

**CEYBANK UNIT TRUST FUND**  
**(INCOME & GROWTH)**

**ANNUAL REPORT**

*31 MARCH 2015*

**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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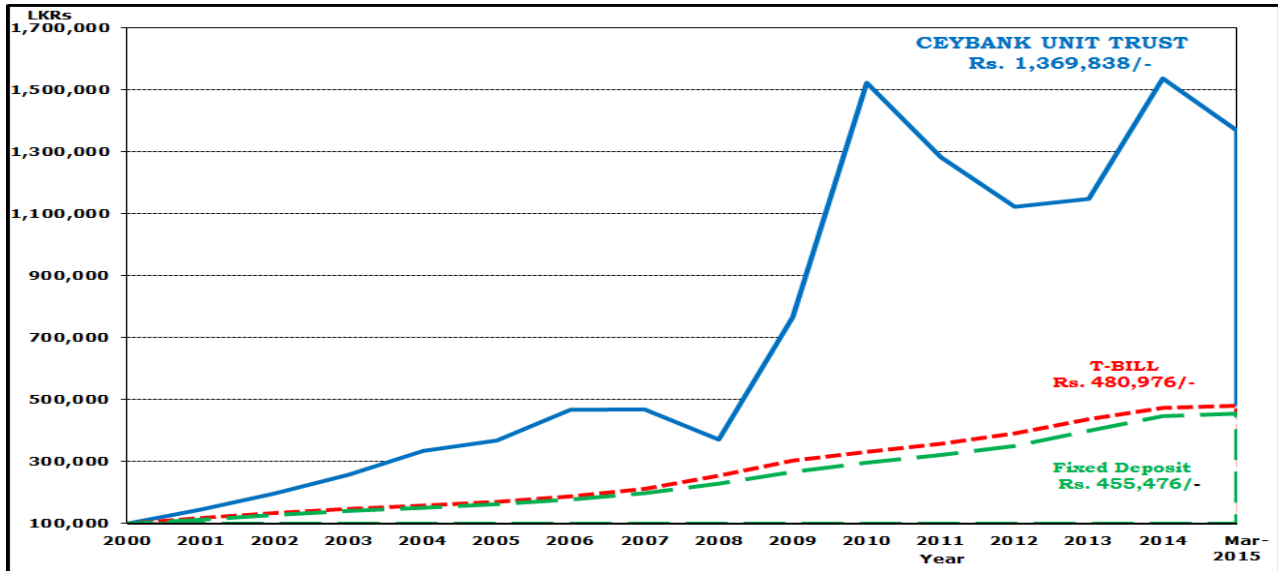
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Declaration by Trustee and Managing Company

“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 31-03-2015)**

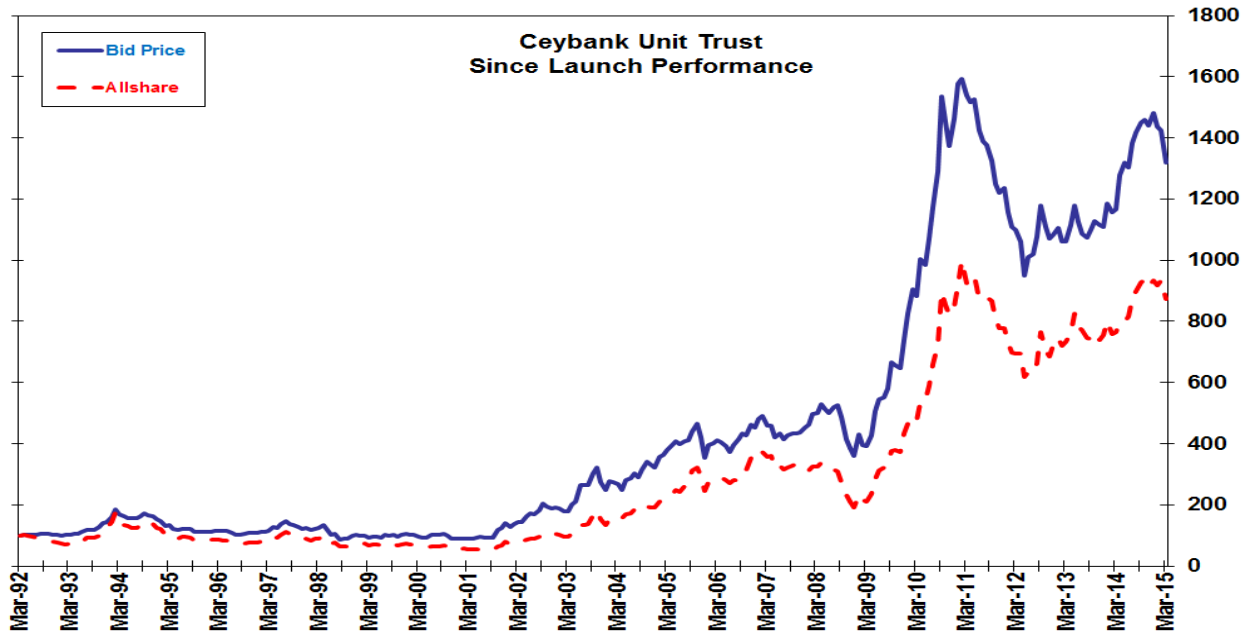


\* Treasury Bill - 1 Year WAR  
Fixed Deposit - AWDR

Y/E Dec	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Mar
CUT Value (Rs'000)	100	146	198	258	335	369	468	469	372	768	1,524	1,284	1,123	1,149	1,538	1,370



