



***ANNUAL REPORT***

2014

“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.”

## CONTENTS

Corporate Information	1
Report of the Manager	2
Report of the Auditors	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Unit holders Fund	6
Statement of Cash Flow	7
Significant Accounting Policies & Notes to the Financial Statements	8
Declaration by Trustee and Managing Company	9
Management Team	10

CEYBANK SAVINGS PLUS FUND  
Annual Report & Accounts 2014  
CORPORATE INFORMATION

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TRUSTEE

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

FUND MANAGERS & REGISTRAR

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

DIRECTORS OF THE  
MANAGEMENT COMPANY

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

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

Mr. U. D. Liyanagamage  
(Alternate to Mr.P.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  
BDO Partners  
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

# CEYBANK SAVINGS PLUS MONEY MARKET FUND - Annual Report 2014

## REPORT OF THE MANAGER

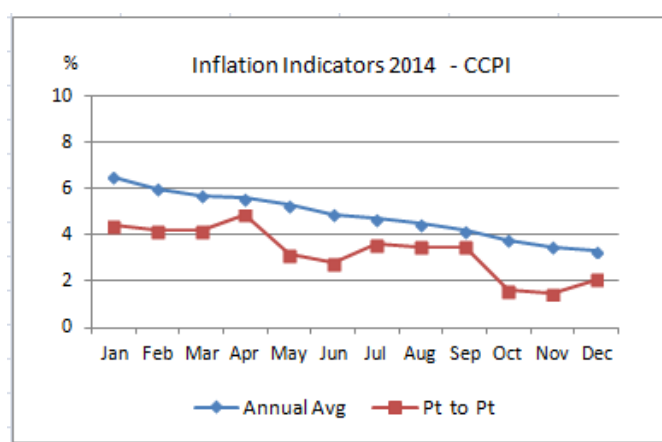
We have great pleasure in presenting the Annual Report and Audited Accounts of the Ceybank Saving Plus Money Market Fund for the period 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014.

The Net Asset Value per unit of your Fund appreciated by 7.77% during the period and the Fund distributed tax free dividends of Rs 1.00 (100cts per unit). The Fund will distribute dividends in January and July each year.

### Economy

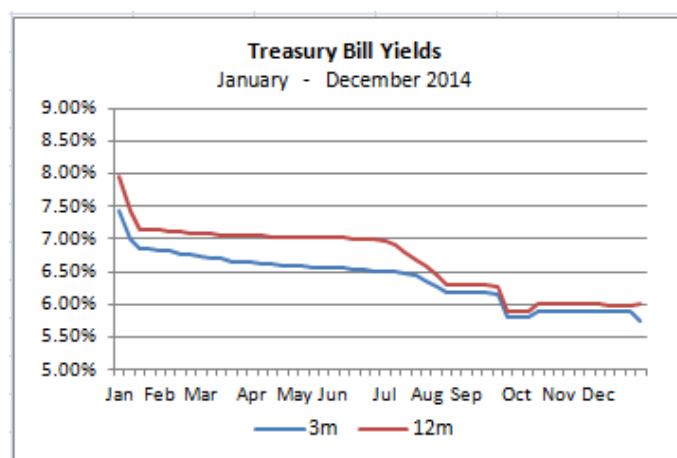
The Sri Lankan Economy recorded an Annual GDP growth of 7.4% in 2014 marginally above the growth of 7.2% achieved in 2013 but below the Central Bank's projection of 7.8%. Sector wise Industry grew by 11.4%, Services by 6.5%, and Agriculture by 0.3%.

Average Annual Inflation measured by the CCPI, which was at 6.5% at the beginning of the year declined steadily to close the year lower at 3.3% as at end December 2014.



Market interest rates moved down continuously during the year. The benchmark 12 month Treasury bill rate which was at 7.95% p.a. at the beginning of the year dropped to 6.00% p.a. by the end of the year. A parallel downward shift was seen on long term Treasury bonds yields. Corporate paper yields too continued to drop as premiums reduced to around 2-3% above Treasury yields during this period.

Overnight call money rates generally traded within a range of 6.0% and 8.0% p.a. The exchange rate which was at 130.82 (Rs/US\$) at the beginning of the year, appreciated during the year but settled marginally lower at 131.86 (Rs/US\$), as at end December 2014.



(Source: CBSL)

Central Bank key policy rates remained unchanged during the period. The Standing Deposit Facility Rate (SDFR) remained at 6.5% while the Standing Lending Facility Rate (SLFR) was at 8.0%. The Statutory Reserve Requirement (SRR) for Commercial Banks remained at 6%.

## **Fund Performance**

The Net Asset Value per unit of your Fund appreciated by 7.77% during the period under review.

The Fund generated a net operating profit of Rs 189.41 million and declared tax free dividends of Rs 178.1 million, a total of Rs 1.00 per unit to the unit holders for the period under review. The Fund was mainly invested in a mix of Treasury bills, Repurchase Agreements and Corporate paper with maturities less than 12 months.

## **Future Outlook**

The Sri Lankan Economy recorded an Annual GDP growth of 7.4% in 2014, below the Central Bank's projection of 7.8%. While the Industrial and service sectors contributed 11.4% and 6.5% respectively, adverse weather conditions affected the Agriculture sector performance which grew by a mere 0.3%.

The future outlook on growth will depend largely on new Government policy which has not been yet spelt out comprehensively. The possibility of a general election in the near future has heightened uncertainty.

