

**CAPITAL ALLIANCE CORPORATE  
TREASURY FUND  
COLOMBO - 02**

**FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH 2024**



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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CAPITAL ALLIANCE CORPORATE TREASURY FUND**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the Financial Statements of Capital Alliance Corporate Treasury Fund ("The Fund"), which comprise the statement of financial position as at 31<sup>st</sup> March 2024, and the statement of profit or loss and other comprehensive income, the statement of movement in unitholder's fund and the statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policy information set out on pages 05 to 16.

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

#### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for professional Accountant 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.

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

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.



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 50 of the Collective Investment Scheme Code (CIS Code) issued by the Securities and Exchange Commission of Sri Lanka in terms of Section 183 of the Securities and Exchange Commission Act No. 19 of 2021 and the Trust Deed.

**BDO Partners**

**CHARTERED ACCOUNTANTS**

**Colombo**

**29<sup>th</sup> July 2024**

NV/cc



CAPITAL ALLIANCE CORPORATE TREASURY FUND  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2024

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		2023/2024	2022/2023
	Note	Rs.	Rs.
Investment Income			
Interest income	4	673,548	833,816
<b>Total investment income</b>		<b>673,548</b>	<b>833,816</b>
Other income		106,955	4,341
Expenses			
Management fees		36,245	28,216
Trustee fees		10,373	10,239
Bank charges		85,480	91,179
Audit fees		12,758	12,438
<b>Total operating expenses</b>		<b>144,857</b>	<b>142,072</b>
Profit before tax		635,646	696,085
Income tax expense	5	-	-
<b>Profit after tax for the year</b>		<b>635,646</b>	<b>696,085</b>
<b>Total comprehensive income for the year</b>		<b>635,646</b>	<b>696,085</b>
Increase in net assets attributable to unitholders		635,646	696,085

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 16 form an integral part of these Financial Statements.

Colombo  
29th July 2024



CAPITAL ALLIANCE CORPORATE TREASURY FUND  
STATEMENT OF FINANCIAL POSITION  
As AT 31ST MARCH 2024

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	Note	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
<b>Assets</b>			
Cash and cash equivalents	6	1,140,175	149,795
Financial assets at amortised cost	7	10,345,101	7,570,326
Income tax receivable	8	-	-
Other receivables	9	247	-
<b>Total assets</b>		<b>11,485,523</b>	<b>7,720,121</b>
<b>Liabilities</b>			
Accrued expenses	10	31,088	15,794
<b>Total liabilities</b>		<b>31,088</b>	<b>15,794</b>
<b>Net assets</b>		<b>11,454,435</b>	<b>7,704,327</b>
<b>Unitholders' fund</b>			
Net assets attributable to unitholders		<b>11,454,435</b>	<b>7,704,327</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 16 form an integral part of these Financial Statements.

The Management Company and Trustee are responsible for the preparations and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards.


Signed for and on behalf of the Management Company by:

  
.....  
Director  
Mr. K. P. Mannakkara  
Capital Alliance Investments Limited  
Management Company

  
.....  
Director  
Ms. H. M. S. Perera  
Capital Alliance Investments Limited  
Management Company

Signed for and on behalf of the Trustee by:

  
.....  
Hatton National Bank PLC  
Trustee

  
.....  
Hatton National Bank PLC  
Trustee

Colombo  
29th July 2024



CAPITAL ALLIANCE CORPORATE TREASURY FUND  
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND  
FOR THE YEAR ENDED 31ST MARCH 2024

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	2023/2024 Rs.	2022/2023 Rs.
Unitholders' fund at the beginning of the year	7,704,327	4,856,541
Increase in net assets attributable to unitholders	635,645	696,085
Creation of units	31,182,392	18,900,988
Redemption of units	(28,067,930)	(16,749,287)
Net Increase due to unitholders' transactions	3,114,462	2,151,701
Unitholders' fund at the end of the year	11,454,434	7,704,327

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 16 form an integral part of these Financial Statements.

