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INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF CEYLON TREASURY INCOME FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Ceylon Treasury Income Fund (the Fund) which comprise the Statement of Financial Position as at 31st March 2024, and the Statement of Comprehensive Income, Statement of Movement in unit holders Fund and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies exhibited on pages 7 to 17.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31st March 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 ethical requirements of the Code of Ethics issued by Chartered Accountants of Sri Lanka that are relevant to our audit of the Financial Statements 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

Management is 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.



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Branches

Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee

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 Sri Lanka Auditing Standards 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.

As part of an Audit in accordance with Sri Lanka Auditing Standards, 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 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 Securities and Exchange Commission of Sri Lanka.

Kreston MNS & Co
CHARTERED ACCOUNTANTS
COLOMBO
14TH JUNE 2024
ST/bn
ST-Ceylon Treasury Income (2024)-C9



STATEMENT OF FINANCIAL POSITION AS AT

		31.03.2024 Rs.	31.03.2023 Rs.
ASSETS	Note		
Cash at Bank	5	55,000	526,150
Financial Assets at Amortized Cost	6	18,206,787	8,300,054
Financial Assets at FVTPL	7	3,780,420,777	2,300,720,180
Other Receivable	8	45,041,067	266,654
TOTAL ASSETS		<u>3,843,723,631</u>	<u>2,309,813,038</u>

UNIT HOLDERS' FUNDS & LIABILITIES

LIABILITIES

Creation Received in Advance		15,760,000	7,074,950
Redemption Payable		3,585,477	-
Accrued Expenses	9	2,521,363	1,450,971
Total Liabilities (Excluding net assets attributable to Unit Holders)		<u>21,866,840</u>	<u>8,525,921</u>

UNIT HOLDERS FUNDS

Net Assets Attributable to Unit holders		3,821,856,791	2,301,287,117
		<u>3,843,723,631</u>	<u>2,309,813,038</u>

The Accounting Policies and the Notes on Pages 7 to 17 form an integral part of these Financial Statements.

These Financial Statements were approved by the Management Company, and adopted by the Trustee.


.....
Director
Management Company


.....
Director
Management Company


.....
Trustee



14th June 2024.



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

		31.03.2024	31.03.2023
		Rs.	Rs.
	Note		
Investment Income			
Repo Interest Income		32,341,142	10,547,540
Money Market Saving Interest		1,830,707	878,601
Treasury Bond Interest Income		61,255,122	-
Treasury Bill Interest Income		523,721,153	298,076,295
Realised Capital Gain / (Loss)		14,112,611	(8,565,451)
Unrealised Gain / (Loss)		47,890,500	13,505,743
Total Investment Income		<u>681,151,235</u>	<u>314,442,728</u>
Expenses			
Management Fees		(16,445,626)	(4,399,153)
Trustee Fees		(5,863,817)	(2,326,832)
Audit Fees		(311,779)	(235,750)
- Last year under provision		(36,612)	(1,250)
Custodian Fees		(142,416)	(51,504)
Bank Charges		(322,034)	(197,141)
Tax Computation Charges		(59,527)	(43,700)
Other Expenses		(34,391)	-
		<u>(23,216,202)</u>	<u>(7,255,330)</u>
Net Profit Before Tax	10	657,935,033	307,187,398
Less : Income Tax Expense	11	-	-
Net Profit after Tax for the year		<u>657,935,033</u>	<u>307,187,398</u>
Increase / (Decrease) in Net Assets Attributable to Unit Holders		657,935,033	307,187,398

The Accounting Policies and the Notes on Pages 7 to 17 form an integral part of these Financial Statements.



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS
FOR THE YEAR ENDED 31.03.2024

	Rs.
Unit Holders Funds as at 01.04.2022	(56,518)
Increase / (Decrease) in net assets attributable to Unit Holders	307,187,398
Received on Creation of Units	3,345,534,666
Paid on Redemption of Units	(1,351,378,429)
Net Increase / (Decrease) due to Unitholders' Transactions	<u>2,301,287,117</u>
Income Distribution for the year	-
Unit Holders Funds as at 31.03.2023	<u>2,301,287,117</u>
Increase / (Decrease) in net assets attributable to Unit Holders	657,935,033
Received on Creation of Units	4,490,530,314
Paid on Redemption of Units	(3,627,895,673)
Net Increase / (Decrease) due to Unitholders' Transactions	<u>3,821,856,791</u>
Income Distribution for the year	-
Unit Holders Funds as at 31.03.2024	<u><u>3,821,856,791</u></u>

The Accounting Policies and the Notes on Pages 7 to 17 form an integral part of these Financial Statements.