Export markets remain a concern, although the discussion to renegotiate the GSP plus concession for industrialists is ongoing. The reduction in crude oil prices globally augurs well. However local weather conditions too have been unpredictable and will be determine the level of growth that will be finally achieved.

Central bank has raised interest rates by around 150 bps during the first two months of the new year. The level it will sustain will partly depend on the government's borrowing program and the expansion of credit from the banking sector. Taking these factors into account the Fund is currently invested in short term Treasury bills, Repurchase Agreements and a mix of Securities issued by Corporate entities. The objective of the Fund is to provide liquidity and a stable regular income for the investor. The Managers will continue to monitor the changing environment to address any change required in the asset allocation in order to meet the Fund objective.

## **Management**

We take this opportunity to thank our valued unit holders for the confidence placed in us, which has been a great source of encouragement. We believe we will be able to provide a consistent return to the unit holders. We also place on record our appreciation for the unstinted support and cooperation extended by the Securities and Exchange Commission of Sri Lanka, 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 support. Our achievements would not have been possible without the skills and commitment of the Management Team. We take great pleasure in thanking them for their contribution and dedication throughout the year and look forward to their support in the coming year too.



Chitra Sathkumara  
Executive Director/ CEO  
30<sup>th</sup> April 2015



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Chartered Accountants  
"Charter House"  
65/2, Sir Chittampalam A Gardiner Mawatha  
Colombo 02  
Sri Lanka

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CEYBANK SAVINGS PLUS FUND**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Ceybank Savings Plus Fund, which comprise the statement of financial position as at 31<sup>st</sup> December, 2014, and the statement of comprehensive income, statement of changes in unitholder's fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 05 to 20.

### **Board's Responsibility for the Financial Statements**

The Board of Directors of Ceybank Asset Management Limited ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, 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 Ceybank Savings Plus Fund as at 31<sup>st</sup> December, 2014, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **Other Matter**

The Financial Statements of the fund as at 31<sup>st</sup> December, 2013 were audited by another auditor, whose report dated 31<sup>st</sup> March, 2014 expressed an unqualified opinion on these financial statements.



### **Report on Other Legal and Regulatory Requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
  - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Fund,
  - the financial statements of the Fund, comply with the requirements of section 151 of the Companies Act No. 07 of 2007, the Unit Trust Deed and the Unit Trust Code of the securities and Exchange Commission of Sri Lanka.

**SGD.BDO Partners**

**CHARTERED ACCOUNTANTS**

**Colombo**

**31<sup>st</sup> March, 2015**

**SM/um**



CEYBANK SAVINGS PLUS FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2014

Page 1

	Note	2014 Rs.	2013 Rs.
Net Income on Financial Instruments Held at Fair Value through Profit or Loss	4	211,474,187	76,732,179
<b>Total Investment Income</b>		<u>211,474,187</u>	<u>76,732,179</u>
<b>Expenses</b>			
Management Fee		(17,845,980)	(4,288,916)
Trustee and Custodian Fee		(3,135,283)	(857,783)
Audit Fee		(68,750)	(150,000)
Other Expenses		(1,007,289)	(472,562)
		<u>(22,057,302)</u>	<u>(5,769,261)</u>
<b>Net Operating Profit</b>		<u>189,416,885</u>	<u>70,962,918</u>
<b>Finance Expenses</b>			
Interest Expenses		(203)	(179,670)
Distributions to Unitholders	5	(178,063,266)	(51,023,838)
<b>Profit After Deductions and Before Tax</b>		<u>11,353,416</u>	<u>19,759,410</u>
Income Tax Expense		(18,941,668)	(7,098,848)
<b>(Decrease) /Increase in Net Assets Attributable to Unitholders</b>	6	<u>(7,588,252)</u>	<u>12,660,562</u>

Figures in brackets indicate deductions.

The Accounting Policies and Notes from pages 05 to 20 form an integral part of these financial statements.

Colombo  
31st March, 2015

CEYBANK SAVINGS PLUS FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER, 2014

Page 2

	Note	2014 Rs.	2013 Rs.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	7	4,677,784	2,817,025
Receivables	8	162,798	162,798
Financial Assets Held at Fair Value Through Profit or Loss	9	2,992,195,479	1,208,680,338
Income Tax Receivable	10	7,073,284	5,179,919
<b>Total Current Assets</b>		<u>3,004,109,345</u>	<u>1,216,840,080</u>
<b>Total Assets</b>		<u>3,004,109,345</u>	<u>1,216,840,080</u>
<b>UNITHOLDERS' FUNDS AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Other Payables	11	3,311,259	1,529,431
Money Payable on Unit Redemption		1,330,865	569,125
<b>Total Current Liabilities</b>		<u>4,642,124</u>	<u>2,098,556</u>
Unit holder's Fund		2,999,467,221	1,214,741,524
<b>Total Unitholder's Fund</b>		<u>2,999,467,221</u>	<u>1,214,741,524</u>
<b>Total Unitholders' Funds and Liabilities</b>		<u>3,004,109,345</u>	<u>1,216,840,080</u>

Commitments and Contingencies 12 and 13

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 20 form an integral part of these financial statements.

The Board of Directors of the management company is responsible for the preparation and presentation of these Financial Statements.

The financial statements were approved by the management company and by the trustee on 30th March, 2015 and on 27th March, 2015 respectively.

