

**CEYLON IPO FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2024**



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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CEYLON IPO FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon IPO Fund ("the Fund"), which comprise the statement of financial position as at 31st December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to Unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

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

Basis for Opinion

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

Other Matters

The financial statements of the Fund as at and for the year ended 31st December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 25th April 2024.

Other Information

Management is responsible for the other information. These financial statements does not include the other information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF CEYLON IPO FUND (CONTINUED)

Report on the Audit of the Financial Statements (continued)

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 SLAuS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

30th April 2025

CEYLON IPO FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December,

	Note	2024 Rs.	2023 Rs.
Investment income	5	5,962,614	6,653,661
Net gain on financial assets held at fair value through profit or loss	6	4,660,952	23,861,068
Total revenue		10,623,566	30,514,729
Expenses			
Management fees	7	(737,543)	(673,859)
Trustee fees	8	(178,523)	(158,961)
Audit fees & reimbursement		(405,492)	(253,578)
Professional fees	9	(105,080)	(101,458)
Other expenses	10	(25,790)	(565,887)
Total operating expenses		(1,452,428)	(1,753,744)
Increase in net assets attributable to unit holders before tax		9,171,138	28,760,986
Income tax expense	11	-	-
Increase in net assets attributable to unit holders after tax		9,171,138	28,760,986
Increase in net assets attributable to unit holders		9,171,138	28,760,986

The notes form an integral part of these financial statements

Figures in brackets indicate deductions.

**CEYLON IPO FUND
STATEMENT OF FINANCIAL POSITION**

As at 31st December,

	Note	2024 Rs.	2023 Rs.
Assets			
Cash and cash equivalents	11	25,000	25,000
Financial assets - at amortised cost	12	2,228,102	2,251,052
Financial assets - at fair value through profit or loss	13	69,982,927	69,219,246
Other receivables	14	104,869	45,073
Total assets		72,340,898	71,540,371
Liabilities			
Accrued expenses and other payables	15	467,080	462,562
Total liabilities (excluding net assets attributable to unit holders)		467,080	462,562
Net assets attributable to unit holders		71,873,818	71,077,809
Total equity and liabilities		72,340,898	71,540,371

The notes form an integral part of these financial statements

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



Director
Management Company
30th April 2025
Colombo, Sri Lanka



Director
Management Company
30th April 2025
Colombo, Sri Lanka



Trustee
30th April 2025
Colombo, Sri Lanka

CEYLON IPO FUND**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS***For the year ended 31st December,*

	2024 Rs.	2023 Rs.
Balance as at 1st January	71,077,809	62,594,633
Increase in net assets attributable to unit holders	9,171,138	28,760,986
Contributions and redemptions by unit holders		
Issue of units during the year	2,034,329	2,132,492
Redemption of units during the year	(10,409,548)	(22,410,301)
Total contributions and redemptions by unit holders	(8,375,219)	(20,277,810)
Balance as at 31st December	71,873,818	71,077,809

The notes form an integral part of these financial statements

Figures in brackets indicate deductions.

CEYLON IPO FUND
STATEMENT OF CASH FLOWS

For the year ended 31st December,

	Note	2024 Rs.	2023 Rs.
Operating activities			
Interest received		508,363	560,209
Dividend received	5	644,136	541,304
Debenture interest received		5,818,063	5,835,728
Management fees and trustee fees paid		(908,478)	(826,315)
Other expenses		(377,621)	(384,869)
Net investment in reverse repurchase agreements		(2,000,000)	-
Net investment from money market savings		2,020,773	796,382
Investments in corporate debentures		(2,000,000)	-
Debenture sold		14,139,605	-
Purchase of equity securities		(38,849,447)	(16,704,526)
Sale proceeds from sale of equity securities		29,379,825	30,474,862
Net cash generated from operating activities		<u>8,375,219</u>	<u>20,292,504</u>
Financing activities			
Cash received on creation of units		2,034,329	2,117,797
Cash paid on redemption of units		(10,409,548)	(22,410,301)
Net cash used in financing activities		<u>(8,375,219)</u>	<u>(20,292,504)</u>
Investment activities			
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year	11	25,000	25,000
Cash and cash equivalents at the end of the year		<u>25,000</u>	<u>25,000</u>

The notes form an integral part of these financial statements

Figures in brackets indicate deductions.

