

# CEYBANK SURAKUM FUND

## ANNUAL REPORT 2024

Managed By



“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.”

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**CEYBANK SURAKUM FUND  
ANNUAL REPORT-2024  
CORPORATE INFORMATION**

**FUND MANAGERS & REGISTRAR**

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

**TRUSTEE**

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

**DIRECTORS OF THE  
MANAGEMENT COMPANY**

Mr. A.C.M. Fernando  
Chairman

Mr. I. Ferdinands  
CEO/Executive Director

Mr. G.A. Jayashantha  
(Nominee - Bank of Ceylon)

Mr. R. M. N. Jeewantha  
(Nominee - Bank of Ceylon)

Ms.V. Govindan (Resigned on 27<sup>th</sup> September 2024)  
(Nominee - Unit Trust of India)

Ms. S.Kulasinghe  
(Nominee - Sri Lanka Insurance)

Mr. A.D. Perera  
(Nominee - Sri Lanka Insurance)

**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 SURAKUM FUND - Annual Report 2024

## REPORT OF THE MANAGER

We have great pleasure in presenting the Manager's Report and Audited Accounts of the Ceybank Surakum Fund for the period 1st January 2024 to 31st December 2024.

### Economy

The growth momentum in the economy continued further, owing to sustainable development in macro-economic fundamentals with the faster implementation of IMF structural reforms. As such, the Sri Lankan economy witnessed an expansion of 5%YoY in 2024 against the contraction of 2.3%YoY in 2023 (base year=2015). Sector wise, Industry sector recorded a robust upside of 11%YoY while both Agriculture and Services sectors accounted a marginal growth of 1.2%YoY and 2.4%YoY respectively during 2024.

Year on Year Inflation (*Figure:1*) measured by the CCPI which was at 6.4%YoY in January 2024 showed a decelerated trend and recorded a deflation of 1.7%YoY in December 2024 (Base: 2021) owing to notable downward adjustments in energy prices and the implementation of price controls.

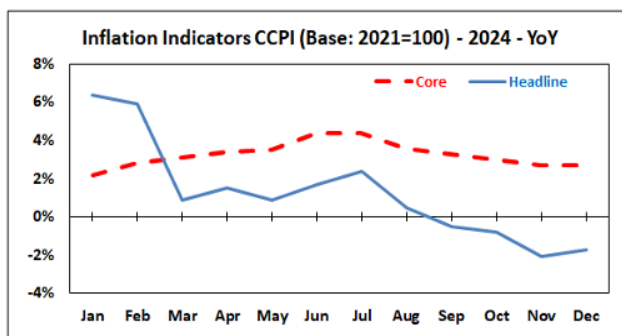


Figure:1 - (Source: Department of Census & Statistics)

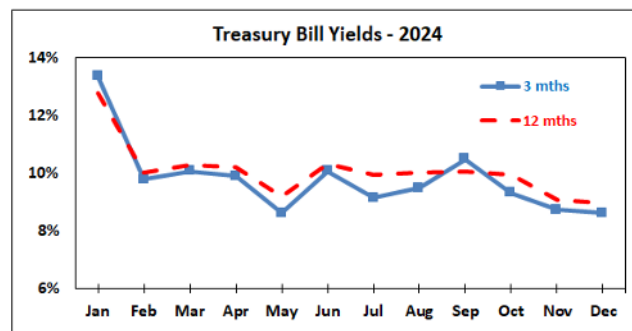


Figure: 2 - (Source: CBSL)

Market interest rates (*Figure:2*) adjusted downwards during the year. The benchmark 12-month Treasury bill rate which was at 12.93% p.a. at the beginning of the year dropped gradually amidst the eased monetary policy strategy with the recovery in macro fundamentals. Treasury Bill yields plunged by 397 basis points, to close at 8.96% p.a. at the end of the year. Long term Treasury bond yields also moved in tandem with the Treasury Bills during this period.

The relaxed monetary policy stance, low inflation, easing import prices and a stabilized exchange rate facilitated to improve the private sector credit disbursement of Rs 8,156 billion (+10.7%YoY) during the year.

Overnight repo market rates recorded a downward trend and traded within a range of 7.80% and 8.50% p.a. The exchange rate which was at 323.99 (Rs/US\$) at the beginning of 2024, appreciated by 9.7% to 292.58 (Rs/US\$), as at end December 2024.

