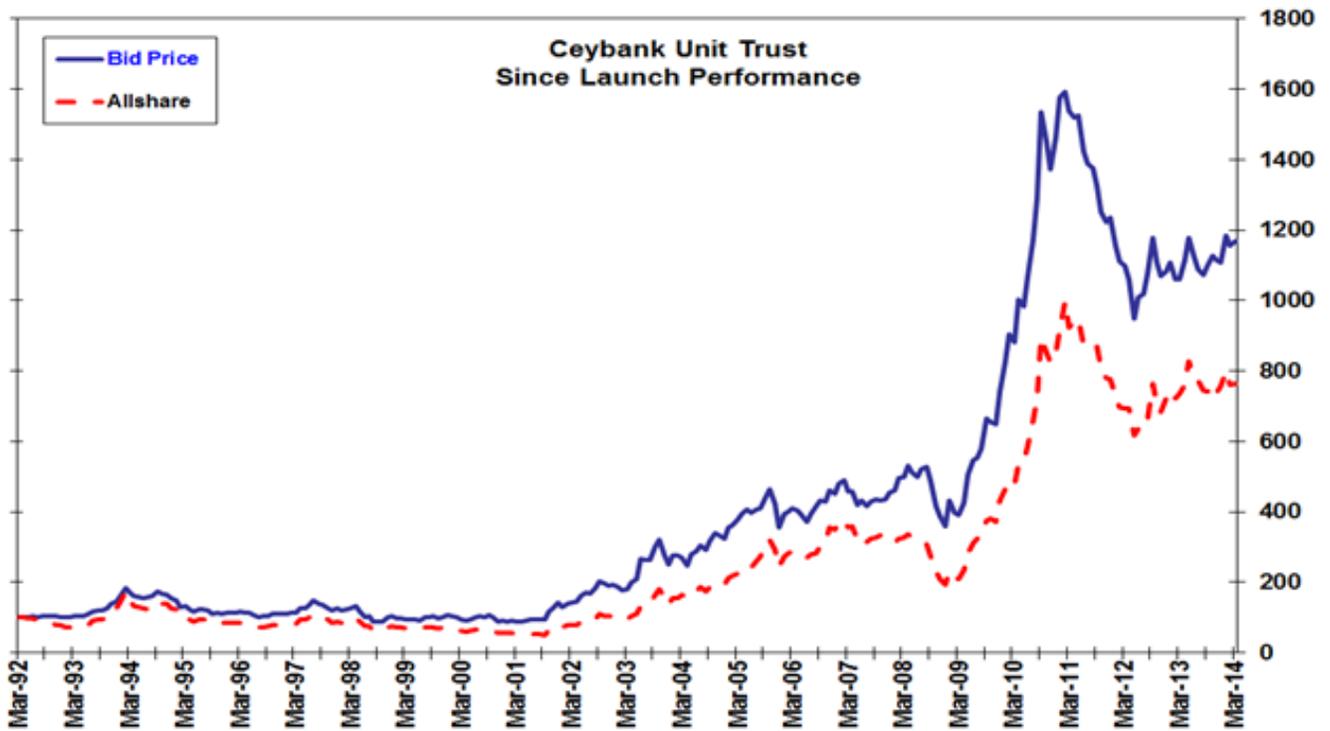
The Growth in Value of Rs. 100,000/- invested in the Ceybank Unit Trust Fund
(adjusted for dividends) Vs Treasury Bills & Fixed Deposits (For the period
29-12-2000 to 31-03-2014)



* Treasury Bill - 1 Year WAR
Fixed Deposit - AWDR

Y/E	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Dec															Mar
CUT															
Value (Rs'000)	100	146	198	258	335	369	468	469	372	768	1,524	1,284	1,123	1,149	1,211

PERFORMANCE HIGHLIGHTS



Performance is based on Time Weighted Monthly Returns



CORPORATE INFORMATION

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. K. L. Hewage
Chairman

Mr. M Selvanathan
Deputy Chairman

Mr. C. Sathkumara
CEO/Executive Director

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

Mr. P.A.Lionel
(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.Kudabalage
(Nominee - Sri Lanka Insurance)

Mr. A.P. Weeratunge
(Alternate to Mr. M Selvanathan)

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

Mr. U.D Liyanagamage
(Alternate to Mr. P.Kudabalage)

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 & CUSTODIAN

Bank of Ceylon

LAWYERS

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

Nithya Partners
Attorneys -at-Law



REPORT OF THE MANAGER

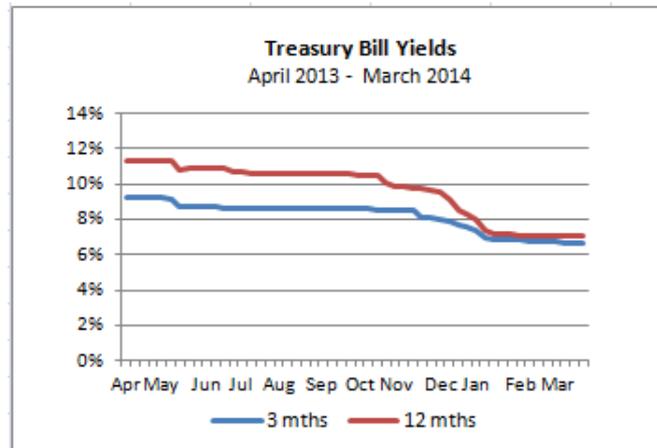
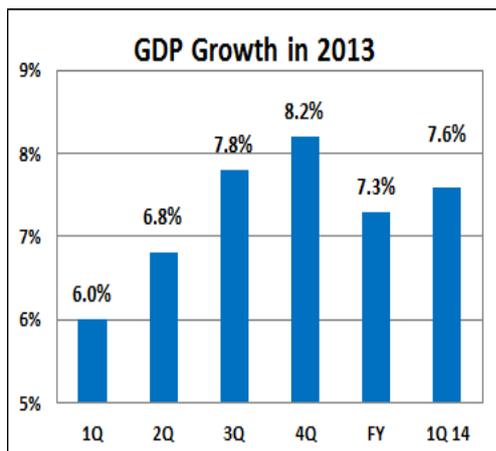
We have great pleasure in presenting the Annual Report and Audited Accounts of Ceybank Unit Trust for the year ended 31st March 2014.

