

CEYLON TOURISM FUND
FINANCIAL STATEMENTS
31 DECEMBER 2022

GSM/DS/DM

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF CEYLON TOURISM FUND

Report on the Financial Statements

Opinion

We have audited the Financial Statements of Ceylon Tourism 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 the 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.

This 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. 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.



(Contd...2/)

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 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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	2022 Rs.	2021 Rs.
INVESTMENT INCOME			
Dividend Income	5.1	2,620	-
Interest Income	5.2	402,466	20,985
Realised Gain/(Loss) on Financial Assets Held at Fair Value Through Profit or	8.2	(368,432)	(1,022,591)
Unrealised Gain/ (Loss) on Financial Assets Held at Fair Value Through Profit or	8.3	(1,928,545)	4,170,422
Total Investment Income/(Loss)		(1,891,892)	3,168,815
EXPENSES			
Management Fees		(147,060)	(85,261)
Trustee Fees		(33,044)	(18,416)
Audit Fees		(236,825)	(156,700)
Professional Fees		(74,791)	(67,757)
Other Expenses		(12,680)	(10,218)
Brokerage fee		(183,146)	-
		(687,546)	(338,352)
NET PROFIT/(LOSS) BEFORE INCOME TAX FOR THE YEAR		(2,579,438)	2,830,462
Income Tax Expense	6	-	-
NET PROFIT/(LOSS) AFTER INCOME TAX FOR THE YEAR		(2,579,438)	2,830,462
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		(2,579,438)	2,830,462

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 Rs.	2021 Rs.
ASSETS			
Cash and Cash Equivalents	7	28,200	28,000
Financial Assets At Fair Value Through Profit Or Loss	8	11,217,243	11,010,256
Financial Assets - Loans and Receivables	9	2,878,557	1,400,972
Other Receivables	9	3,335,474	1,886,331
Income Tax Receivable	6	-	-
		<u>17,459,474</u>	<u>14,325,559</u>
LIABILITIES			
Accrued Expenses and Other Payables	11	<u>5,901,194</u>	<u>285,621</u>
		<u>5,901,194</u>	<u>285,621</u>
NET ASSETS		<u>11,558,279</u>	<u>14,039,937</u>
UNIT HOLDERS' FUNDS			
Net Assets Attributable to Unit Holders		<u>11,558,279</u>	<u>14,039,937</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 21 form an integral part of the Financial Statements.



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

Year ended 31 December 2022

	2022 Rs.	2021 Rs.
UNIT HOLDERS' FUNDS AS AT 01 JANUARY	14,039,936	7,193,695
Total Comprehensive Profit/(Loss) for the Year	(2,579,438)	2,830,462
Received on Creation of Units	45,994,282	19,329,645
Paid on Redemption of Units	(45,896,502)	(15,313,865)
Net Increase/(Decrease) due to Unit Holders' Transactions	97,781	4,015,780
UNIT HOLDERS' FUNDS AS AT 31 DECEMBER	11,558,279	14,039,936

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 Rs.	2021 Rs.
Cash Flows from/(used in) Operating Activities			
Interest income Received		400,275	20,145
Management Fees and Trustee Fees Paid		(174,816)	(98,104)
Other Expenses Paid		(560,493)	(247,209)
Net Investment in Money Market Saving		(1,475,403)	(1,400,132)
Sale proceeds from sale of Equity Securities		4,025,344	4,356,933
Purchase of Equity Securities		(9,152,670)	(5,580,257)
Net Cash Generated From/(Used in) Operating Activities		<u>(6,937,763)</u>	<u>(2,928,479)</u>
Cash Flows from/(Used in) Financing Activities			
Cash Received on Creation of Units		47,171,130	18,152,797
Cash Paid on Redemption of Units		(40,233,167)	(15,313,865)
Net Cash from/(used in) Financing Activities		<u>6,937,963</u>	<u>2,838,932</u>
Net increase/(decrease) in Cash and Cash Equivalents		200	(89,547)
Cash and Cash Equivalents at the beginning of the year		28,000	117,547
Cash and Cash Equivalents at the end of the year	7	<u>28,200</u>	<u>28,000</u>

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



1. GENERAL INFORMATION

Ceylon Tourism Fund is an index Fund which was launched on 27 July 2010 by a Trust Deed executed between Ceylon Asset Management Company Limited as Fund Manager and the Deutsche Bank AG as the Trustee. Consequently, on 1st April 2021 Hatton National Bank PLC was appointed with a revised trust deed executed on 1st 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 main investment objective of the Fund is to invest in 10 of the high Performing companies in the Hotels & Travels sector Listed on the Colombo Stock Exchange.