With effect from 27 November 2024, the Central Bank of Sri Lanka introduced a single policy interest rate mechanism instead of its previous dual policy interest rate system of SDFR and SLFR, as the primary monetary policy tool, namely, the Overnight Policy Rate (OPR) at 8%. Thus, the OPR will direct the market interest rates in the future.

The post-election political stability and policy consistency ensured by the new ruling party by persisting with the IMF program and implementing the already negotiated External Debt Restructuring, resulted in the upgrading of the country's credit rating by Fitch Ratings and Moody's in year 2024.

## **Fund Performance**

The Net Asset Value per unit of your Fund appreciated marginally by 0.13% during the period under review. The Fund generated Rs 234,828/- as net operating profit during the period. The Fund was mainly invested in a mix of Treasury bills and Repurchase Agreements.

## **Future Outlook**

With the robust GDP growth recorded in 2024 after the crisis driven downturns of 2.3%YoY in 2023 and 7.3%YoY in 2022, the IMF expects Sri Lanka's real GDP to continue recovering in 2025 on the back of fiscal consolidation, implementing measures and reforms to restore macroeconomic stability and debt sustainability, safeguard financial stability and rebuild external buffers irrespective of vulnerabilities in the economy.

Amidst the sustainable development in macro fundamentals in the economy, we would expect policy makers to be vigilant and proactive in improving the investment climate and SOE efficiency to achieve the targets before the deadline in order to align with the IMF agreement as to build the permanent structural reforms to achieve a sustainable, strong and resilient economy in Sri Lanka by mitigating the risks of vulnerabilities in macro fundamentals, notably including the fiscal slippage and deteriorating of foreign reserves in the country. This would further pave the way to improve creditworthiness and to upgrade the country rating to the next level in order to attract more FDIs into the country.

However, the escalation of Middle East conflicts could jeopardize the external sector in the economy due to fluctuations in global crude oil and commodity prices, which would exert pressure on the country's balance of payments and exchange rate. This would lead to imbalance in macro indicators in the domestic economy by disrupting the supply chains followed by accelerating inflation and market interest rates.

Considering these factors, the Fund is currently invested in short term Treasury bills and Repurchase Agreements. The objective of the Fund is to provide liquidity and maximize returns 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 and the Board of Directors 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.

SGD  
Kanchana Karannagoda  
Fund Manager  
April 2025



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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 UNITHOLDERS OF CEYBANK SURAKUM FUND

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the Financial Statements of Ceybank Surakum Fund ("the Fund"), which comprise the statement of financial position as at 31<sup>st</sup> December 2024 and the statement of comprehensive income, statement of changes in unitholders' funds and statement of cash flows for the year then ended, and notes to the Financial Statements, including material accounting policy information as set out on pages 05 to 17.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31<sup>st</sup> December 2024 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Ceybank Asset Management Limited ("Management") and the Trustee of the Fund ("the Trustee") are responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines, is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.  
F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law.  
Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBA (Acc.) Sp.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### Report on Other Legal and Regulatory Requirements

As required by the Collective Investment Scheme (CIS) Code of 2022 issued by the Securities and Exchange Commission of Sri Lanka under Act No.19 of 2021 and the Trust Deed, we have obtained all the information and explanations that were required for the audit and as far as it appears from our examination, proper accounting records have been kept by the Fund:

*BDO Partners*

CHARTERED ACCOUNTANTS

Colombó 02

24<sup>th</sup> April 2025

NV/dm



CEYBANK SURAKUM FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2024

Page 1

	Note	2024 Rs.	2023 Rs.
Income on financial assets	4	909,979	1,020,426
<b>Total investment income</b>		<u>909,979</u>	<u>1,020,426</u>
<b>Expenses</b>			
Management fees and Trustee fees		(58,249)	(26,288)
Custodian fee		(180,000)	(180,000)
Audit fee		(260,768)	(175,000)
Bank charges		(16,550)	(18,350)
Net other miscellaneous expenses		(159,584)	915,971
<b>Net operating profit</b>		<u>234,828</u>	<u>1,536,759</u>
Finance expenses		-	-
<b>Profit before tax</b>	5	<u>234,828</u>	<u>1,536,759</u>
Income tax expense		-	-
<b>Increase in net assets attributable to unitholders</b>		<u><u>234,828</u></u>	<u><u>1,536,759</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 17 form an integral part of these Financial Statements.

