



NDB | WEALTH

NDB WEALTH GROWTH FUND

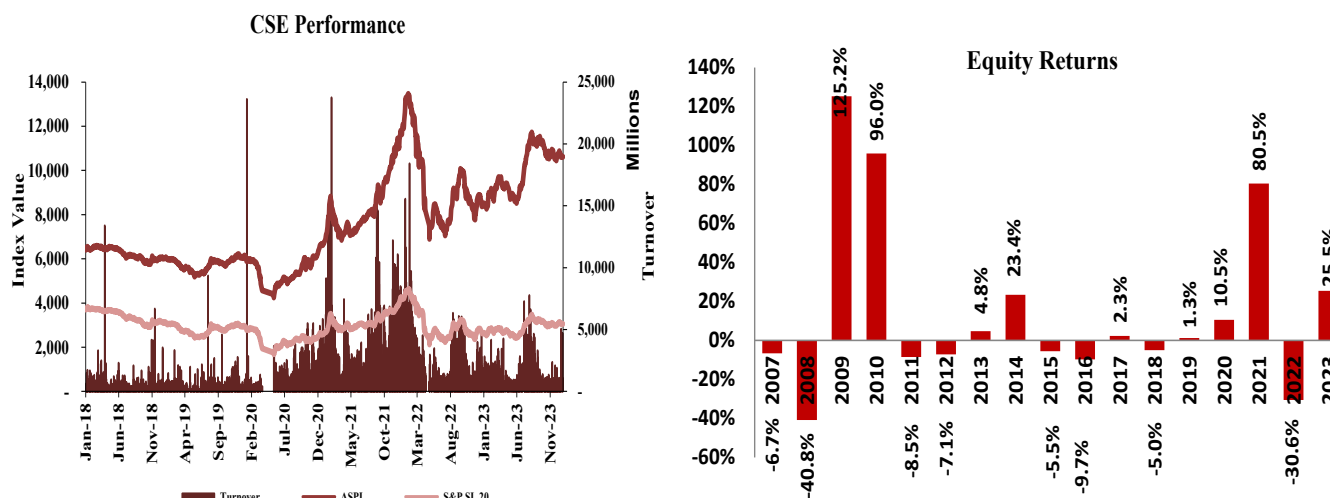
Financial statements for the period
ended 31st December 2023

**NDB WEALTH GROWTH FUND
COLOMBO 02**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2023**

Fund Review 2023 – NDB Wealth Growth Fund

The Colombo Stock Exchange (CSE) had a positive year with the All Share Price Index (ASPI) rising by 25.50% and the more liquid S&P SL 20 index increasing by 16.42% in 2023, following the approval of the USD 2.9 bn IMF (International Monetary Fund) bailout program, placing the country on a path towards macro-economic stability. The completion of the domestic debt optimization (DDO) process also helped improve investor sentiment and market activity. Market PE was 11.10x whilst market capitalization stood at LKR 4.25 trillion as of 31st December 2023 (Source: CSE).



Source: Colombo Stock Exchange

With tighter monetary and fiscal policies in place, the economy contracted during the first half of 2023 declining 11.5% and 3.1% respectively during the first two quarters of the year. However, the economy showed signs of recovery during the second half, with GDP growing by 1.6% during the 3rd quarter, following six consecutive quarters of contraction. (Source: Department of Census and Statistics). Given the strengthening macro-economic fundamentals foreign investors were net buyers on the CSE, recording a net inflow of LKR 4.35 bn. (Source: CSE).

During the year under review the NDB Wealth Growth Fund showed outstanding performance, outperforming the ASPI and the S&P SL 20 by 11.97% and 21.05% respectively.

	NDB Wealth Growth Fund	*ASPI	*S&P SL 20
Performance - 2023	37.47% (after fees)	25.50%	16.42%

*Source: Colombo Stock Exchange

We expect corporate earnings to gradually improve in the period ahead given the declining interest rates, and expenses stabilizing on the backdrop of manageable levels of inflation. On this backdrop we expect the equity market to react positively in 2024. However, heightened political risks, given the country going in to elections and any delays on the external debt restructuring (EDR) process could derail the country's reform agenda, prompting investors to opt for a wait-and-see approach in making investment decisions.