The stock market remained volatile during the year appreciating during the months of April and May declining thereafter until September and then moving upwards gradually to close the year on a positive note for the year which ended 31st March 2014. The Net Asset Value per unit of your Fund appreciated by 9.92% during the period under review. The ASI appreciated by 4.06% during the same period. Thus the Fund outperformed the ASI by 5.8%. The net asset value per unit amounted to Rs 27.43 as at 31st March 2014.

During the interim period of April to June 2014, the Fund declared and distributed a tax free dividend of Rs 2.00 (200cts) per unit to the unit holder. The cumulative dividends paid to unit holders since the inception of the Fund, stand at Rs. 19.90 per unit.

Economy

The Sri Lankan Economy recorded a GDP growth of 7.3% for the year 2013. Sector wise, Industry grew by 9.9%, Services by 6.4% and Agriculture by 4.7% for the year 2013. Average Annual Inflation measured by the CCPI (New) which was at 8.8% in April 2013 dropped continuously during the year. Average inflation was at 5.7% as at 31st March 2014.



Low growth in private sector credit and high liquidity in the money markets coupled with policy rate cuts by the Central Bank, saw interest rates dropping continuously during the period under review. The benchmark 12 month Treasury bill rate which was at 11.35% at the beginning of the year closed 430 basis points lower at 7.05% by the end of the March 2013. Yields on long term Treasury bonds dropped in tandem.

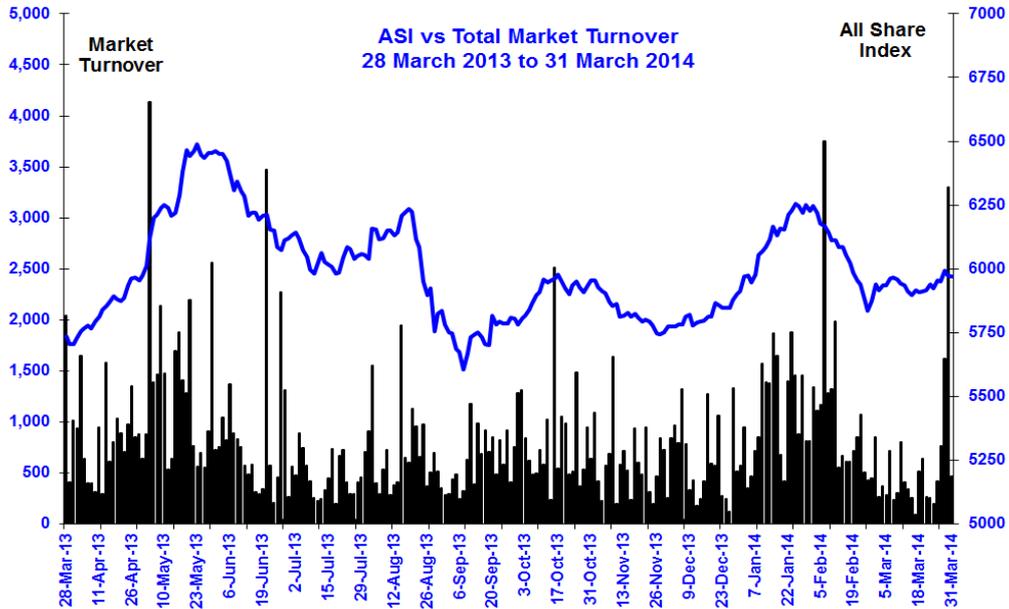
Overnight call money rates traded between 6.0% and 9.50% p.a. The exchange rate which was at 126.85 (Rs/US\$) depreciated during the first half of the year, but recovered subsequently to close at 130.73 (Rs/ US\$) as at 31st March 2014.

Central Bank reduced key policy rates three times during the year. In total, the repo rate was cut by 100 bps and the Reverse repo rate by 150 bps. As at 31st March 2014, the Repo and Reverse repo rates were 6.50% and 8.00%p.a respectively. The Statutory Reserve Requirement (SRR) for Commercial Banks was also reduced by 2% and is currently at 6% p.a.

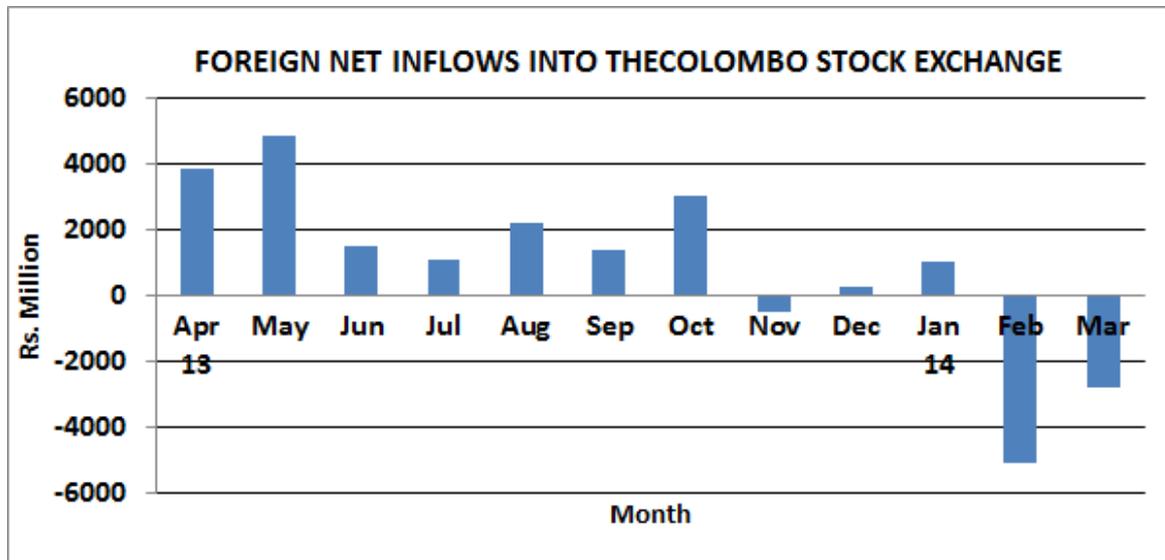


Capital Market Performance

The Stock market remained positive despite the volatility for most of the 12 month period under review as illustrated in the chart below.

