



NDB WEALTH INCOME PLUS FUND

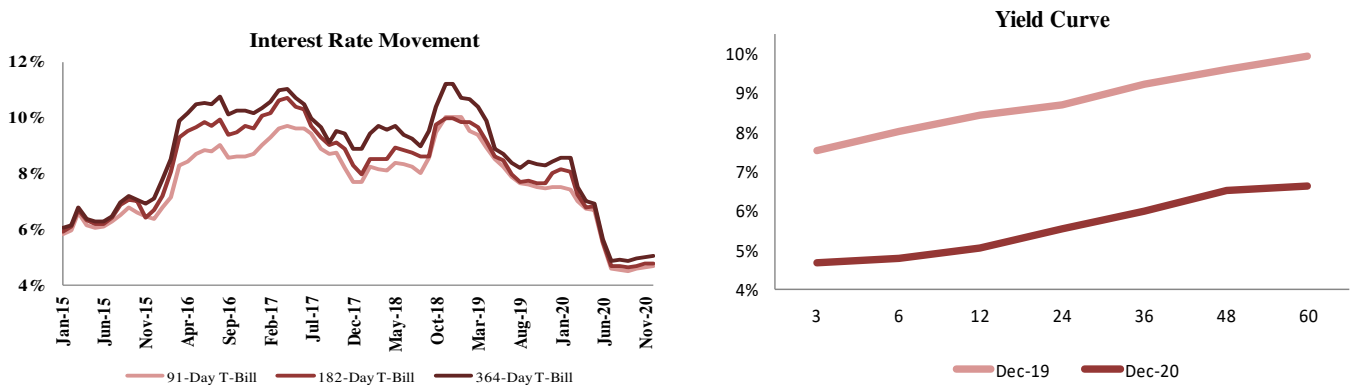
ANNUAL REPORT

FINANCIAL STATEMENTS
31ST DECEMBER 2020

Fund Review 2020 - NDB Wealth Income Plus Fund

The Central Bank of Sri Lanka (CBSL) resorted to swift policy action to revive the economy hampered by the Covid-19 pandemic through frequent policy rate cuts during the year. Accordingly, the Standing Lending Facility Rate (SLF) and the Standing Deposit Facility Rate (SDF) were slashed by 250 basis points each to 5.50% and 4.50% respectively and the Statutory Reserve Ratio (SRR) by 300 basis points to 2.00%. In this backdrop, interest rates nose-dived across the yield curve with the benchmark 364-day Treasury bill rate falling to 5.03% as at year end, from 8.45% at the beginning of the year (Source: Central Bank of Sri Lanka).

Falling interest rates, deteriorating investor sentiment and flight to safety, drove foreign investors out of rupee denominated government securities, with net foreign selling amounting to LKR 97.8 bn in 2020, reducing the foreign holding in treasury securities to an all time low of LKR 6.8 bn by the end of the year (Source: Central Bank of Sri Lanka).



Source: Central Bank of Sri Lanka

Credit to the private sector which turned negative during the period of lockdown, showed signs of recovery from August on the back of conducive monetary policy. On the fiscal front, consumer taxes remained broadly unchanged to stimulate growth amid low economic activity. However, budget 2021 remains ambitious, expecting investment driven growth to bridge the revenue gap in the face of Covid-19 and external debt challenges. Meanwhile Fitch Ratings downgraded Sri Lanka's sovereign rating to CCC from B- along with S&P and Moody's rating agencies on the back of the country's challenging external-debt repayment position and deteriorating fiscal balances.

During the year under review the NDB Wealth Income Plus Fund yielded the following returns commensurate with the risk parameters and the objective of the Fund:

	NDB Wealth Income Plus Fund	*Average Weighted Deposit Rate (AWDR) *12-month avg.
Performance - 2020	12.12% (after fees)	7.10%

*Source: Central Bank of Sri Lanka

We expect interest rates to remain low during the first half of 2021 due to the loose monetary policy stance observed by the Central Bank, continued restrictions on imports and low levels of credit growth. However, given widening budget deficits, the large debt servicing burden and an anticipated recovery in private sector credit rate pressures may build towards the second half of the year.

NDB WEALTH INCOME PLUS FUND
COLOMBO 02

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2020



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NDB Wealth Income Plus Fund ("The Fund"), which comprise the statement of financial position as at 31st December 2020 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 significant accounting policies as set out in pages 05 to 14.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Other Information

The Fund Management Company is responsible for the other information. The other information generally comprises the information included in the Fund manager's report, but does not include the financial statements and our auditor's report thereon.