Colombo  
29th July 2024



CAPITAL ALLIANCE CORPORATE TREASURY FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST MARCH 2024

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	2023/2024 Rs.	2022/2023 Rs.
<b>Cash flows from operating activities</b>		
Interest and other income received	753,480	835,850
Management fees and trustee fees paid	(44,083)	(36,761)
Other expenses paid	(85,479)	(112,272)
Investment in reverse repurchase agreements	(2,748,000)	(2,767,000)
<b>Net cash used in operating activities</b>	<b>(2,124,082)</b>	<b>(2,080,183)</b>
<b>Cash flows from financing activities</b>		
Cash received on creation of units	31,182,392	18,900,988
Cash paid on redemption of units	(28,067,930)	(16,749,287)
<b>Net cash generated from operating activities</b>	<b>3,114,462</b>	<b>2,151,701</b>
<b>Net increase in cash and cash equivalents</b>	<b>990,380</b>	<b>71,518</b>
<b>Cash and cash equivalents at the beginning of the year (Note A)</b>	<b>149,795</b>	<b>78,277</b>
<b>Cash and cash equivalents at the end of the year (Note B)</b>	<b>1,140,175</b>	<b>149,795</b>
<b>Note A</b>		
<b>At the beginning of the year</b>		
Cash and bank balances	149,795	78,277
	<u>149,795</u>	<u>78,277</u>
<b>Note B</b>		
<b>At the end of the year</b>		
Cash and bank balances	1,140,175	149,795
	<u>1,140,175</u>	<u>149,795</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 16 form an integral part of these Financial Statements.

Colombo  
29th July 2024





**1. COPORATE INFORMATIONS**

**1.1 General information**

Capital Alliance Corporate Treasury Fund ("the Fund") is an open-ended fund approved by the Securities and Exchange Commission of Sri Lanka. Capital Alliance Corporate Treasury Fund (formerly known as Capital Alliance Gilt Fund) was licensed to operate on 27<sup>th</sup> February 2012. The Fund was launched on 25<sup>th</sup> September 2012. The Fund's name was changed to Capital Alliance Corporate Treasury Fund with effect from 22<sup>nd</sup> February 2013 and was relaunched on 22<sup>nd</sup> March 2013.

The Fund is managed by Capital Alliance Investments Limited which has been incorporated and domiciled in Sri Lanka. The registered office of the Management Company is located at Level 05, "Millennium House", 46/58, Nawam Mawatha, Colombo 02. The Trustee of the Fund is Hatton National Bank PLC whose place of business is at "HNB Towers", No. 479, T. B. Jayah Mawatha (Darley Road), Colombo 10.

**1.2 Operating activities**

The investment objective of the Fund is to provide a high level of current income as is consistent with liquidity and stability of the principal.

**1.3 Date of authorisation for issue**

The Financial Statement of the Fund for the year ended 31<sup>st</sup> March 2024 were authorised for issue by the Management Company and the Trustee on 29<sup>th</sup> July 2024.

**2. PREPARATION OF FINANCIAL STATEMENTS**

**2.1 Basis of preparation**

The Financial Statements have been prepared on the historical cost basis unless otherwise indicated. The Financial Statements have been presented in Sri Lankan rupees, and the statement of financial position, on a liquidity basis.

**2.2 Statement of compliance**

The Financial Statements which comprise the statement of financial position as at 31<sup>st</sup> March 2024, statement of profit or loss and other comprehensive income, statement of movement in unitholders' funds and statement of cash flows for the year then ended, and a summary of material accounting policy information 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 Collective Investment Scheme Code of the Securities and Exchange Commission of Sri Lanka.

**2.3 Basis of measurement**

The Financial Statements have been prepared under the historical cost convention with the exception of certain assets and liabilities at fair value.

**2.4 Functional and presentation currency**

The Financial Statements have been presented in Sri Lankan Rupees, the Fund's functional and presentation currency, which is the primary economic environment in which the Fund operates.







**CAPITAL ALLIANCE CORPORATE TREASURY FUND**  
**MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS**

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**2.5 Materiality aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

**2.6 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.

**2.7. Summary of significant accounting policies**

**2.7.1 Financial instruments**

**2.7.1.1 Initial recognition**

Financial assets and liabilities are initially recognised on the trade date, i.e the date that the Fund becomes a party to the contractual provisions of the instrument. This includes purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

**2.7.1.2 Initial measurement of financial instrument**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss.

**2.7.1.3 Measurement categories of financial assets and liabilities**

The Fund classifies all of its financial assets in the following measurement categories:

- those to be measured at amortised cost
- those to be measured at fair value through profit or loss

Financial liabilities of the Fund are measured at amortised cost, and includes all financial liabilities, other than those measured at fair value through profit or loss. The financial liabilities of the Fund include accrued expenses and other payables.