### 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. 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.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 & USTODIAN  
Bank of Ceylon

### LAWYERS

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

Nithya Partners  
Attorneys –at-Law



## REPORT OF THE MANAGER

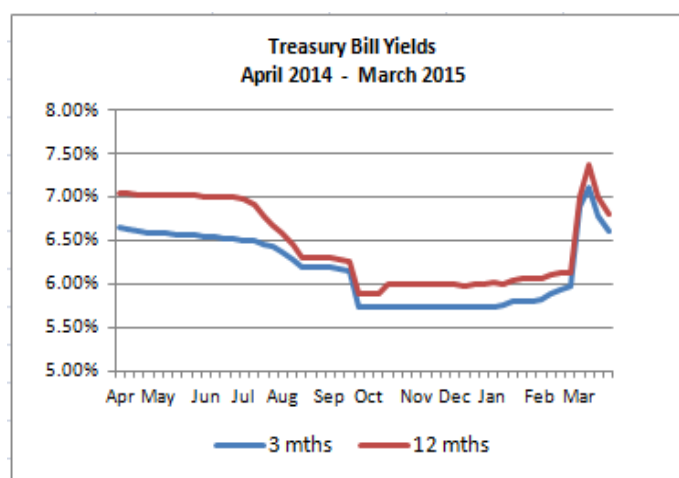
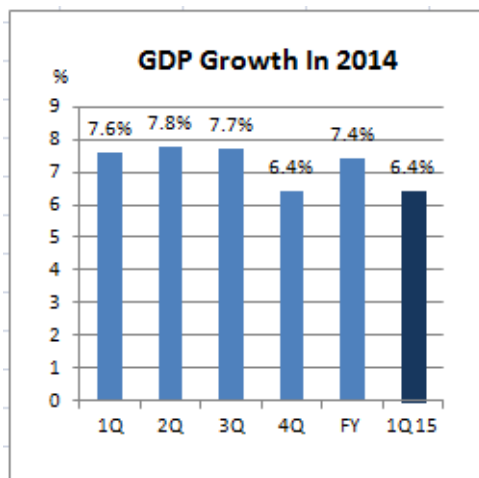
We have great pleasure in presenting the Annual Report and Audited Accounts of Ceybank Unit Trust Fund for the year ended 31<sup>st</sup> March 2015.

The stock market which remained upbeat during most of the year began declining after a call for a Presidential election and a change in the administration, but continued to remain in positive territory. The market was up by 818 points for the year, which ended 31<sup>st</sup> March 2015. The Net Asset Value per unit of your Fund appreciated by 13.09% during the period under review. The ASI appreciated by 13.64% during the same period. The net asset value per unit amounted to Rs 29.01 as at 31<sup>st</sup> March 2015.

The Fund declared and distributed a tax free dividend of Rs 2.00 (200cts) per unit to the unit holders in June 2014. 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 7.4% for the year 2014, Sector wise, Industry grew by 11.4%, Services by 6.5% and Agriculture by 0.3% for the year 2014. This was followed by a first quarter growth in 2015 of 6.4%. Annual Average Inflation measured by the CCPI (New) which was at 5.6% in April 2014 continued to decline during the year. Average inflation was at 2.5% as at 31<sup>st</sup> March 2015.



Interest rates continued to drop during the period but at slower pace. The benchmark 12 month Treasury bill rate which was at 7.05% p.a. at the beginning of the year closed 25 basis points lower at 6.80% p.a. by the end of the March 2015 after reaching lows of 5.89% p.a. and an unusual brief spike to 7.37% p.a. in March 2015. Yields on long term Treasury bonds moved in tandem.

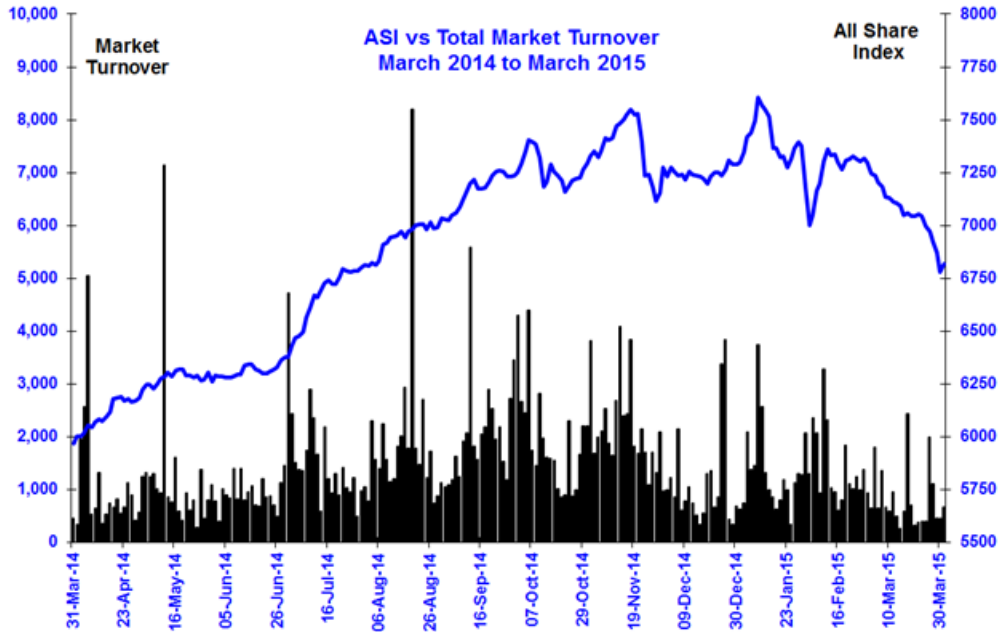
Overnight call money rates traded between 5.75% and 7.00% p.a. The exchange rate which was at 130.73 (Rs/US\$) depreciated during the year to close at 133.32 (Rs/ US\$) as at 31<sup>st</sup> March 2015.