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS

Reporting entity

1. General information

Ceylon IPO Fund is a specialized IPO Fund that invests in selected IPOs, under the trust deed dated 27 June 2011 executed between Ceylon Asset Management Company Limited as Fund Manager and the Deutsche Bank AG as the Trustee. Consequently, on 1st April 2021 Hatton National Bank PLC was appointed with a revised trust deed executed on 1st April 2021. In the absence of IPOs the Fund will invest in fixed-income investments and secondary market equity shares.

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

In accordance with the Unit Trust Deed, all assets of the Fund are controlled by the trustee, and investment decisions are approved by the trustee.

2. Basis of preparation

2.1 Basis of preparation

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

2.1.1 Statement of Compliance

The financial statements which comprise the statement of financial position as at 31st December 2024, statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and cash flows statement for the year then ended, and a summary of material accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards.

2.1.2 Going Concern

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

3. Material accounting policies

3.1 Summary of material accounting policies

3.1.1 Financial assets and financial liabilities

3.1.1.1 Recognition and initial measurement

The Fund initially recognizes regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

3.1.1.2 Classification and subsequent measurement

a. Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- 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 SPPI.

All other financial assets of the Fund are measured at FVTPL.

b. Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

3. Material accounting policies (Continued)

3.1 Summary of material accounting policies (Continued)

3.1.2 Financial assets and financial liabilities (Continued)

3.1.1.1 Recognition and initial measurement (Continued)

3.1.1.2 Classification and subsequent measurement (Continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

c. Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers.

Contingent events that would change the amount or timing of cash flows;

- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features);and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.1.1.3 Subsequent measurement of financial assets

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognized in profit or loss in 'net gains (losses) from financial instruments at FVTPL' in the statement of profit or loss and other comprehensive income. Debt securities, equity investments, investments in unlisted open-ended investment funds, unlisted private equities and derivative financial instruments are included in this category.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognized in 'interest income calculated using the effective interest method', foreign exchange gains and losses are recognized in 'net foreign exchange loss' and impairment is recognized in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognized in profit or loss.

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Material accounting policies (Continued)

3.1 Summary of material accounting policies (Continued)

3.1.3 Financial assets and financial liabilities (Continued)

3.1.1.1 Recognition and initial measurement (Continued)

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

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities at FVTPL:

- Held for trading: securities sold short and derivative financial instruments.

Financial liabilities at amortised cost

- This includes audit fee payables, management fee payables, trustee fee payables, balance due to brokers.

3.1.1.5 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

3. Material accounting policies (Continued)

3.1 Summary of material accounting policies (Continued)

3.1.4 Financial assets and financial liabilities (Continued)

3.1.1.1 Recognition and initial measurement (Continued)

3.1.1.6 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

3.1.1.7 Impairment

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be BBB- or higher per Lanka Rating Limited or an equivalent rating per Fitch Rating Lanka Limited.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

3. Material accounting policies (Continued)

3.1 Summary of material accounting policies (Continued)

3.1.5 Financial assets and financial liabilities (Continued)

3.1.1.1 Recognition and initial measurement (Continued)

3.1.1.7 Impairment (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

a. Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

b. Credit-impaired financial assets

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

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; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

c. Presentation of allowance for ECLs in the statement of financial position

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

d. Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.1.1.8 Derecognition

The Fund derecognises regular-way sales of financial assets using trade-date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received.

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Material accounting policies (Continued)

3.1 Summary of material accounting policies (Continued)

3.1.6 Financial assets and financial liabilities (Continued)

3.1.1.8 Derecognition (Continued)

(including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognized.

3.1.1.9 Offsetting of financial instruments

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

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

3.1.2 Recognition of income

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

(i) Interest income

Interest income is recognized in the Income Statement using the Effective Interest Rate (EIR) method, including interest income on financial assets measured at amortised cost (AC), calculated using the EIR method.