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 flows 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 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 liquidity or of liquidation or of curtailing materially the scale of its operation.

2.1.3 Comparative Information

Previous year's figures and phrases are same as of the last year. Previous year's figures and phrases have been rearranged whenever necessary to conform to the current presentation.

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 comprise of investments in treasury bill repurchase agreements, fixed deposits, commercial papers and savings deposits. However, as of 31 December 2022, the Fund does not have any investment in debt instruments at amortised cost. 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, financial assets at fair value through profit or loss comprise of investment in quoted equity securities.

2.2.1.5 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 and other payables 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 recognized in the profit or loss and other comprehensive income statement when the liabilities are derecognized 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.



2.2.1.6 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.

Investment in Treasury bill repurchase agreements that are obtained from primary dealers with a collateral of either treasury bills or bonds that are graded in the top investment category- AAA rating and, therefore, are considered to be low risk investments.

2.2.1.7 Derecognition

A financial asset is derecognized 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.

2.2.1.8 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 recognized 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 recognized.

(i) Dividend income

Dividend income is recognized when the Fund's right to receive payment is established.

(ii) Unrealised gains/(losses) on financial assets held at fair value through profit or loss

Unrealised gains/(losses) on financial assets held at fair value through profit or loss includes all gains and losses that arise from changes in fair value of financial assets held at fair value through profit or loss" as at the reporting date.

(iii) Realised gains/(losses) on financial assets held at fair value through profit or loss

Realised gains/(losses) on financial assets held at fair value through profit or loss includes results of buying and selling of quoted equity securities

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 unitholders 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. 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 and trustee fees of the Fund as per the trust deed is as follows,

Management fee	-	1% p.a of net asset value of the Fund
Trustee fee	-	0.2% 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 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 INSTRUMENTS AND 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 Trust Deed and seeks to maximize 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

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate as a result of changes in market prices.

Price Risk

Price risk is the risk that applies to the listed share market as a whole and is the chance that share prices overall will decline and cause the net asset value of the Fund to decline.

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position at fair value through profit or loss. All securities investments present a risk of loss of capital, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The responsible entity mitigates price risk through diversification and carefully selecting securities within specified parameters set out by the management company. Maximum limit of 97% of the net assets attributable to unit holders are invested in equity securities and remaining amount is invested in short term fixed income investments with a maturity period of less than seven days.

Sector	Investment	
	2022	2021
Tourism	97%	78%

The table below shows the impact on the statement of profit or loss and other comprehensive income and statement of financial position due to a reasonably possible change in the price of the Fund's investment in financial assets held at fair value through profit or loss in Note 8, with all other variables held constant:



	2022	2021
	Increase/ (decrease) of (loss)/profit before tax and amounts attributable to Unit Holders Rs.	Increase/ (decrease) of (loss)/profit before tax and amounts attributable to Unit Holders Rs.
Change in price of the Fund's investments in financial assets held at fair value through profit or loss		
+10%	1,121,724	1,101,026
-10%	(1,121,724)	(1,101,026)

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 repurchase agreements it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund. The table below summarizes 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	-	-	28,200	28,200
Financial assets at amortized cost	-	2,878,557	-	2,878,557
Other Receivables	-	-	3,332,781	3,332,781
	-	2,878,557	3,360,781	6,239,338
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	-	-	28,000	28,000
Financial assets at amortized cost	-	1,400,972	-	1,400,972
Other receivable	-	-	1,886,331	1,886,331
Total Exposure	-	1,400,972	1,914,331	3,315,303

3.2 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 main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in government repurchase agreements and cash and cash equivalents.

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 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.

3.3 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. Due to the nature of a unit trust, it is unlikely that a significant number of unit holders would exit at the same time. However to control liquidity risk, it primarily holds investments that are traded in an active market and can be readily disposed.

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 Securities 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. No such borrowings have arisen during the period.

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). The fund maintains a minimum of 3% in this regard.

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 manager. Under the terms of the Unit Trust Code, the manager 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.

