

**CEYLON MONEY MARKET FUND**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF CEYLON MONEY MARKET FUND**

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

#### ***Opinion***

We have audited the Financial Statements of Ceylon Money Market Fund ('the Fund'), which comprise the Statement of Financial Position as at 31 December 2022, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Movement in Unit Holders' Funds and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2022 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 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.

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

The Manager, Ceylon Asset Management Company Limited 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 Manager 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, the Manager 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.

The Manager is 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.



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***Auditor's responsibilities for the audit of the financial statements (continued)***

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSSs, 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 the Manager.
- Conclude on the appropriateness of Manager'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 a 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**

The financial statements are prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.



19 April 2023  
Colombo

# Ceylon Money Market Fund

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	2022 Rs.	2021 Rs.
<b>INVESTMENT INCOME</b>			
Interest Income	5	191,903,354	176,258,812
Realized Gain/(Loss)		(12,796,269)	2,706
Total Investment Income		<u>179,107,085</u>	<u>176,261,518</u>
<b>EXPENSES</b>			
Management Fees		(8,805,155)	(10,507,531)
Trustee Fees		(2,925,734)	(4,394,023)
Audit Fees		(261,639)	(173,499)
Other Expenses		(115,826)	(146,716)
Debenture Premium Amortization		-	(546,514)
Reverse Repo Borrowing Cost		(15,554,711)	(4,743)
		<u>(27,663,064)</u>	<u>(15,773,026)</u>
<b>NET PROFIT INCOME BEFORE TAX</b>		151,444,021	160,488,492
Income Tax Expense	6	-	-
<b>NET PROFIT AFTER INCOME TAX FOR THE YEAR</b>		<u>151,444,021</u>	<u>160,488,492</u>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		151,444,021	160,488,492

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



# Ceylon Money Market Fund

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 Rs.	2021 Rs.
<b>ASSETS</b>			
Cash at Bank		30,000	25,000
Financial assets at amortized cost	7	1,084,869,124	3,062,377,428
Income Tax Receivables	6.1	-	-
Other Receivables	9	176,760,274	8,588,436
		<u>1,261,659,398</u>	<u>3,070,990,864</u>
<b>LIABILITIES</b>			
Accrued Expenses	8	3,520,556	6,104,229
		<u>3,520,556</u>	<u>6,104,229</u>
<b>NET ASSETS</b>		<u>1,258,138,842</u>	<u>3,064,886,635</u>
<b>UNIT HOLDERS' FUNDS</b>			
Net Assets Attributable to Unit Holders		<u>1,258,138,842</u>	<u>3,064,886,635</u>

The Manager is responsible for these Financial Statements and these Financial Statements were approved by the Manager.  
Signed for and on behalf of the Manager by;

  
Director  
Management Company

  
Director  
Management Company

  
Trustee

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

Year ended 31 December 2022

	2022 Rs.	2021 Rs.
<b>UNIT HOLDERS' FUNDS AS AT THE BEGINNING OF THE YEAR</b>	3,064,886,635	392,033,689
Increase in net assets attributable to Unit holders	151,444,021	160,488,492
Increase from Creation of Units	380,990,862	5,746,113,045
Decrease from Redemption of Units	(2,339,182,676)	(3,233,748,591)
Net Increase/(Decrease) due to Unit holders' Transactions	(1,958,191,814)	2,512,364,454
<b>UNIT HOLDERS' FUNDS AS AT THE END OF THE YEAR</b>	<b>1,258,138,842</b>	<b>3,064,886,635</b>