  
.....  
Director  
Management Company

  
.....  
Director  
Management Company

Colombo  
31st March, 2015  
SM/um



CEYBANK SAVINGS PLUS FUND  
STATEMENT OF CHANGES IN UNITHOLDERS' FUND  
FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Unit Capital Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 01st January, 2013</b>	363,944,202	31,611,013	395,555,215
(Decrease)/ Increase in Net Assets Attributable to Unitholders	-	12,660,562	12,660,562
Received on Unit Creations	1,132,440,985	44,086,792	1,176,527,777
Paid on Unit Redemptions	(353,482,467)	(16,519,563)	(370,002,030)
<b>Balance as at 31st December, 2013</b>	<u>1,142,902,720</u>	<u>71,838,804</u>	<u>1,214,741,524</u>
(Decrease)/ Increase in Net Assets Attributable to Unitholders	-	(7,588,252)	(7,588,252)
Received on Unit Creations	2,953,663,034	106,667,578	3,060,330,612
Paid on Unit Redemptions	(1,219,793,151)	(48,223,512)	(1,268,016,663)
<b>Balance as at 31st December, 2014</b>	<u><u>2,876,772,603</u></u>	<u><u>122,694,618</u></u>	<u><u>2,999,467,221</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 20 form an integral part of these financial statements.

Colombo  
31st March, 2015

CEYBANK SAVINGS PLUS FUND  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31ST DECEMBER, 2014

Page 4

	2014 Rs.	2013 Rs.
<b>Cash Flow from Operating Activities</b>		
Interest Received	211,474,187	76,732,179
Net Investment in Financial Assets Held at Fair Value Through Profit or Loss	(1,783,515,141)	(775,523,787)
Bank Charges	(148,650)	(123,084)
Management Fees and Trustee Fees Paid	(19,255,353)	(4,553,590)
Interest Paid	(203)	(412,088)
Other Expenses Paid	(109,731)	(624,110)
Income Tax Paid	(20,835,033)	(9,805,961)
<b>Net Cash Outflow from Operating Activities</b>	<u>(1,612,389,924)</u>	<u>(714,310,441)</u>
<b>Cash flows From Financing Activities</b>		
Proceeds form Applications from Unitholders	3,060,330,612	1,176,527,777
Payments for Redemptions by Unitholders	(1,268,016,663)	(372,109,160)
Distributions Paid from Operating Activities	(178,063,266)	(51,023,838)
Repayments of Borrowings	-	(40,000,000)
<b>Net Cash From Financing Activities</b>	<u>1,614,250,683</u>	<u>713,394,779</u>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	1,860,759	(915,662)
<b>Cash and Cash Equivalents at the Beginning of the Year (Note A)</b>	<u>2,817,025</u>	<u>3,732,687</u>
<b>Cash and Cash Equivalents at the End of the Year (Note B)</b>	<u><u>4,677,784</u></u>	<u><u>2,817,025</u></u>
<b>At the Beginning</b>		<b>Note A</b>
Balance at Bank	<u>2,817,025</u>	<u>3,732,687</u>
<b>At the End</b>		<b>Note B</b>
Balance at Bank	<u><u>4,677,784</u></u>	<u><u>2,817,025</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 20 form an integral part of these financial statements.

Colombo  
31st March, 2015

## 1. CORPORATE INFORMATION

### 1.1 General

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No.26 of 1991 and the Act No.18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Fund to Ceybank Asset Management Limited on 02<sup>nd</sup> June, 2009. The Fund commenced its commercial operations on 22<sup>nd</sup> June, 2009. The registered office of the Management Company is located at 54/C1, Ward Place, Colombo 07.

### 1.2 Principal Activities and Nature of Operations

The Fund is an Open-Ended Unit Trust and invests mainly on money market in Sri Lanka to maximize short term current income while ensuring ease of liquidity by investing in a portfolio of Money Market Instruments and to provide a regular stream of dividend income bi-annually. The Fund also invests in government securities, bank deposits and corporate debt instruments with maturities less than one year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General Accounting Policies

#### 2.1.1 Basis of Preparation

The financial statements are prepared and comply in accordance 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 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.

#### 2.1.2 Statement of Compliance

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) which are effective from 01<sup>st</sup> January, 2012.

### 2.2 Statement Of Comprehensive Income

#### 2.2.1 Revenue Recognition

Interest income is recognized 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.

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.

#### **2.2.2 Expenditure Recognition**

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

#### **2.2.3 Taxation**

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

#### **2.2.4 Distribution**

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

#### **2.2.5 Increase/Decrease in Net Assets Attributable to Unitholders**

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

### **2.3 Statement Of Financial Position**

#### **2.3.1 Financial Instruments**

The Fund's principal financial assets comprise investments in trading securities and cash at bank. The main purpose of these financial instruments is to generate a return on the investment made by Unitholders. The Funds' principal financial liabilities comprise amounts attributable to Unit holders, which are the amounts owed to Unitholders 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 unitholders is 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.

##### **2.3.1.1 Classification**

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

##### **2.3.1.1.1 Financial Instruments Held for Trading**

Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification. The Fund does not designate any derivatives as hedges in a hedging relationship.

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

#### 2.3.1.1.2 Financial Instruments 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 is 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.

#### 2.3.1.2 Recognition/Derecognition

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

Investments are derecognized when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

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

Realized gains and realized losses on derecognition 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.