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

	Rs.
Unit Holders' Funds as at 01 January 2022	14,028,084
Creations during the year	45,994,282
Redemptions during the year	(45,896,502)
Decrease in net assets attributable to Unit Holders	(2,546,443)
Unit Holders' Funds as at 31 December 2022	11,591,274



II. In term of No of units

Opening no of units as at 01 January 2022	2,569,218
Unit creations during the year	9,992,033
Unit redemptions during the year	(9,920,606)
Closing no of units as at 31 December 2022	2,640,645

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

5.	INVESTMENT INCOME	2022 Rs.	2021 Rs.
5.1	Dividend income	2,620	-
5.2	Interest Income	402,466	20,985

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	356,888	356,888
	Impairment Provision for Income Tax Receivable	(356,888)	(356,888)
		-	-

As of December 2022, the income Tax Receivable balance comprises of Notional Tax Credit (2019 - Rs. 356,888/-). This can be carried forward 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. Subsequent to the enactment of the new Inland Revenue Act No 24 of 2017, effective April 01, 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 it is highly unlikely that there will be a future income tax liability to offset these tax credits and the Fund Manager is unable to assess with a reasonable certainty of recoverability of the said Income Tax receivable through a tax refund. Accordingly, as of December 31, 2020 an Impairment Provision is made against the Income Tax Receivable balance.

7.	CASH AND CASH EQUIVALENTS	2022 Rs.	2021 Rs.
	Favourable Cash and Cash Equivalents Balances		
	Cash at Bank	28,200	28,000
	Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	28,200	28,000

8. FINANCIAL ASSETS - HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

8.1	Quoted equity securities	2022 Rs.	2021 Rs.
	Cost as at 31 December	12,405,946	10,156,612
	Appreciate/(Depreciation) of market value of quoted equity securities	(1,188,703)	853,644
	Market Value as at 31 December	11,217,243	11,010,256



8. FINANCIAL ASSETS - HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (Contd...)

8.1.1 Quoted equity securities	2022			2021		
	No of shares	Market Value	Holdings as a % of Net Asset	No of shares	Market Value	Holdings as a % of Net Asset
		Rs.	Value		Rs.	Value
Asian Hotels & Properties PLC	50,505	1,888,887	16%	36,607	1,614,369	11%
Aitken Spence Hotel Holdings PLC	33,438	1,698,650	15%	40,630	1,718,649	12%
John Keells Hotels PLC	100,298	1,654,917	14%	121,623	1,787,858	13%
Kingsbury Hotels PLC	91,833	780,581	7%	68,361	649,430	5%
Renuka City Hotel PLC	7,590	501,699	4%	5,240	529,240	4%
Galadhari Hotels PLC	93,886	1,173,575	10%	70,711	1,569,784	11%
Waskaduwa Beach Resort PLC	104,954	262,385	2%	-	-	0%
Jetwing Symphony PLC	71,168	740,147	6%	70,768	891,677	6%
Amaya Leisure PLC	-	-	0%	7,646	172,035	1%
EDEN Hotel Lanka PLC	96,278	1,694,493	15%	51,338	1,709,555	12%
Kandy Hotels Company PLC	114,154	821,909	7%	43,769	367,660	3%
Total value of quoted equity securities		11,217,243	97%		11,010,257	78%

8.2 Realised losses on financial assets held at fair value through profit or loss

	2022 Rs.	2021 Rs.
Realized Capital Gains/(Loss)	(368,432)	(1,022,591)
	<u>(368,432)</u>	<u>(1,022,591)</u>

8.3 Unrealised Gain/(Loss) on financial assets held at fair value through profit or loss

Equity Securities	<u>(1,928,545)</u>	<u>4,170,422</u>
-------------------	--------------------	------------------

9. FINANCIAL ASSETS AT AMORTIZED COST

9.1 Money Market Saving	2022 Rs.	2021 Rs.
Hatton National Bank PLC	2,873,122	1,394,689
Seylan Bank PLC	5,436	6,286
	<u>2,878,557</u>	<u>1,400,975</u>
9.2 Other Receivables	2022 Rs.	2021 Rs.
Other Receivable	2,692	59
Creation Receivable	-	1,176,848
Receivable on A/c of Share Sale	3,332,782	709,424
	<u>3,335,474</u>	<u>1,886,331</u>



10. FAIR VALUE OF FINANCIAL INSTRUMENTS**Determination of fair value and fair value hierarchy**

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – An investment in a fund is classified in Level 1 of the hierarchy when that investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date.