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Material accounting policies (Continued)

3.1 Summary of material accounting policies (Continued)

3.1.2 Recognition of income (Continued)

(ii) Dividend income

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

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

The unrealised gain represents the difference between the carrying amount of the financial instrument at the beginning of the period (or transaction price if it was purchased in the current reporting period) and its carrying amount at the reporting date (or transaction consideration received if it was disposed of in the current reporting period) less any unrealised gains(losses) which have been realised in the current period.

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

The realised gain from financial instruments at FVTPL represents the difference between the transaction price when it was purchased and the consideration received on disposal. It also includes interest and dividends paid or received in cash.

3.1.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.1.4 Distributions

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

3.1.5 Expenses

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

Management fee	-	1% p.a of net asset value of the Fund
Trustee fee	-	0.2% p.a of net asset value of the Fund

3.1.6 Unit holders' funds

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

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

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. New accounting standards issued but not yet effective as at the reporting date .

A number of new standards and amendments to standards are effective for annual financial periods beginning on or after 1st January 2025 and early adoption for annual financial periods beginning after 1st January 2024 is permitted, however the Fund has not early adopted to them in preparing these Financial Statements is permitted, however the Fund has not early adopted to them in preparing these financial statements.

- Lack of Exchangeability – Amendments to LKAS 21.
- Classification and measurement of financial instruments – Amendments to SLFRS 9 and SLFRS 7.
- SLFRS 18 presentation and disclosure in financial statements.

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December,

5 Investment income	2024 Rs.	2023 Rs.
Interest income on financial assets held at fair value through profit or loss (Note 5.1)	4,811,830	5,609,798
Dividend income	644,598	487,334
Interest income on financial assets at amortised cost (Note 5.2)	506,186	556,529
	<u>5,962,614</u>	<u>6,653,661</u>
5.1 Interest income on financial assets held at fair value through profit or loss		
Debenture interest income	4,811,830	5,609,798
	<u>4,811,830</u>	<u>5,609,798</u>
5.2 Interest income on financial assets at amortised cost		
Money market savings deposits	213,670	180,384
Reverse repo interest income (Note 5.2.1)	292,516	376,145
	<u>506,186</u>	<u>556,529</u>
5.2.1 Interest income from reverse repurchase agreements is recognized on an accrual basis, reflecting the effective interest rate over the term of the agreement. This income is classified as part of the Fund's investment revenue in the statement of profit or loss and other comprehensive income.		
6 Net gain/(loss) on financial assets held at fair value through profit or loss	2024 Rs.	2023 Rs.
Listed debentures (Note 6.1)	668,287	24,826,718
Equity investments (Note 6.2)	3,992,665	(965,649)
	<u>4,660,952</u>	<u>23,861,069</u>
6.1 Net gain on listed debentures held at fair value through profit or loss		
Realized gain from listed debentures at FVTPL	140,336	-
Unrealized gain from listed debentures at FVTPL	527,951	24,826,718
	<u>668,287</u>	<u>24,826,718</u>
6.2 Net gain/(loss) on equity investments held at fair value through profit or loss		
Realized gain from equity investments at FVTPL	669,821	17,857,530
Unrealized gain/(loss) from equity investments at FVTPL	3,322,844	(18,823,179)
	<u>3,992,665</u>	<u>(965,649)</u>
7 Management fees		
Management fees	737,543	673,859
	<u>737,543</u>	<u>673,859</u>
Management fees are charged by Ceylon Asset Management Company Limited, the Fund Manager, for investment management services provided to the Fund in accordance with the terms and conditions set out in the trust deed.		
8 Trustee fees	2024 Rs.	2023 Rs.
Trustee fees	178,523	158,961
	<u>178,523</u>	<u>158,961</u>
Trustee fees are charged by Hatton National Bank PLC for trustee and custodial services provided to the Fund, in accordance with the terms of the trust deed.		
9 Professional fees	2024 Rs.	2023 Rs.
Tax consultancy fee	105,080	101,458
	<u>105,080</u>	<u>101,458</u>

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,

10 Other expenses	2024	2023
	Rs.	Rs.
Bank charges	10,690	29,193
Brokerage fees	7,485	531,485
CDS fees	7,615	5,209
	<u>25,790</u>	<u>565,887</u>

10 Taxation

In accordance with Section 57 of the Inland Revenue Act, No. 24 of 2017 (as amended), the Fund has treated all income as having been passed through to its unit holders. Therefore, the Fund is not subject to income tax on such income under the provisions of the Inland Revenue Act and its subsequent amendments.