**2.7.1.4 Subsequent measurement**

**Amortised cost:**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Debt instruments at amortised cost in the statement of financial position comprise investments in treasury bill repurchase agreements. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost.



**CAPITAL ALLIANCE CORPORATE TREASURY FUND**  
**MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS**

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**Fair value through profit or loss:**

A financial asset is measured at fair value through profit or loss if:

- (a) its contractual terms do not give rise to cash flows on specified dates that are solely the payments of principal and interest on the principal amount outstanding  
or
- (b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell  
or
- (c) at initial recognition, it is irrevocably designated as measured at FVTPL and when doing so it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within unrealised gains/(losses) in the period in which it arises. Financial assets at fair value through profit or loss at statement of financial position comprise investment in treasury bills. As of 31<sup>st</sup> March 2024, the Fund has no such investments.

**2.7.1.5 Recognition and initial measurement**

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. Accordingly, the fund's financial assets have been classified as financial assets at amortised cost and financial assets at fair value through profit or loss.

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

**2.7.1.6 Financial liabilities**

**a) Initial recognition and measurement**

The Fund determines the classification of its financial liabilities at initial recognition.

The Fund's financial liabilities comprise accrued expenses and other payables in the Statement of Financial Position.

**b) Subsequent measurement**

The measurement of financial liabilities depends on their classification as described below:

**Other financial liabilities**

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss and other comprehensive income statement when the liabilities are derecognised as well as through the EIR amortisation process.





**CAPITAL ALLIANCE CORPORATE TREASURY FUND**  
**MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS**

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**2.7.1.7 Impairment**

The Fund assesses on a forward-looking basis, the expected credit losses (ECLs) associated with its debt instruments not held at fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures from which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund uses the ratings from Fitch Rating Lanka Limited and Lanka Rating Agency Limited as applicable to determine the significant deterioration in credit risk and to estimate the ECLs.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as non-investment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for life time ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through a two notch downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at amortised cost issued by the Sovereign, the Fund applies the low risk simplification.

**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 financial 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.

**2.7.1.8 Derecognition**

A financial asset is derecognised when,

- 1) the rights to receive cash flows from the asset have expired,
- 2) the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without a material delay to a third party under a 'pass-through' arrangement; and either,
  - the Fund has transferred substantially all the risks and rewards of the asset or
  - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



**2.7.1.9 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 currently an 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.

**2.7.2 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at bank.

**2.7.3 Income tax**

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from, or paid to the taxation authorities. Until 31<sup>st</sup> March 2018, the Fund was liable to pay income tax at the rate of 10% in accordance with the Inland Revenue Act No. 10 of 2006. Subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective from 01<sup>st</sup> April 2018, an Eligible Unit Trust is not liable for income tax on any income which is a "pass through" to its unit holders. Accordingly, after 31<sup>st</sup> March 2018, the Fund has considered all income as being a "pass through" its unitholders.

**2.7.4 Recognition of income**

Revenue 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 revenue is recognised.

**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.

**2.7.5 Expenses**

The Management, Custodian and Trustee fees of the Fund as per the Trust Deed are as follows,

Management fee	- 0.5% of net asset value of the Fund
Trustee fee	- 0.25% p.a. of net asset value of the Fund from 01.04.2023 to 05.06.2023 and 0.13% p.a. of net asset value of the Fund from 06.06.2023 to 31.03.2024
Custodian fee	- Flat fee of Rs. 10,000/- per month from 01.04.2023 to 05.06.2023 has been waived off from 06.06.2023 to 31.03.2024

**2.7.6 Unitholders' Funds and net assets attributable to unitholders**

Unitholders' funds have 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 reporting date.





**CAPITAL ALLIANCE CORPORATE TREASURY FUND**  
**MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS**

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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 unitholders.

**3. FINANCIAL RISK MANAGEMENT**

**a) Financial instruments**

The Fund's principal financial assets comprise investment repurchase agreements, fixed deposits and cash at bank. The overall objective of this Fund is to optimise income at very low levels of risk, essentially retaining the risk-free nature of Government securities but offering the convenience of a unit trust. The Fund's principal financial liabilities comprise amounts attributable to Unitholders, which are the amounts owed to Unitholders of the Fund. The Fund also has other financial instruments such as receivables and payables which arise directly from its operations.