Level 2 – An investment in a fund is classified in Level 2 of the hierarchy when that investment is measured using inputs that are directly observable at the reporting date.

Level 3 – An investment in a fund is classified in Level 3 of the hierarchy when the investment is measured using unobservable inputs at the reporting date.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December 2022	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets - Held at fair value through profit or loss				
Quoted Equity Securities	11,217,243	-	-	11,217,243

As at 31 December 2021

Financial Assets - Held at fair value through profit or loss				
Quoted Equity Securities	11,010,256	-	-	11,010,256

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 where carrying amount is a reasonable approximation of fair value.

Assets

Cash and Cash Equivalents
Other Receivables
Loans & Receivables

Liabilities

Accrued Expenses and Other Payables

11. ACCRUED EXPENSES AND OTHER PAYABLES

	2022 Rs.	2021 Rs.
Fund Manager Payable	13,944	9,823
Trustee Fee Payable	4,580	3,413
Audit Fee	195,875	162,669
Other Payable	-	39,300
Tax Consultancy Fee	23,460	70,417
Payable on Redemption	5,663,335	-
	<u>5,901,194</u>	<u>285,621</u>

12. CONTINGENCIES

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



13. 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.

14. CAPITAL COMMITMENTS

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

15. UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31 December 2022 is 2,640,645(2021- 2,569,218). The creation and redemption price as at the reporting date were Rs. 4.52 (2021 - Rs. 5.62) and Rs. 4.34 (2021 - Rs. 5.41) respectively.

16. RELATED PARTY DISCLOSURE

16.1 Management Company and Trustee

The Management Company is Ceylon Asset Management Company Limited.
The Trustee is Deutsche Bank AG.

16.2 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. Dulindra Fernando
Mr. Michael Preiss
Mr. Ravindra Ajith Fernando
Mr. Rajeendra Shashika Ranasinghe
Mr. Dinesh Jamnadas Ambani
Mr.R.D.M.U.M.M.Bandara
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.

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

16.3 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.



16. RELATED PARTY DISCLOSURE (Contd...)

16.4 Other transactions within the Fund

Apart from those details disclosed in note 16.5 and 16.6, key management personnel have not entered any other transactions involving the Fund during the financial year.

16.5 Related party unit holding and other transactions

The following are the related party holdings of Ceylon Tourism Fund.

Unitholder	Relationship	No of units	Value of units holding	Interest held	Distribution paid or payable by the Fund
			Rs.		Rs.
31 December 2022					
Ceylon Asset Management Company Limited	Management Company	177,304	769,503	6.64%	-
Mr.Michael Preiss	Director of the Management Company	137,879	598,394	5.16%	-
Ms.Janethri Gurusinghe	Consultant-Compliance	19,263	83,603.29	0.72%	-
Ms.Shermila Perera	General Manager-Sales & Marketing	4,860	21,091	0.18%	-
31 December 2021					
Ceylon Asset Management Company Limited	Management Company	177,305	968,095	6.90%	-
Ms.Janethri Gurusinghe	Consultant-Compliance	19,263	105,179	0.75%	-

16.6 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 31 December		Payable as at 31 December	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Management fees	147,060	85,261	13,944	9,823
Trustee fees	33,044	18,416	4,580	3,413

16.7 Other transaction with related parties

Investment in Money Market Saving has been made in the ordinary course of operations with following related parties. The resulting investment income and outstanding investment balances are given below.

	Charge for the year 31 December		Payable as at 31 December	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Investment in Money Market Saving with Hatton National Bank PLC (Trustee of the fund)	397,655	19,599	2,873,122	1,394,686
The Bank balance held at Hatton National Bank PLC	-	-	25,000	25,000



17. 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	11,558,279	14,039,937
Audit Fee & Professional Fee Adjustment	33,195	11,853
Other Expenses	(200)	-
Published Net Asset Value	<u>11,591,274</u>	<u>14,051,790</u>
Number of units outstanding	2,640,645.41	2,569,219.00
Net Asset Value per Unit	<u>4.39</u>	<u>5.46</u>

