



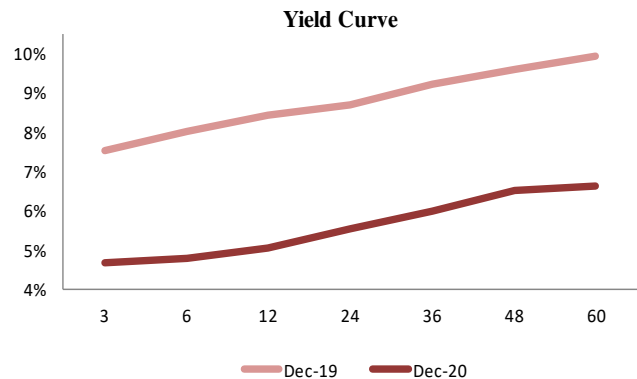
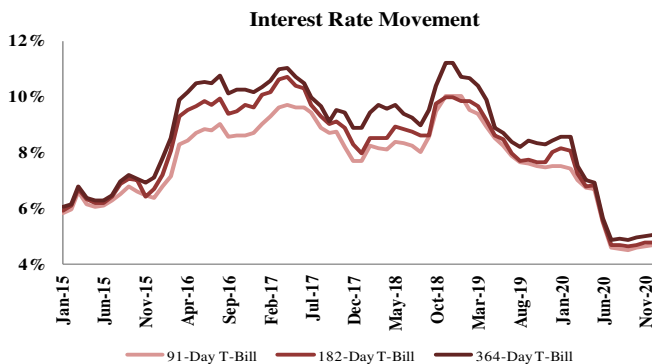
NDB WEALTH ISLAMIC MONEY PLUS  
FUND  
ANNUAL REPORT

FINANCIAL STATEMENTS  
31<sup>ST</sup> DECEMBER 2020

## Fund Review 2020 - NDB Wealth Islamic Money 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 Islamic Money Plus Fund yielded the following returns commensurate with the risk parameters and the objective of the Fund:

	NDB Wealth Islamic Money Plus Fund	*Average Weighted Deposit Rate (AWDR) *12-month avg.
Performance - 2020	9.28% (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 ISLAMIC MONEY PLUS FUND**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2020**



**W.R.RODRIGO & CO.,**  
chartered accountants

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No. 38/22, Rukmani Devi Mawatha,  
Negombo, Sri Lanka.

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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NDB WEALTH ISLAMIC MONEY PLUS FUND**

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

#### **Opinion**

We have audited the financial statements of NDB Wealth Islamic Money Plus Fund ("The Fund"), which comprise the statement of financial position as at 31 December 2020, and the income statement, statement of changes in unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies the other explanatory notes.

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

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 work we have performed, we conclude that there is a materially misstatements of this other information, we Are required to report that fact. We have nothing to report in this regard.

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

The fund management company and 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.



## **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 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 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**

As required by 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 as Amended by Act no. 26 of 1991, Act no. 18 of 2003 and Act No. 47 of 2009 and the trust deed.

  
**W. R. Rodrigo & Co.,**  
**Chartered Accountants**

10 March 2021  
Colombo



# NDB WEALTH ISLAMIC MONEY PLUS FUND

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 Rs.	2019 Rs.
<b>ASSETS</b>			
Cash at Bank		25,000	25,000
Financial Assets Measured at Amortised Cost	6	1,026,466,327	376,064,295
Other Receivables		789,619	208,656
<b>Total assets</b>		<u>1,027,280,946</u>	<u>376,297,952</u>
<b>LIABILITIES</b>			
Accrued Expenses	7	1,645,887	1,100,661
Investment Creditors		-	-
<b>Total liabilities</b>		<u>1,645,887</u>	<u>1,100,661</u>
<b>Net Assets Attributable to Unitholders</b>		<u>1,025,635,059</u>	<u>375,197,291</u>
<b>UNITHOLDERS' FUNDS</b>			
Unit Capital		631,240,531	252,193,951
Retained Earnings		394,394,528	123,003,341
<b>Net Assets Attributable to Unitholders</b>	8	<u>1,025,635,059</u>	<u>375,197,291</u>

These financial statements are in compliance with the requirements of the Securities and Exchange Commission Act No. 47 of 2009

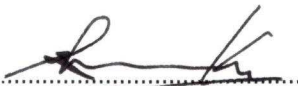
The fund management company and the trustee are responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting standards.



Director  
NDB Wealth Management Ltd  
Fund Management Company



Hatton National Bank PLC  
Trustee

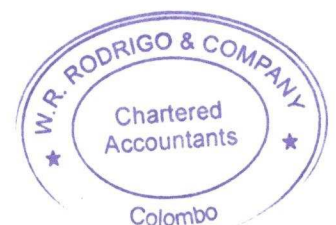


Director  
NDB Wealth Management Ltd  
Fund Management Company

Figures in brackets indicate deductions.