Colombo  
24th April 2025



CEYBANK SURAKUM FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2024

Page 2

	Note	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets at amortised cost	7	4,004,055	-
Financial assets at fair value through profit or loss	8	24,364,590	4,146,771
Tax receivable	9	-	-
Cash and cash equivalents	10	1,457,581	327,254
<b>Total current assets</b>		<b>29,826,226</b>	<b>4,474,025</b>
<b>Total assets</b>		<b>29,826,226</b>	<b>4,474,025</b>
<b>UNITHOLDER'S FUNDS AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	11	658,466	296,153
<b>Total current liabilities</b>		<b>658,466</b>	<b>296,153</b>
<b>Unitholders' fund</b>		<b>29,167,760</b>	<b>4,177,872</b>
<b>Total unitholders' fund</b>		<b>29,167,760</b>	<b>4,177,872</b>
<b>Total unitholders' funds and liabilities</b>		<b>29,826,226</b>	<b>4,474,025</b>


The accounting policies and notes on pages 05 to 17 form an integral part of these Financial Statements.

The Board of Directors of the Management Company and the Trustee are responsible for the preparation and presentation of these Financial Statements.

The Financial Statements were approved by the Management Company and the Trustee on 27th March 2025 and 23rd April 2025 respectively.

  
.....  
Mr. Ian Ferdinands  
Director  
Management Company

  
.....  
National Savings Bank  
Trustee

  
.....  
Director  
Management Company

Colombo  
24th April 2025  
NV/dm



CEYBANK SURAKUM FUND  
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER 2024

Page 3

Description	Unit capital Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st January 2023	2,558,790	1,096,025	3,654,815
Increase in net assets attributable to unitholders	-	1,536,759	1,536,759
Received on unit creations	2,974,903	1,896,197	4,871,100
Paid on unit redemptions	(3,596,768)	(2,288,034)	(5,884,802)
<b>Balance as at 31st December 2023</b>	<u>1,936,925</u>	<u>2,240,947</u>	<u>4,177,872</u>
Increase in net assets attributable to unitholders	-	234,828	234,828
Received on unit creations	11,673,665	13,336,334	25,009,999
Paid on unit redemptions	(117,810)	(137,129)	(254,939)
<b>Balance as at 31st December 2024</b>	<u>13,492,780</u>	<u>15,674,980</u>	<u>29,167,760</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 17 form an integral part of these Financial Statements.

Colombo  
24th April 2025



CEYBANK SURAKUM FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2024

Page 4

	2024 Rs.	2023 Rs.
<b>Cash flows from operating activities</b>		
Interest received	1,057,319	1,020,426
Net investment in financial assets	(24,369,214)	359,147
Management fee, trustee fee and custodian fee paid	(235,707)	(200,694)
Other expenses paid	(77,131)	(325,153)
<b>Net cash (used in)/ generated from operating activities</b>	<u>(23,624,733)</u>	<u>853,726</u>
<b>Cash flows from financing activities</b>		
Proceeds from unit creation	25,009,999	4,871,100
Payments for redemptions by unitholders	(254,939)	(5,884,802)
<b>Net cash generated from/(used in) financing activities</b>	<u>24,755,060</u>	<u>(1,013,702)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,130,327</u>	<u>(159,976)</u>
Cash and cash equivalents at the beginning of the year (Note A)	327,254	487,230
Cash and cash equivalents at the end of the year (Note B)	<u>1,457,581</u>	<u>327,254</u>
<b>At the beginning</b>		<b>Note A</b>
Balance at bank	<u>327,254</u>	<u>487,230</u>
<b>At the end</b>		<b>Note B</b>
Balance at bank	<u>1,457,581</u>	<u>327,254</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 17 form an integral part of these Financial Statements.

Colombo  
24th April 2025



**MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS****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 Act No. 26 of 1991 and Act No. 18 of 2003, Act No.47 of 2009 and Act No. 19 of 2021), the Securities and Exchange Commission of Sri Lanka granted a license on 29<sup>th</sup> November 2010 to Ceybank Asset Management Limited to operate the Fund. The Fund commenced its commercial operations on 02<sup>nd</sup> December 2010. The registered office of the Management Company is located at No 85, York Street, Colombo 01.