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Colombo 02
Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NDB WEALTH GROWTH FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NDB Wealth Growth Fund ("the Fund"), which comprise the statement of financial position as at 31st December 2023 and the statement of profit or loss and other comprehensive income, the statement of changes in unitholders' fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies as set out on pages 05 to 18.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st December 2023 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 Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 whether it appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Fund Management Company and the Trustee for the Financial Statements

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

The Trustee is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA, F. Sarah Z. Afker FCA, ACMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law. Nirosha Vadivel Bsc (Acc), ACA, ACMA.



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.
- 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 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 the Trustee 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 Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under Act No. 36 of 1987 and the trust deed.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

24th April 2024

HSR/dm

NDB WEALTH GROWTH FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2023

Page 1

	Note	2023 LKR	2022 LKR
Investment income			
Interest income	4	3,186,593	3,581,563
Net dividend income		5,454,045	12,109,853
		<u>8,640,638</u>	<u>15,691,416</u>
Net loss on sale of investments in government bonds and bills and unit mutual funds		(199,553)	-
Realised gain/(loss) on financial assets at fair value through profit or loss	5	3,280,915	(18,646,440)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	11	55,145,695	(92,222,474)
Total investment income/(loss)		<u>66,867,695</u>	<u>(95,177,498)</u>
Operating expenses	6	(6,237,190)	(6,801,353)
Profit/(loss) before tax		<u>60,630,505</u>	<u>(101,978,851)</u>
Income tax expense	7	-	-
Profit/(loss) for the period		<u>60,630,505</u>	<u>(101,978,851)</u>
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period		<u>60,630,505</u>	<u>(101,978,851)</u>
Increase/(decrease) in net assets attributable to unitholders		<u>60,630,505</u>	<u>(101,978,851)</u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 18 form an integral part of these financial statements.

Colombo
24th April 2024



**NDB WEALTH GROWTH FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2023**

Page 2

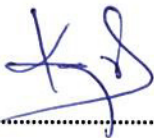
		As at 31.12.2023 LKR	As at 31.12.2022 LKR
Note			
	Assets		
	Cash at bank	8 457,092	237,917
	Other receivables	9 1,083,722	20,762
	Taxes recoverable	10 -	-
	Financial assets at fair value through profit or loss	11 182,513,894	128,630,407
	Financial assets measured at amortised cost	12 8,844,676	34,205,075
	Total assets	192,899,384	163,094,161
	Liabilities		
	Accrued expenses	13 892,106	666,301
	Total liabilities	892,106	666,301
	Net assets attributable to unitholders	192,007,278	162,427,860
	Unitholders' fund		
	Unit capital	16,435,826	19,106,174
	Retained earnings	175,571,452	143,321,686
	Net assets attributable to unitholders	192,007,278	162,427,860

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 18 form an integral part of these financial statements.

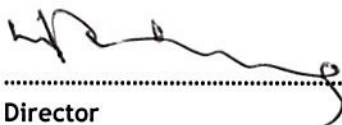
The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards.

These financial statements were approved by the Fund Management Company and the Trustee on 16th March 2024.


.....
Director
NDB Wealth Management Ltd
Fund Management Company

FOR BANK OF CEYLON

.....
Bank of Ceylon
Trustee


.....
Director
NDB Wealth Management Ltd
Fund Management Company

Colombo
24th April 2024



**NDB WEALTH GROWTH FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 31ST DECEMBER 2023**

Page 3

Description	Unit capital LKR	Retained earnings LKR	Total LKR
Balance as at 01st January 2022	27,787,450	316,290,241	344,077,691
Net increase due to creation and redemption of units	(8,681,276)	(70,989,703)	(79,670,979)
Increase in net assets attributable to unitholders	-	(101,978,851)	(101,978,851)
Balance as at 31st December 2022	<u>19,106,174</u>	<u>143,321,687</u>	<u>162,427,861</u>
Net decrease due to creation and redemption of units	(2,670,348)	(28,380,740)	(31,051,088)
Decrease in net assets attributable to unitholders	-	60,630,505	60,630,505
Balance as at 31st December 2023	<u>16,435,826</u>	<u>175,571,452</u>	<u>192,007,278</u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 18 form an integral part of these financial statements.