The accounting policies and notes in pages from 7 to 15 form an integral part of these financial statements.

10 March, 2021  
Colombo



## NDB WEALTH ISLAMIC MONEY PLUS FUND

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2020

	Note	2020 Rs.	2019 Rs.
Profit Share on Mudharabah and Wakala investments	3	55,942,128	33,353,184
Expenses	4	(6,621,486)	(3,657,401)
<b>Profit Before Tax</b>		<u>49,320,641</u>	<u>29,695,783</u>
Income Tax Expense	5	-	1,018,850
<b>Profit for the Year</b>		<u>49,320,641</u>	<u>30,714,633</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Year</b>		<u>49,320,641</u>	<u>30,714,633</u>
<b>Increase in Net Assets Attributable to Unitholders</b>		<u>49,320,641</u>	<u>30,714,633</u>

Figures in brackets indicate deductions.

The accounting policies and notes in pages from 7 to 15 form an integral part of these financial statements.



## NDB WEALTH ISLAMIC MONEY PLUS FUND

### STATEMENT OF CHANGES IN UNITHOLDERS' FUND

For the Year Ended 31 December 2020

	Unit Capital Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 01 January 2019</b>	160,021,943	53,994,448	214,016,390
Net Increase due to creation and redemption of units	92,172,008	38,294,260	130,466,268
Increase in net assets attributable to unitholders	-	30,714,633	30,714,633
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	30,714,633	30,714,633
<b>Balance as at 31 December 2019</b>	<u>252,193,951</u>	<u>123,003,341</u>	<u>375,197,291</u>
Prior period adjustment	-	-	-
Net decrease due to creation and redemption of units	379,046,581	222,070,546	601,117,127
Increase in net assets attributable to unitholders	-	49,320,641	49,320,641
Other comprehensive income	-	-	-
Total comprehensive income for the year	631,240,531	394,394,528	1,025,635,059
<b>Balance as at 31 December 2020</b>	<u><u>631,240,531</u></u>	<u><u>394,394,528</u></u>	<u><u>1,025,635,059</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes in pages from 7 to 15 form an integral part of these financial statements.





## NDB WEALTH ISLAMIC MONEY PLUS FUND

### STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2020

	2020 Rs.	2019 Rs.
<b>Cash flows from Operating Activities</b>		
Income Received from Mudharabah Investments	16,431,889	5,989,030
Income Received from Wakala Investments	25,055,533	18,476,494
Tax Paid	-	-
Management Fees Paid	(4,280,893)	(2,231,054)
Other Expenses Paid	(1,795,368)	(1,687,918)
Net Investments in Term Deposits- Mudharabah	-	29,014,949
Net Investments in Fixed Deposits- Wakala	(391,822,503)	(186,873,481)
Net Investment in Savings Deposits - Mudharabah	29,150,041	6,641,084
<b>Net cash flow generated / (used in) from operating activities</b>	<u>(327,261,300)</u>	<u>(130,670,896)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds on Creation of Units	1,063,680,601	276,490,883
Payments on Redemption of Units	(462,563,475)	(146,024,615)
<b>Net Cash Generated From/ (Used In) Financing Activities</b>	<u>601,117,127</u>	<u>130,466,268</u>
Net (Decrease)/ Increase in Cash and Cash Equivalents	273,855,826	(204,628)
Cash and Cash Equivalents at The Beginning of The Year	25,000	229,628
Cash and Cash Equivalents at The End of The Year	<u>273,880,826</u>	<u>25,000</u>
<b>Cash and Cash Equivalents at The End of The Year Comprises of:</b>		
Cash at Bank	25,000	25,000
Money Market Mudharabah Savings Account	273,855,826	-
	<u>273,880,826</u>	<u>25,000</u>

Figures in brackets indicate deductions.

The accounting policies and notes in pages from 7 to 15 form an integral part of these financial statements.



# NDB WEALTH ISLAMIC MONEY PLUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2020

### 1. CORPORATE INFORMATION

#### 1.1. Domicile and Legal Form

NDB Wealth Islamic Money Plus Fund ("the fund") is an open-ended and Shariah compliant unit trust fund licensed by the Securities and Exchange Commission of Sri Lanka and established under a trust deed signed in June 2015. The fund which invests mainly in Shariah compliant money market securities is domiciled in Sri Lanka.

The fund is managed by NDB Wealth Management Limited while Hatton National Bank PLC 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 its principal place of business is located at Level G, NDB Capital Building, No.135, Baudhaloka Mawatha, Colombo 04, Sri Lanka.

The trustee's principal office is located at Level 15, HNB Towers, Colombo 10, Sri Lanka.

#### 1.2. Date of Authorization for Issue

The financial statement of the fund for the year ended 31 December 2020 were authorized for issue by the fund management company and the trustee on 10 March 2021.