**1.2 Principal activities and nature of operations**

The Fund is an open-ended unit trust and invests mainly in a portfolio consisting of treasury bills, treasury bonds and any other government or Central Bank securities or securities guaranteed by the government of Sri Lanka and repurchase agreements in relation to such bills, bonds and securities and the primary investment objective of the Fund is to preserve capital and it provides a regular stream of dividend income bi-annually.

**1.3 Date of Authorisation for Issue**

The Financial Statements of Ceybank Surakum Fund for the year ended 31<sup>st</sup> December 2024 were authorised for issue by the Fund Management Company and the Trustee on 27<sup>th</sup> March 2025 and 23<sup>rd</sup> April 2025 respectively.

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION****2.1 General accounting policies****2.1.1 Basis of preparation**

The Financial Statements are prepared in accordance with, and in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and are adopted as directed by the Securities and Exchange Commission of Sri Lanka.

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

The statement of financial position has been presented on a liquidity basis. Assets and liabilities are in decreasing order of liquidity and do not distinguish between the 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 unitholders. 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 (SLFRS/LKAS) and the requirements of the Unit Trust Deed and CIS (Collective Investment Scheme) code of the Securities and Exchange Commission of Sri Lanka.



**CEYBANK SURAKUM FUND****MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS****2.1.3 Responsibility for Financial Statements**

The Board of Directors of the Management Company and Trustee are responsible for the preparation and presentation of the Financial Statements of the Fund as per the provisions of the Unit Trust Deed and CIS code and in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

These Financial Statements include the following components:

- a statement of comprehensive income providing the information on the financial performance of the Fund for the year under review
- a statement of financial position providing the information on the financial position of the Fund as at the year end
- a statement of changes in unitholders' funds depicting all changes in unitholders' funds during the year under review of the Fund
- a statement of cash flows providing the information to the users, on the ability of the Fund to generate cash and cash equivalents and the needs of entities to utilise those cash flows
- notes to the Financial Statements comprising accounting policies and other explanatory information

**2.1.4 Basis of measurement**

The Financial Statements of the Fund have been prepared under the historical cost convention basis unless otherwise indicated.

**2.1.5 Functional and presentation currency**

Items included in the Financial Statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the functional currency). The Financial Statements are presented in Sri Lankan Rupees.

**2.1.6 Materiality and aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on "Presentation of Financial Statements".

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is an enforceable right legally to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless it is required or permitted by any accounting standard or interpretation as specifically disclosed in the accounting policies.

**2.1.7 Going concern**

The Fund's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Fund. Therefore, the Financial Statements continue to be prepared on the going concern basis.

**2.1.8 Significant judgment and estimates**

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. The following is the key source of estimation uncertainty at the statement of financial position date, that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## CEYBANK SURAKUM FUND

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

**2.2 Statement of financial position****2.2.1 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 unitholders, 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.

**2.2.1.1 Classification**

SLFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Fund's business model for managing the assets' and the instruments' contractual cash flow characteristics categorised as:

- Debt instruments at Amortised Cost
- Debt instruments at Fair Value through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI with no recycling of gains or losses to profit or loss on derecognition
- Financial Assets at Fair Value through Profit or Loss (FVTPL)

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

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

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

The Fund's financial assets classified under amortised cost include repurchase agreements and money market saving instruments.

**2.2.1.1.1 Financial assets at amortised cost**

In line with the requirements of SLFRS-09, the Fund applies the amortised cost method to measure the financial assets for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are solely the payments of the principal amount and interest (referred to as "SPPI").

- Principal is the fair value of the instrument at initial recognition.
- Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money and credit risk. It may also include consideration for other basic lending risks such as liquidity risk as well as a profit margin.

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

**2.2.1.2 Recognition/derecognition**

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

Investments are derecognised 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 derecognised when the obligation specified in the contract is discharged or expires.

Realised gains and realised 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 realised gain is the difference between an instrument's weighted average cost and disposal amount.

**2.2.2 Impairment of financial assets**

At each reporting date, the Fund assesses to ascertain whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 months of expected credit losses as any such impairment would be wholly insignificant to the Fund.

**2.2.3 Unitholders' funds and net assets attributable to unitholders**

Unitholders' funds have 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 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 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 unitholders is recognised in the statement of changes in unitholder's funds. Income not distributed is included in net assets attributable to unitholders.

