

PREMIER WEALTH FUNDS

PREMIER WEALTH FUNDS ANNUAL REPORT 2018-2019

Trustee & Custodian



HATTON NATIONAL BANK PLC, HEAD OFFICE

Fund Manager



PREMIER WEALTH MANAGEMENT LIMITED

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Fund Manager's Review

Our Valued Investors,

It is with great pleasure that we present the Annual Report for the financial year ending 31st March 2019 to our valued investors.

As you are aware, the Unit trust industry took a major hit with the last year's tax reform. Despite the market conditions, we are pleased to inform that Premier Wealth Management Limited (PWML) has been able to perform well throughout the year under review.

With the two Unit trust funds "Premier Money Market Fund" and "Premier Growth Fund", we cater to the liquidity and long-term capital appreciation needs of our unit holders. The sheer force of Ceylinco Life brand behind PWML will propel it to win the trust of the common Sri Lankans while educating them on non-traditional investment avenues, which would bring win-win solutions to investors, shareholders and to the investment culture at large.

What matters most to you – as our valued investors and partners, is that we are laying a solid foundation to provide you with attractive and sustainable returns in this long journey.

ECONOMIC REVIEW

Sri Lankan economy recorded a modest growth of 3.2% during 2018, compared to the growth of 3.4% in 2017. 2018 growth was largely supported by services activities that expanded by 4.7% and the recovery in agriculture activities, which recorded a growth of 4.8%. The growth of industry activities slowed down significantly to 0.9% during 2018, mainly as a result of the contraction in construction.

Sri Lanka external sector experienced significant pressure, particularly during the second half of 2018, due to both external and domestic factor. The strengthening of US dollar due to interest rates hikes in US, resulted in foreign investment outflows from emerging markets, including Sri Lanka. But still Sri Lankan rupee appreciated against the US dollar by 3.8% by end March 2019 compared to end of 2018.

The deficit in the trade account narrowed significantly in March 2019 in comparison to March 2018 due to a notable decline in import expenditure by 12.6 % (year-on-year) which was further supported by the increase of export earnings by 2.6 % (year-on-year).

Looking ahead, SDFR was reduced to 7.5% following the Easter Sunday Attack in order to boost the economy. The distressed tourism industry will have repercussions to the economy but it is expected to be bounce back to its growth momentum soon enough.

Fund Performance

Premier Money Market fund continued to establish its reputation as a fund which aims to provides attractive, short-term, tax-adjusted investment opportunities for both corporate and retail clients. For the year ended 31st March 2019, fund managed to achieve a 9.0% annualized yield, net of fees, compared to 11.6% annualized yield the fund achieved in 2017/2018.

Premier Growth Fund, which focuses on investments in equity, was able to record a return of -29.2% (net of fees) for the period under review, whereas All Share Price Index of Colombo Stock Exchange has recorded -14.2% for the same period. The main constraint has been the fund size of the growth fund which is just above LKR 3Mn.

**PREMIER GROWTH FUND
FINANCIAL STATEMENTS TOGETHER
WITH AUDITOR'S REPORT
FOR THE YEAR ENDED
31 MARCH 2019**



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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF PREMIER GROWTH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Premier Growth Fund ("the Fund") which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes 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 March 2019, 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 CA Sri Lanka (Code of Ethics), 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.

Other Information

The Manager and the Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

The Manager and the Trustee 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 Manager and Trustee determine 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, Manager and Trustee 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 and trustees either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

P. E. A. Jayewickreme, M. B. Ismail, Ms. S. L. Jayasuriya, G. J. David, Ms. F. M. Marikkar, Ms. M. S. J. Henry, R. H. M. Minfaz, Ms. S. Y. Kodagoda



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and trustee.
- Conclude on the appropriateness of manager's and trustee'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

These financial statements also comply with the requirements of the Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the trust deed.


SJMS ASSOCIATES
 Chartered Accountants
 Colombo
 12 June 2019

**PREMIER GROWTH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2018/2019 LKR	2017/2018 LKR
Investment income			
Interest income	3	9,767	10,215
Dividend income		12,915	33,106
Net realized gain / (loss) on financial assets held at fair value through profit or loss		(94,126)	30,750
Net change in unrealized gain / (loss) on financial assets held at fair value through profit or loss		41,508	42,871
Total investment income		(29,936)	116,942
Expenses			
Custodian fees		(16,282)	-
Audit fees		(96,603)	(87,821)
Transaction cost		(4,059)	(3,773)
Professional fees		-	(19,321)
Other expenses		(1,550)	(2,576)
Total operating expenses		(118,494)	(113,491)
Net operating profit / (loss)		(148,430)	3,451
Finance charges		(1,600)	(800)
Profit / (loss) after deductions and before tax		(150,030)	2,651
Income tax expense	4	-	-
Profit / (loss) after distributions and tax		(150,030)	2,651
Increase / (decrease) in net assets attributable to unit holders		(150,030)	2,651

The accounting policies and notes from 1 to 14 form an integral part of these financial statements.



**PREMIER GROWTH FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Note	31.03.2019 LKR	31.03.2018 LKR
Assets			
Cash and cash equivalents	5	209,326	499,277
Receivable on unit creations		2,600,000	4,767
Financial assets - fair value through profit or loss	6	93,310	494,714
Financial assets measured at amortised cost	7	301,058	19,321
Income tax receivable	8	58,180	58,103
Total assets		3,261,874	1,076,182
Unit holders' funds and liabilities			
Liabilities			
Accrued expenses	9	112,885	87,821
Total liabilities (excluding net assets attributable to unit holders)		112,885	87,821
Unit holders' funds			
Net assets attributable to unit holders		3,148,989	988,361
Total unit holders' funds and liabilities		3,261,874	1,076,182

The fund management company and trustee are responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

These financial statements were approved by the fund management company and the trustee on 12 June 2019.

PREMIER WEALTH MANAGEMENT LIMITED

 
Director Director

**Premier Wealth Management Limited
Fund Management Company**


Custody
and
Trust Services

**Hatton National Bank PLC, Head Office
Trustee**

The accounting policies and notes from 1 to 14 form an integral part of these financial statements.



**PREMIER GROWTH FUND
STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2019**

	2018/2019 LKR	2017/2018 LKR
unit holders' funds at the beginning of the year	988,361	1,251,398
Increase / (decrease) in net assets attributable to unit holders	(150,030)	2,651
Received on unit creations	3,127,245	13,904
Payments on unit redemptions	(816,587)	(279,592)
unit holders' funds at the end of the year	<u>3,148,989</u>	<u>988,361</u>

The accounting policies and notes from 1 to 14 form an integral part of these financial statements.