11 Cash and cash equivalents	2024	2023
	Rs.	Rs.
Cash at bank	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

12 Financial assets held at amortised cost

Reverse repurchase agreement	2,000,444	-
Investment in HNB money market saving accounts	227,658	2,251,052
	<u>2,228,102</u>	<u>2,251,052</u>

13 Financial assets held at fair value through profit or loss

Corporate debentures (Note 11.1)	54,992,055	66,155,980
Equity investments, listed (Note 11.2)	14,990,872	3,063,266
	<u>69,982,927</u>	<u>69,219,246</u>

13.1 Corporate debentures

Company	2024		2023	
	Carrying Value Rs.	Holding as a % of Net Asset Value	Carrying Value Rs.	Holding as a % of Net Asset Value
Ceylon Electricity Board	52,804,631	73.5%	52,938,271	74%
Siyapatha Finance PLC	1,098,500	1.5%	13,217,709	19%
DFCC Bank PLC	1,088,924	1.5%	-	-
	<u>54,992,055</u>	<u>76.5%</u>	<u>66,155,980</u>	<u>93.1%</u>

13.1.1 Breach of single company exposure limits

As of the valuation date of 31 December 2024, the Fund has continuously exceeded the single-company exposure limits in relation to its investment in the Ceylon Electricity Board (CEB) debenture – CEB/BD/15/04/26-C2475-9.35.

This has been rectified on 28th February 2025 and is communicated to Security and exchange commission for license extension.

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,

13 Financial assets held at fair value through profit or loss (continued)

13.2 Non-derivative financial assets	2024 Rs.	2023 Rs.
Cost as at 31st December	11,463,116	2,858,354
Appreciation of market value of quoted equity securities		
Unrealised gains/ (loss) from equity investments at FVTPL - prior financial year	204,912	(5,798,627)
Unrealised gains from equity investments at FVTPL - current financial year	3,322,844	6,003,539
Total appreciation of market value of quoted equity securities	3,527,756	204,912
Equity investments, listed	14,990,872	3,063,266

13.2.1 Equity investments, listed

Company	2024			2023		
	No. of shares	Market value Rs.	As a % of Net Asset Value %	No. of shares	Market value Rs.	As a % of Net Asset Value %
<i>Utilities</i>						
Windforce PLC	268,905	6,641,954	9.24%	134,694	2,586,125	3.64%
<i>Banks</i>						
Sampath Bank PLC	26,613	3,146,987	4.38%	-	-	0.00%
<i>Real estate</i>						
Myland Developers PLC	5,913	50,260	0.07%	5,913	54,991	0.08%
<i>Food, beverage & tobacco</i>						
Agarapathana Plantation PLC	50,000	540,000	0.75%	50,000	375,000	0.53%
Maharaja Foods PLC	32,060	218,008	0.30%	-	-	-
Browns Investments PLC	160,000	1,136,000	1.58%	-	-	-
<i>Transportation</i>						
Digital Mobility Solutions Lanka PLC	17,215	1,162,013	1.62%	-	-	-
<i>Software & services</i>						
Hsenid Business Solutions PLC	4,100	50,020	0.07%	4,100	47,150	0.07%
<i>Capital goods</i>						
Cable Solutions PLC	37,700	373,230	0.52%	-	-	-
John Keells Holdings PLC	74,000	1,672,400	2.33%	-	-	-
Total value of quoted equity securities (At Market Value)		14,990,872	20.86%		3,063,266	4.31%

14 Other receivables

Other receivable	5,808	5,778
Dividend income receivable	461	-
Subscription receivable from - IPO	98,600	-
Creation receivable	-	14,695
Receivable on share sale	-	24,600
	104,869	45,073

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,

15 Accrued expenses and other payables	2024 Rs.	2023 Rs.
Audit fee payable	339,250	204,688
Management fee payable	65,245	59,430
Tax consultancy fee payable	46,693	30,000
Trustee fee payable	15,793	14,019
Front-end fee payable	99	300
Payable on share purchases	-	154,125
	<u>467,080</u>	<u>462,562</u>

16 Contingencies

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

17 Subsequent events

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

18 Capital commitments

There were no material capital and financial commitments as at the reporting date which would require any adjustments to or disclosure in the Financial Statements.