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



**Ceylon Money Market Fund**  
**STATEMENT OF CASH FLOWS**  
Year ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cash Flows from/(used in) Operating Activities</b>		
Interest Received	226,370,022	85,964,244
Management, Trustee Fees Paid	(12,729,382)	(13,232,856)
Other Expenses Paid	(16,161,151)	(322,387)
Net investment from repurchase agreements	36,000,000	(102,000,000)
Net investment (in)/from fixed deposits	832,810,544	(938,305,638)
Net investment in debenture	-	50,342,944
Net investment (in)/from money market deposits	(133,577,912)	3,046,152
Net investment (in)/from commercial papers	838,662,220	(1,182,052,767)
Net investment in Trust Certificates	183,545,583	(416,098,271)
<b>Net Cash Flows generated from/(used in) Operating Activities</b>	<b>1,954,919,924</b>	<b>(2,512,658,579)</b>
<b>Cash Flows from/(used in) Financing Activities</b>		
Cash Received on Creation of Units	385,444,600	5,743,734,952
Cash Paid on Redemption of Units	(2,340,359,524)	(3,232,571,743)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(1,954,914,924)</b>	<b>2,511,163,209</b>
Net increase/(decrease) in Cash and Cash Equivalents	5,000	(1,495,370)
Cash and Cash Equivalents at the beginning of the year	25,000	1,520,370
<b>Cash and Cash Equivalents at the end of the year</b>	<b>30,000</b>	<b>25,000</b>

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



**1. GENERAL INFORMATION**

Ceylon Money Market Fund was launched on 15 May 2015 by a Trust Deed executed between Ceylon Asset Management Company Limited as Fund Manager and the Deutsche Bank AG as the Trustee. Consequently, on 01 April 2021 Hatton National Bank was appointed with a revised trust deed executed on 1<sup>st</sup> April 2021.

The Fund is managed by Ceylon Asset Management Company Limited which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at Ground Floor, The Parkland 1, No.33, Park Street, Colombo 02. The Trustee of the Fund is Hatton National Bank PLC having its place of business at Level 15, HNB Tower, Colombo 01.

The Fund seeks to achieve as high a level of current income obtainable from investments in short-term securities and is consistent with prudent investment management, the preservation of capital and the maintenance of liquidity.





## **2. ACCOUNTING POLICIES**

### **2.1 Basis of Preparation**

The financial statements have been prepared on the historical cost basis unless otherwise indicated. The financial statements are presented in Sri Lankan rupees. The statement of financial position is presented on a liquidity basis.

#### **2.1.1 Statement of Compliance**

The financial statements which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of movement in unit holders' Funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

#### **2.1.2 Going Concern**

These financial statements are prepared on the assumption that the Fund is a going concern i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the Fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation.

## **2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.2.1 Financial instruments**

#### **2.2.1.1 Financial assets**

All financial assets are initially recognized on the trade date, i.e. the date that the Fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### **2.2.1.2 Initial measurement of financial instrument**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

#### **2.2.1.3 Measurement categories of financial assets and liabilities**

The Fund classifies all of its financial assets in the following measurement categories:

- those to be measured at amortised cost
- those to be measured at fair value through profit or loss

Financial liabilities of the Fund are measured at amortised cost, and includes all financial liabilities, other than those measured at fair value through profit or loss. The financial liabilities of the Fund include accrued expenses and other payables.



#### 2.2.1.4 Subsequent measurement

**Amortised cost:** A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt Instruments at amortised cost in the statement of financial position as at 31 December 2022 comprise of investment in debentures, fixed deposits, commercial papers, trust certificates and money market savings deposits.

Any gain or loss arising on derecognition is recognised directly in the Statement of Profit or Loss and presented as realised gain/(loss) on debt Instruments held at amortised cost.

**FVPL:** A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding

Or

(b) It is not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell.

Or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminate or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within unrealised gains/(losses) in the period in which it arises. As of 31 December 2022, the fund does not have such investments.

#### 2.2.1.5 Impairment

The Fund assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (*a 12-month ECL*). For those credit exposures from which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (*a lifetime ECL*).

The Fund uses the ratings from either Fitch Rating Lanka Limited or ICRA Lanka Limited as applicable to determine the significant deterioration in credit risk and to estimate the ECLs.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as non-investment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for life time ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk.



Significant deterioration is measured through a two notches downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at amortized cost issued by Sovereign, the Fund applies the low risk simplification.

#### **2.2.1.6 Derecognition**

A financial asset is derecognised when,

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

#### **2.2.1.7 Financial liabilities**

##### **a) Initial recognition and measurement**

The Fund determines the classification of its financial liabilities at initial recognition.