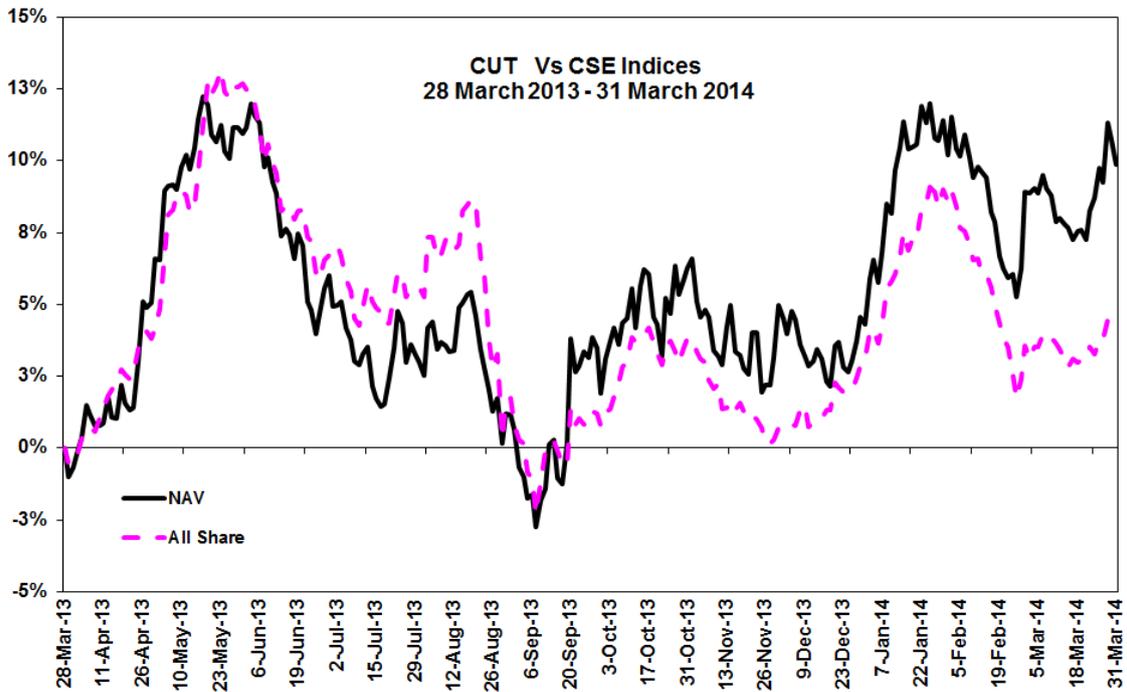


Renewed interest from foreign participants in the market was seen at different times of the year. Many participants invested mainly in selected blue chips. Decreasing interest rates during the year, also added to the momentum. The All share Index closed at 5,968.31 on 31st March 2014 an increase of 4.06% for the year under review.