**2.2.4 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 statement of changes in unitholders' funds.





## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

**2.2.5 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.

**2.2.6 Payables**

Payables include liabilities and accrued expenses owed 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.

**2.2.7 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 Statement of comprehensive income****2.3.1 Revenue recognition**

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest rate method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset. Interest reflects the income earned on cash held at bank and on direct fixed interest investments.

**2.3.2 Expenditure recognition**

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

**2.3.3 Taxation**

The charge for taxation is based on the results for the year as adjusted for disallowable items. With the enactment of the Inland Revenue Act No. 24 of 2017 and the amendments thereto, an eligible unit trust would not be liable for income tax on any income which is a 'passthrough' to its unitholders. Accordingly, after 31<sup>st</sup> March 2018, the Fund has considered all income as being a 'passthrough' to its unitholders.



## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

**2.3.4 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 re-investment. The distributions are recognised in the statement of changes in the unitholders fund.

**2.3.5 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 the statement of changes in unitholders' funds.

**3 FINANCIAL RISK MANAGEMENT**

The Fund's activities are exposed 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 the 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 the 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 are exposed 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 the sensitivity analysis.

The Fund's policy is to hold all its net assets attributable to unitholders invested in debt 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 repricing on maturity dates.

	Floating interest Rs.	Fixed interest Rs.	Non-interest Rs.	Total Rs.
<b>As at 31<sup>st</sup> December 2024</b>				
<b>Financial assets</b>				
Cash and cash equivalents	Nil	Nil	1,457,581	1,457,581
Financial assets at fair value through profit or loss	Nil	24,364,590	Nil	24,364,590
Financial assets at amortised cost	Nil	4,004,055	Nil	4,004,055
<b>Total exposure</b>	Nil	28,368,645	1,457,581	29,826,226



## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

As at 31 <sup>st</sup> December 2023	Floating interest Rs.	Fixed interest Rs.	Non-interest Rs.	Total Rs.
<b>Financial assets</b>				
Cash and cash equivalents	Nil	Nil	327,254	327,254
Financial assets at fair value through profit or loss	Nil	4,146,771	Nil	4,146,771
<b>Total exposure</b>	Nil	4,146,771	327,254	4,474,025

### 3.2 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's 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 management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Fund's investment with the relevant benchmark and market volatility. However, actual movements in the risk variables may be 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 2024	Impact on operating profit/net assets attributable to unitholders' interest rate risk 31 <sup>st</sup> December 2023
Change in interest rate of the Trust's investment in trading securities:		
+1.5%	13,069	15,004
-1.5%	(13,069)	(15,004)

### 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 and cash and cash equivalents.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3.3.1 Debt securities

The Fund invests in debt securities which are risk free investments and low risk investments. An analysis of debt securities by rating is set out in the table below.

	31 <sup>st</sup> December 2024 Rs.	31 <sup>st</sup> December 2023 Rs.
Risk rating		
Risk free	24,364,590	4,146,771
Low risk	4,004,055	Nil
<b>Total</b>	<b>28,368,645</b>	<b>4,146,771</b>

The investment grading of the issuers is as follows:

Issuer	Rating	Rating Agency
Wealth Trust Securities Ltd	A-	Lanka Rating Agency Limited
Bank of Ceylon	CCC+	Fitch Ratings
First Capital Treasuries PLC	A-	Lanka Rating Agency Limited

3.3.2 Cash and cash equivalents

All counterparties have a rating of CCC+ as determined by the Fitch rating agency. However, in accordance with the Fund's policy, the investment manager monitors the Fund's credit position on a daily basis, to maintain credit risk at a minimum level.

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 the 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 from 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.