Central Bank key policy rates remained unchanged during the period under review. The Repo and Reverse repo rates were 6.50% and 8.00% p.a respectively. The Statutory Reserve Requirement (SRR) for Commercial Banks remained at 6% p.a.

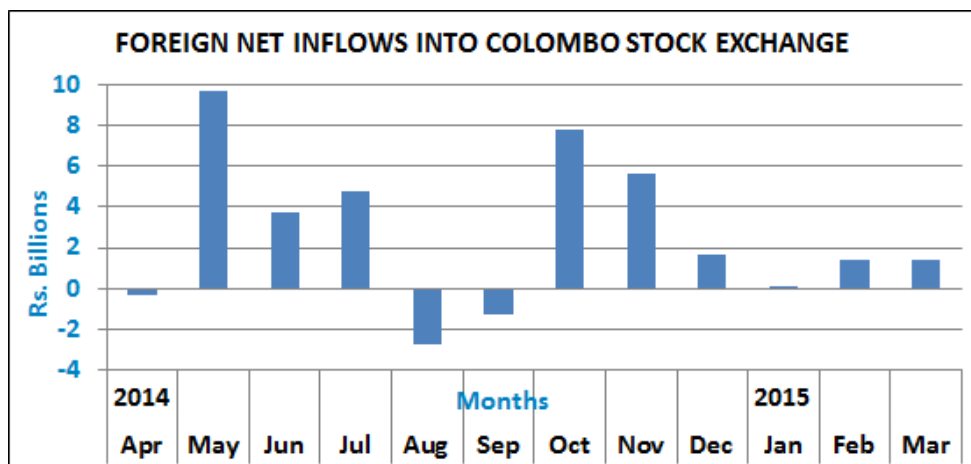


### Capital Market Performance

The Stock market remained positive for most part of the year but lost momentum and remained volatile prior to the Presidential poll and with the change in administration thereafter.



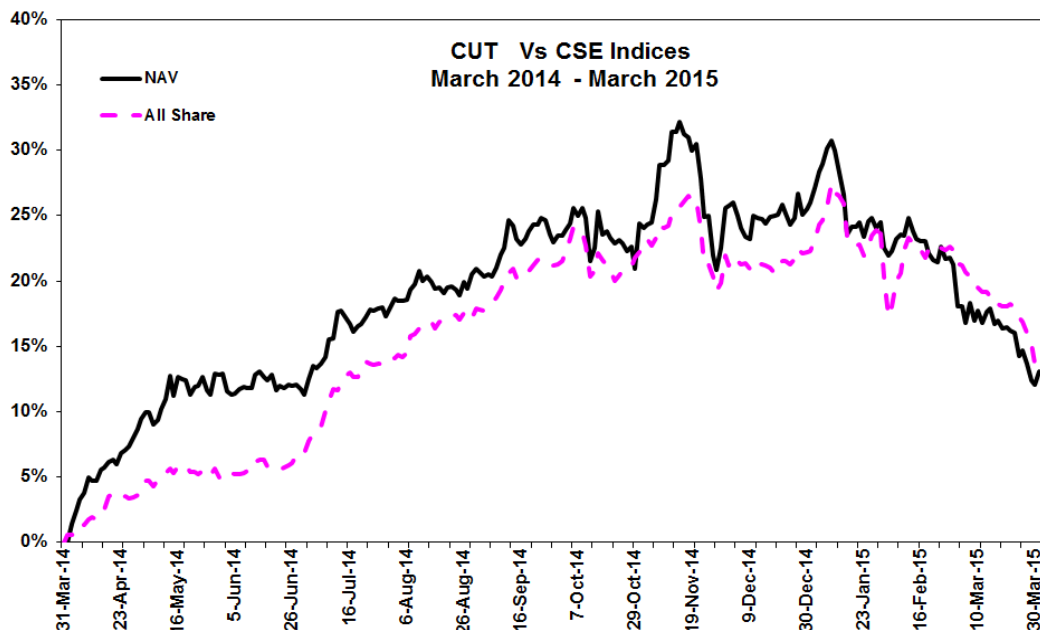
Foreign participation in the market which was seen increasing during the beginning of the period became volatile and dropped towards the end of the year as uncertainty prevailed ahead of a much anticipated parliamentary poll. The All share Index closed at 6,820.34 on 31<sup>st</sup> March 2015 recording an increase of 13.64% for the year under review.