STATEMENT OF CASH FLOW FOR THE YEAR ENDED

		31.03.2024 Rs.	31.03.2023 Rs.
	Note		
Cash Flow from Operating Activities			
Net of Expenses Paid		(22,145,811)	(5,930,900)
Net of Income Received		639,546,842	256,865,888
Net Investment in Money Market Saving		(9,940,849)	(8,262,148)
Net Investment in Treasury Bills		(205,076,818)	(2,759,994,173)
Net Investment in Treasury Repo		(770,000,000)	(114,000,000)
Net Investment in Treasury Bond		(3,207,765,744)	-
Sale Proceeds from disposal of Treasury Bonds		416,074,072	-
Sale Proceeds from disposal of Treasury Bills		2,288,807,984	630,812,925
Net Cash used in Operating Activities		<u>(870,500,324)</u>	<u>(2,000,508,408)</u>
Cash Flows from /(Used) Financing Activities			
Cash Received on Creation of Units		4,490,530,314	3,345,534,666
Cash Paid on Redemption		(3,627,895,673)	(1,351,378,429)
Redemption Payable		3,585,477	-
Creation Receivable		(4,875,994)	(266,654)
Creation Received In Advance		8,685,050	7,074,950
Net Cash from /(used in) Financing Activities		<u>870,029,174</u>	<u>2,000,964,533</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		(471,150)	456,125
Cash and Cash Equivalents at the beginning of the year		526,150	70,025
Cash and Cash Equivalents at the end of the year	5	<u>55,000</u>	<u>526,150</u>
Analysis of Cash and Cash Equivalents at the end of the year			
Cash & Bank Balances		<u>55,000</u>	<u>526,150</u>

The Accounting Policies and the Notes on Pages 7 to 17 form an integral part of these Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - CORPORATE INFORMATION

NOTE 1.1 - GENERAL INFORMATION

Ceylon Treasury Income Fund is a Government Security Fund which was established on 22.08.2014 by a Trust deed executed between Ceylon Asset Management Company Limited as Fund Manager and the Bank of Ceylon as the Trustee.

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, Parkland 1, 33, Park Street, Colombo 02. The Trustee of the fund is Hatton National Bank from 21.11.2022 having its place of business at HNB Tower, 479, T.B.Jayah Mawatha, Colombo 10.

NOTE 2 - GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH SRI LANKA ACCOUNTING STANDARD

The Financial Statements of the Fund for the year ended 31st March 2024 have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS& SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka. They are presented in Sri Lankan Rupees (Rs), which is also the functional currency of the Fund.

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES**NOTE 3.1 - OVERALL CONSIDERATIONS**

The significant accounting policies that have been used in the preparation of these Financial Statements are summarised below.

NOTE 3.2 - BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards under the historical cost convention except for following financial statement line item.

Financial Asset held at fair value through profit & loss, which are measured at fair value.

NOTE 3.3 - REVENUE RECOGNITION**(a) Interest Income**

Interest income for all interest-bearing financial instruments is recognised within interest income in the statement of comprehensive income using the effective interest method.

The effective interest rate method is the method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(b) Realised gains / (losses) on financial assets at FVTPL

Net gains on sale of government securities are accounted for on the date of sale by deducting the carrying value of the securities from the sale proceeds.

(c) Unrealised gains / (losses) on financial assets at FVTPL

Unrealised gains / (losses) on financial assets at FVTPL includes all gains and losses that arise from changes in fair value of the financial assets at FVTPL as at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION AND SUBSEQUENT MEASUREMENT

NOTE 3.4.1 - INITIAL MEASUREMENT OF FINANCIAL INSTRUMENTS

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

Except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Fund accounts for the Day 1 profit or loss, as described below.

NOTE 3.4.2 - CLASSIFICATION

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified 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; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes derivative financial assets if any.

NOTE 3.4.3 - SUBSEQUENT MEASUREMENT AND GAINS OR LOSSES

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented as realised gain/(loss) on debt Instruments held at amortised cost.
Financial assets at FVTPL	These assets are subsequently measured at their fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Net change in unrealised gains/losses on Government Security investments includes the accumulated gains/losses on realised Government Security investments, since the realised gain/losses are computed on the difference between value of Government Security investment and the selling price.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION AND SUBSEQUENT MEASUREMENT (CONTD.)

NOTE 3.4.4 - DERECOGNITION

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTE 3.4.5 - RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL LIABILITIES

Financial Liabilities are measured initially at fair value and recognized on the trade date at which the Fund becomes a party to the contractual provisions of the instrument.

Accrued Expenses

Payables are initially recognised at fair value, which is the fair value of the consideration to be paid in the future for service received, whether or not billed to the fund, and subsequently at amortised cost.

NOTE 3.4.6 - CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities include accrued expenses and other payables.