In accordance with SLFRS 9 *Financial Instruments*, the investments in repurchase agreements are classified as 'financial assets at amortised cost' and are valued at amortised cost. Amounts attributable to Unitholders are classified as 'equity' and are carried at the redemption amount being net asset value. Accrued expenses are classified as 'other financial liabilities' at amortised cost.

**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.

Financial instruments of the Fund comprise investments in treasury bills/bond repurchase agreements, for the purpose of generating a return on the investment made by Unitholders, in addition to cash at bank, and other financial instruments such as receivables and payables, which arise directly from its operations.

The Management Company is responsible for identifying and controlling the risks that arise from these financial instruments. The Management Company agrees to policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive Income and Statement of Financial Position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis is disclosed below.

The Management Company also monitors information about the total fair value of financial instruments exposed to various risks, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Management Company on a regular basis as deemed appropriate, including the Fund Management Company, other key management, Risk and Investment Committees and ultimately the Trustees of the Fund.



Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

c) **Credit risk**

Credit risk is the risk that the counterparty to the Financial Statements 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. It is the Fund's policy to enter into financial instruments with reputable counterparties.

Capital Alliance Corporate Treasury Fund's investments are only in repurchase agreements against Government securities, debentures and fixed deposits.

**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.

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

	Balance as at 31.03.2024 Rs.		Balance as at 31.03.2023 Rs.	
	Amortised Cost	Maximum Exposure	Amortised Cost	Maximum Exposure
Cash and cash equivalents	1,140,175	1,140,175	149,795	149,795
Repurchase agreements against Government securities	10,345,101	10,345,101	7,570,326	7,570,326
Money Market Receivable	247	247	-	-
	11,485,523	11,485,523	7,720,121	7,720,121

d) **Market risk**

Market risk represents the risk that the value of portfolios will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investments strategies. As such, unitholders can manage this risk through their choices of which investment portfolios to participate in.

The Fund uses a range of different fund arrangements for investment assets. Where a unitholder is invested in more than one investment portfolio, this reduces the impact of a particular manager underperforming. within the underlying investment portfolio and diversification is achieved at a number of levels. The diversified portfolios are invested across a range of investment sectors. Within each sector of the diversified portfolios, the Fund managers invest in a variety of securities.





## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

**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 are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The risk is measured using sensitivity analysis. However, due to the short-term nature of the instruments at fixed interest rate, it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund.

**e) 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 are readily convertible into cash under normal market conditions. In addition, the Fund invests within established limits to ensure that there is no concentration of risk. The Management Company ensures that a minimum liquidity level of 3% of the total NAV of the Fund is available in cash or near cash form at any given time as required by the Unit Trust Code, reducing the liquidity risk to its investors.

In addition, the Security and Exchange Commission and the Fund require additional number of business days' notice to the Fund from large investors redeeming over 3% of the Fund and the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. No such borrowings have arisen during the period.

The table below analyses the Fund's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

31 <sup>st</sup> March 2024	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	1-2 years Rs.	Total Rs.
Financial assets	11,493,937	-	-	-	11,493,937
Financial liabilities	(31,088)	-	-	-	(31,088)

31 <sup>st</sup> March 2023	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	1-2 years Rs.	Total Rs.
Financial assets	7,576,978	-	-	-	7,576,978
Financial liabilities	(15,794)	-	-	-	(15,794)



f) **Capital risk management**

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

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

The disclosures of Unitholders' Funds are as follows.

The movement in the Unitholder's Funds as at 31<sup>st</sup> March 2024

I. **In terms of Value**

	Rs.
Unitholders' funds as at 01 <sup>st</sup> April 2023	7,704,327
Creations during the year	31,182,392
Redemptions during the year	(28,067,930)
Total comprehensive income for the year	635,646
Unitholders' funds as at 31 <sup>st</sup> March 2024	11,454,435

II. **In terms of number of units**

	No. of Units
Opening number of units as at 01 <sup>st</sup> April 2023	356,506
Unit creations during the year	1,370,996
Unit redemptions during the year	(1,244,282)
Closing number of units as at 31 <sup>st</sup> March 2024	483,220

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





CAPITAL ALLIANCE CORPORATE TREASURY FUND  
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2023/2024	2022/2023
Rs.	Rs.