### Fund Performance

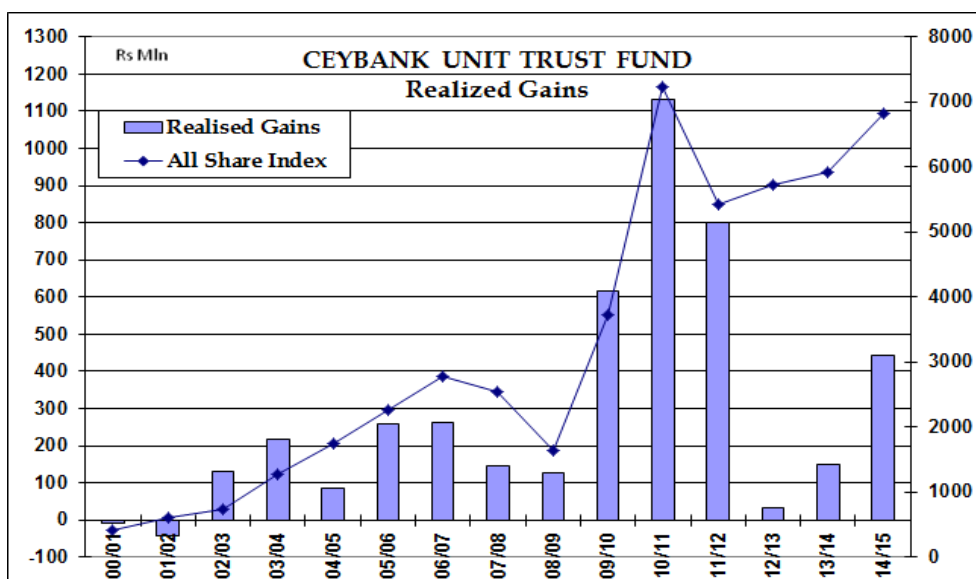
The ASI appreciated by 13.64% during the period while the Net Asset Value per unit of your Fund appreciated by 13.09%. The total net assets stood at Rs. 5,369 million as at 31<sup>st</sup> March 2015.

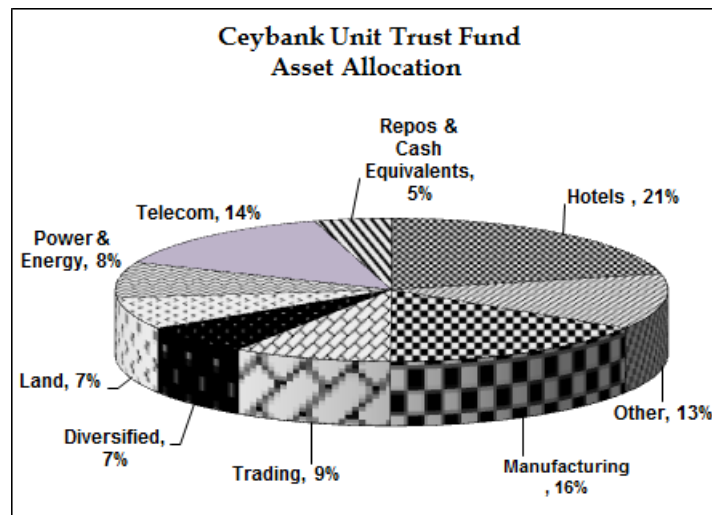


Dividend income of the Fund decreased by 10% to Rs 146.97 million from Rs 162.78 million in the previous year. Interest income declined from Rs 18.64 million to Rs 16.29 million during the same period in line with the decline in market interest rates..

The Fund realized Rs 455 million as capital gains from the sale of equity during the period, an increase of 189% in comparison to Rs 157 million the previous year. Total investment income increased by 48% to 877.27 million from 593.27 million the previous year.

The Net Asset Value of the portfolio increased to Rs 5,369 million as at 31<sup>st</sup> March 2015 from Rs 5,238million in March 2014.





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 6.5% in 2015. While we do not anticipate major changes in economic policy, a new government with a clear majority would give much needed stability and confidence to the markets. Credit growth has been improving and performance of the corporate sector has been encouraging. Tourism and Infrastructure development would be two areas where accelerated growth can be anticipated. Foreign Direct Investments are likely to materialize with a new government in place boosting much needed investments. Concerns remain on a possible rate increase by the US Federal Reserve which could happen sooner than later, changing the direction of funds flowing into the Region. We expect interest rates to remain flat and increase marginally towards the end of the year.

We believe that the equity market has value and Companies will perform well once political stability prevails. We will continue to look for value and invest in these counters.

Your Fund is optimally invested in growth Sectors of the market. We will 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 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**  
July 2015

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF CEYBANK UNIT TRUST****Report on the Financial Statements**

We have audited the accompanying financial statements of Ceybank Unit Trust, ("the Trust") which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes unit holders' fund, 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**

Management of the Trust is responsible for the preparation of these financial statements that give true and fair view in accordance with Sri Lanka Accounting 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.

**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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's 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 Trust as at 31 March 2015, 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**

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

**SGD. SJMS ASSOCIATES**

Chartered Accountants Colombo

21<sup>st</sup> July 2015

**Statement of comprehensive income**  
**For the year ended 31<sup>st</sup> March**  
**(all amounts in Sri Lanka Rupees thousands)**

	Note	Year ended 31 March	
		2015	2014 (Restated)
<b>Investment Income</b>			
Dividend		146,971	162,783
Interest income from financial assets not held at fair value through profit or loss	4	16,290	18,649
Net realized gain on financial assets held at fair value through profit or loss	5	455,744	157,537
Net change in unrealized gain on financial assets held at fair value through profit or loss		258,219	254,302
Other income		51	-
<b>Total investment income</b>		<b>877,275</b>	<b>593,270</b>
<b>Expenses</b>			
Management fee		(100,214)	(84,488)
Trustee custodian fee		(19,939)	(16,774)
Audit fee		(238)	(206)
Transaction cost		(25,859)	(13,979)
Other expenses		(815)	(819)
<b>Total operating expenses</b>		<b>(147,065)</b>	<b>(116,266)</b>
<b>Net operating profit after deductions and before tax</b>		<b>730,210</b>	<b>477,004</b>
Income tax expense	6	Nil	Nil
<b>Increase in net assets attributable to unit holders</b>	7	<b>730,210</b>	<b>477,004</b>

The accounting policies and notes from 1 to 14 form an integral part of these financial statements.