Colombo
24th April 2024



**NDB WEALTH GROWTH FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

Page 4

	2023 LKR	2022 LKR
Cash flows from operating activities		
Interest received	5,302,775	1,528,563
Dividend received	5,454,045	12,109,853
Management fees paid	(4,390,139)	(5,009,358)
Other expenses paid	(1,675,041)	(2,221,644)
Proceeds from sale of equity investments	57,524,806	120,416,004
Realised gain on sale of investment in mutual funds	79,872	-
Net disposal of treasury bonds	(280,966)	-
Net investment in treasury bills	18,728,898	(18,727,358)
Net investment in equity instruments	(54,044,642)	(41,916,126)
Net cash generated from operating activities	26,699,607	66,179,934
Cash flows from financing activities		
Cash received on creation of units	14,856,408	10,772,760
Cash paid on redemption of units	(45,853,699)	(90,482,272)
Net cash used in financing activities	(30,997,291)	(79,709,512)
Net decrease in cash and cash equivalents	(4,297,684)	(13,529,578)
Cash and cash equivalents at the beginning of the year	13,577,998	27,107,576
Cash and cash equivalents at the end of the year	9,280,314	13,577,998
Cash and cash equivalents at the end of the year comprise:		
Cash at bank	457,092	237,917
Money market savings	8,823,223	13,340,081
	9,280,314	13,577,998

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 18 form an integral part of these financial statements.

Colombo
24th April 2024



1. GENERAL INFORMATION

1.1 General

NDB Wealth Growth Fund ("the Fund") is an open ended unit trust fund licensed by the Securities and Exchange Commission of Sri Lanka and was established under trust deed signed on 07th January 1992. The Fund which invests mainly in government securities and listed securities in Colombo Stock Exchange, is domiciled in Sri Lanka.

The Fund is managed by NDB Wealth Management Limited while Bank of Ceylon acts as the Trustee of the Fund. The registered office of the Fund manager is located at No. 40, Nawam Mawatha, Colombo 02, Sri Lanka and the principal place of business is located at Level G, NDB Capital Building, No.135, Bauddhaloka Mawatha, Colombo 04, Sri Lanka.

The Trustee's principal place of business is located at Head office, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

1.2 Date of authorisation for issue

The financial statement of the Fund for the year ended 31st December 2023 were authorised for issue by the Fund management Company and the Trustee on 24th April 2024.

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 stated below. 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

The financial statements which comprise the statement of financial position as at 31st December 2023, statement of profit or loss and other comprehensive income, statement of changes in unitholders' fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

2.3 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.

Management of the Fund has continuously assessed the potential impact of economic crisis on the business's operations and is confident that it will not impact the going concern's ability of the Fund.



MATERIAL ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**2.4 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 Fund's accounting policies, which are described below, the Fund Management Company is 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 recognised in the period in which the estimates are revised if the revision affects only that period or the period of the revision and future periods as well, if the revision affects both current and future periods.

The 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 techniques.

- 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

2.5 Summary of significant accounting policies

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

2.5.1 Financial instruments**(i) Recognition and initial measurement**

All financial assets are initially recognised 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 and 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; FVOCI; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows
- its contractual terms give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding

The Fund's financial assets classified under amortised cost include the Treasury bill/ bond repurchase agreements and cash and cash equivalents.

(ii) Classification

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
- its contractual terms give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding

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

(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.
Financial assets 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 recognises 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 is measured as 12-month ECLs.

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

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
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise
- The probability that the borrower will enter bankruptcy or other financial reorganisation

As of the statement of financial position date the Fund has not observed any of the above. Therefore, no impairment provision has been recognised 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 assets.

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.