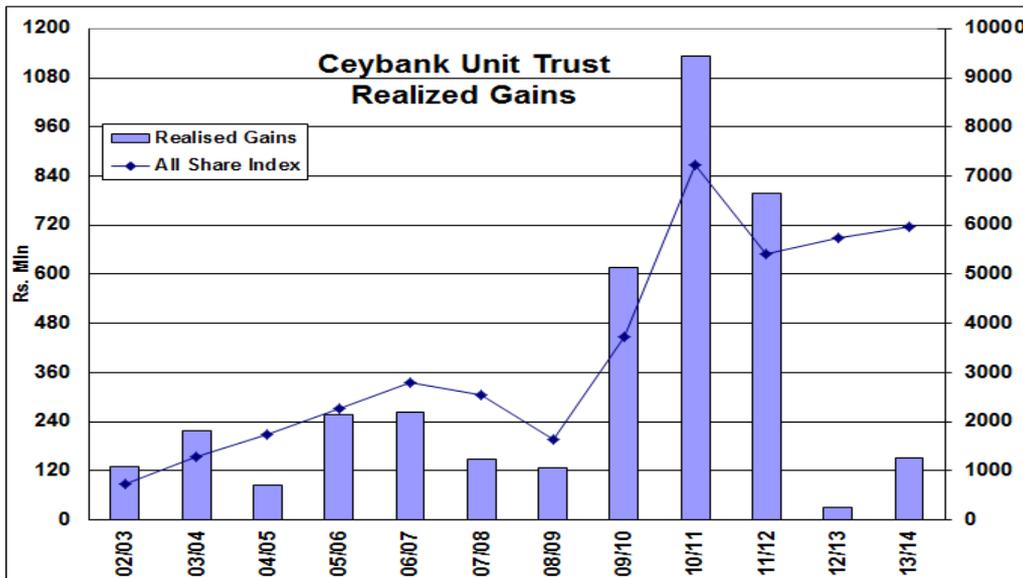
Fund Performance

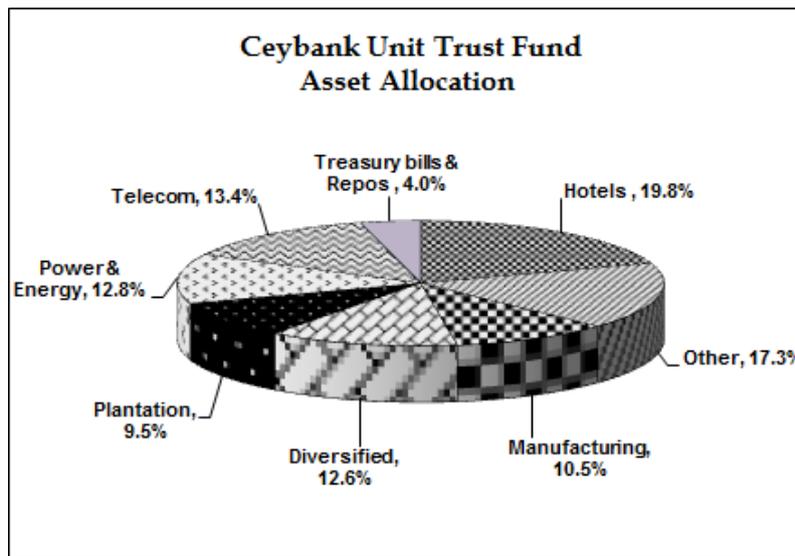
The ASI appreciated by 4.06% during the period while the Net Asset Value per unit of your Fund appreciated by 9.92%, outperforming the index by 5.8%. The total net assets stood at Rs. 5,238 million as at 31st March 2014.



The income of the Fund increased by 13% to Rs 163 million from Rs 144 million in the previous year. Interest income declined by 14%, from Rs 22 million to Rs 19 million, during the same period.

The Fund realized Rs 152 million as capital gains from sale of equity during the period, in comparison to Rs 31 million the previous year, a growth of 390%. The Net Asset Value of the portfolio increased to Rs 5,238million as at 31st March 2014 from Rs 4,666million in March 2013.





Your Fund investments are, diversified widely across fundamentally strong stocks, with a medium to long term outlook, in Hotel, Telecommunication, Power & Energy, Diversified, Manufacturing and Plantation 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 7.5% in 2014. Monetary policy has been eased to stimulate growth, but has been taking time in responding to the stimulus. Tourism and Infrastructure development are some of the areas expected to have accelerated growth. Concerns remain on the quantum of Foreign Direct Investments the country is currently receiving. The recovery of the US economy and tapering off of the Quantitative Easing by the US Federal Reserve could also change the direction of funds flowing into the Region. We expect interest rates to remain flat for most of the year

However we believe that selective sectors and Companies will continue to perform well. We will look for value and invest in these counters. We expect interest rates to remain flat for most of the year and continue to stimulate interest in equity securities.

Your Fund is optimally invested in growth Sectors of the market. We will continue to monitor 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 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
June 2014

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

Report on the Financial Statements

We have audited the accompanying financial statement of Ceybank Unit Trust Fund which comprise the Statement of Financial Position as at 31st March 2014, and the Statement of Comprehensive Income, the Statement of Changes in unit holders' funds, the Statement of cash flows for the year ended 31st March 2014, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of Ceybank Asset Management Limited is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) and adopted as directed by the Securities and Exchange Commission of Sri Lanka in the discharge of their responsibilities under the Trust Deed. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Management of Ceybank Asset Management Limited maintained proper accounting records for the year ended 31st March 2014, and the Financial Statements give a true and fair view of the Ceybank Unit Trust Fund's state of affairs as at 31st March 2014, and of its Financial Performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka.

Other Matters

The financial statements of the Ceybank Unit Trust for the year ended 31st March 2013 were audited by another firm of Chartered Accountants whose report dated 30th July 2013 expressed a clean opinion.

SGD.SJMS ASSOCIATES

Chartered Accountants

Colombo

30 June 2014

Statement of comprehensive income
(all amounts in Sri Lanka Rupees thousands)

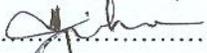
	Note	Year ended 31 March	
		2014	2013
Income			
Dividend		162,783	144,144
Interest income from financial assets not held at fair value through profit or loss	4	18,649	22,468
Net realized gain on financial assets held at fair value through profit or loss	5	151,624	31,024
Net change in unrealized gain/(loss) on financial assets held at fair value through profit or loss		246,236	(256,562)
Total investment gain/(loss)		579,291	(58,926)
Expenses			
Management fee		(84,488)	(86,640)
Trustee fee		(16,774)	(15,894)
Audit fee		(206)	(198)
Professional fee		Nil	(62)
Other expenses		(819)	(1,044)
		(102,287)	(103,838)
Net operating gain/(loss)		477,004	(162,764)
Finance costs			
Distributions to unit-holders	7	Nil	(93,654)
Profit/(loss) after deductions and before tax		477,004	(256,418)
Income tax expense		Nil	Nil
Increase/(decrease) in net assets attributable to unit holders	6	477,004	(256,418)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
(all amounts in Sri Lanka Rupees thousands)

	Note	31-Mar-14	31-Mar-13
Assets			
Cash and cash equivalents	8	1,091	23,213
Receivable on equity share disposals		1,320	22,149
Dividend receivables		7,994	Nil
Financial assets held at fair value through profit or loss	10	5,070,425	4,507,446
Loans and receivables	9	183,199	238,238
Income tax receivable		17,913	16,014
Total assets		<u>5,281,941</u>	<u>4,807,060</u>
Unit holders funds and liabilities			
Liabilities			
Payables	11	43,156	46,814
Amount payable on unit redemption		654	208
Distribution payable	7	-	93,654
Total liabilities (excluding net assets attributable to unit-holders)		<u>43,810</u>	<u>140,676</u>
Net assets attributable to unit-holders – liability	6	<u>5,238,131</u>	<u>4,666,384</u>
Total Unit holders' funds and liabilities		<u>5,281,941</u>	<u>4,807,060</u>

These financial statements were approved by the Board of Directors of the Management Company and the Trustee on 13th June 2014 and on 30th June 2014 respectively.