**PREMIER GROWTH FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2018/2019 LKR	2017/2018 LKR
Cash flows from / (used in) operating activities			
Interest received		8,709	10,215
Dividend received		12,915	33,106
Net realized gain on equity investments		(94,126)	30,750
Tax paid		(77)	1,535
Operating expenses paid		(95,030)	(106,308)
Net investments in financial assets measured at amortised cost		(280,679)	(19,321)
Net investments in financial assets at fair value through profit or loss		442,912	288,065
Net cash flows from / (used in) operating activities		<u>(5,376)</u>	<u>238,042</u>
Cash flows from / (used in) financing activities			
Cash received on creation of units		532,012	13,651
Cash paid on cancellation of units		(816,587)	(279,592)
Net cash flows from / (used in) financing activities		<u>(284,575)</u>	<u>(265,941)</u>
Net increase / (decrease) in cash and cash equivalents		(289,951)	(27,899)
Cash and cash equivalents at the beginning of the financial year		499,277	527,176
Cash and cash equivalents at the end of the financial year	5	<u><u>209,326</u></u>	<u><u>499,277</u></u>

The accounting policies and notes from 1 to 14 form an integral part of these financial statements.



**PREMIER GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. General information

1.1 General

Premier Growth Fund ("the fund") is an open ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The fund was launched in September 2012.

The management company of the fund, "Premier Wealth Management Limited"; is a fully owned subsidiary of Ceylinco Seraka Limited, which is incorporated and domiciled in Sri Lanka. The registered office of the Manager and its principal place of business is located at No.02, Gower Street, Colombo 05. The Trustee of the fund is Hatton National Bank PLC having an established business place at Hatton National Bank PLC, Custodian & Trustee Services, HNB Towers (Level 15), No. 479, T B Jayah Mawatha, Colombo 10, Sri Lanka.

Deutsche Bank - A.G. Colombo branch functioned as the trustee until 15 February 2019 and Hatton National Bank PLC took over as trustee with effect from 16 February 2019.

1.2 Date of authorization for issue

The financial statements of the fund for the year ended 31 March 2019 were authorized for issue by the fund management company and the trustee on 12 June 2019.

2. Preparation of financial statements

2.1 Basis of preparation

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. The financial statements have been prepared on the historical cost basis, except as noted in the following accounting policies. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR).

2.2 Statement of compliance

These financial statements which comprise the statement of financial position as at 31st March 2019, statement of comprehensive income, statement of changes in unit holders' funds and statement of cash flows for the period ended and a summary of significant accounting policies and other explanatory information have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka and the requirement of the unit trust code of the Securities and Exchange Commission of Sri Lanka.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.



2.3 Significant accounting judgments, estimates and assumptions - (Contd..)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

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 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Techniques which use inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 : Techniques which use inputs that are not based on observable market data.

2.4 Summary of significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in these statements.

2.4.1 Changes in significant accounting policies- SLFRS 9 Financial Instruments

SLFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities and replaces LKAS - 39 Financial Instruments: Recognition and Measurement. The fund has applied SLFRS 9- Financial Instruments from 1 April 2018. Due to the transition methods chosen by the fund in applying this standard, comparative information in these financial statements has not been restated to reflect the requirements of the new standard.

Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial assets is managed and its contractual cash flow characteristics. SLFRS 9 eliminates classification categories of held to maturity, loans and receivables and available for sale that were available under LKAS 39. SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities.



Classification and measurement of financial assets and financial liabilities - (Contd..)

The adoption of SLFRS 9 has not had a significant effect on the fund's accounting policies and the financial statements. The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the fund's financial assets and financial liabilities as at 01 April 2018.

	Classification under LKAS 39	Classification under SLFRS 9	Carrying amount under LKAS 39 LKR.	Carrying amount under SLFRS 9 LKR.
Financial assets				
Quoted securities at fair value through profit or loss	Financial assets - Fair value through profit or loss	Financial assets - Fair value through profit or loss	494,714	494,714
Account receivables	Loans and receivables	Financial assets measured at amortised cost	19,321	19,321
Financial liabilities				
Accrued expenses	Financial liabilities	Financial liabilities	87,821	87,821

Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39. For assets under the scope of the SLFRS 9 impairment model, impairment losses are expected to increase and could become more volatile.

2.4.2 Financial instruments- Policy applicable after 1 April 2018**(i) Recognition and initial measurement**

All financial assets are initially recognized on the date 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.

A financial asset is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVOCI. 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.



A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

(iii) Subsequent measurement and gains and 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 on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(iv) Impairment

The fund recognizes 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 ECL 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.

Credit-impaired financial assets

At each reporting date, the fund assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:-

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the date of the statement of financial position the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.



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

(v) Transition

Changes in the accounting policies resulting from the adoption of SLFRS 9 have been applied with effect from 1 April 2018.

The fund used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Accordingly, the information presented for 2017/18 does not reflect the requirements of SLFRS 9, but rather those of LKAS 39.

Financial instruments which were classified as loans and receivables under LKAS 39 are now carried at amortised cost in the financial statements. However, there is no difference in the measurement basis between LKAS 39 and SLFRS 9 for the instruments classified under amortised cost, and therefore there is no impact on the carrying value of these instruments.

Therefore, the adoption of SLFRS 9 did not change the carrying value of the fund's financial instruments. Hence, a reconciliation is not presented.

2.4.3 Financial assets –Policy applicable prior 1 April 2018**Initial recognition and measurement**

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management intention in acquiring them. Accordingly, fund's financial assets have been classified as loans and receivables and financial assets at Fair Value through Profit or Loss.

Loans and receivables

Loans and receivables are not derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables in the statement of financial position comprise of investments in treasury securities, commercial papers, buy and sell back trust certificates and fixed deposits and measured using the amortised cost using the effective interest method less any impairment.

Financial assets at fair value through profit or loss

The fund classifies financial assets as financial assets recognised through profit or loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Financial assets recognised through profit or loss are recorded and measured in the Statement of Financial Position at fair value. Changes in fair value are recognised in net gains/ (losses) from financial investments at fair value through profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Changes in fair value are recognised in the 'unrealised gains/ (losses) on financial assets held at fair value through profit or loss' in the statement of profit or loss.

2.4.4 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognized in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.



2.4.5 Derecognition

Financial assets

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right 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 recognized 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 derecognized.

Financial liabilities

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 recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

2.4.6 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 recognized amounts and
- There is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

2.4.7 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

2.4.8 Payables and provisions

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

Provisions are recognized 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.