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

Other Matter

The financial statements of NDB Wealth Income Plus Fund for the year ended 31st December 2019 were audited by another auditor who expressed an unmodified opinion on these statements on 15th June 2020.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Fund Management Company and the trustee are responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as 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 Fund Management Company is responsible for overseeing the Fund's financial reporting process.

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Partners : Sujeewa Rajapakse FCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.
R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). M.N. Mohamed Nabeel ACA. D. Jerad N. Dias ACA.
Madhura V. De Silva FCA, MSc.



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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure 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 Fund Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

BDO Park

CHARTERED ACCOUNTANTS

Colombo

26th March 2021

MN/dm

NDB WEALTH INCOME PLUS FUND
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST DECEMBER 2020

	Note	2020 LKR	2019 LKR
Investment income			
Interest income	4	26,292,790	41,254,562
Operating expenses	5	(1,384,223)	(3,054,451)
Profit before tax		<u>24,908,567</u>	<u>38,200,111</u>
Income tax expense	6	-	-
Profit for the year		24,908,567	38,200,111
Other comprehensive income		-	-
Total comprehensive income for the year		<u>24,908,567</u>	<u>38,200,111</u>
Increase in net assets attributable to unitholders		<u>24,908,567</u>	<u>38,200,111</u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 14 form an integral part of these financial statements.

Colombo
 26th March 2021



NDB WEALTH INCOME PLUS FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	As at 31.12.2020 LKR	As at 31.12.2019 LKR
Assets			
Cash at bank		47,647	82,693
Financial assets measured at amortised cost	7	53,719,860	249,557,524
Tax recoverable	8	-	-
Total assets		53,767,507	249,640,216
Liabilities			
Accrued expenses	9	118,186	272,306
Total liabilities		118,186	272,306
Net assets attributable to unitholders		53,649,321	249,367,910
Unitholders' funds			
Unit capital		31,505,265	164,837,067
Retained earnings		22,144,056	84,530,844
Net assets attributable to unitholders	10	53,649,321	249,367,910

Figures in brackets indicate deductions.

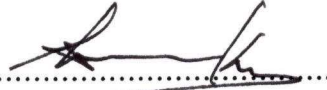
The accounting policies and notes from pages 05 to 14 form an integral part of these financial statements.

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

These financial statements were approved by the Fund Management Company and the Trustee on 26th March 2020.


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


.....
Bank Of Ceylon - Head Office
Trustee



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



Colombo
26th March 2021
MN/dm

NDB WEALTH INCOME PLUS FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Unit Capital LKR	Retained earnings LKR	Total LKR
Balance as at 01st January 2019	572,013,458	199,573,710	771,587,168
Net decrease due to creation and redemption of units	(407,176,391)	(153,242,977)	(560,419,368)
Increase in net assets attributable to unitholders	-	38,200,111	38,200,111
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	38,200,111	38,200,111
Balance as at 31st December 2019	164,837,067	84,530,844	249,367,910
Net decrease due to creation and 'redemption of units	(133,331,802)	(87,295,355)	(220,627,157)
Increase in net assets attributable to unitholders	-	24,908,567	24,908,567
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	24,908,567	24,908,567
Balance as at 31st December 2020	31,505,265	22,144,056	53,649,320

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 14 form an integral part of these financial statements.

Colombo
26th March 2021



NDB WEALTH INCOME PLUS FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 LKR	2019 LKR
Cash flows from operating activities		
Interest received	36,340,708	59,989,853
Management fees paid	(1,115,211)	(1,951,536)
Other expenses paid	(423,133)	(719,523)
Net movement in investments	180,900,000	507,796,274
Net cash generated from/(used in) operating activities	<u>215,702,364</u>	<u>565,115,068</u>
 Cash flows from financing activities		
Proceeds on creation of units	220,500,870	276,385,140
Payments on redemption of units	(441,128,026)	(836,804,508)
Net cash generated from/(used in) financing activities	<u>(220,627,156)</u>	<u>(560,419,368)</u>
 Net increase in cash and cash equivalents	(4,924,792)	4,695,700
Cash and cash equivalents at the beginning of the year	7,090,301	2,394,601
Cash and cash equivalents at the end of the year	<u>2,165,509</u>	<u>7,090,301</u>
 Cash and cash equivalents at the end of the period comprise of:		
Cash at bank	47,647	82,693
Financial instruments - maturity within 03 months	2,117,862	7,007,608
	<u>2,165,509</u>	<u>7,090,301</u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 14 form an integral part of these financial statements.

Colombo
26th March 2021



1. GENERAL INFORMATION

1.1 General

NDB Wealth Income Plus Fund (“the Fund”) is an open ended unit trust fund licensed by the Securities and Exchange Commission of Sri Lanka and established under trust deed signed on 30 March 2016. The Fund which invests mainly in government securities and corporate debt securities 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 office is located at Head office, Bank of Ceylon Mawatha, Colombo 01, Sri Lanka.