) Directors of Ceybank Asset

) Management Limited

) (Managers of Fund)

The above statements of financial position should be read in conjunction with the accompanying notes.

Statement of changes in Unit-holders' funds
(all amounts in Sri Lanka Rupees thousands)

	Note	Year ended 31 March	
		2014	2013
Unit-holders funds at beginning of year		4,666,384	4,567,923
Increase / (decrease) in net assets attributable to unit-holders		477,004	(256,418)
Received on unit creations		130,763	389,695
Paid on unit redemptions		(36,020)	(34,816)
Unit-holders funds at the end of the year	5	<u><u>5,238,131</u></u>	<u><u>4,666,384</u></u>

Under Sri Lanka Accounting Standards, net assets attributable to unit-holders are classified as a liability. As a result there was no equity at the start or end of the year.

The above statement of changes in unit-holders funds should be read in conjunction with the accompanying notes.

Statement of cash flows
(all amounts in Sri Lanka Rupees thousands)

	Note	Year ended 31 March	
		2014	2013
<i>Cash flows from operating activities</i>			
Miscellaneous receipts		3,103	Nil
Dividend received		154,790	144,144
Net interest and discount received		18,649	22,468
Management fees and trustee fees paid		(99,207)	(103,807)
Tax paid		(1,899)	(2,199)
Other expenses paid		(11,870)	(14,987)
Investment in equity shares		(745,690)	(257,481)
Disposal of equity shares		603,428	218,779
Net investments in repurchase agreements		68,258	(8,747)
Net investments in commercial paper		(13,219)	14,211
<i>Net cash inflows / (outflows) from operating activities</i>		<u>(23,657)</u>	<u>12,381</u>
<i>Cash flows from financing activities</i>			
Proceeds from applications by unit-holders		130,763	389,723
Payments for redemptions by unit-holders		(35,574)	(35,201)
Dividends paid		(93,654)	(345,752)
<i>Net cash inflows from financing activities</i>		<u>1,535</u>	<u>8,770</u>
<i>Net increase in cash and cash equivalents</i>		<u>(22,122)</u>	<u>21,151</u>
Cash and cash equivalents at the beginning of the year		23,213	2,062
Net increase/(decrease) in cash and cash equivalents		<u>(22,122)</u>	<u>21,151</u>
<i>Cash and cash equivalents at the end of the year</i>	8	<u>1,091</u>	<u>23,213</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements**(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)****1 General information**

Ceybank Unit Trust is an income and growth fund, which was launched in March 1992 by Ceybank Asset Management Limited 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 54/C1, Ward place, Colombo 7.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unit holders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

(b) Statement of compliance

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs).

(c) Financial Instruments

The fund's principal financial assets comprise investments in trading securities and cash at bank. The main purpose of these financial assets is to generate a return on the investment made by unit-holders. The fund's principal financial liabilities comprise amounts attributable to unit-holders, which are the amounts owed to Unit-holders of the fund. The fund also has various other financial instruments such as receivables and payables which arise directly from its operations.

In accordance with LKAS 39 Financial Instruments: Recognition and Measurement, the fund's receivables are classified as 'loans and receivables'. Trading securities are classified as 'held for trading', meaning they are valued at fair value through profit or loss. The amount attributable to unit-holders are classified as a financial liability and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortized cost.

(i) Classification

The fund's investments are classified as at fair value through profit or loss. They comprise:

- Financial instruments held for trading
- Financial assets designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and commercial paper.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the fund's documented investment strategy. The fund's policy is for the responsible entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Notes to the financial statements (Contd)**(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)****2 Summary of significant accounting policies (Contd)****(c) Financial Instruments (Contd)****(ii) Recognition/derecognition**

The fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are de-recognised when the right to receive cash flows from the investments have expired or the fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are de-recognized when the obligation specified in the contract is discharged or expired.

Realized gains and realized losses on de-recognition are determined using the weighted average method and are included in the profit or loss in the period in which they arise. The realized gain is the difference between an instrument's weighted average cost and disposal amount.

(iii) Measurement**Financial assets and liabilities held at fair value through profit or loss*****Financial assets and liabilities held at fair value through profit or loss***

At initial recognition, the fund measures a financial assets and liabilities at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the fund is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the fund recognises the difference in profit or loss to reflect a change in factors, including time that market participants would consider in setting a price.

Further details on how the fair values of financial instruments are determined are disclosed in note 3.5.

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(d) 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 statement of financial position 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 in accordance with the valuation guidelines issued by the Unit Trust Association of Sri Lanka and approved 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 a unit-holders is recognized in the statement of comprehensive income as finance costs. Income not distributed is included in net assets attributable to unit holders.

Notes to the financial statements

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

2 Summary of significant accounting policies (Contd)**(e) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and interest accrued on cash held in bank.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the fund's main income generating activity.

(f) Income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(c).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date net of withholding tax.

(g) Expenses

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

(h) Income tax

The charge for taxation is based on the results for the year as adjusted for disallowable items. The current tax liabilities is provided for in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

(i) Distributions

In accordance with the trust deed, the fund distributes income adjusted for amounts determined by the Ceybank Asset Management Limited, to unit holders by cash or reinvestment. The distributions are recognised in profit or loss as finance costs attributable to unitholders.

(j) Increase/decrease in net assets attributable to unit-holders

Income not distributed is included in net assets attributable to unit-holders. Movements in net assets attributable to unit-holders are recognised in profit or loss as finance costs.

(k) Receivables

Receivable are recognized and carried at amortized cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Collectability of receivable is reviewed on an ongoing basis at an individual portfolio level, Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognized when there is objective evidence that the fund will not be able to collect the receivable. Financial difficulties of the debtors, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(l) Payables

Payables include liabilities and accrued expenses owing by the fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unit-holders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the trust deed.