2.4.9 Recognition of income

Income is recognized to the extent that it is probable that the future economic benefits will flow to the fund and the revenue can be reliably measured. The following specific criteria must also be met before interest income is recognized.

(i) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income of treasury securities, fixed income securities are recognized gross of or withholding tax or notional tax as applicable up to 31 March 2018 and thereafter net of withholding tax or notional tax due to the changes in the new inland Revenue Act No. 24 of 2017.



2.4.9 Recognition of income (Contd...)**(ii) Dividend income**

Income is recognized when the right to receive the dividend is established, normally being the ex-dividend date. Dividend income is recognized net of withholding tax, if any.

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

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

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

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

2.4.10 Expenditure recognition

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

The management participation fee of the fund is as follows:

Management Fee -	1.15% p.a of Net Assets Value of the Fund
Trustee Fee -	0.20% p.a of Net Assets Value of the Fund
Custodian Fee -	Rs. 10,000 per month

Management fee and trustee fee had not charge on the fund considering the size of the fund, but custodian fee was commenced to charge on 16 February 2019 onwards.

2.4.11 Taxation

Profits are taxable at the rate of 10% in accordance with the Inland Revenue Act No. 10 of 2006 for the period up to 31 March 2018 and Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unitholders in accordance with the new Inland Revenue Act No. 24 of 2017.

Provision for taxation has not been made in the current year, based on the provisions of Inland Revenue Act No. 24 of 2017.

2.4.12 Unit holders' funds and net assets attributable to unit holders

Unit holders' funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to 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 directive issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.



	2018/2019 LKR	2017/2018 LKR
3. Interest income		
Interest on deposits	9,767	10,215
	<u>9,767</u>	<u>10,215</u>

Interest income on fixed income securities have been recognised gross of withholding tax in the comparative period. In the current period, interest on fixed income securities have been recognized on net basis as the fund is treated as a tax pass through vehicle as per the Inland Revenue Act No. 24 of 2017.

4. Income tax expense		
Income tax recognized in profit or loss (Note 4.1)	-	-
	<u>-</u>	<u>-</u>

4.1 The tax charges for the year reconciled to the accounting profit as follows:

Accounting profit chargeable for current tax	-	2,651
Tax effect on chargeable profits	-	265
Tax effect on allowable income	-	(10,673)
Tax effect on disallowable expenses	-	258
Tax effect on trade losses	-	10,150
Current tax expense	<u>-</u>	<u>-</u>

- 4.2** The fund has calculated the income tax liability up to 31 March 2018 in accordance with the previous Inland Revenue Act, No. 10 of 2006 and following the enactment of the new Inland Revenue Act, No. 24 of 2017 effective from 1 April 2018, the fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle. Hence no provision for the income tax was made in the financial statements for the current year.

	2018/2019 LKR	2017/2018 LKR
5. Cash and cash equivalents		
Cash at bank - Deutsche Bank AG	-	286,868
Cash at bank - Hatton National Bank PLC	102,466	-
Cash at CDS accounts	106,860	212,409
	<u>209,326</u>	<u>499,277</u>



6. Financial assets - Fair value through profit or loss

	31.03.2019		31.03.2018	
	No. of Shares	Market Value LKR	No. of Shares	Market Value LKR
Banks, Finance & Insurance				
People's Leasing & Finance PLC	-	-	5,025	79,395
Union Bank	-	-	5,000	64,000
	-	-	10,025	143,395
Diversified Holdings				
Softlogic Holdings PLC	-	-	4,070	100,122
Renuka Holdings PLC	1,965	26,331	3,805	76,100
	1,965	26,331	7,875	176,222
Manufacturing				
Textured Jersey Lanka PLC	695	21,128	2,460	78,474
	695	21,128	2,460	78,474
Power and Energy				
Vallible Power Erathna PLC	1,392	8,213	2,500	18,250
	1,392	8,213	2,500	18,250
Land & Property				
Overseas Realty (Ceylon) PLC	2,295	37,638	4,330	78,373
	2,295	37,638	4,330	78,373
	6,347	93,310	27,190	494,714

	31.03.2019 LKR	31.03.2018 LKR
7. Financial assets measured at amortised cost		
Investments in deposits	301,058	-
Account receivables	-	19,321
	<u>301,058</u>	<u>19,321</u>

7.1 The financial instruments categorised under amortised cost were recorded under the loans and receivables in the audited financial statements as at 31 March 2018.

	Amortised Cost LKR	As a % of net asset value as at 31.03.2019	Amortised Cost LKR	As a % of net asset value as at 31.03.2018
7.2 Investments in fixed deposits				
LB Finance PLC	75,254	2.43%	-	-
Vallible Finance PLC	75,273	2.44%	-	-
Siyapatha Finance PLC	75,254	2.43%	-	-
Citizens Development Business Finance PLC	75,277	2.44%	-	-
	<u>301,058</u>	<u>9.74%</u>	<u>-</u>	<u>-</u>

All the values presented as the percentage of net assets calculated based on the net asset value shown in the note 10.



	31.03.2019 LKR	31.03.2018 LKR
8. Income tax receivable		
Balance at the beginning of the year	58,103	59,638
Income tax expense for the year	-	-
Withholding taxes deducted during the year	77	1,041
Write-off of tax receivable	-	(2,576)
Balance at the end of the year	<u>58,180</u>	<u>58,103</u>
9. Accrued expenses		
Custodian fees	16,282	-
Auditor's remuneration	96,603	87,821
	<u>112,885</u>	<u>87,821</u>

10. Capital management

The fund's capital is represented by redeemable units with no par value. Reconciliation between the net assets attributable to unit holders as per financial statements and valuation is shown below;

	31.03.2019		31.03.2018	
	Units	LKR.	Units	LKR.
Units at the beginning of the year	120,177.1	988,361	152,391.6	1,251,398
Units issued during the year	551,232.4	3,127,245	1,694.2	13,904
Units redeemed/ cancelled during the year	(113,276.3)	(816,587)	(33,908.7)	(279,592)
Increase in net assets attributable to unit holders	-	(150,030)	-	2,651
Net assets as per financial statements	<u>558,133.2</u>	<u>3,148,989</u>	<u>120,177.1</u>	<u>988,361</u>
Adj: Income tax receivable	-	(58,180)	-	(58,103)
Other audit adjustments	-	-	-	10,840
Net assets as per valuation	<u>558,133.2</u>	<u>3,090,809</u>	<u>120,177.1</u>	<u>941,098</u>

The creation price was at LKR. 5.82 per unit (31 March 2018- LKR. 8.28) and the redemption price was at LKR. 5.53 per unit (31 March 2018- LKR. 7.78) as at 31 March 2019.