# NDB WEALTH ISLAMIC MONEY PLUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2020

### 2. PREPARATION OF FINANCIAL STATEMENTS

#### 2.1. Basis of Preparation

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

#### 2.2. Statement of Compliance

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.

#### 2.3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the 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 risks and assesses the impact on valuation of investments when determining the value of investment.

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.





# NDB WEALTH ISLAMIC MONEY PLUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2020

### 2.4.1. Financial instruments

#### (i) 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.

#### (ii) 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.

#### (iii) 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 Mudharabah and Wakala investments.

#### (iv) Subsequent measurement and gains and losses

<i>Financial assets at amortised cost</i>	These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses, if any. Profit and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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#### (v) 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 are 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:



# NDB WEALTH ISLAMIC MONEY PLUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2020

- 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 amortized 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.

### **2.4.2. 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.

### **2.4.3. 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 and it does not 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.

### **2.4.4. 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:



# NDB WEALTH ISLAMIC MONEY PLUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2020

- 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.

### 2.4.5. 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 subject to insignificant risk of changes in values.

### 2.4.6. 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 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.

### 2.4.7. 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) Profit from Investments

Income is recognized to the profit accrues using the effective interest rate method, which is the rate that exactly discount estimated future cash receipt through the expect life of the financial instruments to the net carrying amount of the financial asset. Profit reflects income earned on Mudharabah and Wakala Investments. Income is recognized gross of Withholding Tax up to 31.03.2018 and thereafter net of withholding Tax, due to the change in the new Inland Revenue Act No. 24 of 2017.

### 2.4.8. Unitholders' Funds and Net Assets Attributable to Unitholders

Unitholders' Funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to 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.

## 2.5. 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.





# NDB WEALTH ISLAMIC MONEY PLUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

3. INVESTMENT INCOME	2020 Rs.	2019 Rs.
Profit on Mudharabah Investments (Term deposits)	-	2,840,609
Profit on Mudharabah Investments (Saving deposits)	3,998,929	2,305,729
Profit on Wakala Investments (Term deposits)	51,943,199	28,206,846
	<u>55,942,128</u>	<u>33,353,184</u>

4. EXPENSES	2020 Rs.	2019 Rs.
Management Fee	4,700,339	2,334,837
Trustee Fee	951,818	500,265
Custodian Fee	129,747	137,003
Auditor's Remuneration	164,070	72,141
Tax Consultancy Fee	44,472	101,385
Other Professional Charges	583,315	581,716
Bank Charges	47,726	(69,946)
	<u>6,621,486</u>	<u>3,657,401</u>

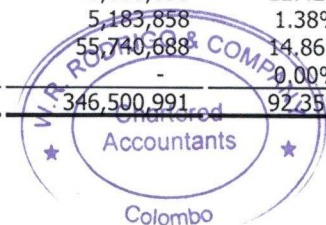
5. INCOME TAX	2020 Rs.	2019 Rs.
Income Tax Expense / (Reversal)	-	(1,018,850)
Income Tax Expense / (Reversal) for the Year	<u>-</u>	<u>(1,018,850)</u>

5.1. 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.

6. FINANCIAL ASSETS MEASURED AT AMORTISED COST	2020 Rs.	2019 Rs.
Investment in Mudharabah Savings Deposits (Note 6.1)	275,552,814	29,563,304
Investment in Wakala Deposits (Note 6.2)	750,913,513	346,500,991
	<u>1,026,466,327</u>	<u>376,064,295</u>

6.1. Investment in Mudharabah Savings Deposits	2020		2019	
	Amortised Cost Rs.	As a % of net asset value	Amortised cost Rs.	As a % of net asset value
<b>Company</b>				
Citizens Development Business Finance PLC	290,993	0.03%	25,758	0.01%
Hatton National Bank PLC	270,779,689	26.40%	23,893,626	6.37%
LB Finance PLC	838,402	0.08%	142,701	0.04%
Lanka Orix Leasing Company PLC	27,455	0.00%	26,364	0.01%
National Development Bank PLC	20,868	0.00%	25,657	0.01%
Commercial Leasing & Finance PLC	28,964	0.00%	27,403	0.01%
MCB Bank Ltd	3,566,444	0.35%	5,421,796	1.45%
	<u>275,552,815</u>	<u>26.87%</u>	<u>29,563,305</u>	<u>7.88%</u>