Notes to the financial statements

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

2 Summary of significant accounting policies (Contd)**(m) Applications and redemptions**

Applications received for units in the fund are recorded net of any entry fees payable prior to the issue of units in the fund. Redemptions from the fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Significant judgments and estimates

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 statement of financial position date, that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Fair value of securities not quoted in an active market

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.

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 seven days as repurchase agreements.

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**31 March
2014**

Change in price of the Trust's investment in
Trading Securities

- +10%	507,043
- -10%	(507,043)

(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.

Notes to the financial statements

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

3 Financial risk management**3.1 Market risk (Contd)***(ii) Cash flow and fair value interest rate risk (Contd)*

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 re-pricing or maturity dates.

31-Mar-14	Floating interest		Non- interest	Total
Financial assets	rate	Fixed interest rate	bearing	
Cash and cash equivalents	Nil	Nil	1,091	1,091
Loans and receivables	Nil	183,199	Nil	183,199
Financial assets held at fair value through profit or loss	Nil	Nil	5,070,425	5,070,425
Total exposure	Nil	183,199	5,071,516	5,254,715

31-Mar-13	Floating interest		Non- interest	Total
Financial assets	rate	Fixed interest rate	bearing	
Cash and cash equivalents	Nil	Nil	23,213	23,213
Receivables	Nil	238,238	Nil	238,238
Financial assets held at fair value through profit or loss	Nil	Nil	4,507,446	4,507,446
Total exposure	Nil	238,238	4,530,659	4,768,897

3.2 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 unitholders - Interest rate	31 March 2014
Change in interest rate of the Trust's investment in trading securities:	
- +1.5%	279.73
- - 1.5%	(279.73)

3.3 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.

Notes to the financial statements

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

3.3 Credit risk (Contd)*(i) Debt securities*

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

	31 March 2014
Repurchase agreements	
Rating	
Risk free	157,692
Commercial papers	
Rating	
BBB - (RAM)	11,345
Commercial paper without external credit ratings	14,162
Total	183,199

(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.

3.4 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.

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 2014	Less than 1 month	1-6 months	6-12 months	1-2 years
Payables	28,504	3,309	11,343	Nil
Amount payable on unit redemption	654	Nil	Nil	Nil
Distribution payable	Nil	Nil	Nil	Nil
Contractual cash flows(excluding gross settled derivatives)	29,158	3,309	11,343	Nil
31 March 2013	Less than 1 month	1-6 months	6-12 months	1-2 years
Payables	357	24,417	13,683	8,357
Amount payable on unit redemption	208	Nil	Nil	Nil
Distribution payable	93,654	Nil	Nil	Nil
Contractual cash flows (excluding gross settled derivatives)	94,219	24,417	13,683	8,357

Notes to the financial statements**(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)****3.5 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 excluding 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 expensed immediately. 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 2.3. 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.

3.6 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 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 judgment, considering factors specific to the asset or liability.

Notes to the financial statements

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

3.6 Fair value hierarchy (contd)

(i) Classification of financial assets and financial liabilities -(contd)

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 fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 March 2014

At 31 March 2014	Level 1	Level 2	Level 3	Total
Financial assets held for trading:				
- Equity shares	5,070,425	Nil	Nil	5,070,425
Loans and receivables				
- Repurchase agreements	Nil	157,692	Nil	157,692
- Commercial papers	Nil	25,507	Nil	25,507
Total	5,070,425	183,199	Nil	5,253,624
At 31 March 2013				
Financial assets held for trading:				
- Equity shares	4,507,446	Nil	Nil	4,507,446
Loans and receivables				
- Repurchase agreements	Nil	225,950	Nil	225,950
- Commercial papers	Nil	12,288	Nil	12,288
Total	4,507,446	238,238	Nil	4,745,684

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. These include; investment-grade corporate bonds and certain non-US sovereign obligations, certain listed equities, 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 responsible entity has used valuation techniques to derive fair value.

Notes to the financial statements

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

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

	31 March 2014	31 March 2013
Interest on repurchase agreements	13,850	15,539
Interest on commercial papers	4,799	6,929
	18,649	22,468

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

	31 March 2014	31 March 2013
Proceeds on sale of investments	582,599	206,197
Average cost of investments sold	(430,975)	(175,173)
	151,624	31,024

6 Net assets attributable to unit holders

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

	31-Mar 2014 Units	31-Mar 2013 Units	31-Mar 2014 LKR	31-Mar 2013 LKR
Opening capital balance	187,307,412.8	172,875,951.3	4,666,384	4,567,923
Applications	5,167,121.8	15,820,910.1	130,763	389,695
Redemptions	(1,384,438.6)	(1,389,448.60)	(36,020)	(34,816)
Decrease in net assets attributable to unitholders	Nil	Nil	477,004	(256,418)
Closing balance	191,090,096.0	187,307,412.8	5,238,131	4,666,384

	31 March 2014	31 March 2013
Net assets attributable to unit-holders – liability	5,238,131	4,666,384
	5,238,131	4,666,384

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 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 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

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

7 Distributions to unit-holders

The distributions for the year were as follows:

	31 March 2014 Number	31 March 2013 Number	31 March 2014 LKR	31 March 2013 LKR
Distributions	-	187,307,412.8	-	93,654
	-	187,307,412.8	-	93,654

8 Cash and cash equivalents

	31 March 2014	31 March 2013
Cash at bank	1,091	23,213
	1,091	23,213

9 Loans and receivables

	31 March 2014	31 March 2013
Repurchase agreements (note 9(a))	157,692	225,950
Commercial papers (note 9(b))	25,507	12,288
	183,199	238,238

a) Investment in repurchase agreements

31 March 2014 Company	Yield	Investment date	Maturity date	Cost	Investment value
First Capital Treasuries	6.7%	26-Mar-14	9-Apr-14	76,568	76,653
Wealth Trust Securities Ltd	6.6%	27-Mar-14	10-Apr-14	13,607	13,620
First Capital Treasuries	6.6%	28-Mar-14	4-Apr-14	24,015	24,033
Bank Of Ceylon	5.1%	31-Mar-14	1-Apr-14	3,800	3,801
Wealth Trust Securities Ltd	6.55%	31-Mar-14	7-Apr-14	39,580	39,587
				157,570	157,692