11. Related party transactions

The following have been identified as related parties to Premier Money Market Fund in accordance with LKAS 24 for the reasons stated below.

Responsible entity

The fund management company, Premier Wealth Management Limited is a subsidiary of Ceylinco Seraka Limited. The company's ultimate parent entity and controlling party is Inventue (Private) Limited which is incorporated and domiciled in Sri Lanka.

Key management personnel

Mr. Sujeewa Kumarapperuma, Mr. Asoka Sirisena and Mr. Hemantha Chandana, are the board of directors of Premier Wealth Management Limited.

a) Key management personnel unit holdings

None of the key management personnel of Premier Wealth Management Limited entered into any transaction with the fund during the year.

b) Other transactions with the Fund

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

c) Transactions with the related entities

The numbers of units held by the management in the fund are as follows;

Unit Holder	Nature of relationship	Transactions during the period		Unit holding as at 31.03.2019	
		Investments LKR	Redemptions LKR	No. of units	Fair value LKR
Premier Wealth Management Limited	Management company	2,600,000	-	465,950	2,581,362

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:

Name of the company	Nature of relationship	Nature of the transaction	Transaction value	Balance outstanding as at 31.03.2019
			LKR	LKR
Premier Wealth Management Limited	Fund management company	Management fees	-	-
Deutsche Bank - AG	Trustee and custodian	Trustee fees	-	-
		Custodian fees	-	-
Hatton National Bank PLC	Trustee and custodian	Trustee fees	-	-
		Custodian fees	16,282	16,282



11. Related party transactions (Contd...)

Deutsche Bank - A.G. Colombo branch functioned as the trustee until 15 February 2019 and there after Hatton National Bank PLC took over the duties of trustee.

The fund maintains a current account with the Trustee, Hatton National Bank PLC through which all settlements of transactions of the fund were made.

	31.03.2019 LKR.	31.03.2018 LKR.
Bank balance held at Hatton National Bank PLC	102,466	-
Bank balance held at Deutsche Bank AG	-	286,868

12. Financial instruments and risk management**(a) Financial instruments**

The Fund's principal financial assets comprise investments in equity securities, fixed income securities and cash at bank. The main purpose of these financial instruments is to generate returns on the investments made by the unit holders. The fund also has other financial instruments such as receivables and payables which arise directly from its operations.

(b) Financial risk management objectives, policies and processes

Risk arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The fund is exposed to market risk, credit risk and liquidity risk.

(c) 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.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. As such, unit holders can manage this risk through their choices of which investment portfolios to participate in.

i. Price risk

Movements in share prices directly affect the value of investments in the Premier Growth Fund because of the volatility in future prices of investments held by the fund are uncertain. To minimize the impact of price movements in individual shares, the fund holds a portfolio of stocks at maximum limit of 95% of the net assets attributable to unit holders of which diversified across multiple industry sectors covering growth stocks, and value stocks. The balance 5% is invested in short term investment less than three months as repurchase agreements and bank deposits. Further, the investment team carries out detailed investment research to pick investments from its working list of stocks.

The following sensitivity analysis summarizes the fund's sensitivity for the movements of the prices. This has been evaluated based on the managements best estimates including historical correlation of the funds. However, the actual movements in the risk variables may be different from the expected performance due to market and economic factors.

Impact on operating profit/Net assets attributable to unit holders	31.03.2019 Rs.	31.03.2018 Rs.
Change in price of the fund's investment in financial instruments		
+ 10%	9,331	49,471
- 10%	(9,331)	(49,471)



ii. Interest rate risk

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

The Fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to the investments.

The following sensitivity analysis demonstrate the fund's sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

Impact on operating profit/ net assets attributable to unit holders	31.03.2019 Rs.	31.03.2018 Rs.
Change in interest rates of the fund's investment in financial instruments		
+ 1%	98	102
- 1%	(98)	(102)

(d) Credit risk

Credit risk is the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss.

The funds exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the amortised cost of these instruments as detailed below. It's the fund's policy to enter into financial instruments with reputable counterparties.

Risk concentration of credit risk exposure

To reduce the likelihood of this risk, the fund adheres to the maximum permissible single issuer exposure of 15% as per the unit trust code, and the investment team would reduce this limit further for selected issuers based on in-house credit research and due diligence.

Concentration of credit risk is managed by counterparty and by market sector. The fund is also subject to credit risk on its bank balances and receivables. The credit risk exposure on these instruments is not deemed to be significant.

The fund's exposure to credit risk on fixed income securities can be analysed as follows;

	31.03.2019 Amount LKR	31.03.2018 Amount LKR
Credit rating of counterparties		
A-	150,507	-
BBB+	75,278	-
BBB	75,273	-
	<u>301,058</u>	<u>-</u>



(e) Liquidity risk

The risk that the fund will encounter difficulty in raising funds to meet its obligations to pay its unit holders. To enhance the liquidity, the fund investments in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the fund invests within established limits to ensure that there was no concentration of risk.

The following table analyses the fund's maturity groupings based on the remaining period at the end of reporting period.

Assets	31.03.2019				Total
	upto 3 months	3-12 months	1-3 years	un-classified	
Cash and cash equivalents	209,326	-	-	-	209,326
Receivable on unit creations	2,600,000	-	-	-	2,600,000
Financial assets at fair value through profit or loss	93,310	-	-	-	93,310
Financial assets measured at amortised cost	150,531	150,527	-	-	301,058
Income tax receivable	-	-	-	58,180	58,180
	<u>3,053,167</u>	<u>150,527</u>	<u>-</u>	<u>58,180</u>	<u>3,261,874</u>
Liabilities	31.03.2019				Total
	Up to 3 months	3-12 months	1-3 years	Un-classified	
Accrued expenses	16,282	96,603	-	-	112,885
	<u>16,282</u>	<u>96,603</u>	<u>-</u>	<u>-</u>	<u>112,885</u>



(e) Liquidity risk (Contd...)

Assets	31.03.2018				Total
	upto 3 months	3-12 months	1-3 years	un-classified	
Cash and cash equivalents	499,277	-	-	-	499,277
Receivable on unit creations	4,767	-	-	-	4,767
Financial assets at fair value through profit or loss	494,714	-	-	-	494,714
Financial assets measured at amortised cost	19,321	-	-	-	19,321
Income tax receivable	-	-	-	58,103	58,103
	1,018,079	-	-	58,103	1,076,182
Liabilities					
	31.03.2018				Total
	upto 3 months	3-12 months	1-3 years	un-classified	
Accrued expenses	-	87,821	-	-	87,821
	-	87,821	-	-	87,821

13. Commitments and contingencies

There were no significant commitments and/or contingent liabilities existing as at the reporting date which require adjustments to or disclosures in the financial statements.