2.5.2 Financial liabilities - Classification, subsequent measurement, 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 recognised in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.



2.5.3 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 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 nor does it retain control of the financial asset.

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

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 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.

2.5.4 Offsetting of financial instruments

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

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

2.5.5 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 are subject to an insignificant risk of changes in values.

2.5.6 Payables and provisions

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

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



MATERIAL ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

2.5.7 Recognition of income

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

(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.

(ii) Dividend Income

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

2.5.8 Expense recognition

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

The management participation fees of the Fund are as follows:

Management fee	-	0.65% net asset value of the Fund
Trustee fee	-	0.10% net asset value of the Fund
Custodian fee	-	Nil

2.5.9 Unitholders' funds and net assets attributable to unitholders

The Unitholders' Fund 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 unitholders, as at the statement of financial position 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.

3. TAXATION

The Fund was liable to pay income tax at the rate of 10% until 31 March 2018 in accordance with the Inland Revenue Act No. 10 of 2006. Subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 01st April 2018, Unit Trusts that conduct eligible investment business are treated as pass through to its unitholders and tax will be payable by unitholders.



	2023 LKR	2022 LKR
4. INTEREST INCOME		
Interest on money market savings accounts	1,009,429	1,583,248
Interest on treasury bills Repo	-	911
Interest on treasury bonds	44,206	-
Interest on treasury bills	2,132,958	1,997,404
	<u>3,186,593</u>	<u>3,581,563</u>
5. NET REALISED (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Gross sales proceeds from disposal of investments	58,587,765	118,438,404
Weighted average cost of investments	(55,306,850)	(137,084,844)
	<u>3,280,915</u>	<u>(18,646,440)</u>
6. OPERATING EXPENSES		
Management fee	4,447,413	4,704,916
Trustee fee and Custodian fee	227,753	231,501
Auditor's remuneration	313,378	197,411
Tax consultancy fee	36,583	(61,122)
Bank charges	69,825	46,738
Transaction costs on equity share transactions	1,142,238	1,681,909
	<u>6,237,190</u>	<u>6,801,353</u>
7. INCOME TAX EXPENSE		
Following the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 01st 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 income tax was made in the financial statements for the period ended 31st December 2023.		
	As at 31.12.2023 LKR	As at 31.12.2022 LKR
8. CASH AT BANK		
Bank of Ceylon operations account	457,092	237,917
	<u>457,092</u>	<u>237,917</u>
9. OTHER RECEIVABLES		
Receivable on sale of shares	1,062,960	-
Receivable on creations	20,762	20,762
	<u>1,083,722</u>	<u>20,762</u>



	As at 31.12.2023 LKR	As at 31.12.2022 LKR
10. TAXES RECOVERABLE		
Withholding tax receivable	2,304,867	2,304,867
Notional tax credit recoverable	68,340	68,339
	<u>2,373,207</u>	<u>2,373,206</u>
Less:		
Impairment allowance for withholding tax	(2,304,867)	(2,304,867)
Impairment allowance for notional tax	(68,340)	(68,339)
	<u>-</u>	<u>-</u>

As of 31 December 2018, the net Income Tax Recoverable comprises of notional tax credit recoverable amounting to Rs. 3,855,962 and WHT of Rs. 2,304,867. The Fund Manager intends to claim the WHT recoverable by means of a refund. The Notional Tax credit recoverable will be carried forward as per section 138(2) of the Inland Revenue Act No. 10 of 2006 to be set off against future income tax liability, if any, within three consecutive years of assessment, commencing from the year of assessment 2018/2019.

However, subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01st April 2018, an Eligible Unit Trust would not be liable for Income Tax on any income which is a pass through to its unitholders. Therefore, the Fund Manager is unable to assess with reasonable certainty that there will be a future income tax liability to offset this income tax receivable balance. Hence, an impairment is recognised against the WHT receivable balance amounting to Rs. 2,304,867 and notional tax recoverable amount of Rs. 68,339/-.



11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net change in total unrealised gain/(loss) on equity securities at fair value through profit or loss.