**Statement of financial position****As at 31<sup>st</sup> March****(all amounts in Sri Lanka Rupees thousands)**

	Note	2015	2014 (Restated)
<b>Assets</b>			
Cash and cash equivalents	8	1,739	1,091
Receivable from brokers		-	1,320
Dividend receivables		17,972	7,994
Financial assets held at fair value through profit or loss	9	5,175,890	5,070,425
Loans and receivables	10	205,038	183,199
Income tax receivable		19,502	17,913
<b>Total assets</b>		<b><u>5,420,141</u></b>	<b><u>5,281,941</u></b>
<b>Unit holders' funds and liabilities</b>			
<b>Liabilities</b>			
Payables	11	50,380	43,156
Amount payable on unit redemption		9	654
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b><u>50,389</u></b>	<b><u>43,810</u></b>
<b>Unit holders' funds</b>			
<b>Net assets attributable to unit-holders</b>	6	<b><u>5,369,752</u></b>	<b><u>5,238,131</u></b>
<b>Total Unit holders' funds and liabilities</b>		<b><u>5,420,141</u></b>	<b><u>5,281,941</u></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 02<sup>nd</sup> July 2015 and 21<sup>st</sup> July 2015 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 14 form an integral part of these financial statements.

**Statement of changes in Unit-holders' funds**  
**For the year ended 31<sup>st</sup> March**  
**(all amounts in Sri Lanka Rupees thousands)**

	<b>Note</b>	<b>2015</b>	<b>2014 (Restated)</b>
<b>Unitholders funds at the beginning of year</b>		5,238,131	4,666,384
Increase in net assets attributable to unit holders		730,210	477,004
Received on unit creations		470,980	130,763
Distributions to unit-holders		(383,265)	Nil
Payments on unit redemptions		(686,304)	(36,020)
<b>Unit-holders funds at the end of the year</b>		<b><u>5,369,752</u></b>	<b><u>5,238,131</u></b>

Unit holders' funds have been reclassified as an equity to be in accordance with LKAS 32, paragraph 16 A & 16 B. Accordingly, 31<sup>st</sup> March 2014 financial statements have been restated.

The accounting policies and notes from 1 to 14 form an integral part of these financial statements.

**Statement of cash flows****For the year ended 31<sup>st</sup> March****(all amounts in Sri Lanka Rupees thousands)**

	Note	2015	2014
<i>Cash flows from operating activities</i>			
Miscellaneous receipts		51	3,103
Dividend received		128,999	154,790
Net interest and discount received		16,290	18,649
Operating expenses paid		(118,174)	(111,077)
Tax paid		(1,589)	(1,899)
Investment in equity shares		(1,699,121)	(745,690)
Proceeds from sale of equity shares		2,298,368	603,428
Net investments in repurchase agreements		(47,346)	68,258
Net investments in commercial paper		25,507	(13,219)
<i>Net cash inflows / (outflows) from operating activities</i>		<u>599,882</u>	<u>(23,657)</u>
<i>Cash flows from financing activities</i>			
Proceeds from issue of units		470,980	130,763
Payments on redemptions of units		(686,949)	(35,574)
Distribution paid		(383,265)	(93,654)
<i>Net cash inflows/(outflows) from financing activities</i>		<u>(599,234)</u>	<u>1,535</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>		<u>648</u>	<u>(22,122)</u>
Cash and cash equivalents at the beginning of the year		1,091	23,213
Net increase/(decrease) in cash and cash equivalents		<u>648</u>	<u>(22,122)</u>
<i>Cash and cash equivalents at the end of the year</i>	8	<u>1,739</u>	<u>1,091</u>

The accounting policies and notes from 1 to 14 form an integral part of these financial statements.

**Notes to the financial statements****For the year ended 31<sup>st</sup> March 2015****(In the notes all amounts are shown in Sri Lanka Rupees thousands 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 Preparation of Financial Statements****2.1 Statement of compliance**

These Financial Statements comply with Sri Lanka Accounting Standards (SLFRSs and LKASs).

**2.2 Basis of preparation**

The Financial Statements are prepared in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka

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.

The Financial Statements have been prepared on the historical cost basis, except for revaluation of certain financial instruments. 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).

**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 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.

**2.4 Summary of Significant Accounting Poli****2.4.1 Valuation of assets and their measurement bases****2.4.1.1 Financial assets at fair value through profit or loss**

The fund classifies investment in equity and debt securities as financial assets at fair value through profit or loss (FVTPL). Investments are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

Financial assets that are held for trading are those acquired principally for the purpose of selling in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the fund manages together and has an actual pattern of short term profit taking.

Financial assets and liabilities designated at FVTPL at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the fund's investment strategy as explained in the Explanatory Memorandum, and information about these financial assets and liabilities are evaluated by the management of the fund on a fair value basis together with relevant financial information.

**Recognition**

Financial assets and liabilities at FVTPL are recognized when the fund becomes a party to the contractual provisions of the instrument. Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.



**Notes to the financial statements****For the year ended 31<sup>st</sup> March 2015****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****Measurement**

At initial recognition these assets are measured at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to the initial recognition, financial assets at FVTPL are measured at fair value. Gains and losses arising from changes in fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest earned on financial assets at FVTPL is disclosed in a separate line item in the Statement of Comprehensive Income.

**De-recognition**

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the fund has transferred substantially all the risk and rewards of ownership.

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.

**Market value of equity investments**

The trust invests in equity instruments which are quoted at the Colombo Stock Exchange. Published market values of equities are used in determining the weighted average market value at end of each reporting period.