19 Units in issue and unit price

	2024 Rs.	2023 Rs.
Units in issue and deemed to be in issue as at 31st December	7,783,650	8,700,543
Unit creation price as at 31st December	9.45	8.36
Unit redemption price at at 31st December	9.21	8.18

20 Related party disclosure

20.1 Management company and trustee

The Management Company of the fund is Ceylon Asset Management Company Limited. The Trustee of the fund is Hatton National Bank PLC.

20.2 Key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the fund – directly or indirectly. The definition of key management personnel includes directors (both executive and non-executive). In our view, the term also includes directors of any of the fund's parents to the extent that they have authority and responsibility for planning, directing and controlling the fund's activities.

i) Directors

Mr. Rajeendra Shashika Ranasinghe - Chairman
Mr. Dulindra Thulsith Fernando - Managing Director
Dr. Ravindra Ajith Fernando - Director
Mrs. Manjula Cleone Senevirathne - Director

ii) Other key management personnel

Other persons with authority and responsibility for planning, directing and controlling the activities of the fund, directly or indirectly are given below;

Mr. Thilanka Geeganage - Investment Committee Member (Fixed Income Funds)
Mr. Sevandhi Alfred Fernando - Investment Committee Member (Fixed Income Funds)
Mr. Thilina Withanage - Senior Consultant (Operations)

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,

20 Related party disclosure (continued)

20.3 Key management personnel compensation

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

20.4 Other transactions within the fund

Apart from those details disclosed in note 20.5, 20.6 and 20.7 key management personnel have not entered any other transactions involving the Fund during the financial year.

20.5 Related party unit holding and other transactions

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

Unit holder	Relationship	No of units held	Value of units holding	Interest held
			Rs.	%

As at 31st December 2024

Mr. Dulindra Thulsith Fernando	Managing Director of the Management Company	15,115.53	139,214	0.19%
Mr. Ravindra Ajith Fernando	Director of the Management Company	199.40	1,836	0.00%
Mr. Thilanka Geeganage	Investment Committee Member-Fixed Income Funds	792.39	7,298	0.01%
Mr. Thilina Withanage	Senior Consultant- Operations	9.98	92	0.00%

As at 31st December 2023

Mr. Dulindra Thulsith Fernando	Managing Director of the Management Company	8,098.96	524,975	0.74%
Mr. Ravindra Ajith Fernando	Director of the Management Company	199.40	1,631	0.00%
Mr. Thilanka Geeganage	Investment Committee Member-Fixed Income Funds	792.39	6,482	0.01%
Mr. Thilina Withanage	Senior Consultant- Operations	9.98	82	0.00%

20.6 Transactions with and amounts due to related parties

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

	Charge for the year ended 31st December		Payable as at 31st December	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Management fees - Ceylon Asset Management Company Limited	737,543	673,859	65,245	59,430
Trustee fees - Hatton National Bank PLC	178,523	158,961	15,793	14,019

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December,

20 Related party disclosure (continued)

20.7 Other transactions with related parties

Investments in the fund's HNB Money Market savings account have been made in the ordinary course of operations. The resulting investment income and outstanding investment balances are given below.

	Investment income received during the year ended		Balance as at	
	31st December		31st December	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Investment in Money Market Saving with Hatton National Bank PLC (Trustee of the fund)	216,291	180,384	227,658	2,251,052
The bank balance held at Hatton National Bank PLC as at 31 December	-	-	25,000	25,000

21 Reconciliation between the net asset value as per the financial statements and the published net asset value

	2024 Rs.	2023 Rs.
Net asset value as per financial statements	71,873,818	71,077,809
Audit fee and professional fee adjustments	-	139,865
Published net asset value	<u>71,873,818</u>	<u>71,217,674</u>
Number of units outstanding	7,783,650	8,700,543
Net asset value per unit	<u>9.23</u>	<u>8.19</u>

22 Reverse repurchase transactions in scripless treasury bonds and scripless treasury bills

The following additional information on reverse repurchase transactions are disclosed as required by the "Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance Direction No. 01 of 2019", issued by the Central Bank of Sri Lanka (CBSL).