1.2 Date of authorization for issue

The financial statement of the fund for the year ended 31st December 2020 were authorized for issue by the Fund Management Company and the Trustee on 26th March 2021.

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 for the valuation of certain financial instruments. 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 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in unitholders’ funds 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. (LKASs/SLFRSs)

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with (LKASs/SLFRSs) requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company’s accounting policies, which are described below, the 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 recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

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

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

2.4 Summary of significant accounting policies

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

2.4.1 Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Impairment of financial assets

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

2.4.2 Financial instruments

i) Recognition and initial measurement

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

ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVOCI. Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

The Fund's financial assets classified under amortised cost include fixed deposit treasury bill under repurchase agreement, commercial papers and trust certificates.



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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

iii) **Subsequent measurement and gains and losses**

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income 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 is calculated using the effective interest method and impairment is recognised in profit or loss. The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

iv) **Impairment**

The Fund 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 ECL.

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

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 Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

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



Presentation of allowance for ECL in the statement of financial position

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

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

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

2.4.4 Derecognition

Financial assets

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the 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 is recognised in profit or loss.

2.4.5 Offsetting of financial instruments

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

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

2.4.6 Cash and Cash equivalents

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



2.4.7 Payables and provisions

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

2.4.8 Recognition of income

Income 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 interest income is recognised.

i) Interest income

For all financial instruments measured at amortized 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.

2.4.9 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 date of the statement of financial position.

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

Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unitholders in accordance with the new Inland Revenue Act No. 24 of 2017.





	2020 LKR	2019 LKR
4. INTEREST INCOME		
Interest on fixed deposits	13,896,464	40,717,652
Interest on commercial papers	4,737,823	-
Interest on trust certificates	7,099,778	324,200
Interest on money market saving accounts	558,725	212,710
	<u>26,292,790</u>	<u>41,254,562</u>
5. OPERATING EXPENSES		
Management fee	1,041,093	1,695,899
Trustee fee	191,145	336,782
Custodian fee	33,731	60,960
Auditor's remuneration	89,100	153,090
Tax consultancy fee	-	(77,060)
Impairment provision for tax recoverable	-	781,633
Bank charges	29,154	103,148
	<u>1,384,223</u>	<u>3,054,451</u>
6. INCOME TAX EXPENSE		
Tax expense for the year	<u>-</u>	<u>-</u>

6.1 The fund has calculated the income tax liability up to 31 March 2018 in accordance with the previous Inland Revenue Act No. 10 of 2006 and following the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 1 April 2018, the fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle.

	31.12.2020 LKR	As a % of net asset value	31.12.2019 LKR	As a % of net asset value
7. FINANCIAL ASSETS MEASURED AT AMORTISED COST				
Investment in fixed deposits (Note 7.1)	9,299,871	17.33%	222,349,801	89.17%
Investment in trust certificates (Note 7.2)	26,594,041	49.57%	20,185,523	8.09%
Investment in commercial papers (Note 7.4)	15,696,877	29.26%	-	-
Investment in money market Saving accounts (Note 7.3)	2,129,071	3.97%	7,022,200	2.82%
	<u>53,719,860</u>	<u>100%</u>	<u>249,557,524</u>	<u>100%</u>

7.1 Investment in fixed deposits

Company

LB Finance PLC	3,168,663	5.91%	-	-
Richard Pieris Finance Limited	-	-	30,210,916	12.11%
Peoples Leasing and Finance PLC	-	-	68,128,949	27.32%
HNB Finance PLC	-	-	93,708,899	37.58%
Mercantile Investment Finance PLC	-	-	30,301,038	12.15%
Commercial Leasing & Finance PLC	6,131,208	11.43%	-	-
	<u>9,299,871</u>	<u>17.33%</u>	<u>222,349,801</u>	<u>89.16%</u>