#### 2.3.1.3 Measurement

##### 2.3.1.3.1 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 recognizes the difference in profit or loss to reflect a change in factors, including time that market participants would consider in setting a price.

##### 2.3.1.3.2 Loans and Receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortized 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 recognized 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 recognized on a financial asset carried at amortized 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.

#### 2.3.1.4 Unitholders' 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 Unitholders, 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 calculated 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 unitholders is declared according to the 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 unitholders.

#### 2.3.1.5 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.

#### 2.3.2 Receivable

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 debtor, 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.

#### 2.3.3 Payable

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 unitholders 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.



#### 2.3.4 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.

#### 2.3.5 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 is the key source 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.

#### 2.3.6 Fair Value of Securities not Quoted in an Active Market and Over the Counter Derivative Instruments

Management uses its judgement 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 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 and other price risks and ratings analysis for credit risk.

#### 3.1 Market Risk

##### 3.1.1 Cash Flow and Fair Value Interest Rate Risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund's policy is to hold all its net assets attributable to unitholders invested in debt/Equity securities. 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 reprising or maturity dates.

31 <sup>st</sup> December, 2014 Financial Assets	Floating Interest Rs.	Fixed Interest Rs.	Non-Interest Rs.	Total Rs.
Cash and cash Equivalents	Nil	Nil	4,677,784	4,677,784
Receivables	Nil	Nil	7,236,082	7,236,082
Financial Assets Held at Fair Value Through Profit or Loss	Nil	2,992,195,479	Nil	2,992,195,479
<b>Total Exposure</b>	Nil	<b>2,992,195,479</b>	<b>11,913,866</b>	<b>3,004,109,345</b>

### 3.2 Summarised Sensitivity Analysis

The following table summarises the sensitivity of the funds operating profit and net assets attributable to unitholders to interest rate risk and other 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 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 Risk  
31<sup>st</sup> December, 2014**

Change in interest rate of the Trust's investment in trading securities:	
+1.5%	3,172,113
-1.5%	(3,172,113)

### 3.3 Credit Risk

The Fund is exposed to credit risk, which is the risk that 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.

#### 3.3.1 Debt Securities

The Fund invests in debt securities which have an investment grade categorization as rated by Fitch ICRA Lanka and Lanka Rating Agency. An analysis of debt by rating is set out in the table below:

			31 <sup>st</sup> December 2014	
			Amount	
			Rs.	
<b>Treasury Bills</b>				
<b>Rating</b>				
Risk Free			276,210,583	
<b>Repurchase Agreements</b>				
<b>Rating</b>				
Risk Free			946,526,868	
			<b>Amount</b>	
<b>Paper</b>	<b>Rating</b>	<b>Dealer</b>	<b>Rating Agency</b>	<b>Rs.</b>
BB+		Kotagala Plantation PLC	Lanka Rating Agency	185,633,685
BBB+		Abans PLC	Fitch Ratings	100,681,681
AA-		Peoples' Leasing & Finance PLC	Fitch Ratings	56,485,104
BBB-		Softlogic Finance PLC	Lanka Rating Agency	116,706,087
BBB-		Orient Finance PLC	Lanka Rating Agency	29,046,106
BBB		Janashakthi Ltd	ICRA Lanka	104,516,186
A-		First Capital Holdings PLC	Lanka Rating Agency	235,617,554
BBB-		Richard Pieris Arpico Finance Ltd	Lanka Rating Agency	27,194,073

Commercial Paper Rating	Dealer	Rating Agency	Amount Rs.
A-	Softlogic Holdings PLC	Lanka Rating Agency	363,307,033
BBB+	Dunamis Capital PLC	Lanka Rating Agency	82,876,787
A+	Melsta Regal Finance Ltd	Fitch Ratings	51,927,434
<b>Total</b>			<b>1,353,991,730</b>

### 3.3.2 Cash and Cash Equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties 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 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 does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

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

	Less Than One Month Rs.	1 to 6 Months Rs.	6 to 12 Months Rs.	Total Rs.
<b>31<sup>st</sup> December, 2014</b>				
<b>Accrued Expenses</b>				
- Management Fee Payable	2,633,943	Nil	Nil	2,633,943
- Other Payables	Nil	347,254	330,063	677,317
- Money Payable on Unit Redemption	1,330,865	Nil	Nil	1,330,865
Contractual Cash Flows (Excluding Gross settled Derivatives)	3,964,808	347,254	330,063	4,642,125

### 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 is measured at fair value with changes in their fair value recognised in profit or loss.

### 3.5.1 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.

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

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).

#### 3.6.1 Classification of Financial Assets and Financial Liabilities

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

The determination of what constitutes 'observable' requires significant judgement by the 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<sup>st</sup> December, 2014.

As At 31 <sup>st</sup> December 2014	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
<b>Financial Assets</b>				
Financial Assets Held for Trading:				
- Treasury Bills	Nil	276,210,582	Nil	276,210,582
- Repurchase Agreements	Nil	946,526,868	Nil	946,526,868
- Commercial Papers	Nil	1,353,991,732	Nil	1,353,991,732
- Fixed Deposits	Nil	415,466,297	Nil	415,466,297
Receivables	Nil	Nil	162,798	162,798
Cash and Cash Equivalents	Nil	Nil	4,677,784	4,677,784`
<b>Total</b>	<b>Nil</b>	<b>2,992,195,479</b>	<b>4,840,582</b>	<b>2,997,036,062</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 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.