4. INTEREST INCOME

Interest on treasury bills/bonds repurchase agreements

673,548	833,816
673,548	833,816

5. INCOME TAX EXPENSE

Following the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 1st 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 year ended 31st March 2024.

As at 31.03.2024	As at 31.03.2023
Rs.	Rs.

6. CASH AND CASH EQUIVALENTS

Cash at bank

1,140,175	149,795
1,140,175	149,795

7. FINANCIAL ASSETS AT AMORTISED COST

T-bills/bonds repurchase agreements (Note 7.1)

10,345,101	7,570,326
10,345,101	7,570,326

7.1 T-bills/bonds repurchase agreements

As at 31.03.2024		As at 31.03.2023	
Carrying value Rs.	Holding as a % of net asset value	Carrying value Rs.	Holding as a % of net asset value
Commercial Bank of Ceylon PLC	-	7,570,326	98.3%
Acuity Securities Limited	10,345,101	-	-
	90.3%		
	10,345,101	7,570,326	98.3%
	90.3%		

As at 31.03.2024	As at 31.03.2023
Rs.	Rs.

8. INCOME TAX RECEIVABLE

Income tax receivable  
Provision for doubtful income tax receivable

2,362,233	2,362,233
(2,362,233)	(2,362,233)
-	-

9. OTHER RECEIVABLES

Money market interest receivables

247	-
247	-

10. ACCRUED EXPENSES

Fund management fee  
Trustee fee  
Audit fee

5,607	3,311
1,458	1,219
24,023	11,264
31,088	15,794





CAPITAL ALLIANCE CORPORATE TREASURY FUND  
NOTES TO THE FINANCIAL STATEMENTS

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (original maturities less than an year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

Assets	Liabilities
Cash and cash equivalents	Accrued expenses
Financial assets at amortised cost	
Other receivables	

12. CONTINGENCIES

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

13. EVENTS AFTER THE REPORTING DATE

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

14. COMMITMENTS

Capital Commitments  
The Fund does not have significant capital commitments as at the reporting date.

15. UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31st March 2024 are 483,219.87 (2023 - 356,506.02) and unit price as at this date is Rs.23.7044 (2023 - Rs.21.6107).

16. RELATED PARTY DISCLOSURE

16.1 Management Company and Trustee

The Management Company is Capital Alliance Investments Limited.  
The Trustee is Hatton National Bank PLC

16.2 Key management personnel

Key management personnel include persons who were directors of Capital Alliance Investments Limited at any time during the financial year.

i) Directors

Mr. K.P Mannakkara  
Ms. H. M. S. Perera  
Dr.(Mrs.) M. De Zoysa ( Appointed w.e.f 01st December 2023)  
Mr. W. A. T. Fernando (Resigned w.e.f. 30th November 2023)  
Mr. K. S. C. P. K. Gunasinghe (Resigned w.e.f. 19th February 2024)

ii) Other key management personnel

Other KMPs include persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

16. RELATED PARTY DISCLOSURE (CONTD....)

16.3 Key management personnel compensation

Key management personnel are paid by Capital Alliance Investments Limited. Payments made from the Fund to Capital Alliance Investments Limited do not include any amounts directly attributable to the compensation of key management personnel.

16.4 Other transactions within the Fund

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

16.5 Related party unitholding and other transactions

Name	Relationship	No. of units	Value of Unit Holding (Rs.)
As at 31st March 2024			
Capital Alliance Investments Limited	Management Company	320.99	7,608.88
As at 31st March 2023			
Capital Alliance Investments Limited	Management Company	422.25	9,125.08

16.6 Other transactions with related parties and amounts due

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		Receivable/Payable	
	2023/2024	2022/2023	As at 31.03.2024	As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Fund management fee	36,245	28,216	5,607	3,311
Trustee fees	10,373	10,239	1,458	1,219
The Bank balance held at Hatton National Bank PLC/Deutsche Bank AG as at 31st March			1,140,175	149,795

\* In addition to the above, certain administrative expenses including audit fees were borne by the Management Company.

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

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Net asset value as per Financial Statements	11,454,435	7,704,327
Other adjustment	-	-
Published net asset value	11,454,435	7,704,327
Number of units outstanding	483,219.87	356,506.02
Published net asset value per unit	23.7044	21.6107