14. Events after the reporting period

There were no significant events occurred after the reporting period which require adjustments to or disclosure in the financial statements.



**PREMIER MONEY MARKET FUND
FINANCIAL STATEMENTS TOGETHER
WITH AUDITOR'S REPORT
FOR THE YEAR ENDED
31 MARCH 2019**



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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF PREMIER MONEY MARKET FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Premier Money Market Fund ("the fund") which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes 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 March 2019, 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 CA Sri Lanka (Code of Ethics), 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.

Emphasis of Matter

We draw attention to note 11 of the financial statements, which describes the reasons for the decrease in the number of unit holders as at 31 March 2019. As per the explanatory memorandum, the fund should have at least 50 unit holders. However the number of unit holders have reduced to 28 unit holders as at 31 March 2019. Our opinion is not modified in respect of this matter.

Other Information

The Manager and the Trustee are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

The Manager and the Trustee are responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Manager and Trustee determine 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 and Trustee 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 and trustee 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.

P. E. A. Jayewickreme, M. B. Ismail, Ms. S. L. Jayasuriya, G. J. David, Ms. F. M. Marikkar, Ms. M. S. J. Henry, R. H. M. Minfaz, Ms. S. Y. Kodagoda



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and trustee.
- Conclude on the appropriateness of manager's and trustee'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

These financial statements also comply with the requirements of the Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the trust deed.


SJMS ASSOCIATES
 Chartered Accountants
 Colombo
 12 June 2019

**PREMIER MONEY MARKET FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2018/2019 LKR.	2017/2018 LKR.
Investment income			
Interest income	3	21,605,952	231,729,250
Total investment income		<u>21,605,952</u>	<u>231,729,250</u>
Expenses			
Management fees		(802,127)	(6,274,581)
Trustee and custodian fees		(803,111)	(3,381,545)
Audit fees		(131,731)	(119,756)
Professional fees		(61,475)	(61,751)
Other expenses		<u>(9,205)</u>	<u>(299,206)</u>
Total operating expenses		<u>(1,807,649)</u>	<u>(10,136,839)</u>
Net operating profit		19,798,303	221,592,411
Finance costs	4	<u>(62,145)</u>	<u>(1,427,835)</u>
Net operating profit after deductions and before tax		19,736,158	220,164,576
Income tax expense	5	-	(22,039,292)
Increase in net assets attributable to unit holders		<u><u>19,736,158</u></u>	<u><u>198,125,284</u></u>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.



**PREMIER MONEY MARKET FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Note	31.03.2019 LKR.	31.03.2018 LKR.
Assets			
Cash and cash equivalents	6	85,181	478,306
Receivable on unit creation		25,198	-
Financial assets measured at amortised cost	7	157,326,251	354,059,235
Income tax receivable	8	3,209,871	3,209,165
Total assets		160,646,501	357,746,706
Unit holders' funds and liabilities			
Liabilities			
Accrued expenses	9	288,271	469,026
Payable on units redeemed	10	10,100,000	111,481,451
Total liabilities (excluding net assets attributable to unit holders)		10,388,271	111,950,477
Unit holders' funds			
Net assets attributable to unit holders		150,258,230	245,796,229
Total unit holders' funds and liabilities		160,646,501	357,746,706

The fund management company and the trustee are responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting standards.

These financial statements were approved by the fund management company and the trustee on 12 June 2019.

PREMIER WEALTH MANAGEMENT LIMITED

 Director

Premier Wealth Management Limited
Fund Management Company



Hatton National Bank PLC
Trustee

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.



**PREMIER MONEY MARKET FUND
STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2019**

	2018/2019 LKR.	2017/2018 LKR.
Unit holders' funds at the beginning of the year	245,796,229	1,191,508,354
Increase in net assets attributable to unit holders	19,736,158	198,125,284
Received on unit creations	21,831,738	2,248,290,352
Payments on unit redemptions	(137,105,895)	(3,392,127,761)
Unit holders' funds at the end of year	<u>150,258,230</u>	<u>245,796,229</u>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.



**PREMIER MONEY MARKET FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2018/2019 LKR.	2017/2018 LKR.
Cash flows from / (used in) operating activities		
Interest received	33,763,312	226,617,182
Net investment in securities	184,575,624	956,864,146
Net increase in financial liabilities	(101,381,451)	(4,957,590)
Tax paid	(706)	(23,079,534)
Operating expenses paid	(1,988,404)	(10,293,521)
Net cash flows from / (used in) operating activities	<u>114,968,375</u>	<u>1,145,150,683</u>
 Cash flows from / (used in) financing activities		
Cash received on creation of units	21,806,540	2,248,360,352
Cash paid on redemption of units	(137,105,895)	(3,392,127,761)
Interest paid on borrowings	(62,145)	(1,458,141)
Net cash flows from / (used in) financing activities	<u>(115,361,500)</u>	<u>(1,145,225,550)</u>
 Net increase / (decrease) in cash and cash equivalents	(393,125)	(74,867)
Cash and cash equivalents at the beginning of the period	478,306	553,173
Cash and cash equivalents at the end of the period (Note 6)	<u><u>85,181</u></u>	<u><u>478,306</u></u>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.



**PREMIER MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. General information

1.1 General

Premier Money Market Fund ("the fund") is an open ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The fund was launched in 15 July 2014.

The management company of the trust, "Premier Wealth Management Limited"; is a fully owned subsidiary of Ceylinco Seraka Limited, which is incorporated and domiciled in Sri Lanka. The registered office of the Manager and its principal place of business is located at No.02, Gower Street, Colombo 05. The Trustee of the fund is Hatton National Bank PLC having an established business place at Hatton National Bank PLC, Custodian & Trustee Services, HNB Towers (Level 15), No. 479, T B Jayah Mawatha, Colombo 10, Sri Lanka.

Deutsche Bank - A.G. Colombo branch functioned as the trustee until 15 February 2019 and Hatton National Bank took over as trustee with effect from 16 February 2019.

1.2 Date of authorization for issue

The financial statements of the fund for the year ended 31 March 2019 were authorized for issue by the fund management company and the trustee on 12 June 2019.

2. Preparation of financial statements

2.1 Basis of preparation

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. The financial statements have been prepared on the historical cost basis, except as noted in the following accounting policies. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR).

2.2 Statement of compliance

These financial statements which comprise the statement of financial position as at 31st March 2019, statement of comprehensive income, statement of changes in unit holders' funds and statement of cash flows for the period ended and a summary of significant accounting policies and other explanatory information have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka and the requirement of the unit trust code of the Securities and Exchange Commission of Sri Lanka.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.