	31.12.2020 LKR	As a % of net asset value	31.12.2019 LKR	As a % of net asset value
7. FINANCIAL ASSETS MEASURED AT AMORTISED COST (CONTD...)				
7.2 Investment in trust certificates				
Company				
Alliance Finance Company PLC	-	-	20,185,523	8.09%
Singer Finance (Lanka) PLC	26,594,041	49.57%	-	-
	<u>26,594,041</u>	<u>49.57%</u>	<u>20,185,523</u>	<u>8.09%</u>
7.3 Investment in money market saving accounts				
Company				
Hatton National Bank PLC	2,006,145	3.74%	7,022,200	2.82%
Sanasa Development Bank	122,926	0.23%	-	0.00%
	<u>2,129,071</u>	<u>3.97%</u>	<u>7,022,200</u>	<u>2.82%</u>
7.4 Investment in commercial papers				
Company				
Lanka ORIX Leasing Company PLC	15,696,877	29.26%	-	-
	<u>15,696,877</u>	<u>29.26%</u>	<u>-</u>	<u>-</u>
			<u>As at</u> <u>31.12.2020</u> <u>LKR</u>	<u>As at</u> <u>31.12.2019</u> <u>LKR</u>
8. TAX RECOVERABLE				
Balance as at 01 January			-	781,633
WHT recoverable - Investments			781,633	-
Accumulated Impairment provision for Tax Recoverable			(781,633)	-
Income tax expense			-	(781,633)
Balance as at 31 December			<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>
<p>As of 31 December 2018, the net Income Tax Recoverable comprises of WHT amounting to Rs.781,633/-. The Fund Manager intends to claim the WHT recoverable by means of a refund.</p> <p>However, subsequent to the enactment to the new Inland Revenue Act No 24 of 2017, effective 01 April 2018, an Eligible Unit Trust would not be liable for Income Tax on any Income which is a pass through to its unit holders. Therefore, the Fund Manager is unable to assess with a reasonable certainty that there will be a future income tax liability to offset this income tax receivable balance. Hence an impairment provision is made against the WHT receivable balance amounting to Rs. 781,633/-.</p>				
			<u>As at</u> <u>31.12.2020</u> <u>LKR</u>	<u>As at</u> <u>31.12.2019</u> <u>LKR</u>
9. ACCRUED EXPENSES				
Management fee			22,665	96,783
Trustee fee			4,159	17,769
Audit fee			89,100	153,090
Custodian fee			2,262	4,664
			<u>118,186</u>	<u>272,306</u>



10. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movements in the number of units and net assets attributable to unitholders during the period is as follows:

	31.12.2020 Units	31.12.2019 Units	31.12.2020 LKR	31.12.2019 LKR
Opening capital balance	16,483,741	57,201,424	249,367,910	771,587,168
Units issued during the period	14,212,245	12,334,979	220,500,870	276,385,140
Units redeemed during the period	(27,545,420)	(53,052,663)	(441,128,026)	(836,804,508)
Increase in net assets attributable to unitholders	-	-	24,908,567	38,200,111
Closing balance	3,150,566	16,483,741	53,649,321	249,367,910

The creation price was at LKR 16.9428 (2019 -LKR 15.1189) per unit and the redemption price was at 16.9428 (2019 - LKR 15.1189) per unit as at 31 December 2020.

11. DISTRIBUTIONS FOR THE YEAR

There were no distributions for the year ended 31 December 2020.

12. CONTINGENCIES

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

13. EVENTS AFTER THE REPORTING DATE

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

14. CAPITAL COMMITMENTS

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

15. RELATED PARTY TRANSACTIONS

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

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

Mr. D.S.P. Wickramanayake, Mr. Bernard Sinniah, Mr.Shankanada Abeywardene, Mr. Sanjaya Perera and Mr. Dimantha Seneviratne are directors of the NDB Wealth Management Ltd.

There is no unit holdings by related parties and no purchase and sale of units made by related parties for the year.

Details of 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	1,041,093	22,665
Bank of Ceylon	Trustee	Trustee fees	191,145	4,159
		Custodian fees	33,731	2,262



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15. RELATED PARTY TRANSACTIONS (CONTD....)

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

	As at 31.12.2020 LKR	As at 31.12.2019 LKR
Bank balance held at Bank of Ceylon	47,647	82,693

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial instruments

The Fund's principal financial assets comprise of 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 unitholders. The Fund also has other financial instruments such as receivables and payables which arise directly from its operations.

(b) Financial risk management objectives, policies and processes

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 securities 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.

(i) Credit risk

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

The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the amortised cost of these instruments as detailed below. It 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.

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

	2020 Rs.	2019 Rs.
Conservative - Government treasury bill under repurchase agreements and money market savings	2,129,071	7,022,200
Balanced - Fixed deposits, trust certificates and commercial papers	51,590,788	242,535,324

(ii) Market risk

Market risk represents the risk that the value of the Fund's investment 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.

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

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 loans and receivables 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 for the period 2020 LKR	Effect on the profit for the period 2019 LKR
+ 0.25%	125,545	590,019
- 0.25%	(125,545)	(590,019)

(iii) **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 fund, 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 there is no concentration of risk.

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

	As at 31.12.2020 LKR	As at 31.12.2019 LKR
Fixed income securities		
Short-term (less than 1 year)	53,719,860	249,557,524
	<u>53,719,860</u>	<u>249,557,524</u>