	2014 Rs.	2013 Rs.
<b>4 NET INCOME ON FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Interest from		
- Bank Deposits	10,711,406	2,094,247
- Treasury Bills	16,093,351	7,682,581
- Repurchase Agreements	67,573,478	11,806,074
- Commercial Papers	117,095,952	55,149,277
	<u>211,474,187</u>	<u>76,732,179</u>

Net income recognized in relation to financial assets held at fair value through profit or loss:

**5. DISTRIBUTIONS TO UNITHOLDERS**

Dividend Paid		178,063,266	51,023,848
<u>Dividend for the Period</u>	<u>Date of Dividend Declaration</u>	<u>Dividend Paid in Number of Units</u>	<u>Dividend Paid in Rupees</u>
01st July, 2012 to 31st December, 2012	30th January, 2013	37,995,580	30,396,464
01st January, 2013 to 30th June, 2013	29th July, 2013	31,734,421	20,627,374
		<u>69,730,001</u>	<u>51,023,838</u>
01st July, 2013 to 31st December, 2013	06th February, 2014	115,214,227	63,367,825
01st January, 2014 to 30th June, 2014	07th August, 2014	254,878,757	114,695,441
		<u>370,092,984</u>	<u>178,063,266</u>

**6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

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

	31st December		31st December	
	2014 Number	2013 Number	2014 Rs.	2013 Rs.
Opening Balance	114,111,717	36,350,641	1,214,741,523	395,555,215
Applications	294,907,983	113,058,640	3,060,330,612	1,176,527,777
Redemptions	(121,790,017)	(35,297,564)	(1,268,016,663)	(370,002,031)
Decrease in Net Assets Attributable to Unitholders	-	-	(7,588,252)	12,660,562
Closing Balance	<u>287,229,683</u>	<u>114,111,717</u>	<u>2,999,467,220</u>	<u>1,214,741,523</u>

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.

**6.1 Capital Risk Management**

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

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the responsible entity. Under the terms of the Fund constitution, 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 the unitholders.

	2014 Rs.	2013 Rs.
<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash at Bank	4,677,784	2,817,025
<b>8. RECEIVABLES</b>		
Sundry Debtors	162,798	162,798
<b>9. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Investment in Fixed Deposit	Note 9.1 415,466,297	-
Investment in Repurchase Agreement	Note 9.2 946,526,868	275,159,294
Investment in Treasury Bills	Note 9.3 276,210,582	123,934,056
Investment in Commercial Papers	Note 9.4 1,353,991,732	809,586,988
	<u>2,992,195,479</u>	<u>1,208,680,338</u>

**9.1 Investment in Fixed Deposit**

Bank	Yeild	Investment Date	Maturity Date	Cost Rs.	Investment Rs.
Orient Finance PLC	11.01%	19/06/2014	19/06/2015	50,000,000	52,956,109
Softlogic Finance PLC	9.00%	30/09/2014	31/03/2015	10,517,500	10,758,682
Commercial Credit & Finance PLC	9.75%	14/10/2014	14/04/2015	35,000,000	35,738,596
Commercial Credit & Finance PLC	8.75%	07/11/2014	07/5/2015	25,000,000	25,329,623
Commercial Credit & Finance PLC	9.00%	03/12/2014	03/6/2015	40,000,000	40,286,027
HDFC Bank	7.25%	24/12/2014	24/03/2015	250,000,000	250,397,260
				<u>410,517,500</u>	<u>415,466,297</u>

**9.2 Investment in Repurchase Agreement**

As at 31st December, 2014

Dealer	Yeild	Investment Date	Maturity Date	Cost Rs.	Market Value Rs.
Entrust Securities Ltd	5.75%	16/12/2014	6/1/2015	31,400,000	31,479,145
Perpetual Treasuries Ltd	5.70%	19/12/2014	2/1/2015	70,360,065	70,502,906
Entrust Securities Ltd	5.75%	22/12/2014	12/1/2015	83,769,881	83,901,847
Commercial Bank	5.70%	23/12/2014	6/1/2015	531,677,512	532,426,827
Entrust Securities Ltd	5.75%	30/12/2014	20/01/2015	120,774,726	120,812,778
DFCC Vardana Bank	5.30%	31/12/2014	2/1/2015	50,565,564	50,572,926
Commercial Bank	5.60%	31/12/2014	2/1/2015	46,822,274	46,829,477
Bank Of Ceylon	3.50%	31/12/2014	2/1/2015	10,000,000	10,000,962
				<u>945,370,022</u>	<u>946,526,868</u>

9.2 Investment in Fixed Deposit (Contd..)

As at 31st December, 2013

Dealer	Yeild	Investment Date	Maturity Date	Cost Rs.	Investment Value Rs.
First Capital	7.50%	26/12/2013	02/01/2014	144,391,790	144,569,808
Bank Of Ceylon	6.10%	27/12/2014	02/01/2014	2,100,000	2,101,760
Commercial Bank	7.00%	27/12/2013	03/01/2014	56,085,895	56,139,823
Entrust Scurities	8.10%	23/12/2013	06/01/2014	25,458,438	25,509,285
Bank Of Ceylon	6.10%	31/12/2013	06/01/2014	6,200,000	6,201,039
Wealth Trust Securities	7.55%	30/12/2013	13/01/2014	25,500,000	25,510,549
Entrust Scurities	8.00%	31/12/2013	16/01/2014	15,123,715	15,127,030
				<u>274,859,838</u>	<u>275,159,294</u>