2.3 Significant accounting judgments, estimates and assumptions - (Contd.)

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. Following are the key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

2.4 Summary of significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in these statements.

Classification and measurement of financial assets and financial liabilities

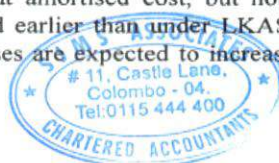
SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial assets is managed and its contractual cash flow characteristics. SLFRS 9 eliminates classification categories of held to maturity, loans and receivables and available for sale that were available under LKAS 39. SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities.

The adoption of SLFRS 9 has not had a significant effect on the fund's accounting policies and the financial statements. The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the fund's financial assets and financial liabilities as at 01 April 2018.

	Classification under LKAS 39	Classification under SLFRS 9	Carrying amount under LKAS 39 LKR.	Carrying amount under SLFRS 9 LKR.
Financial assets				
Investments in treasury bills repos	Loans and receivables	Amortised cost	9,605,918	9,605,918
Investments in trust certificate	Loans and receivables	Amortised cost	254,600,574	254,600,574
Investments in deposits	Loans and receivables	Amortised cost	57,920,489	57,920,489
Investments in commercial papers	Loans and receivables	Amortised cost	31,932,254	31,932,254
Financial liabilities				
Accrued expenses	Financial	Financial liabilities	469,026	469,026
Other financial liabilities	Financial liabilities	Financial liabilities	111,481,451	111,481,451

Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39. For assets under the scope of the SLFRS 9 impairment model, impairment losses are expected to increase and could become more volatile.



2.4.1 Financial instruments- Policy applicable after 1 April 2018**(i) Recognition and initial measurement**

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

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVOCI. 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.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

(iii) Subsequent measurement and gains and 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 on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(iv) Impairment

The fund recognizes 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 ECL 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.



Credit-impaired financial assets

At each reporting date, the fund assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:-

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the date of the statement of financial position the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

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

(v) Transition

Changes in the accounting policies resulting from the adoption of SLFRS 9 have been applied with effect from 1 April 2018.

The fund used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Accordingly, the information presented for 2017/18 does not reflect the requirements of SLFRS 9, but rather those of LKAS 39.

Financial instruments which were classified as loans and receivables under LKAS 39 are now carried at amortised cost in the financial statements. However, there is no difference in the measurement basis between LKAS 39 and SLFRS 9 for the instruments classified under amortised cost, and therefore there is no impact on the carrying value of these instruments.

Therefore, the adoption of SLFRS 9 did not change the carrying value of the fund's financial instruments. Hence, a reconciliation is not presented.

2.4.2 Financial assets –Policy applicable prior 1 April 2018**Initial recognition and measurement**

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management intention in acquiring them. Accordingly, fund's financial assets have been classified as loans and receivables.

Loans and receivables

Loans and receivables are not derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables in the statement of financial position comprise of investments in treasury securities, commercial papers, buy and sell back trust certificates and fixed deposits and measured using the amortised cost using the effective interest method less any impairment.



2.4.3 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognized in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.

2.4.4 Derecognition**Financial assets**

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right 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 recognized 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 derecognized.

Financial liabilities

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 recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

2.4.5 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 recognized amounts and
- There is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

2.4.6 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

2.4.7 Payables and provisions

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

Provisions are recognized 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.



2.4.8 Recognition of income

Income is recognized to the extent that it is probable that the future economic benefits will flow to the fund and the revenue can be reliably measured. The following specific criteria must also be met before interest income is recognized.

(i) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income of treasury securities, fixed income securities are recognized gross of or withholding tax or notional tax as applicable up to 31 March 2018 and thereafter net of withholding tax or notional tax due to the changes in the new inland Revenue Act No. 24 of 2017.

2.4.9 Expenditure recognition

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

The management participation fees, the trustee fees and custodian fees of the fund are as follows.

Management and registration fee	- 0.35% of Net asset value of the fund
Trustee fee	- 0.20% of Net asset value of the fund
Custody fee	- Flat fee of Rs. 240,000 per annum

2.4.10 Taxation

Profits are taxable at the rate of 10% in accordance with the Inland Revenue Act No. 10 of 2006 for the period up to 31 March 2018 and Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unitholders in accordance with the new Inland Revenue Act No. 24 of 2017.

Provision for taxation has not been made in the current year, based on the provisions of Inland Revenue Act No. 24 of 2017.

2.4.11 Unit holders' funds and net assets attributable to unit holders

Unit holders' funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to 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 directive issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Dividend to unit holders is declared according to Explanatory Memorandum. Dividend to unit holders is recognized in the Statement of Changes in unit holders' funds as a distribution. Income not distributed is included in net assets attributable to unit holders.



	2018/2019 LKR	2017/2018 LKR
3. Interest income		
Interest on repos	733,263	3,787,529
Interest on sale and buy back treasury bonds	-	13,264,937
Interest on trust certificate	10,811,415	31,623,399
Interest on deposits	9,953,198	93,411,568
Interest on commercial papers	108,076	89,641,817
	<u>21,605,952</u>	<u>231,729,250</u>

Interest income on treasury bills repurchase agreements and fixed income securities have been recognised gross of notional tax and withholding tax in the comparative period. In the current period, notional tax is not applicable as per new Inland Revenue Act No. 24 of 2017 and interest on fixed income securities have been recognized on net basis as the fund is treated as a tax pass through vehicle.

4. Finance cost		
Bank charges	62,145	142,529
Interest expenses	-	1,285,306
	<u>62,145</u>	<u>1,427,835</u>

5. Income tax expense		
Income tax recognized in profit or loss (Note 5.1)	-	22,039,292

5.1 The tax charges for the year reconciled to the accounting profit as follows:

Accounting profit chargeable for current tax	-	220,164,576
Tax effect on chargeable profits	-	22,016,458
Adjusted for the tax effect of:		
Tax effect on allowable credits	-	-
Tax effect on non deductible expenses	-	-
Interest Received relevant to prior year	-	109,250
Interest receivable on Fixed deposits	-	(86,416)
Current tax expense	-	<u>22,039,292</u>
Effective tax rate	N/A	10.01%

	31.03.2019 LKR	31.03.2018 LKR
6. Cash at bank		
Cash at bank - Deutsche Bank AG	-	478,306
Cash at bank - Hatton National Bank PLC	85,181	-
	<u>85,181</u>	<u>478,306</u>



	31.03.2019 LKR	31.03.2018 LKR
7. Financial assets measured at amortised cost		
Investments in treasury bills repos (Note 7.2)	15,210,744	9,605,918
Investments in trust certificate (Note 7.3)	38,018,070	254,600,574
Investments in fixed deposits (Note 7.4)	104,097,437	57,920,489
Investments in commercial papers (Note 7.5)	-	31,932,254
	<u>157,326,251</u>	<u>354,059,235</u>

7.1 The financial instruments categorised under amortised cost were recorded under the loans and receivables in the audited financial statements as at 31 March 2018.