Company	As at 31.12.2023			As at 31.12.2022		
	No. of shares	Cost of the investment LKR	Market value LKR	No. of shares	Cost of the investment LKR	Market value LKR
Banks						
Commercial Bank of Ceylon PLC	250,000	21,173,607	23,875,000	244,172	20,962,940	12,257,435
Hatton National Bank PLC	160,000	23,781,487	27,080,000	156,236	23,544,957	12,327,021
Sampath Bank PLC	51,237	2,993,875	3,612,209	-	-	-
		<u>47,948,969</u>	<u>54,567,209</u>		<u>44,507,897</u>	<u>24,584,456</u>
Capital Goods						
John Keells Holdings PLC	35,000	4,900,000	6,685,000	-	-	-
Access Engineering PLC	500,400	10,758,600	10,158,120	500,400	10,758,600	5,354,280
Richard Pieris and Company PLC	-	-	-	35,000	1,118,716	843,500
Vallibel One PLC	-	-	-	50,000	2,475,000	1,505,000
		<u>15,658,600</u>	<u>16,843,120</u>		<u>14,352,316</u>	<u>7,702,780</u>
Diversified Financials						
Vallibel Finance PLC	-	-	-	102,970	3,840,292	2,316,825
Capital Alliance Limited	16,764	534,808	890,168	-	-	-
Alliance Finance Company PLC	30,000	2,850,000	2,400,000	30,000	2,850,000	1,710,000
Sarvodaya Development Finance Limited	-	-	-	147,317	3,240,974	1,591,024
		<u>3,384,808</u>	<u>3,290,168</u>		<u>9,931,266</u>	<u>5,617,849</u>
Food, Beverage and Tobacco						
Ceylon Cold Stores PLC	52,360	3,321,600	2,220,064	52,360	3,321,600	1,932,084
Distilleries Company Of Sri Lanka PLC	-	-	-	746,555	11,616,223	9,854,526
Cargills Ceylon PLC	91,000	20,020,000	30,803,500	91,000	20,020,000	21,362,250
Sunshine Holdings PLC	70,300	1,960,080	3,585,300	70,300	1,960,080	2,446,440
Watawala Plantations PLC	61,600	5,585,600	4,447,520	61,600	5,585,600	4,558,400
		<u>30,887,280</u>	<u>41,056,384</u>		<u>42,503,503</u>	<u>40,153,700</u>
Insurance						
People's Insurance PLC	775,000	11,625,000	17,515,000	775,000	11,625,000	15,655,000
LOLC General Insurance Limited	196,600	1,553,140	1,494,160	346,600	2,738,140	2,807,460
		<u>13,178,140</u>	<u>19,009,160</u>		<u>14,363,140</u>	<u>18,462,460</u>
Materials						
Chevron Lubricants Lanka PLC	40,641	4,685,754	3,669,882	26,760	3,475,331	2,582,340
Haycarb PLC	-	-	-	17,766	1,560,553	1,023,322
		<u>4,685,754</u>	<u>3,669,882</u>		<u>5,035,884</u>	<u>3,605,662</u>
Telecommunication Services						
Dialog Axiata Plc	472,842	4,944,371	4,255,578	-	-	-
		<u>4,944,371</u>	<u>4,255,578</u>		<u>-</u>	<u>-</u>
Utilities						
Windforce PLC	850,000	13,600,000	16,320,000	850,000	13,600,000	12,665,000
		<u>13,600,000</u>	<u>16,320,000</u>		<u>13,600,000</u>	<u>12,665,000</u>
Software and Services						
Hsenid Business Solutions Limited	383,000	4,787,500	4,404,500	383,000	4,787,500	6,511,000
		<u>4,787,500</u>	<u>4,404,500</u>		<u>4,787,500</u>	<u>6,511,000</u>
Consumer Durables and Apparel						
Hayleys Fabric PLC	100,000	8,312,000	7,140,000	150,000	6,502,321	3,390,000
Aitken Spence Hotel Holdings PLC	145,076	8,484,881	9,139,788	20,000	1,320,000	1,016,000
Hela Apparel Holdings Limited	563,621	8,454,315	2,818,105	579,000	8,685,000	4,921,500
		<u>25,251,196</u>	<u>19,097,893</u>		<u>16,507,321</u>	<u>9,327,500</u>
Total value of quoted equity securities		<u>164,326,619</u>	<u>182,513,894</u>		<u>165,588,827</u>	<u>128,630,407</u>
Total unrealised gain/(loss)			<u>18,187,275</u>			<u>(36,958,420)</u>
Charged to profit or loss			<u>55,145,695</u>			<u>(92,222,474)</u>