9.3 Investment in Treasury Bills

As at 31st December, 2014

Dealer	Yeild	Investment Date	Maturity Date	Cost Rs.	Investment Value Rs.
LKA36415G037	6.97%	04/Jul/2014	03/Jul/2015	29,042,736	30,049,306
LKA36415G102	6.94%	11/Jul/2014	10/Jul/2015	46,755,200	48,306,286
LKA36415G102	6.93%	11/Jul/2014	10/Jul/2015	46,759,550	48,308,557
LKA18215A168	6.57%	18/Jul/2014	16/Jan/2015	48,409,700	49,868,931
LKA18215A168	6.58%	18/Jul/2014	16/Jan/2015	48,407,400	49,868,742
LKA18215A234	6.53%	25/Jul/2014	23/Jan/2015	24,209,550	24,904,451
LKA18215A234	6.54%	25/Jul/2014	23/Jan/2015	24,208,375	24,904,309
				<u>267,792,511</u>	<u>276,210,582</u>

As at 31st December, 2013

ISIN Number	Yeild	Investment Date	Maturity Date	Cost Rs.	Investment Value Rs.
LKA36414F271	10.30%	27/09/2013	27/06/2014	74,263,200	76,280,536
LKA36414F271	10.47%	5/9/2013	27/06/2014	46,089,200	47,653,520
				<u>120,352,400</u>	<u>123,934,056</u>



9.4 Investment in Commercial Papers

As at 31st December, 2014

Company	Yeild	Investment Date	Maturity Date	Cost Rs.	Market Value Rs.
People's Leasing & Finance PLC	11.25%	10/03/2014	09/01/2015	10,000,000	10,915,410
People's Leasing & Finance PLC	11.25%	10/03/2014	10/02/2015	10,000,000	10,915,410
People's Leasing & Finance PLC	11.25%	10/03/2014	10/03/2015	10,000,000	10,915,410
People's Leasing & Finance PLC	10.70%	26/03/2014	20/01/2015	8,272,475	8,953,923
People's Leasing & Finance PLC	10.85%	26/03/2014	20/02/2015	7,283,367	7,891,748
People's Leasing & Finance PLC	11%	26/03/2014	20/03/2015	6,355,029	6,893,203
Melsta Regal Finance Ltd.	8.90%	19/06/2014	19/06/2015	49,558,926	51,927,435
Softlogic Holdings PLC	10%	04/07/2014	02/01/2015	99,503,844	104,438,145
Softlogic Finance PLC	10%	09/07/2014	09/01/2015	26,437,815	27,712,626
Orient Finance PLC	9%	11/07/2014	09/01/2015	27,851,177	29,046,106
Richard Pieris Arpico Finance Ltd	10.78%	21/07/2014	21/02/2015	8,715,790	9,137,949
Richard Pieris Arpico Finance Ltd	10.81%	21/07/2014	21/03/2015	8,646,929	9,066,918
Richard Pieris Arpico Finance Ltd	10.84%	21/07/2014	21/04/2015	8,571,714	8,989,206
Kotagala Plantation PLC	10.50%	22/07/2014	22/01/2015	9,947,347	10,413,783
Kotagala Plantation PLC	10.50%	22/07/2014	20/02/2015	14,908,649	15,607,722
Softlogic Finance PLC	10%	07/08/2014	06/02/2015	11,669,172	12,139,136
Kotagala Plantation PLC	10.50%	11/08/2014	23/01/2015	9,952,758	10,362,185
Kotagala Plantation PLC	10.50%	11/08/2014	20/02/2015	9,944,786	10,353,885
Kotagala Plantation PLC	10.50%	11/08/2014	20/03/2015	9,936,826	10,345,598
Kotagala Plantation PLC	9.75%	02/09/2014	15/01/2015	4,982,034	5,143,063
Kotagala Plantation PLC	9.75%	02/09/2014	13/02/2015	4,978,191	5,139,096
Kotagala Plantation PLC	9.75%	02/09/2014	13/03/2015	4,974,487	5,135,272
Kotagala Plantation PLC	9.75%	02/09/2014	20/04/2015	4,969,468	5,130,091
Kotagala Plantation PLC	9.75%	09/09/2014	09/02/2015	4,979,648	5,131,289
Kotagala Plantation PLC	9.75%	09/09/2014	09/03/2015	4,975,942	5,127,469
Kotagala Plantation PLC	9.75%	09/09/2014	09/04/2015	4,971,844	5,123,248
Kotagala Plantation PLC	9.75%	24/09/2014	06/02/2015	4,982,034	5,113,785
Kotagala Plantation PLC	9.75%	24/09/2014	05/03/2015	4,978,456	5,110,112
Kotagala Plantation PLC	9.75%	24/09/2014	03/04/2015	4,974,619	5,106,174
Kotagala Plantation PLC	9.75%	24/09/2014	07/05/2015	4,970,128	5,101,565
First Capital Holdings PLC	8.25%	30/09/2014	31/03/2015	27,812,980	28,397,624
Softlogic Finance PLC	9%	30/09/2014	31/03/2015	28,092,308	28,736,507
Abans (Pvt) Ltd	7.85%	03/10/2014	03/04/2015	11,480,077	11,702,287
Kotagala Plantation PLC	9.50%	07/10/2014	23/02/2015	4,981,976	5,093,491
Kotagala Plantation PLC	9.50%	07/10/2014	23/03/2015	4,978,361	5,089,795
Kotagala Plantation PLC	9.50%	07/10/2014	23/04/2015	4,974,365	5,085,709
Kotagala Plantation PLC	9.50%	07/10/2014	22/05/2015	4,970,632	5,081,893
Abans (Pvt) Ltd	7.85%	10/10/2014	10/04/2015	37,012,344	37,673,040
Kotagala Plantation PLC	9.50%	16/10/2014	16/04/2015	20,409,347	20,818,372
First Capital Holdings PLC	7.75%	29/10/2014	29/04/2015	30,469,977	30,884,035
First Capital Holdings PLC	7.75%	03/11/2014	04/05/2015	49,807,525	50,431,483
First Capital Holdings PLC	7.50%	07/11/2014	06/02/2015	24,953,341	25,235,348
Softlogic Holdings PLC	8.50%	12/11/2014	12/05/2015	49,790,131	50,369,879
Dunamis Capital PLC	8.75%	12/11/2014	13/05/2015	52,141,881	52,766,869
First Capital Holdings PLC	7.25%	14/11/2014	13/02/2015	49,909,786	50,385,639
First Capital Holdings PLC	7.75%	17/11/2014	18/05/2015	49,807,525	50,283,425
Kotagala Plantation PLC	9.50%	21/11/2014	21/05/2015	10,215,186	10,324,195
Softlogic Finance PLC	8%	26/11/2014	26/05/2015	20,271,106	20,431,053
Abans (Pvt) Ltd	7%	26/11/2014	26/02/2015	17,170,678	17,289,226
Dunamis Capital PLC	8.50%	28/11/2014	29/05/2015	29,873,386	30,109,918
Abans (Pvt) Ltd	7%	12/12/2014	12/03/2015	33,887,149	34,017,128
Softlogic Holdings PLC	8.25%	17/12/2014	17/06/2015	104,061,740	104,414,552
Kotagala Plantation PLC	9.25%	19/12/2014	02/06/2015	10,343,436	10,377,513
Kotagala Plantation PLC	9.25%	19/12/2014	02/07/2015	10,284,498	10,318,380
Softlogic Finance PLC	8.25%	19/12/2014	19/06/2015	27,605,650	27,686,766
Janashakthi Limited	8.30%	29/12/2014	29/06/2015	104,444,934	104,516,186
Softlogic Holdings PLC	8.25%	30/12/2014	30/06/2015	104,037,427	104,084,457
				<u>1,326,081,201</u>	<u>1,353,991,732</u>