	Amortised cost LKR	As a % of net asset value as at 31.03.2019	Amortised cost LKR	As a % of net asset value as at 31.03.2018
7.2 Investments in treasury bills repos				
Hatton National Bank PLC	15,210,744	10.34%	-	-
Acuity Securities Ltd	-	-	9,605,918	3.96%
	<u>15,210,744</u>	<u>10.34%</u>	<u>9,605,918</u>	<u>3.96%</u>
7.3 Investments in trust certificates				
People's Leasing & Finance PLC	38,018,070	25.85%	130,152,628	53.64%
Citizens Development Business Finance PLC	-	-	124,447,946	51.29%
	<u>38,018,070</u>	<u>25.85%</u>	<u>254,600,574</u>	<u>104.94%</u>
7.4 Investments in fixed deposits				
Richard Pieris Finance Ltd	-	-	57,486,133	23.69%
Vallible Finance PLC	10,068,973	6.85%	-	-
LB Finance PLC	31,574,747	21.47%	-	-
DFCC Bank PLC	31,341,911	21.31%	-	-
Commercial Credit & Finance PLC	31,111,806	21.16%	434,356	0.18%
	<u>104,097,437</u>	<u>70.79%</u>	<u>57,920,489</u>	<u>23.87%</u>
7.5 Investment in commercial papers				
Lanka Orix Leasing Co. PLC	-	-	31,932,254	13.16%
	<u>-</u>	<u>-</u>	<u>31,932,254</u>	<u>13.16%</u>

All the values presented as the percentage of net assets calculated based on the net asset value shown in the note 11.



	31.03.2019 LKR	31.03.2018 LKR
8. Income tax receivable		
Balance at the beginning of the year	3,209,165	2,168,923
<i>Current tax assets</i>		
Notional tax credit	-	4,867,587
Withholding tax receivable	706	18,211,947
	<u>3,209,871</u>	<u>25,248,457</u>
<i>Current tax liabilities</i>		
Income tax payable	-	(22,039,292)
Balance at the end of the year	<u>3,209,871</u>	<u>3,209,165</u>
9. Accrued expenses		
Management fees	73,931	209,504
Trustee fees	48,583	116,326
Custodian fees	34,026	23,440
Auditor's remuneration	131,731	119,756
	<u>288,271</u>	<u>469,026</u>
10. Payable on units redeemed		
Payable on units redeemed	10,100,000	111,481,451
	<u>10,100,000</u>	<u>111,481,451</u>

11. Capital management

The fund's capital is represented by redeemable units with no par value. Reconciliation between the net assets attributable to unit holders as per financial statements and valuation is shown below;

	31.03.2019		31.03.2018	
	Units	LKR.	Units	LKR.
Units at the beginning of the year	17,190,357.0	245,796,229	94,008,965.5	1,191,508,354
Units issued during the year	1,537,207.3	21,831,738	170,909,279.4	2,248,290,352
Units redeemed/ cancelled during the year	(9,168,175.5)	(137,105,895)	(247,727,887.9)	(3,392,127,761)
Increase in net assets attributable to unit holders	-	19,736,158	-	198,125,284
Net assets as per financial statements	<u>9,559,388.8</u>	<u>150,258,230</u>	<u>17,190,357.0</u>	<u>245,796,229</u>
Adj: Income tax receivable	-	(3,209,871)	-	(3,209,165)
Other audit adjustments	-	-	-	36,019
Net assets as per valuation	<u>9,559,388.8</u>	<u>147,048,359</u>	<u>17,190,357.0</u>	<u>242,623,082</u>

The creation price was at LKR. 15.3826 per unit (31 March 2018- LKR. 14.1139) and the redemption price was at LKR. 15.3826 per unit (31 March 2018- LKR. 14.1139) as at 31 March 2019.

With the changes made to the taxation regime by the adoption of the Inland Revenue Act No. 24 of 2017, the number of unit holders of the fund as at reporting date was decreased to 28. However, the number of unit holders of the fund increased to the required level as at 31st May 2019 (No. of unit holders as at 31st May 2019 - 52)



12. Related party transactions

The following has been identified as related party of Premier Money Market Fund in accordance with LKAS 24 for the reasons stated below.

Responsible entity

The fund management company, Premier Wealth Management Limited is a subsidiary of Ceylinco Seraka Limited. The company's ultimate parent entity and controlling party was Ceylinco Insurance PLC up to 27 November 2018 and due to the change in group structure the current ultimate parent of the company is Inventue (Private) Limited which is incorporated and domiciled in Sri Lanka.

Key management personnel

Mr. Sujeewa Kumarapperuma, Mr. Asoka Sirisena and Mr. Hemantha Chandana, are the board of directors of Premier Wealth Management Limited.

a) Key management personnel unit holdings

None of the key management personnel of Premier Wealth Management Limited entered in to any transaction with the fund during the year.

b) Other transactions with the fund

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

c) Transactions with the related entities

The number of units held by the management in the fund are as follows:

Unit Holder	Nature of relationship	Transactions during the period		Unit holding as at 31.03.2019	
		Investments LKR	Redemptions LKR	No. of units	Fair value LKR
Premier Wealth Management Limited	Management company	18,000,000	18,850,000	258,943.3	3,983,221
Serene Resorts Ltd	Member of same group (up to 27.11.2018)	-	10,000,000	-	-

Due to the changes in group structure, the related party status of Serene Resorts Ltd ceased on 27 November 2018. Therefore transactions with Serene Resorts Ltd disclosed for the period starting from 01 April 2018 to 27 November 2018 and unit balance as at 31 march 2019 is not disclosed.

The Management company has paid a compensation amounting to LKR. 543,044.97 to the fund in order to rectify the error in valuation of Trust Certificates.



c) Transactions with the related entities (Contd...)

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:

Name of the company	Nature of relationship	Nature of the transaction	Transaction value LKR.	Balance outstanding as at 31.03.2019 LKR.
Premier Wealth Management Limited	Fund management	Management fees	802,127	73,931
Deutsche Bank - AG	Trustee & Custodian	Trustee fees Custodian fees	478,530 241,972	- -
Hatton National Bank PLC	Trustee & Custodian	Trustee fees Custodian fees	48,583 34,026	48,583 34,026

Deutsche Bank - A.G. Colombo branch functioned as the trustee until 15 February 2019 and there after Hatton National Bank PLC took over the duties of trustee.