The Fund's financial liabilities comprise of accrued expenses in the Statement of Financial Position.

##### **b) Subsequent measurement**

The measurement of financial liabilities depends on their classification as described below:

##### ***Other financial liabilities***

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the profit or loss and other comprehensive income statement when the liabilities are derecognised as well as through the EIR amortization process.

##### **c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **2.2.2 Recognition of income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised.



**(i) Interest income**

Subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01 April 2018, an Eligible Unit Trust would not be liable for Income Tax on any Income which is a pass through to its unit holders. Accordingly, post 31 March 2018, the Fund has considered all income as being a pass through to its unit holders. Effective 01 January 2020, withholding tax was abolished in respect of interest received by resident persons. Accordingly, total gross interest has been recognized as investment income. (Refer Notes 2.2.5 and 5.2.1).

**2.2.3 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank.

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

**2.2.4 Distributions**

In accordance with the trust deed, the Fund distributes income, to unit holders by cash or reinvestment in units. The distributions are recorded in the statement of movement in unit holders' Funds

**2.2.5 Income tax**

Until 31 March 2018 the Fund is liable to pay income tax at the rate of 10% in accordance with the Inland Revenue Act No.10 of 2006. Thereafter, current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01 April 2018, an Eligible Unit Trust would not be liable for Income Tax on any Income which is a pass through to its unit holders. Accordingly, post 31 March 2018, the Fund has considered all income as being a pass through to its unit holders.

**2.2.6 Expenses**

The management fee and trustee fees of the Fund as per the trust deed is as follows,

Management fee	-	0.5% p.a of net asset value of the Fund
Trustee fee	-	0.15% p.a of net asset value of the Fund

**2.2.7 Unit holders' Funds**

Unit holders' Funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders as at the reporting date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund calculated as described in the Trust Deed and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to unit holders.



### 3. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Trust Deed 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.

#### (a) Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate as a result of changes in market prices. While market risk cannot be eliminated the Fund manager will attempt to reduce this risk by diversifying the Fund's investment portfolio in line with investment objectives of the Fund.

#### (b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

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. However, due to the short term nature of the instruments of investments it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund.

The table below summarises the Fund's exposure to interest rate risks.

31 December 2022	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<i>Financial assets</i>				
Cash and cash equivalents	-	-	30,000	30,000
Debt Instruments at amortised cost	-	1,084,869,124	-	1,084,869,124
Other Receivable	-	-	176,760,274	176,760,274
Total Exposure	-	1,084,869,124	176,790,274	1,261,659,398
31 December 2021	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<i>Financial assets</i>				
Cash and cash equivalents	-	-	25,000	25,000
Debt Instruments at amortised cost	-	3,062,377,428	-	3,062,377,428
Other Receivable	-	-	8,588,436	8,588,436
Total Exposure	-	3,062,377,428	8,613,436	3,070,990,864





**(c) Credit risk**

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and/or principal.

The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the fair value of financial instruments given in note 7. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The exposure to credit risk for repurchase agreements is very low as the Fund has considered the collateral that the primary dealers provided which are government bills and bonds rated as AAA.

The Fund is also subject to credit risk on its bank balance and receivables. The credit risk exposure on these instruments is not deemed to be significant. The carrying value of these assets, under SLFRS 9 represents the Fund's maximum exposure to credit risk on financial instruments not subject to the SLFRS 9 impairment requirements on the respective reporting dates. Hence no separate maximum exposure to credit risk disclosure is provided for these instruments.

**(d) 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. Units are redeemed on demand at the unit holder's option. However, the Fund does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The time frame for return of cash to investors is six business days in which time equities may be liquidated to realize cash for redemption payouts. In addition, the Fund and Exchange Commission and the Fund require additional business days' notice to the Fund from large investors redeeming over 3% of the Fund and the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts.

Furthermore the unit trust code requires a minimum of 3% of the deposited property to be maintained in cash or near cash. (near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)

**4. CAPITAL RISK MANAGEMENT**

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

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

Company has the discretion to reject an application for units.