As at 31 <sup>st</sup> December 2024	Less than one month Rs.	01 to 06 months Rs.	06 to 12 months Rs.	Total Rs.
<b>Accrued expenses</b>				
- Management fee and trustee fee payable	19,507	Nil	Nil	19,507
- Custodian fee payable	Nil	18,154	Nil	18,154
- Other payables to UTMCL	Nil	360,037	Nil	360,037
- Audit fee payable	Nil	260,768	Nil	260,768
<b>Contractual cash flows (Excluding gross settled derivatives)</b>	<b>19,507</b>	<b>638,959</b>	<b>Nil</b>	<b>658,466</b>

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

As at 31 <sup>st</sup> December 2023	Less than one month Rs.	01 to 06 months Rs.	06 to 12 months Rs.	Total Rs.
<b>Accrued expenses</b>				
- Management fee payable and trustee fee payable	2,427	Nil	Nil	2,427
- Custodian fee payable	Nil	32,692	Nil	32,692
- Other payables to UTMCL	Nil	86,034	Nil	86,034
- Audit fee payable	Nil	175,000	Nil	175,000
<b>Contractual cash flows (Excluding gross settled derivatives)</b>	<b>2,427</b>	<b>293,726</b>	<b>Nil</b>	<b>296,153</b>



		2024 Rs.	2023 Rs.
<b>4. INCOME ON FINANCIAL ASSETS</b>			
Interest income on financial assets	Note 4.1	871,247	1,000,292
Net unrealised capital on treasury bills		39,785	5,937
Net realised (loss)/gain on treasury bills		(1,053)	14,197
Net gain on financial assets		<u>909,979</u>	<u>1,020,426</u>

**4.1 Interest income on financial assets**

Interest from

- Treasury bills	660,871	856,921
- Repurchase agreements	210,376	143,371
	<u>871,247</u>	<u>1,000,292</u>

**5. PROFIT BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:**

Management fee	44,808	20,222
Trustee fee	13,441	6,067
Custodian fee	180,000	180,000
Bank charges	16,550	18,350
Audit fee	260,768	175,000
Net other miscellaneous expenses	159,584	(915,971)

**6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

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

	From 01st January 2024 to 31st December 2024		From 01st January 2023 to 31st December 2023	
	Number	Rs.	Number	Rs.
Opening balance	190,019	4,177,872	248,055	3,654,815
Applications	1,146,419	25,009,999	285,095	4,871,100
Redemptions	(11,579)	(254,939)	(343,131)	(5,884,802)
Increase in net assets attributable to unitholders	-	234,828	-	1,536,759
Closing balance	<u>1,324,859</u>	<u>29,167,760</u>	<u>190,019</u>	<u>4,177,872</u>

As stipulated within the Fund's constitution, each unit represents 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 attached to it like all other units of the Fund.

**6.1 Capital risk management**

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that the 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 relating to the liquidity of the Fund's underlying assets on a daily basis by the responsible entity. In terms of the Fund's 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 unitholders.

		As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
<b>7. FINANCIAL ASSETS AT AMORTISED COST</b>			
Investment in repurchase agreement	Note 7.1	4,004,055	-
		<u>4,004,055</u>	<u>-</u>

**7.1 Investment in repurchase agreement**

As at 31st December 2024

Company	Yield	Investment date	Maturity date	Cost Rs.	Recoverable amount Rs.
Bank of Ceylon	6.15%	26-Dec-24	2-Jan-25	4,000,000	4,004,055
				<u>4,000,000</u>	<u>4,004,055</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Investment in treasury bills	Note 8.1	24,364,590	4,146,771
		<u>24,364,590</u>	<u>4,146,771</u>

**8.1 Investment in treasury bills**

As at 31st December 2024

Dealer	Yield	Investment date	Maturity date	Cost Rs.	Market value Rs.
First Capital Treasuries PLC	9.67%	11-Nov-24	9-May-25	4,773,030	4,852,075
First Capital Treasuries PLC	9.73%	11-Nov-24	9-May-25	4,771,685	4,852,075
First Capital Treasuries PLC	9.64%	22-Nov-24	23-May-25	4,770,080	4,836,546
Wealth Trust Securities Ltd	8.72%	13-Dec-24	14-Mar-25	4,893,325	4,915,904
Wealth Trust Securities Ltd	8.64%	20-Dec-24	21-Mar-25	4,894,285	4,907,989
				<u>24,102,405</u>	<u>24,364,590</u>

As at 31st December 2023

Dealer	Yield	Investment date	Maturity date	Cost Rs.	Recoverable amount Rs.
Wealth Trust Securities Ltd	14.54%	11-Dec-23	7-Jul-24	4,106,388	4,146,771
				<u>4,106,388</u>	<u>4,146,771</u>

	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
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**9. TAX RECEIVABLE**