NOTE 3.4.7 - DERECOGNITION

The fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTE 3.4.8 - 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.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION AND SUBSEQUENT MEASUREMENT (CONTD.)

NOTE 3.4.9 - IMPAIRMENT

The fund derecognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

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.

NOTE 3.4.10 - WRITE OFFS

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

NOTE 3.5 - PROVISIONS

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

NOTE 3.6 - INCOME TAX

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of Inland Revenue Act.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Fund is not liable to pay income tax as at the reporting date in accordance with Chapter V Division III of the Inland Revenue Act No. 24 of 2017. The fund's income generated through eligible investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017.

NOTE 3.7 - EXPENSES

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

Management Fees	-	0.50% p.a of net asset value of the fund
Trustee Fees	-	0.15% p.a of net asset value of the fund



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.8 - 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 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. Income not distributed is included in net assets attributable to unit holders.

NOTE 3.9 - DISTRIBUTIONS

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

NOTE 3.10 - SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are significant management judgments when applying the accounting policies of the Fund that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

- **Impairment**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

NOTE 3.11 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: 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.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 4.1 - LIQUIDITY RISK

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

Units are redeemed on demand at the 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 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.

	1 month Rs.	1-6 months Rs.	6-12 months Rs.	1-5 years Rs.	5-10 years Rs.	Total Rs.
31st March 2024						
Accrued & Other Payables	21,866,840	-	-	-	-	21,866,840
Total	21,866,840	-	-	-	-	21,866,840
Money Market Investment	18,206,787	-	-	-	-	18,206,787
Repo Investment	884,949,392	-	-	-	-	884,949,392
Treasury Bill Investment	-	46,696,064	-	-	-	46,696,064
Treasury Bond Investment	-	-	-	2,522,736,923	326,038,398	2,848,775,321
Other Receivable	5,142,648	39,898,419	-	-	-	45,041,067
Total	908,298,827	86,594,483	-	2,522,736,923	326,038,398	3,843,668,631
31st March 2023						
Accrued & Other Payables	8,525,921	-	-	-	-	8,525,921
Total	8,525,921	-	-	-	-	8,525,921
Money Market Investment	8,300,054	-	-	-	-	8,300,054
Repo Investment	114,054,905	-	-	-	-	114,054,905
Treasury Bill Investment	2,086,659,523	-	100,005,752	-	-	2,186,665,275
Other Receivable	266,654	-	-	-	-	266,654
Total	2,209,281,136	-	100,005,752	-	-	2,309,286,888



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 4.2 - 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.

The Management Company has the discretion to reject an application for units.

The details of Unit Holders' Funds;

The movement in the Unit Holder's Funds as at 31 March 2024.

I. In terms of Value

	Rs.
Unit Holders' Funds as at 01 April 2023	2,301,287,117
Creations during the year	4,490,530,314
Redemptions during the year	(3,627,895,673)
Increase/(Decrease) in net assets attributable to Unit Holders during the year	657,935,033
Unit Holders' Funds as at 31 March 2024	<u>3,821,856,791</u>

II. In terms of No of units

Opening no of units as at 01 April 2023	520,012,472
Adjustment to opening unit balance	379
Unit creations during the year	902,855,599
Unit redemptions during the year	(719,501,350)
Closing no of units as at 31 March 2024	<u>703,367,100</u>

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



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 4 - MARKET RISK

NOTE 4.3 – 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:

	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
As at 31 March 2024				
Financial Assets - FVTPL	-	3,780,420,777	-	3,780,420,777
As at 31 March 2023				
Financial Assets – FVTPL	-	2,300,720,180	-	2,300,720,180

NOTE 4.4 – INTEREST RATE RISK

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 amortized cost in note 7, with all other variables held constant:

	2024	2023
	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 amortized cost		
+1%	30,324,095	3,086,238
- 1%	(30,324,095)	(3,086,238)



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 5 - CASH AT BANK

Hatton National Bank- A/c No.03010547572
Bank of Ceylon - A/c No.0075111719

	31.03.2024 Rs.	31.03.2023 Rs.
Hatton National Bank- A/c No.03010547572	55,000	25,000
Bank of Ceylon - A/c No.0075111719	-	501,150
	<u>55,000</u>	<u>526,150</u>

NOTE 6 - FINANCIAL ASSETS AT AMORTIZED COST

Money Market Saving
Hatton National Bank PIC A/c No.03020886609

Money Market Saving Hatton National Bank PIC A/c No.03020886609	18,206,787	8,300,054
	<u>18,206,787</u>	<u>8,300,054</u>