	As at 31.12.2023		As at 31.12.2022	
	Amortised cost LKR	As a % of net asset value	Amortised cost LKR	As a % of net asset value
12. FINANCIAL ASSETS MEASURED AT AMORTISED COST				
Investment in money market savings accounts (Note 12.1)	8,844,676	4.61%	13,480,313	8.30%
Investment in treasury bills (Note 12.2)	-	-	20,724,762	12.76%
	<u>8,844,676</u>	<u>4.61%</u>	<u>34,205,075</u>	<u>21.06%</u>

12.1 Investment in money market savings accounts

Company	As at 31.12.2023		As at 31.12.2022	
	Amortised cost LKR	As a % of net asset value	Amortised cost LKR	As a % of net asset value
Union Bank of Colombo PLC	3,038	0.00%	2,969	0.00%
Hatton National Bank PLC	8,827,593	4.60%	12,332,691	7.59%
DFCC Bank PLC	14,045	0.01%	1,144,653	0.70%
	<u>8,844,676</u>	<u>4.61%</u>	<u>13,480,313</u>	<u>8.30%</u>

12.2 Investment in treasury bills

Company	As at 31.12.2023		As at 31.12.2022	
	Amortised cost LKR	As a % of net asset value	Amortised cost LKR	As a % of net asset value
Government Bills(LKR) -LKA36423F231	-	-	20,724,762	12.76%
	<u>-</u>	<u>-</u>	<u>20,724,762</u>	<u>12.76%</u>

13. ACCRUED EXPENSES

Front-end fee	197,459	143,661
Management fee	378,111	320,837
Trustee fee and Custodian fee	19,328	15,974
Auditor's remuneration	272,210	197,411
Tax consultancy fee	25,001	(11,582)
	<u>892,106</u>	<u>666,301</u>





14. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The movement in the number of units and the net assets attributable to unitholders during the period were as follows:

	31.12.2023 Units	31.12.2022 Units	31.12.2023 LKR	31.12.2022 LKR
Opening capital balance	19,098,673	27,779,823	162,427,860	344,077,691
Units issued during the year	1,253,926	1,059,214	14,802,610	10,811,293
Units redeemed during the year	(3,923,882)	(9,740,364)	(45,853,699)	(90,482,273)
Increase in net assets attributable to unitholders	-	-	60,630,505	(101,978,851)
Closing balance	<u>16,428,718</u>	<u>19,098,673</u>	<u>192,007,275</u>	<u>162,427,860</u>

The creation price was at LKR 12.09 (2022 -LKR. 8.79) per unit and the redemption price was at LKR 11.59 (2022 - LKR. 8.79) per unit as at 31 December 2023.

15. DISTRIBUTIONS FOR THE YEAR

There were no distributions for the year ended 31st December 2023.

16. CONTINGENCIES

There were no significant contingencies existing at the end of the reporting date that require adjustments to or disclosures in the financial statements.

17. EVENTS AFTER THE REPORTING DATE

No significant events have taken place since the date of the statement of financial position that require adjustment to or disclosures in these financial statements.

18. CAPITAL COMMITMENTS

There were no capital commitments at the end of the reporting date.

19. RELATED PARTY TRANSACTIONS

The following have been identified as related parties to the NDB Wealth Growth Fund in accordance with LKAS 24 for the reasons stated below.

19.1 Management Company and Trustee

The Management Company is NDB Wealth Management Limited

NDB Wealth Management Ltd is a subsidiary of NDB Capital Holdings Limited. The Fund's ultimate parent entity and controlling party is National Development Bank PLC, which is incorporated and domiciled in Sri Lanka.