Following being the disclosures of Unit holders' Funds;

The movement in the Unit holder's Funds as at 31 December 2022.

**I. In term of Value**

	<b>Rs.</b>
Unit Holders' Funds as at 1 January 2022	<b>3,064,886,635</b>
Increase in net assets attributable to Unit Holders	151,444,021
Redemptions during the period	(2,339,182,676)
Creation during the period	380,990,862
Unit Holders' Funds as at 31 December 2022	<b>1,258,138,842</b>

**II. In term of No of units**

Closing no of units as at 1 January 2022	<b>165,145,292</b>
Unit creations during the year	20,339,374
Unit redemptions during the year	(123,548,196)
Closing no of units as at 31 December 2022	<b>61,936,470</b>

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



5. INVESTMENT INCOME	2022 Rs.	2021 Rs.
5.1 Interest on		
Debentures (5.2.1)	-	1,121,944
Fixed Deposits (5.2.1)	57,377,263	35,789,160
Money Market Savings (5.2.1)	2,829,457	1,884,663
Trust Certificates (5.2.1)	29,336,029	33,080,967
Commercial Papers (5.2.1)	101,254,882	99,860,155
Treasury Bond Repo Interest Income	1,105,725	4,521,923
	<u>191,903,354</u>	<u>176,258,812</u>

- 5.2.1 As detailed under Note 2.2.5, subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01 April 2018, Notional Tax is not applicable for Treasury Bill/ Bond/Debenture Repurchase Agreements. In relation to interest income from Fixed Deposits, Money Market Savings, Commercial Papers, Trust Certificates and Debentures has been recognized net of withholding tax as the Fund considers its income to be a pass through to its unit holders. Effective 01 January 2020, withholding tax was abolished in respect of interest received by resident persons. Accordingly, total gross interest has been recognized as investment income.

## 6. TAXATION

With effect from 01 April 2018, no income tax is recognised in the financial statements as the fund has considered all income as being passed through to its Unit Holders.

6.1 Income Tax Receivable	2022 Rs.	2021 Rs.
Income Tax Receivable	1,360,138	1,360,138
Impairment provision for income tax Receivable	(1,360,138)	(1,360,138)
	<u>-</u>	<u>-</u>

As of 31 December 2019, the net Income Tax Recoverable comprises of notional tax credit recoverable amounting to Rs. 1,360,138/-. The Notional Tax credit recoverable will be carried forward as per section 138(2) of the inland Revenue Act No 10 of 2006 to be set off against future income tax liability if any within three consecutive years of assessment commencing from the year of assessment 2018/2019. However, subsequent to the enactment to the new Inland Revenue Act No 24 of 2017, effective 01 April 2018, an Eligible Unit Trust would not be liable for Income Tax on any Income which is a pass through to its unit holders. Therefore, the Manager is unable to assess with a reasonable certainty that there will be a future income tax liability to offset this income tax receivable balance. Hence an impairment provision is made against the income tax receivable balance amounting to Rs 1,360,138/-.

7. FINANCIAL ASSETS - DEBT INSTRUMENTS AT AMORTISED COST	2022 Rs.	2021 Rs.
Fixed Deposits (7.1)	149,849,474	999,672,073
Commercial Papers (7.2)	400,265,195	1,428,551,621
Money Market Savings (7.3)	142,417,915	8,782,342
Trust Certificate (7.4)	326,251,390	523,353,927
Treasury REPO (7.5)	66,085,151	102,017,466
	<u>1,084,869,124</u>	<u>3,062,377,428</u>





## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

## 7. FINANCIAL ASSETS - DEBT INSTRUMENTS AT AMORTISED COST (Contd...)

	2022		2021	
	Carrying Value Rs.	Holding as a % of Net Asset Value	Carrying Value Rs.	Holding as a % of Net Asset Value
<b>7.1 Fixed Deposits</b>				
Asia Assets Finance PLC	-	0%	396,139,119	13%
Richard Pieris Financial PLC	-	0%	352,760,882	12%
Prime Finance PLC	-	0%	102,804,986	3%
Singer Finance PLC	-	0%	13,841,392	0%
LOLC Development Finance PLC	-	0%	134,125,693	4%
Ideal Finance PLC	149,849,474	12%	-	0%
	<u>149,849,474</u>	<u>12%</u>	<u>999,672,073</u>	<u>32%</u>
<b>7.2 Commercial Papers</b>				
LOLC Holdings PLC	-	0%	370,159,849	12%
EB Creasy & Company PLC	233,570,606	19%	400,858,935	13%
Abans Finance PLC	-	0%	173,365,200	6%
Janashakthi PLC	166,694,589	13%	-	0%
Sierra Cables PLC	-	0%	51,238,356	2%
Nawaloka Hospital PLC	-	0%	432,929,281	14%
	<u>400,265,195</u>	<u>32%</u>	<u>1,428,551,621</u>	<u>47%</u>
<b>7.3 Money Market Savings</b>				
Seylan Bank PLC	106,888	0.01%	104,747	0.00%
DFCC Bank PLC	222,794	0.02%	213,945	0.01%
Hatton National Bank PLC	142,088,233	11.29%	8,463,650	0.28%
	<u>142,417,915</u>	<u>11.32%</u>	<u>8,782,342</u>	<u>0.29%</u>
<b>7.4 Trust certificate</b>				
LOLC Development Finance PLC	-	0%	105,752,055	3%
Commercial Credit & Finance PLC	-	0%	145,496,838	5%
Softlogic Holding PLC	-	0%	38,046,918	1%
Asia Assets Finance PLC	105,528,550	8%	157,242,192	5%
LOLC Holdings PLC	-	0%	76,815,925	3%
Abans Finance PLC	220,722,840	18%	-	0%
	<u>326,251,390</u>	<u>8%</u>	<u>523,353,927</u>	<u>17%</u>
<b>7.5 Treasury REPO</b>				
Union Bank PLC	66,085,151	5%	102,017,466	3%
	<u>66,085,151</u>	<u>5%</u>	<u>102,017,466</u>	<u>3%</u>

## 8. ACCRUED EXPENSES

	2022 Rs.	2021 Rs.
Management Fee Payable	531,727	1,297,862
Trustee Fee Payable	367,641	599,999
Audit Fee Payable	213,018	164,399
Tax Consultancy Fee Payable	20,608	65,728
Placement Fee Received in Advance	311,918	543,753
Redemption Payable	-	1,176,848
Creation in Advance	2,075,645	2,255,000
Other Payable	-	639
	<u>3,520,556</u>	<u>6,104,229</u>

## 9. OTHER RECEIVABLES

	2022 Rs.	2021 Rs.
Creation receivable	-	4,633,093
Money Market Saving Interest Income Receivable	-	34,032
Other Receivable Payables	70,733	168
Interest Income Receivable	501,370	3,921,142
Debenture Interest Receivable at the time of the Purchase	168	-
Nawaloka CP (Defaulted) - Receivable	175,942,411	-
FD Maturity Proceeds - Balance	245,592	-
	<u>176,760,274</u>	<u>8,588,436</u>

**10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT CARRIED AT FAIR VALUE**

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments of which carrying amount is a reasonable approximation of fair value.

<b>Assets</b>	<b>Liabilities</b>
Cash and Cash Equivalents	Accrued Expenses
Debt Instruments at Amortised Cost	
Other Receivables	

**11. CONTINGENCIES**

There are no material contingencies existing as at the reporting date that require adjustments to or disclosure in the Financial Statements.

**12. EVENTS OCCURRING AFTER THE REPORTING DATE**

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements except to

Fund investment incomes are liable for with holding tax w.e.f. 1st January 2023 and Treasury bills, Treasury bonds and Treasury repos investment incomes are exempt from with holding tax.

**13. CAPITAL COMMITMENTS**

There were no material capital and financial commitments as at the reporting date.

**14. UNITS IN ISSUE AND UNIT PRICE**

Units in issue and deemed to be in issue as at 31 December 2022 61,936,470 (2021 - 165,145,292). The creation and redemption price as at this date was Rs. 20.31 (2021- Rs. 18.55).