31 March 2013 Company	Yield	Investment date	Maturity date	Cost	Investment value
Bank of Ceylon	7.5 %	28-Mar-13	1-Apr-13	106,500	106,588
Wealth Trust Securities Ltd	8.9%	28-Mar-13	1-Apr-13	5,251	5,256
First Capital Treasuries	9.5%	28-Mar-13	4-Apr-13	101,838	101,944
DFCC Vardhana Bank	9.2%	28-Mar-13	4-Apr-13	12,149	12,162
				225,738	225,950

b) Investment in commercial papers

31 March 2014 Company	Yield	Investment date	Maturity date	Cost	Investment value
Asia Capital PLC	14%	13-Feb-14	16-May-14	13,911	14,162
Softlogic Finance PLC	15.25%	7-Nov-13	7-May-14	10,697	11,345
				24,609	25,507

31 March 2013 Company	Yield	Investment date	Maturity date	Cost	Investment value
Asia Capital PLC	17.38 %	11-Jan-13	11 April 13	11,837	12,288
				11,837	12,288

Notes to the financial statements

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

10 Financial assets held at fair value through profit or loss

	31 March 2014	31 March 2013
Held for trading		
Investment in equity shares (note 10(a))	5,070,425	4,507,446
	5,070,425	4,507,446

a) Investment in equity shares

31 March 2014 Company	Number of shares	Market value	Percentage of total net assets
31 March 2014			
Banks, Finance and Insurance			
The Finance Plc- Non Voting	457,744	2,655	0.05%
Hatton National Bank PLC	49,359	7,404	0.14%
Sampath Bank PLC	125,974	22,940	0.44%
Commercial Bank Of Ceylon PLC	292,968	36,035	0.69%
Pan Asia Banking Corporation PLC	505,303	8,186	0.16%
The Finance Co PLC	4,667,147	51,339	0.98%
Merchant Bank Of Sri Lanka PLC	8,385,229	113,201	2.16%
	14,483,724	241,759	4.62%
Diversified Holdings			
John Keells Holdings PLC - Warrant 2	972	70	0.00%
John Keells Holdings PLC - Warrant 1	972	67	0.00%
Softlogic Holdings PLC	20,472,173	217,005	4.14%
Vallible One PLC	7,352,412	124,991	2.39%
Expo Lanka PLC	21,963,561	191,083	3.65%
John Keells Holdings PLC	23,074	5,238	0.10%
James Finlay & Company (Colombo) Ltd	424,628	127,940	2.44%
	50,237,792	666,394	12.72%
Hotels and Travels			
Browns Beach Hotels PLC	32,210	612	0.01%
Asian Hotels & Properties PLC	9,285,390	545,981	10.42%
Amaya Leisure PLC	7,120	515	0.01%
The Kingsbury PLC	1,196,467	15,315	0.29%
Trans Asia Hotels PLC	5,132,648	410,099	7.83%
Hotel Developers (Lanka) PLC	667,900	63,317	1.21%
Aitken Spence Hotel Holdings PLC	137,361	9,615	0.18%
	16,459,096	1,045,453	19.96%
Health Care			
The Lanka Hospitals Corporation PLC	515,503	21,445	0.41%
Nawaloka Hospitals PLC	2,878,711	9,212	0.18%
	3,394,214	30,657	0.59%
Information Technology			
PC House PLC	3,355,382	1,007	0.02%
	3,355,382	1,007	0.02%

Notes to the financial statements

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

10 Financial assets held at fair value through profit or loss (Contd)

a) Investment in equity shares (Contd)

31 March 2014 Company	Number of shares	Market value	Percentage of total net assets
Land and Property			
Millennium Housing Developers Ltd	2,042,600	12,664	0.24%
Colombo Land & Development Company PLC	3,489,594	124,230	2.37%
Seylan Developments PLC	611,087	5,683	0.11%
Property Development Ltd	560,669	37,901	0.72%
Equity Two PLC	1,825,512	53,305	1.02%
C T Land Development PLC	777,196	22,616	0.43%
	9,306,658	256,399	4.89%
Manufacturing			
Lanka Walltile PLC	642,257	39,499	0.75%
Chevron Lubricants Lanka PLC	109,575	28,961	0.55%
Royal Ceramics Lanka PLC	3,138,177	248,857	4.75%
Kelani Tyres PLC	4,550,569	237,540	4.53%
	8,440,578	554,857	10.59%
Plantations			
Kahawatte Plantations PLC	6,459,560	244,817	4.67%
Watawala Plantations PLC	10,473,854	102,644	1.96%
Kelani Valley Plantations PLC	1,996,750	156,346	2.98%
	18,930,164	503,807	9.62%
Power and Energy			
Laugfs Gas PLC	122,600	3,985	0.08%
Lanka IOC PLC	17,524,839	674,706	12.88%
	17,647,439	678,691	12.96%
Trading			
Singer (Sri Lanka) PLC	4,247,206	383,523	7.32%
	4,247,206	383,523	7.32%
Telecommunication			
Dialog Axiata PLC	851,103	7,660	0.15%
Sri Lanka Telecom PLC	15,189,136	700,219	13.37%
	16,040,239	707,879	13.51%
	162,542,492	5,070,425	96.80%

Notes to the financial statements

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

10 Financial assets held at fair value through profit or loss (Contd)

a) Investment in equity shares (Contd)