The Trustee is Bank of Ceylon PLC

17.2 Key management personnel

Key management personnel includes persons who were directors of NDB Wealth Management Limited at any time during the financial year.

Mr. D.S.P. Wickramanayake
Mr. Bernard Sinniah
Mr. Sanjaya Perera
Mr. Senaka Kakiriwaragodage
Mr. Dimantha Seneviratne

There were no unitholdings by related parties and no purchase and sale of units made by related parties for the year 2023.



19. RELATED PARTY TRANSACTIONS (CONTD...)

19.3 Details of the Fund management fees, trustee fees and custodian fees paid/payable are as follows:

Name of the related party	Nature of interest	Particulars of financial dealings	Transaction value LKR	Outstanding value LKR
NDB Wealth Management Limited	Fund Management Company	Management fee	4,447,413	378,111
Bank of Ceylon	Trustee	Trustee fees and Custodian fees	227,753	19,328

19.4 The Fund maintains a current account with the Trustee, Bank of Ceylon through which all settlement transactions of the Fund were made.

	As at 31.12.2023 LKR	As at 31.12.2022 LKR
Bank balance held at Bank of Ceylon	457,092	237,917

20. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

21. 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 investment made by the unitholders. The Fund has other financial instruments also such as receivables and payables which arise directly from its operations.

(b) Financial risk management objectives, policies and processes

Risks 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 credit risk, market risk, and liquidity risk.

(i) Credit risk

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

The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure being equal to the fair value of these instruments as detailed below. It is the Fund's policy to enter into financial instruments with reputable counterparties.

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 balance and receivables. The credit risk exposure on these instruments is not deemed to be significant.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD...)

The Fund's maximum exposure to credit risk can be analysed as follows:

	As at 31.12.2023 LKR	As at 31.12.2022 LKR
Fixed income securities		
Conservative - Money market saving deposits	8,844,676	13,480,313
Conservative - Government treasury bills	-	20,724,762
	<u>8,844,676</u>	<u>34,205,075</u>

(ii) Market risk

Market risk represents the risk that the value of the Fund's investment portfolio 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, unitholders can manage this risk through their choices of which investment portfolios to participate in.

(iii) Price risk

Price risk is the risk that the fair value of the Fund's investments in trading securities may fluctuate 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 portfolio.

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 trading securities, with all other variables held constant.

Changes in the price of the Fund's investments in trading securities existing as of reporting date	31.12.2023		31.12.2022	
	Increases / (Decreases) on profit before tax LKR	Increases/ (decreases) on amounts attributable to unitholders LKR	Increases/ (decreases) on profit before tax LKR	Increases/ (decreases) on amounts attributable to unitholders LKR
+10%	18,251,389	18,251,389	12,863,041	12,863,041
-10%	(18,251,389)	(18,251,389)	(12,863,041)	(12,863,041)

The above figures are calculated across the entire investment portfolio on an annual basis. There is a corresponding change in the fair value of trading securities within the statement of financial position.



21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD...)

(iv) 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 exposure to interest rate risk primarily arises from changes in interest rates applicable to the financial assets measured at amortised cost and balance held at the bank.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

Increase/ (decrease) in basis points	Effect on the profit before tax for the year 2023 (LKR)	Effect on the profit before tax for the year 2022 (LKR)
+ 0.25%	22,112	85,513
- 0.25%	(22,112)	(85,513)

(v) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet its obligation to pay unitholders.

Due to the nature of a unit trust, it is unlikely that a significant number of unitholders would exit at the same time. However to control liquidity risk, the Fund invests 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 is no concentration of risk.

The Fund's maximum exposure to liquidity risk can be analysed as follows:

	As at 31.12.2023 LKR	As at 31.12.2022 LKR
Short-term (less than 1 year)	8,844,675	34,205,075
Long-term (more than 1 year)	-	0
	<u>8,844,675</u>	<u>34,205,075</u>