22.1 Value of securities allocated for reverse repurchase transactions as at December 31st,

As at 31st December,	2024 Rs.	2023 Rs.
Market value of securities received for reverse repurchase transactions	<u>2,252,746</u>	-

22.2 Reverse repurchase transactions

The Fund engages in short-term reverse repurchase transactions with a 10% haircut on collateral. These transactions are conducted with approved counterparties, and collateral adequacy is continuously monitored.

23 Financial risk management

Overview

The Fund has exposure to the following risk via financial instruments.

- Liquidity risk
- Credit risk
- Operational risk
- Market risk
 - (i) Interest rate Risk
 - (ii) Price risk
 - (iii) Capital risk management

23.1 Risk management framework

The Management has the overall responsibility for the establishment and oversight of the The Fund's risk management framework.

The Fund actively trades financial instruments in line with its investment management strategy. Details of its investment portfolio as of the reporting date are disclosed in the schedule of investments. The Fund's investment activities expose it to various financial and market-related risks, with inherent risk concentrations being a natural part of its operations. The Trustee provides the Investment Manager with investment restrictions and guidelines while overseeing their activities to ensure compliance with the Fund's investment objectives, policies, and restrictions. The Trustee also reviews the Fund's investments and performance. Asset allocation is managed by the Investment Manager, who ensures the distribution of assets aligns with the Fund's investment objectives. Any deviations from target allocations and portfolio composition are closely monitored by both the Fund Manager and the Trustee.

The Fund's risk management policies are established to identify and analyse the risk confronted by the Fund, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products and services offered.

23.1 (a) Liquidity risk

Liquidity risk is the risk that the Fund will not have adequate financial resources to meet the Fund's obligations as when they fall due. This risk arises from mismatches in the timing of cash flows.

Management of liquidity risk includes the following elements:

-Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

Maturity analysis of the financial assets and financial liabilities

	Carrying Amount Rs.	On Demand Rs.	Up to 3 Months Rs.	3 Months to 1 Year Rs.	1-3 Years Rs.	3-5 Years Rs.
Assets						
Cash at bank	25,000	25,000	-	-	-	-
Financial investments at amortised cost	2,228,102	227,658	2,000,888	-	-	-
Financial assets at fair value through profit or loss	69,982,927	14,990,872	-	-	56,334,740	1,125,400
Total as at 31st December 2024	72,236,029	15,243,530	2,000,888	-	56,334,740	1,125,400
Total as at 31st December 2023	71,495,298	5,339,318	-	-	67,307,756	-

Financial investments at amortized cost, categorized under 'up to 3 months,' comprise reverse repurchase agreements with a maturity period of one day.

23 Financial risk management (continued)

23.1 (b) Credit risk

Credit risk is the risk of financial loss to the Fund if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Fund's advances to clients, investment in corporate debt securities and investment in reverse repo agreements.

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.

23.1 (b) i Credit risk exposure - cash at bank

Credit risk exposure of cash at bank is depicted in the below table using carrying values as at the Statement of Financial Position date.

	Rating	Rating Agency	2024 Rs.	2023 Rs.
Hatton National Bank PLC	AA-	Fitch	25,000	25,000
Total exposure to credit Risk			25,000	25,000

23.1 (b) ii Credit quality by class of financial assets

As at 31st December 2024

	Carrying amount	12 Month Expected Credit Loss	Life Time Expected Credit Losses Not Credit Impaired	Life Time Expected Credit Losses Credit Impaired	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents					
Rated AA- to AA+	25,000	25,000	-	-	25,000
Total	25,000	25,000	-	-	25,000

Financial assets at amortised cost

Rated AA- to AA+	2,228,102	2,228,102	-	-	2,228,102
Total	2,228,102	2,228,102	-	-	2,228,102

As at 31st December 2023

	Carrying amount	12 Month Expected Credit Loss	Life Time Expected Credit Losses Not Credit Impaired	Life Time Expected Credit Losses Credit Impaired	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents					
Rated A- to A+	25,000	25,000	-	-	25,000
Total	25,000	25,000	-	-	25,000

Financial assets at amortised cost

Rated A- to A+	2,251,052	2,251,052	-	-	2,251,052
Total	2,251,052	2,251,052	-	-	2,251,052

23 Financial risk management (continued)

23.1 (b) Credit risk (continued)

23.1 (b) iii Analysis of concentration risk

The following table shows the risk concentration by sector for the components of the Statement of Financial Position.