The fund was invested in treasury bills repos through Hatton National Bank PLC.

	Interest income for the year 2018/19 LKR	Balance as at 31.03.2019 LKR	Interest income for the year 2017/18 LKR	Balance as at 31.03.2018 LKR
Hatton National Bank PLC	47,744	15,210,744	-	-

The fund maintains a current account with the Trustee, Hatton National Bank PLC through which all settlements of transactions of the funds were made.

	31.03.2019 LKR	31.03.2018 LKR
Bank balance held at Hatton National Bank PLC	85,181	-
Bank balance held at Deutsche Bank AG	-	478,306

13. Financial instruments and risk management

(a) Financial instruments

The Fund's principal financial assets comprise investments in fixed income securities and cash at bank. The main purpose of these financial instruments is to generate a return on the investments made by unit holders. The fund also has other financial instruments such as receivables and payables which arise directly from its operations.

In accordance with SLFRS 09 Financial Instruments: Recognition and Measurement, the fund's investments and receivables are classified as 'Financial instruments at amortised cost'. Payables are designated as 'Financial liabilities' at amortized cost.



(b) Financial risk management objectives, policies and processes

Risk arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The fund is exposed to market risk, liquidity risk and credit risk.

Financial instruments of the fund comprise investments in securities for the purpose of generating returns on the investments made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

Premier Wealth Management Limited has an in house investment committee comprising the fund manager, analysts, CEO, and compliance officer, which meet once a month to review such risks that affects the funds activities. The committee has defined the in-house investment policy and the risk management framework that governs the investment activities in Premier Money Market Fund. The investment committee reviews the risk management procedures and ensures the fund manager complies with the Unit Trust code, Directives passed by the SEC, and the internal investment policy.

(c) 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.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. As such, Unit holders can manage this risk through their choices of which investment portfolios to participate in.

(i) Interest rate risk

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

The Fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to the investments.

The following sensitivity analysis demonstrate the fund's sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

Impact on operating profit/Net assets attributable to unit holders	31.03.2019 LKR.	31.03.2018 LKR.
Change in interest rates of the fund investment in financial instruments		
+ 1%	216,060	2,317,293
- 1%	(216,060)	(2,317,293)

(d) Credit risk

Credit risk is the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

Risk concentration of credit risk exposure

Concentration of credit risk is managed by counterparty and by market sector. The fund is also subject to credit risk on its bank balances and receivables. The credit risk exposure on these instruments is not deemed to be significant.

The funds exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the amortised cost of these instruments as detailed below. It's the fund's policy to enter into financial instruments with reputable counterparties.



(d) Credit risk (Contd...)

The fund's exposure to credit risk can be analysed as follows;

	31.03.2019 Amount LKR.	31.03.2018 Amount LKR.
Credit rating of counterparties		
AAA	-	9,605,918
AA-	69,359,981	130,152,628
A+	15,210,744	-
A	-	31,932,254
A-	31,574,747	-
BBB	41,180,779	182,368,435
	<u>157,326,251</u>	<u>354,059,235</u>

(e) Liquidity risk

The risk that the fund will encounter difficulty in raising funds to meet its obligation to pay Unit holders. To enhance the liquidity, the fund investments in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the fund invests within established limits to ensure there is no concentration of risk.

The following table analyses the fund's maturity groupings based on the remaining period at the end of reporting period.

Assets	31.03.2019			
	up to 3 months	3-12 months	un-classified	Total
Cash and cash equivalents	85,181	-	-	85,181
Receivable on unit creation	25,198	-	-	25,198
Financial assets measured at amortised cost	157,326,251	-	-	157,326,251
Income tax receivable	-	-	3,209,871	3,209,871
	<u>157,436,630</u>	<u>-</u>	<u>3,209,871</u>	<u>160,646,501</u>
Liabilities				
	31.03.2019			
	up to 3 months	3-12 months	un-classified	Total
Accrued expenses	156,540	131,731	-	288,271
Other financial liabilities	10,100,000	-	-	10,100,000
	<u>10,256,540</u>	<u>131,731</u>	<u>-</u>	<u>10,388,271</u>



(e) Liquidity risk (Contd...)

Assets	31.03.2018			
	up to 3 months	3-12 months	un-classified	Total
Cash and cash equivalents	478,306	-	-	478,306
Financial assets measured at amortised cost	109,816,925	244,242,309	-	354,059,235
Income tax receivable	-	-	3,209,165	3,209,165
	<u>110,295,231</u>	<u>244,242,309</u>	<u>3,209,165</u>	<u>357,746,706</u>

Liabilities	31.03.2018			
	up to 3 months	3-12 months	un-classified	Total
Accrued expenses	349,270	119,756	-	469,026
Other Financial liabilities	111,481,451	-	-	111,481,451
	<u>111,830,721</u>	<u>119,756</u>	<u>-</u>	<u>111,950,477</u>

14. Commitments and contingencies

There were no significant commitments or contingent liabilities outstanding as at the reporting date which require adjustments to/and disclosures in the financial statements.

15. Events after the reporting period

There were no significant events that occurred after the reporting period which require adjustments to/and disclosures in the financial statements.



Corporate information

With Effect from 10th July 2018 Investrust Wealth Management Limited has changed its name as Premier Wealth Management Limited.

Fund Manager/ Registrar	Premier Wealth Management Limited No. 02, Gower Street, Colombo 05. Tel : +94 11 255 4110 Fax : +94 11 250 4138 E-mail : info@premierwealth.lk Web : www.premierwealth.lk
Trustee and Custodian	Hatton National Bank PLC, Head Office HNB Towers, No. 479, T B Jayah Mawatha, Colombo 10. Tel : +94 11 266 4664 +94 11 266 2772 +94 11 476 4764 Fax : +94 11 266 2814 +94 11 266 2832 Web : www.hnb.net
Fund Auditors	SJMS Associates No. 11, Castle Lane, Colombo 04. Tel : +94 11 258 0409 +94 11 544 4400 Fax : +94 11 258 2452 Web : www.deloitte.com
Bankers	Hatton National Bank PLC, Head Office HNB Towers, No. 479, T B Jayah Mawatha, Colombo 10. Tel : +94 11 266 4664 +94 11 266 2772 +94 11 476 4764 Fax : +94 11 266 2814 +94 11 266 2832 Web : www.hnb.net



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