**2.4.2 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 (short term investments such as commercial papers, REPO borrowings etc.) are measured using the amortized cost using the effective interest method less any impairment.

**2.4.3 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.

**2.4.4 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.

**2.5 Payables and Provisions**

Payables are initially recognised 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 amortised 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.

**2.6 Revenue recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be readily measured.

Dividend income

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

Interest income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset). Interest reflects income earned on cash held at bank and on direct fixed interest investments. Interest income is recognized gross of withholding tax, if any

**Notes to the financial statements****For the year ended 31<sup>st</sup> March 2015****(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)****2.7 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 comprehensive income as finance costs. Income not distributed is included in net assets attributable to unit holders.

**2.8 Taxation**

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. According to the said Act, Unit Trust is liable to pay tax at the rate of 10%.

**3 Financial risk management**

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

The trust 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 profit and net assets attributable to unitholders 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.

<b>Impact on operating profit / Net assets attributable to unitholders - Price Risk</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
Change in price of the Trust's investment in Trading Securities		
- +10%	517,589	507,043
- -10%	(517,589)	(507,043)
<i>(ii) Cash flow and fair value interest rate risk</i>		

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.

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**For the year ended 31<sup>st</sup> March 2015**

(In the notes all amounts are shown in Sri Lanka Rupees thounds 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-15	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<b>Financial assets</b>				
Cash and cash equivalents	Nil	Nil	1,739	1,739
Loans and receivables	Nil	205,038	Nil	205,038
<b>Total exposure</b>	<b>Nil</b>	<b>205,038</b>	<b>1,739</b>	<b>206,777</b>

31-Mar-14	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<b>Financial assets</b>				
Cash and cash equivalents	Nil	Nil	1,091	1,091
Loans and receivables	Nil	183,199	Nil	183,199
<b>Total exposure</b>	<b>Nil</b>	<b>183,199</b>	<b>1,091</b>	<b>184,290</b>

#### 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 unually 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 2015	31 March 2014
Change in interest rate of the Trust's investment in trading securities:		
- +1.5%	244.35	279.73
- - 1.5%	(244.35)	(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.

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For the year ended 31<sup>st</sup> March 2015**

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**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.

	<b>31 March 2015</b>	<b>31 March 2014</b>
<b>Repurchase agreements</b>		
<b>Rating</b>		
Risk free	205,038	157,692
<b>Commercial papers</b>		
<b>Rating</b>		
BBB - (RAM)	-	11,345
Commercial paper without external credit ratings	-	14,162
<b>Total</b>	<b>205,038</b>	<b>183,199</b>

(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 unitholder'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.

<b>31 March 2015</b>	<b>Less than 1 month</b>	<b>1-6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>
Payables	38,799	238	11,343	Nil
Amount payable on unit redemption	9	Nil	Nil	Nil
<b>Contractual cash flows(excluding gross settled derivatives)</b>	<b>38,808</b>	<b>238</b>	<b>11,343</b>	<b>Nil</b>
<b>31 March 2014</b>	<b>Less than 1 month</b>	<b>1-6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>
Payables	28,504	3,309	11,343	Nil
Amount payable on unit redemption	654	Nil	Nil	Nil
<b>Contractual cash flows (excluding gross settled derivatives)</b>	<b>29,158</b>	<b>3,309</b>	<b>11,343</b>	<b>Nil</b>

**Notes to the financial statements  
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(In the notes all amounts are shown in Sri Lanka Rupees thousands 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 including any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are added to the value of the asset or liability. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value 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.

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.

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**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 trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 March 2015.

<b>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	5,175,890	Nil	Nil	5,175,890
<b>Loans and receivables</b>				
- Repurchase agreements	Nil	205,038	Nil	205,038
<b>Total</b>	<b>5,175,890</b>	<b>205,038</b>	<b>Nil</b>	<b>5,380,928</b>
<b>At 31 March 2014</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	5,070,425	Nil	Nil	5,070,425
<b>Loans and receivables</b>				
- Repurchase agreements	Nil	157,692	Nil	157,692
- Commercial papers	Nil	25,507	Nil	25,507
<b>Total</b>	<b>5,070,425</b>	<b>183,199</b>	<b>Nil</b>	<b>5,253,624</b>

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, 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.

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

	2015	2014
Interest on repurchase agreements	15,000	13,850
Interest on commercial papers	1,290	4,799
	<b>16,290</b>	<b>18,649</b>

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

	31 March 2015	31 March 2014
Proceeds on sale of investments	1,729,793	582,599
Average cost of investments sold	(1,274,049)	(425,062)
	<b>455,744</b>	<b>157,537</b>

**6 Income tax expense**

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

**7 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 2015 Units	31-Mar 2015 LKR	31-Mar 2014 Units	31-Mar 2014 LKR
Opening capital balance	191,090,096	5,238,131	187,307,413	4,666,384
Applications	15,832,654	470,980	5,167,122	130,763
Redemptions	(21,791,604)	(686,304)	(1,384,439)	(36,020)
Distributions to unit-holders		(383,265)		Nil
Increase in net assets attributable to unitholders	Nil	730,210	Nil	477,004
<b>Closing balance</b>	<b>185,131,146</b>	<b>5,369,752</b>	<b>191,090,096</b>	<b>5,238,131</b>
			<b>2015</b>	<b>2014</b>
Net assets attributable to unitholders			5,369,752	5,238,131
			<b>5,369,752</b>	<b>5,238,131</b>

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

**Capital risk management**

The fund considers its net assets attributable to unitholders as an equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the trust is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the trust'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 unitholders.