9.4 Investment in Commercial Papers (Contd...)

As at 31st December 2013

Company	Yeild	Investment Date	Maturity Date	Cost Rs.	Market Value Rs.
First Capital Holdings PLC	15.00%	30-Sep-2013	31-Mar-2014	24,814,402	25,762,788
Softlogic Finance PLC	15.71%	1-Oct-2013	1-Apr-2014	24,805,685	25,787,936
Abans (Pvt) Ltd	15.00%	3-Oct-2013	3-Apr-2014	10,262,236	10,641,799
People's Leasing & Finance PLC	12.35%	11-Oct-2013	11-Apr-2014	33,382,400	34,308,601
Orient Finance PLC	13.50%	11-Oct-2013	11-Apr-2014	25,637,879	26,415,444
LOLC	14.00%	14-Oct-2013	16-Apr-2014	14,894,879	15,346,214
Citizens Development Finance	14.00%	21-Oct-2013	21-Apr-2014	10,611,792	10,904,852
Abans (Pvt) Ltd	14.50%	22-Oct-2013	10-Jan-2014	19,383,962	19,930,696
First Capital Holdings PLC	14.50%	22-Oct-2013	10-Jan-2014	21,322,358	21,923,766
People's Leasing & Finance PLC	13.50%	28-Oct-2013	28-Feb-2014	25,000,000	25,601,028
Senkadagala Finance PLC	13.50%	5-Nov-2013	5-Mar-2014	20,000,000	20,421,644
Senkadagala Finance PLC	13.75%	5-Nov-2013	4-Apr-2014	29,000,000	29,622,706
Senkadagala Finance PLC	14.00%	5-Nov-2013	5-May-2014	19,000,000	19,415,397
First Capital Holdings PLC	14.25%	6-Nov-2013	7-May-2014	29,788,340	30,439,602
Softlogic Finance PLC	15.25%	7-Nov-2013	7-May-2014	10,697,320	10,943,138
LOLC	14.00%	8-Nov-2013	12-May-2014	26,783,096	27,337,837
Merchant Bank	12.00%	8-Nov-2013	8-May-2014	25,409,046	25,860,143
LOLC	14.00%	11-Nov-2013	12-May-2014	24,826,689	25,312,340
Orient Finance PLC	12.75%	19-Nov-2013	20-May-2014	15,393,734	15,624,957
Orient Finance PLC	12.75%	20-Nov-2013	20-May-2014	24,842,928	25,207,404
Softlogic Finance PLC	15.25%	25-Nov-2013	26-May-2014	18,213,922	18,495,489
Abans (Pvt) Ltd	14.35%	25-Nov-2013	26-May-2014	15,392,112	15,616,014
Dunamis Capital PLC	14.25%	29-Nov-2013	30-May-2014	24,823,616	25,143,433
People's Leasing & Finance PLC	12.00%	29-Nov-2013	29-Jan-2014	13,000,000	13,141,041
People's Leasing & Finance PLC	12.00%	29-Nov-2013	28-Feb-2014	12,900,000	13,039,956
People's Leasing & Finance PLC	12.25%	29-Nov-2013	28-Mar-2014	12,700,000	12,840,657
People's Leasing & Finance PLC	12.25%	29-Nov-2013	29-Apr-2014	12,600,000	12,739,549
People's Leasing & Finance PLC	12.75%	29-Nov-2013	29-May-2014	12,400,000	12,542,940
People's Leasing & Finance PLC	12.75%	29-Nov-2013	27-Jun-2014	12,000,000	12,138,329
People's Leasing & Finance PLC	12.75%	29-Nov-2013	29-Jul-2014	10,800,000	10,924,496
Abans (Pvt) Ltd	13.60%	12-Dec-2013	13-Jun-2014	30,517,758	30,745,178
Asia Capital	15.50%	13-Dec-2013	14-Mar-2014	10,642,937	10,728,810
Softlogic Finance PLC	15.25%	18-Dec-2013	18-Jun-2014	24,811,332	24,956,461
Allance Finance Co. PLC	13.00%	18-Dec-2013	18-Jun-2014	49,677,978	49,925,687
Orient Finance PLC	12.75%	20-Dec-2013	20-Jun-2014	24,842,066	24,946,198
Softlogic Finance PLC	15.25%	20-Dec-2013	20-Jun-2014	24,811,332	24,935,728
Kotagala Plantation PLC	13.00%	24-Dec-2013	28-Mar-2014	4,983,316	4,997,515
Kotagala Plantation PLC	13.00%	24-Dec-2013	4-Apr-2014	4,982,078	4,996,274
Kotagala Plantation PLC	13.05%	24-Dec-2013	11-Apr-2014	4,980,767	4,995,014
Kotagala Plantation PLC	13.05%	24-Dec-2013	17-Apr-2014	4,979,703	4,993,947
Kotagala Plantation PLC	13.10%	24-Dec-2013	25-Apr-2014	4,978,202	4,992,496
Kotagala Plantation PLC	13.10%	24-Dec-2013	2-May-2014	4,976,957	4,991,247
Kotagala Plantation PLC	13.15%	24-Dec-2013	9-May-2014	4,975,621	4,989,962
Kotagala Plantation PLC	13.15%	24-Dec-2013	16-May-2014	4,974,372	4,988,710
Kotagala Plantation PLC	13.20%	24-Dec-2013	23-May-2014	4,973,023	4,987,410
Kotagala Plantation PLC	13.20%	24-Dec-2013	30-May-2014	4,971,771	4,986,155
				<u>795,765,609</u>	<u>809,586,988</u>