As at 31st December 2024

	Cash at Banks	Financial Assets Recognised through Profit or Loss - Measured at Fair Value	Financial Investments at Amortised Cost	Total Financial Assets
	Rs.	Rs.	Rs.	Rs.
<u>Sector wise breakdown</u>				
Government	-	52,804,631	-	52,804,631
Corporate	25,000	17,178,296	2,228,102	19,406,398
Total	25,000	69,982,927	2,228,102	72,211,029

As at 31st December 2023

	Cash at Banks	Financial Assets Recognised through Profit or Loss - Measured at Fair Value	Financial Investments at Amortised Cost	Total Financial Assets
	Rs.	Rs.	Rs.	Rs.
<u>Sector wise breakdown</u>				
Government	-	52,938,271	-	52,938,271
Corporate	25,000	16,280,975	2,251,052	18,557,027
Total	25,000	69,219,246	2,251,052	71,495,298

23.1 (c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. This responsibility is supported by the development of overall Fund's standards for the management of operational risk in the following areas:

23 Financial risk management (continued)

23.1 (c) Operational risk (continued)

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with the Fund's internal controls and procedures is supported by periodic reviews undertaken by management or external parties. The results of these reviews are discussed with the management of the business units, and summaries of the findings are presented to the relevant senior management oversight

23.1 (d) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk includes the following elements:

- The operational authority for managing market risk is vested with the Investment
- Interest rate risk is managed within the approved limits by the Investment Committee.

(i) Interest rate risk

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

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. However, due to the short term nature of the instruments of investments it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund.

The table below summarises the Fund's interest rate risk exposure on financial assets & liabilities. The fund's assets & liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Fund's financial assets and financial liabilities to various interest rate scenarios.

As at 31st December 2024	Up to 3 months Rs.	3 to 12 months Rs.	Non-sensitive Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	-	25,000	25,000
Financial assets at amortized cost	-	227,658	2,000,444	2,228,102
Financial assets measured at FVTPL	-	-	69,982,927	69,982,927
Interest rate gap	-	227,658	72,008,371	72,236,029
<hr/>				
As at 31st December 2023	Up to 3 months Rs.	3 to 12 months Rs.	Non-sensitive Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	-	25,000	25,000
Financial assets at amortized cost	-	2,251,052	-	2,251,052
Financial assets measured at FVTPL	-	-	69,219,246	69,219,246
Interest rate gap	-	2,251,052	69,244,246	71,495,298

23 Financial risk management (continued)

23.1 (d) Market risk (continued)

(i) Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Fund holds fixed-rate financial assets classified as fair value through profit or loss (FVTPL). Changes in interest rates at the reporting date may affect the fair value of these assets and, consequently, the Fund's profit or loss. However, during the reporting period, no material changes in interest rates occurred.

Fair value sensitivity analysis for variable rate instruments

A reasonably possible 2% change interest rates at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

Fixed rate instruments	Profit or loss		Equity, net of tax	
	2% Decrease	2% Increase	2% Decrease	2% Increase
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Money market savings account deposits	(4,553)	4,553	(4,553)	4,553

(ii) Price risk

Price risk is the risk that the fair value of the Fund's investment in trading securities fluctuates as a result of changes in the price of the Fund's investments in trading securities. Price risk exposure arises from the Fund's investment portfolios.

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

The Management Company mitigates price risk through diversification and a careful selection of securities within specified limits set by the management company. Maximum limit of 97% of the net assets attributable to unit holders are invested in equity securities and remaining amount is invested in short term investments such as repurchase agreements.