Company	Number of shares	Market value	Percentage of total net assets
31 March 2013			
Banks, Finance and Insurance			
Commercial Bank Of Ceylon PLC	288,144	32,560	0.70%
Ceylinco Seylan Developments PLC	737,210	6,340	0.14%
Hatton National Bank PLC	49,159	8,224	0.18%
Merchant Bank Of Sri Lanka PLC	7,284,722	117,284	2.51%
Pan Asia Banking Corporation PLC	285,303	5,421	0.12%
Sampath Bank PLC	104,094	23,411	0.50%
The Finance Co PLC	3,733,217	47,039	1.01%
The Finance PLC- Non Voting	1,114,908	5,017	0.11%
	13,596,757	245,296	5.26%
Diversified Holdings			
Expo Lanka PLC	13,455,803	91,499	1.96%
John Keells Holdings PLC	18,656	4,608	0.10%
James Finlay & Company (Colombo) Ltd	413,734	127,430	2.73%
Softlogic Holdings PLC	11,343,727	117,975	2.53%
Vallible One PLC	7,331,936	117,311	2.51%
	32,563,856	458,823	9.83%
Hotels and Travels			
Asian Hotels & Properties PLC	9,190,407	643,328	13.79%
Aitken Spence Hotel Holdings PLC	133,461	9,876	0.21%
Amaya Leisure PLC	67,715	5,180	0.11%
Hotel Developers (Lanka) PLC	667,900	63,317	1.36%
Hotel Services (Ceylon) PLC	275,031	3,685	0.08%
Trans Asia Hotels PLC	5,020,059	353,412	7.57%
	15,354,573	1,078,798	23.12%
Health Care			
The Lanka Hospitals Corporation PLC	63,509	2,223	0.05%
Nawaloka Hospitals PLC	1,877,670	5,445	0.12%
	1,941,179	7,668	0.16%
Information Technology			
PC House PLC	495,760	1,487	0.03%
	495,760	1,487	0.03%
Land and Property			
Colombo Land & Development Company PLC	1,570,708	47,907	1.03%
C T Land Development PLC	4,317,688	104,056	2.23%
Equity Two PLC	1,567,454	37,619	0.81%
	7,455,850	189,582	4.06%
Manufacturing			
Lanka Walltile PLC	795,547	44,471	0.95%
Royal Ceramics Lanka PLC	3,020,909	300,580	6.44%
Lanka Floortiles PLC	1,125,360	78,213	1.68%
Kelani Tyres PLC	2,905,674	100,246	2.15%
	7,847,490	523,510	11.22%
Plantations			
Kahawatte Plantations PLC	6,300,466	218,626	4.69%
Kelani Valley Plantations PLC	1,966,975	167,586	3.59%
Watawala Plantations PLC	15,770,454	176,629	3.79%
	24,037,895	562,841	12.06%

Notes to the financial statements

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

10 Financial assets held at fair value through profit or loss (Contd)**a) Investment in equity shares (Contd)**

Company	Number of shares	Market value	Percentage of total net assets
Power and Energy			
Laugfs Gas PLC	116,100	2,845	0.06%
Laugfs (Non Voting)	25,100	447	0.01%
Lanka Ioc PLC	19,447,682	396,733	8.50%
	19,588,882	400,025	8.57%
Trading			
Singer (Sri Lanka) PLC	4,174,237	415,337	8.90%
	4,174,237	415,337	8.90%
Telecommunication			
Dialog Axiata Plc	389,996	3,510	0.08%
Sri Lanka Telecom Plc	14,265,955	620,569	13.30%
	14,655,951	624,079	13.37%
	141,712,430	4,507,446	96.59%

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.

11 Payables

	31 March 2014	31 March 2013
Management Fee Payable	25,859	23,803
Other payables	10,989	22,040
Accrued expenses	206	260
Unclaimed dividends	354	354
Payable on equity share purchases	2,645	357
Payable to C T Land Development PLC	3,103	Nil
	43,156	46,814

12 Related party transactions**a) Responsible entity**

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

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

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

- Mr K L Hewage (Chairman)
- Mr M Selvanathan
- Mr C Sathkumar
- Mr Sri B. Babu Rao
- Mr D M Gunasekara
- Mr MSPR Perera
- Mr AMM de Alwis
- Mr PA Lionel

Notes to the financial statements

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

12 Related party transactions (continued)**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.

31 March 2014

Unit holder	No of units held opening	No of units held closing	Fair value of investment	Distribution paid or payable by the fund
Mr. Chitra Sathkumara	4,709.5	4,803.9	130	2

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 unitholding

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

31 March 2014

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Distribution paid or payable by the fund
Ceybank Asset Management Ltd.	1,731,557.20	1,766,271.70	48,060.00	865.70

g) Transactions with and amounts due to related parties

The fees were 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	
	'31 March 2014	2013	'31 March 2014	2013
Management fees	84,488	86,640	25,859	23,803
Trustee fees	16,774	15,894	Nil	Nil
	101,262	102,534	25,859	23,803

13 Contingent assets and liabilities and commitments

There were no material contingent liabilities at the reporting date.

14 Events occurring after 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 2014 or on the results and statement of cash flows of the fund for the year ended on that date.



CEYBANK ASSET MANAGEMENT LTD

CHAIRMAN

K.L. Hewage
Bsc. (SL) Msc (UK)

MANAGEMENT TEAM

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 – Finance

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

Fund Manager

Indika Rajakaruna
B.Sc. B.Admin Sp. (B. Econ) Hons
MBA (Finance)

Assistant Fund Manager

Kanchana Karannagoda
B.Sc. B. Admin. Sp. (Finance) Hons

**Manager – Investment &
Business Development**

Ian Ferdinands Chartered
Marketer Certified e
Marketer

Registrar

K.Dorin Sherina

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 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


General Manager/Compliance Officer
Ceybank Asset Management Ltd



Kithsiri B Wijeyaratne
Deputy General Manager
(Finance & Planning)
National Savings Bank
Colombo 03.



Managers of the Ceybank Unit Trust Fund's

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