	2014 Rs.	2013 Rs.
<b>10. INCOME TAX RECEIVABLE</b>		
Balance as at the Beginning of the Year	5,179,919	2,472,806
Add : WHT Set Off	12,468,349	7,857,096
Nortional Tax	8,366,684	1,948,865
	<u>26,014,952</u>	<u>12,278,767</u>
Less : Income Tax Expense on Current Year's Profit	(18,941,668)	(7,098,848)
Balance as at the End of the Year	<u>7,073,284</u>	<u>5,179,919</u>
<b>11. OTHER PAYABLES</b>		
VAT and NBT Payables to CeyBank Asset Management Ltd	330,063	342,899
Management Fee Pyable	2,633,943	908,033
Other Creditors	347,253	278,499
	<u>3,311,259</u>	<u>1,529,431</u>

**12. UNRECOGNIZED CONTRACTUAL COMMITMENTS**

There were no any unrecognized contractual commitments as at the reporting date to be disclosed.

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**13.1 Contingent Liabilities**

There were no contingent liabilities as at the reporting date.

**13.2 Contingent Assets**

There were no contingent assets as at the reporting date.

**14. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

No circumstances have arisen, since the reporting date which would require adjustments to, or disclosures, in the financial statements.

## 15. RELATED PARTY TRANSACTIONS

### 15.1 Responsible Entity

The responsible entity of Ceybank Savings plus Fund is Ceybank Asset Management Limited.

### 15.2 Key Management Personnel

#### a) 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. Sathkumara	- Mr Sri B.Babu Rao
Mr. D. M. Gunasekara	- Mr MSPR Perera
Mr. P. Kudabalage	- Mr PA Lionel

#### b) 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.

### 15.3 Key Management Personnel Unitholdings

The key management personnel of Ceybank Asset Management Limited have not held any units in the fund.

### 15.4 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.

### 15.5 Related Party Unitholding

The management company of Ceybank Savingsplus Fund did not hold any units in the Fund.

### 15.6 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.

<u>Name of Related Company</u>	<u>Relationship</u>	<u>Nature of Transaction</u>
Ceybank Asset Management Limied	Managing Company	Management Fee Rs.17,845,980
National Savings Bank	Trustee	Trustee Fee Rs.3,135,283

## 16. Transactions with Key Management Personnel (KMP) of the Company

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

CEYBANK SAVINGS PLUS FUND  
Annual Report & Accounts 2014  
REPORT OF THE MANAGER

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**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



CEYBANK SAVINGS PLUS FUND  
Annual Report & Accounts 2014  
MANAGEMENT TEAM

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CEYBANK ASSET MANAGEMENT LTD

MANAGEMENT TEAM

**CHAIRMAN**

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

**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