The table below is the summary of the equity investments in the utilities, banking, real estate, food, beverage & tobacco, transportation, software & services, and capital goods sectors

Sector	Investment as a % of Net Asset Value	
	2024	2023
Utilities	9.24%	3.64%
Banking	4.38%	0.00%
Real estate	0.07%	0.08%
Food, beverage & tobacco	2.64%	0.53%
Transportation	1.62%	0.00%
Software & services	0.07%	0.07%
Capital goods	2.85%	0.00%
	<u>20.86%</u>	<u>4.31%</u>

The table below shows the impact on the statement of profit or loss and other comprehensive income and statement of financial position due to a reasonably possible change in the price of the Fund's investment in financial assets held at fair value through profit or loss in note 13, with all other variables held constant:

2024	2023
Increase/ (decrease) of (loss)/profit before tax and amounts attributable to Unit Holders	Increase/ (decrease) of (loss)/profit before tax and amounts attributable to Unit Holders

Change in price of the Fund's investments in financial assets held at fair value through profit or loss

+10%	6,998,293	6,921,925
-10%	(6,998,293)	(6,921,925)

23 Financial risk management (continued)

23.1 (d) Market risk (continued)

(iii) Capital risk management

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

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

Following being the disclosures of unit holders' funds;

The movement in the Unit holder's Funds as at 31st December 2024

I. In term of value	Rs.
Unit holders' funds as at 01st January 2024	71,077,809
Creations during the year	2,034,329
Redemptions during the year	(10,409,548)
Increase in net assets attributable to unit holders	9,171,138
Unit holders' funds as at 31st December 2024	<u>71,873,818</u>
II. In term of number of units	
Unit holders' funds as at 01st January 2024	8,700,543
Creations during the year	240,816
Redemptions during the year	(1,157,709)
Unit holders' funds as at 31st December 2024	<u>7,783,650</u>

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

24 Financial instruments - fair value measurement

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level - 1

Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level - 2

Financial instruments that are measured at fair value on a recurring basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities.

Level - 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

24.1 Fair values versus the carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows;

	As at 31.12.2024		As at 31.12.2023	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value	69,982,927	69,982,927	69,219,246	69,219,246
	69,982,927	69,982,927	69,219,246	69,219,246
Financial assets not measured at fair value				
Cash at bank	25,000	25,000	25,000	25,000
Financial investments at amortised cost	2,228,102	2,228,102	2,251,052	2,251,052
	2,253,102	2,253,102	2,276,052	2,276,052
Total financial assets	72,236,029	72,236,029	71,495,298	71,495,298

CEYLON IPO FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Financial instruments- fair value measurement (continued)

24.2 Financial instruments- fair value

The following table shows an analysis of financial instruments at fair value and by level of fair value hierarchy.

As at 31st December 2024

	Total Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value					
<u>Financial assets recognised through profit or loss - measured at fair value</u>					
Investment in shares	14,990,872	14,990,872	-	-	14,990,872
Investment in corporate debentures	54,992,055	-	54,992,055	-	54,992,055
	69,982,927	14,990,872	54,992,055	-	69,982,927
Financial assets not measured at fair value					
Cash at bank	25,000	-	25,000	-	25,000
Financial assets at amortised cost	2,228,102	-	2,228,102	-	2,228,102
	2,253,102	-	2,253,102	-	2,253,102
Total financial assets	72,236,029	14,990,872	57,245,157	-	72,236,029

As at 31st December 2023

	Total Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value					
<u>Financial assets recognised through profit or loss - measured at fair value</u>					
Investment in shares	3,063,266	3,063,266	-	-	3,063,266
Investment in corporate debentures	66,155,980	52,938,271	13,217,708	-	66,155,979
	69,219,246	56,001,537	13,217,708	-	69,219,245
Financial assets not measured at fair value					
Cash at bank	25,000	-	25,000	-	25,000
Financial assets at amortised cost	2,251,052	-	2,251,052	-	2,251,052
	2,276,052	-	2,276,052	-	2,276,052
Total financial assets	71,495,298	56,001,537	15,493,760	-	71,495,297

24 Financial instruments- fair value measurement (continued)

24.3 Measurement of fair values

24.3 (a) Valuation techniques for specific instruments

(i) *Listed equity securities*

Listed equity securities for which quoted prices in an active market for an identical instrument are available are valued using those prices (Level 1 measurement).

(ii) *Corporate debentures*

The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the remaining maturities of the respective debentures is interpolated in the valuation considering the investee companies' risk premiums.