Balance at the beginning of the year	403,694	403,694
Add: Tax for the year	-	-
	<u>403,694</u>	<u>403,694</u>
Less: Provision for notional tax receivable	(403,694)	(403,694)
Balance at the end of the year	-	-

CEYBANK SURAKUM FUND  
NOTES TO THE FINANCIAL STATEMENTS

	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash at bank - Bank of Ceylon		
- Bank A/C 71230631 - operation	1,408,781	278,404
- Bank A/C 71230665 - redemption	28,800	28,850
- Bank A/C 71230686 - income distribution	20,000	20,000
	<u>1,457,581</u>	<u>327,254</u>
<b>11. OTHER PAYABLES</b>		
To UTMCL	360,037	86,034
Management fee and Trustee fee	19,507	2,427
Audit fee	260,768	175,000
Custodian fee	18,154	32,692
	<u>658,466</u>	<u>296,153</u>

**12. UNRECOGNISED CONTRACTUAL COMMITMENTS**

There were no unrecognised 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 DATE**

No circumstances have arisen since the reporting date which would require adjustments or disclosures in, the Financial Statements.

**15. RELATED PARTY TRANSACTIONS**

**15.1 Responsible entity**

The responsible entities of Ceybank Surakum Fund are Ceybank Asset Management Limited ("the Management Company") and National Savings Bank ("the Trustee").

**15.2 Key management personnel**

**a) Directors**

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

- |  |                         |
|--|-------------------------|
| - Mr. A.C.M. Fernando (Chairman)                 | - Mr. A.D. Perera       |
| - Mr. I.C.C. Ferdinands (CEO/Executive Director) | - Ms. Vasantha Govindan |
| - Mr. G.A. Jayashantha                           | - Ms. W.S. Kulasinghe   |
| - Mr. R.M.N. Jeewantha                           |                         |

Ms. Vasantha Govindan served as a Director until 27th September 2024.

**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. RELATED PARTY TRANSACTIONS (CONTD...)

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 as at the year end.

15.5 Related party unitholding

The Management Company of Ceybank Surakum Fund invested 1,145,968.90 units of the Fund at the unit price of Rs.21.82/-, totaling approximately Rs.25,000,000/- during the year and holds 1,145,968.90 units in the Fund as at the reporting date.

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.

Name of related company	Relationship	Transaction	Amount (Rs.)	
			2024	2023
Ceybank Asset Management Limited	Managing Company	Management fee	44,808	20,222
Bank of Ceylon	Custodian	Custodian fee	180,000	180,000
National Savings Bank	Trustee	Trustee fee	13,441	6,066

16. COMPARATIVE INFORMATION

Comparative information of the Fund has been re-classified wherever necessary to conform to the current year's presentation/classification.

17. RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
Net asset value as per Financial Statements	29,167,760	4,177,872
Audit fee adjustment	93,767	45,000
Published net asset value	<u>29,261,527</u>	<u>4,222,872</u>
Number of units outstanding	1,324,859	190,019
Published net asset value per unit	<u>22.09</u>	<u>22.22</u>

18. ASSETS PLEDGED

There were no assets pledged as securities as at the reporting date.

**DECLARATION BY TRUSTEE AND THE MANAGING COMPANY**

**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.



Ceybank Unit Trust Funds

A handwritten signature in blue ink.

Risk & Compliance Officer  
Ceybank Asset Management Ltd

A handwritten signature in blue ink.

General Manger  
Ceybank Asset Management Ltd



**CEYBANK SURAKUM FUND  
ANNUAL REPORT-2024  
MANAGEMENT TEAM**

**CEYBANK ASSET MANAGEMENT LTD**

**MANAGEMENT TEAM**

**CEO / EXECUTIVE DIRECTOR**

Ian Ferdinands  
Chartered Marketer  
Certified e Marketer  
MBA (Finance)

**General Manager**

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

**Fund Manager**

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

**Risk & Compliance Officer**

Eranga Manthirathna  
B.B.A Sp. (Finance)  
CIMA, CGMA

**Marketing Manager**

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

**Accountant**

Abirami Navaratnam  
Chartered Accountancy (Strategic Level)  
B.Sc. Applied Accounting.  
MBA

**IT Manager**

Nihal Hettiarachchi  
BIT Univocity of Colombo

**Registrar**

Pamudi Kariyawasam



**Managers of the Ceybank Unit Trust Funds**

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