**8 Cash and cash equivalents**

	2015	2014
Cash at bank	1,739	1,091
	<b>1,739</b>	<b>1,091</b>

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9 Financial assets held at fair value through profit or loss

	2015	2014
<b>Held for trading</b>		
Investment in equity shares (note 9 (a))	5,175,890	5,070,425
	<b>5,175,890</b>	<b>5,070,425</b>

a) Investment in equity shares

31 March 2015 Company	Number of shares	Market value	Percentage of total net assets
<b>31 March 2015</b>			
<b>Banks Finance &amp; Insurance</b>			
Peoples Leasing Company PLC	3,000	66	0.00%
The Finance Co. PLC- Non Voting	1,346,698	7,137	0.13%
Sampath Bank PLC	13,547	3,415	0.06%
Commercial Bank of Ceylon PLC	110,560	18,287	0.34%
Seylan Bank PLC	22,000	1,395	0.03%
Nations Trust Bank PLC	4,000	400	0.01%
The Finance Company PLC	5,706,601	85,028	1.58%
Merchant Bank of Sri Lanka and Fin	9,214,646	145,591	2.71%
	<b>16,421,052</b>	<b>261,319</b>	<b>4.87%</b>
<b>Beverages Food &amp; Tobacco 1100</b>			
Lucky Lanka Milk Processing Comp	1,800,000	3,960	0.07%
	<b>1,800,000</b>	<b>3,960</b>	<b>0.07%</b>
<b>DIVERSIFIED HOLDINGS 2500</b>			
Adam Investments PLC	1,909,512	5,347	0.10%
John Keells Holdings PLC - Warrent	972	31	0.00%
John Keells Holdings- Warrent 1	972	20	0.00%
Softlogic Holdings PLC	5,632,425	74,348	1.38%
Vallibel One PLC	6,497,409	131,897	2.46%
John Keells Holdings PLC	49,023	9,775	0.18%
James Finaly & Company (Colombo)	482,665	139,973	2.61%
	<b>14,572,978</b>	<b>361,391</b>	<b>6.73%</b>
<b>HEALTH CARE 2600</b>			
The Lanka Hospital Corporation PLC	1,025,445	40,915	0.76%
Nawaloka Hospitals PLC	4,241,998	12,302	0.23%
Asiri Hospitals PLC	42,000	848	0.02%
	<b>5,309,443</b>	<b>54,065</b>	<b>1.01%</b>
<b>Hotels &amp; Travels 1400</b>			
Asian Hotels & Properties PLC	9,537,403	600,856	11.19%
Amaya Leisure PLC	7,120	509	0.01%
The Kingsbury PLC	3,286,488	52,584	0.98%
Trans Asia Hotels PLC	5,288,533	497,122	9.26%
Aitken Spence Hotels Holdings PLC	174,448	11,688	0.22%
	<b>18,293,992</b>	<b>1,162,759</b>	<b>21.65%</b>
<b>Information Technology 3000</b>			
PC House PLC	3,355,382	1,007	0.02%
	<b>3,355,382</b>	<b>1,007</b>	<b>0.02%</b>



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

a) Investment in equity shares (Contd)

31 March 2015 Company	Number of shares	Market value	Percentage of total net assets
<b>Land &amp; Property 1600</b>			
Colombo Land & Development Com	9,166,940	225,507	4.20%
Equity Two PLC	2,194,788	133,004	2.48%
C T Land Development PLC	884,593	30,961	0.58%
	<b>12,246,321</b>	<b>389,472</b>	<b>7.25%</b>
<b>Manufacturing 1700</b>			
Textured Jersey Lanka PLC	40,000	964	0.02%
Tokyo Cement Company (Lanka) PL	2,588	142	0.00%
Lanka WallTile PLC	520,614	49,875	0.93%
Tokoyo Cement Co. (Lanka) PLC	12,000	449	0.01%
Royal Ceramics Lanka PLC	1,895,649	210,417	3.92%
Kelani Tyres PLC	7,790,560	607,665	11.32%
	<b>10,261,411</b>	<b>869,512</b>	<b>16.19%</b>
<b>Plantations 2400</b>			
Kahawatte Plantations PLC	6,644,914	211,308	3.94%
Kelani Valley Plantations PLC	2,078,015	149,409	2.78%
	<b>8,722,929</b>	<b>360,717</b>	<b>6.72%</b>
<b>Power and Energy 2800</b>			
Laugfs Gas PLC (non voting)	12,175	414	0.01%
Laugfs Gas PLC	122,600	4,401	0.08%
Lanka IOC PLC	10,780,364	434,449	8.09%
	<b>10,915,139</b>	<b>439,264</b>	<b>8.18%</b>
<b>TELE COMMUNICATIONS 2700</b>			
Dialog Axiata PLC	315,605	3,282	0.06%
Sri Lanka Telecom PLC	16,862,871	767,262	14.29%
	<b>17,178,476</b>	<b>770,544</b>	<b>14.35%</b>
<b>Trading 2200</b>			
Singer (Sri Lanka) PLC	4,402,455	501,880	9.35%
	<b>4,402,455</b>	<b>501,880</b>	<b>9.35%</b>
	<b>123,479,578</b>	<b>5,175,890</b>	<b>96.39%</b>