NOTE 7 - FINANCIAL ASSETS AT FVTPL

Repo Investments
Treasury Bill Investments
Treasury Bond Investments

Repo Investments	884,949,392	114,054,905
Treasury Bill Investments	46,696,064	2,186,665,275
Treasury Bond Investments	2,848,775,321	-
	<u>3,780,420,777</u>	<u>2,300,720,180</u>

NOTE 8 - OTHER RECEIVABLES

Accrued Interest on Treasury Bond
Creation Receivables

Accrued Interest on Treasury Bond	39,898,419	-
Creation Receivables	5,142,648	266,654
	<u>45,041,067</u>	<u>266,654</u>

NOTE 9 - ACCRUED EXPENSES

Management Fees
Custodian Fees
Trustee Fees
Audit Fees

Management Fees	1,612,148	888,514
Custodian Fees	12,103	12,188
Trustee Fees	585,333	314,519
Audit Fees	311,779	235,750
	<u>2,521,363</u>	<u>1,450,971</u>

NOTE 10 - NET PROFIT / (LOSS) BEFORE TAX

Net Profit / (Loss) is arrived of after charging

Management Fees
Trustee Fees
Audit Fees

Management Fees	16,445,626	4,399,153
Trustee Fees	5,863,817	2,326,832
Audit Fees	311,779	235,750
	<u>22,621,222</u>	<u>7,001,735</u>

NOTE 11 - INCOME TAX EXPENSES

Tax expense for the year

Tax expense for the year	-	-
	<u>-</u>	<u>-</u>



With effect from 1st April 2018, the Ceylon Treasury Income Fund is not liable to income tax as an entity since the following conditions have been satisfied. (Section 57(2) and (3) of Inland Revenue Act No. 24 of 2017)

- 1) The fund conducts an eligible investment business.
- 2) The beneficiaries are presently entitled for the income of the fund.
- 3) The beneficiaries have a vested and indefeasible interest in the income and an immediate right to demand payment of the income from the trustee. (i.e. Hatton National Bank)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 12 - CAPITAL COMMITMENTS

There were no material Capital Commitments as at 31st March 2024.

NOTE 13 - EVENTS AFTER THE REPORTING DATE

No circumstances have arisen after the reporting date which would require adjustments to or disclosure in the Financial Statements.

NOTE 14 - CONTINGENCIES

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

NOTE 15 - UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31st March 2024 is 703,367,100/- (31st March 2023 is 520,012,471.87). The creation and redemption price as at this date was Rs 5.43. (31.03.2023 - Rs.4.42).

NOTE 16 - RELATED PARTY TRANSACTIONS

The following institutions have been identified as related parties to the Fund in accordance with Sri Lanka Accounting Standards LKAS 24 - Related Party Disclosures.

Responsible entity

The responsible entity of Ceylon Treasury Income Fund is Ceylon Asset Management Company Limited.

Key management personnel**i) Directors**

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

Mr. Rajeendra Shashika Ranasinghe (Chairman)
Mr. Malaka Bandara (Resigned w.e.f.31.12.2023)
Mr. Dulindra Fernando (Managing Director)
Mr. Michael Preiss (Resigned w.e.f.08.01.2024)
Mr. Ravindra Ajith Fernando
Mr. Dinesh Jamnadas Ambani
Mr. Danushka Pabodha Samarasinghe (Resigned w.e.f.01.07.2023)
Ms. Manjula Cleone Senavirathne (Appointed w.e.f.10.07.2023)

**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 (Resigned w.e.f.31.10.2023)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 16 - RELATED PARTY TRANSACTIONS (CONTD.)

Key management personnel unit holdings

The key management personnel of Ceylon Asset Management Company Limited did not hold material amount of units in Ceylon Treasury Income Fund during the year.

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.

Related party unit holding and other transactions

The following are the related party holdings of Ceylon Treasury Income Fund

31 March 2024

Unit Holder	Relationship	No of units	Value of units holding	Interest held	Distribution paid or payable by the Fund
Thilina Dhaminda Withanage	Senior Consultant	161,549.7	877,829	0%	-

Other transactions within the Fund

No key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interest existing at end of the period.

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:

	Payable as at 31 March 2024	Payable as at 31 March 2023
Management Fees	1,612,148	888,514
Trustee Fees	585,333	314,519
	Charge for the year	Charge for the year
Management Fees	16,445,626	4,399,153
Trustee Fees	5,863,817	2,326,832

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

	31.03.2024 Rs.	31.03.2023 Rs.
Net Asset Value as per Financial Statements	3,821,856,791	2,301,287,117
Under provision of Audit Fees	124,382	197,514
Other Adjustments	(976)	(438)
Published Net Asset Value	<u>3,821,980,197</u>	<u>2,301,484,193</u>
Number of units outstanding	703,367,100.64	520,012,471.87
Net Asset Value per Unit	<u>5.43</u>	<u>4.42</u>