**15. RELATED PARTY DISCLOSURE****15.1 Management Company and Trustee**

The Management Company is Ceylon Asset Management Company Limited.  
The Trustee is Hatton National Bank

**15.2 Key management personnel**

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

**i) Directors**

Mr. Malaka Bandara (Chairman)  
Mr. Dulindra Fernando (Managing Director)  
Mr. Michael Preiss  
Mr. Ravindra Ajith Fernando  
Mr. Rajeendra Shashika Ranasinghe  
Mr. Dinesh Jamnadas Ambani  
Mr. Danushka Pabodha Samarasinghe (w.e.f. 17/08/2022)

**ii) Other key management personnel**

Other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year are given below:

Mr. Thilina Withanage (Senior Consultant-Operations)  
Ms. Janethri Gurusinghe (Consultant - Compliance)

Ceylon Money Market Fund  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. RELATED PARTY DISCLOSURE (Contd...)**

**15.3 Key management personnel compensation**

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

**15.4 Other transactions within the Fund**

Apart from those details disclosed in note 14.5 and 14.6, key management personnel have not entered in to any other transactions involving the Fund during the financial year.

**15.5 Related party unit holding and other transactions**

The following are the related party holdings of Ceylon Money Market Fund.

As at 31 December 2022	Relationship	No. of Units	Value of units held	Total interest held based on NAV	Distribution paid or payable by the Fund
<b>Unit holder</b>					
Michael Preiss	Director of Management Company	5,481	111,352	0.01%	-
Ceylon Asset Management Company Ltd	The Management Company	3,642	73,981.27	0.01%	-
Sri Lanka Insurance Corporation	Affiliate of Management Company	56,059,822	1,138,810,427	90.51%	-
Mr.Thilina Withanage	Consultant	130.61	2,653	0.00%	-
Ms. Janethri Gurusinghe	Consultant - Compliance	446.82	9,077	0.00%	-
Ms.Nimesha Thisaruni	Senior Operations Executive	246.29	5,003	0.00%	-
<b>As at 31 December 2021</b>					
<b>Unit holder</b>					
Mr. Dulindra Fernando	Managing Director of the Management Company	227,617	4,224,286	0.13783%	-
Ceylon Asset Management Company Ltd	The Management Company	3,642	67,588	0.00221%	-
Sri Lanka Insurance Corporation	Affiliate of Management Company	56,059,822	1,040,401,614	33.94576%	-
Ms.Shermila Perera	General Manager-Sales & Marketing	3,006	55,782	0.00182%	-
Ms. Janethri Gurusinghe	Consultant - Compliance	74,509	1,382,791	0.04512%	-



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

## 15. RELATED PARTY DISCLOSURE (Contd...)

## 15.6 Transactions with and amounts due to related parties

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

	Charge for the year 2022 Rs.	Charge for the year 2021 Rs.	Payable as at	
			2022 Rs.	2021 Rs.
Management fees	8,805,155	10,507,531	531,727	1,297,862
Trustee fees	2,925,734	4,394,023	367,641	599,999
The Bank balance held at Hatton National Bank PLC			25,000	25,000

## 15.7 Other transactions with related parties

Investments in Fixed Deposits have been made in the ordinary course of operations with following related parties. The resulting investment income and outstanding investment balances are given below.

	Investment income during the year		Balance as at	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Investment in Money Market Saving with Hatton National Bank PLC (Trustee of the fund)	2,716,046	743,737	142,088,233	8,463,650
Investments in Trust Certificates with Commercial Credit & Finance PLC - (Commercial Credit & Finance PLC is an affiliate of the Management Company)	9,207,860	12,842,629	-	145,496,838

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

	2022 Rs.	2021 Rs.
Net Asset Value as per financial statements	1,258,138,842	3,064,886,635
Adjustment on audit fee, professional fees and other expenses	48,619	7,696
Other income and adjustments	(5,000)	-
Published Net Asset Value	<u>1,258,182,461</u>	<u>3,064,894,331</u>
Number of units outstanding	61,936,470	165,145,293
Net Asset Value per Unit	<u>20.3141</u>	<u>18.5588</u>