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9 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
<b>Banks, Finance and Insurance</b>			
The Finance Co. 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 - Voting	4,667,147	51,339	0.98%
Merchant Bank of Sri Lanka Finance	8,385,229	113,201	2.16%
	<b>14,483,724</b>	<b>241,759</b>	<b>4.62%</b>
<b>Diversified Holdings</b>			
John Keells Holdings PLC - Warrant	972	70	0.00%
John Keells Holdings PLC - Warrant	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	424,628	127,940	2.44%
	<b>50,237,792</b>	<b>666,394</b>	<b>12.72%</b>
<b>Hotels and Travels</b>			
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%
	<b>16,459,096</b>	<b>1,045,453</b>	<b>19.96%</b>
<b>Health Care</b>			
The Lanka Hospitals Corporation	515,503	21,445	0.41%
Nawaloka Hospitals PLC	2,878,711	9,212	0.18%
	<b>3,394,214</b>	<b>30,657</b>	<b>0.59%</b>
<b>Information Technology</b>			
PC House PLC	3,355,382	1,007	0.02%
	<b>3,355,382</b>	<b>1,007</b>	<b>0.02%</b>

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9 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
<b>Land and Property</b>			
Millennium Housing Developers PLC	2,042,600	12,664	0.24%
Colombo Land & Development	3,489,594	124,230	2.37%
Seylan Developments PLC	611,087	5,683	0.11%
Property Development PLC	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%
	<b>9,306,658</b>	<b>256,399</b>	<b>4.89%</b>
<b>Manufacturing</b>			
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%
	<b>8,440,578</b>	<b>554,857</b>	<b>10.59%</b>
<b>Plantations</b>			
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%
	<b>18,930,164</b>	<b>503,807</b>	<b>9.62%</b>
<b>Power and Energy</b>			
Laugfs Gas PLC	122,600	3,985	0.08%
Lanka IOC PLC	17,524,839	674,706	12.88%
	<b>17,647,439</b>	<b>678,691</b>	<b>12.96%</b>
<b>Trading</b>			
Singer (Sri Lanka) PLC	4,247,206	383,523	7.32%
	<b>4,247,206</b>	<b>383,523</b>	<b>7.32%</b>
<b>Telecommunication</b>			
Dialog Axiata PLC	851,103	7,660	0.15%
Sri Lanka Telecom PLC	15,189,136	700,219	13.37%
	<b>16,040,239</b>	<b>707,879</b>	<b>13.51%</b>
	<b>162,542,492</b>	<b>5,070,425</b>	<b>96.80%</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.

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**10 Loans and receivables**

	31 March 2015	31 March 2014
Repurchase agreements (note 10 (a))	205,038	157,692
Commercial papers (note 10 (b))	-	25,507
	<b>205,038</b>	<b>183,199</b>

a) Investment in repurchase agreements

31 March 2015 Company	Yield	Investment date	Maturity date	Cost	Investment value
Commercial Bank	6.25%	31-Mar-15	1-Apr-15	139,403	139,427
Entrust Securities Ltd	6.65%	26-Mar-15	9-Apr-15	12,000	12,013
Entrust Securities Ltd	6.70%	30-Mar-15	15-Apr-15	43,542	43,558
Perpetual Treasuries Limited	6.95%	25-Mar-15	8-Apr-15	10,026	10,039
				<b>204,972</b>	<b>205,038</b>

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
				<b>157,570</b>	<b>157,692</b>

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
				<b>24,609</b>	<b>25,507</b>

**11 Payables**

	2015	2014
Management fee, trust fee and custodian fee	28,859	25,859
Other payables	10,989	10,989
Accrued expenses	238	206
Unclaimed dividends	354	354
Payable on equity share purchases	9,940	2,645
Payable to C T Land Development PLC	-	3,103
	<b>50,380</b>	<b>43,156</b>

**Notes to the financial statements  
For the year ended 31<sup>st</sup> March 2015**

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

**12 Related party transactions**

**a) Management entity**

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

**b) Key management personnel**

**i) Directors**

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

- Mr K L Hewage (Chairman)
- Mr M Selvanathan
- Mr C Sathkumara
- Mr Sri B. Babu Rao
- Mr D M Gunasekara
- Mr M S P R Perera
- Mr. P. Kudabalage
- Mr PA Lionel
- Mr.S M S C Jayasuriya

**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 2015**

<b>Unit holder</b>	<b>No of units held opening</b>	<b>No of units held closing</b>	<b>Fair value of investment</b>	<b>Distribution paid by the fund</b>
Mr. Chitra Sathkumara	4,804	5,138	148	10

**d) Key management personnel compensation**

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

**e) Other transactions within the Trust**

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

**f) Related party unit holding**

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

**31 March 2015**

	<b>No of units held opening</b>	<b>No of units held closing</b>	<b>Fair value of investment</b>	<b>Distribution paid by the fund</b>
	1,766,272	1,889,186	54,352	3,533

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

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

	<b>Charge for the year 2015</b>	<b>2014</b>	<b>Balance outstanding 2015</b>	<b>2014</b>
Management fees	100,214	84,488	28,859	25,859
Trustee fees	19,939	16,774	Nil	Nil
	<b>120,153</b>	<b>101,262</b>	<b>28,859</b>	<b>25,859</b>

**Notes to the financial statements  
For the year ended 31<sup>st</sup> March 2015**

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

**13 Contingent assets and liabilities and commitments**

There were no material contingent liabilities at the end of 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 trust disclosed in the statement of financial position as at 31 March 2015 or on the results and statement of cash flows of the trust 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 – Investment &  
Business Development**

Ian Ferdinands  
Chartered Marketer  
Certified e Marketer

**Manager – Finance**

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

Registrar

K.Dorin Sherina

**Fund Manager**

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

**Marketing Manager**

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

**Assistant Fund Manager**

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



**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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