6.2. Investment in Wakala Deposits	2020		2019	
	Amortised Cost Rs.	As a % of Net Asset Value	Amortised cost Rs.	As a % of Net Asset Value
<b>Company</b>				
Commercial Leasing and Finance PLC	139,442,340	13.60%	50,864,512	13.56%
Richard Pieris Finance Ltd	57,019,666	5.56%	56,139,008	14.96%
LB Finance PLC	138,212,928	13.48%	51,051,294	13.61%
National Development Bank PLC	256,400,498	25.00%	74,758,239	19.93%
CDB Finance	125,625,467	12.25%	6,159,539	1.64%
MCB Bank	-	0.00%	46,603,855	12.42%
Hatton National Bank PLC	-	0.00%	5,183,858	1.38%
Vidulanka	14,097,644	1.37%	55,740,688	14.86%
Lanka ORIX Leasing Company	20,114,970	1.96%	-	0.00%
	<u>750,913,513</u>	<u>73.21%</u>	<u>346,500,991</u>	<u>92.35%</u>



## NDB WEALTH ISLAMIC MONEY PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

<b>7. ACCRUED EXPENSES</b>	<b>2020 Rs.</b>	<b>2019 Rs.</b>
Management Fee	662,068	242,622
Trustee Fee	134,069	49,131
Custodian Fees	10,977	11,007
Auditor's Remuneration	164,070	167,670
Other Professional Charges	581,716	581,716
Tax Consultancy Fee	92,987	48,515
	<u>1,645,887</u>	<u>1,100,661</u>

### 8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

	<b>2020 Units</b>	<b>2019 Units</b>	<b>2020 Rs.</b>	<b>2019 Rs.</b>
Opening capital balance	25,219,396	16,002,195	375,197,291	214,016,390
Units issued during the period	67,172,312	19,437,698	1,063,680,601	276,490,883
Units redeemed during the period	(29,267,654)	(10,220,497)	(462,563,475)	(146,024,615)
Increase in net assets attributable to	-	-	49,320,641	30,714,633
Closing balance	<u>63,124,053</u>	<u>25,219,396</u>	<u>1,025,635,059</u>	<u>375,197,291</u>

The creation price was at Rs. 16.24 (Rs. 14.86 - 2019) per unit and the redemption price was at Rs. 16.24 (Rs. 14.86 - 2019) per unit as at 31 December 2020.

### 9. DISTRIBUTIONS FOR THE YEAR

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

### 10. CONTINGENCIES

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

### 11. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the

### 12. IMPACT OF COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the government to contain the virus have affected economic activity. The fund has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such safety and health measures (like social distancing and working from home) and securing the collection of funds that are essential to our business operation. At this stage, the impact on our business and results is limited. Fund will continue to follow the various national institutes policies and advice and in parallel will do utmost to continue its operations in the best and safest way possible without jeopardizing the health of its customers.

Even at this moment no uncertainty about the fund's ability to continue as a going concern is identified. In addition, we have taken several steps to further strengthen our financial position and balance sheet, and maintain financial liquidity and flexibility.

### 13. CAPITAL COMMITMENTS

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





## NDB WEALTH ISLAMIC MONEY PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

#### 14. RELATED PARTY TRANSACTIONS

The following have been identified as related parties to NDB Wealth Islamic Money 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. NDB Wealth Management Ltd'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 holding by related parties and no purchase and sale of units made by related parties for December 2020.

Details of fund management fee and trustee fees paid/ payable are as follows:

Name of the related party	Nature of interest	Particulars of financial	Transaction Value Rs.	Outstanding Value Rs.
NDB Wealth Management Limited	Fund Management Company	Management fee	4,700,339	662,068
Hatton National Bank PLC	Trustee	Trustee fees Custodian fee	951,818 129,747	134,069 10,977

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

	2020 Rs.	2019 Rs.
Bank balance held at Hatton National Bank PLC	25,000	25,000
Mudharabah savings deposits held at National Development Bank PLC	20,868	25,657
Wakala investment held at National Development Bank PLC	256,400,498	74,758,239

#### 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

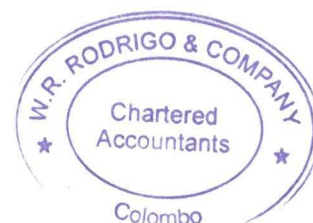
##### (a) Financial Instruments

The fund's principal financial assets comprise investments in money market securities (which comply with Shariah principles) 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.

The financial instruments of the fund comprise of 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.



## NDB WEALTH ISLAMIC MONEY PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

#### (c) 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 securities	-	-
Balanced - Mudharabah savings and term deposits and Wakala deposits	1,026,466,327	376,064,295

#### (d) Market Risk

Market risk represents the risk that the value of the fund's investments portfolios will fluctuate as a result of changes in market prices.

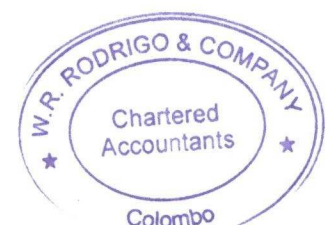
This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investments strategies. As such, unitholders can manage this risk through their choices of which investment portfolios to participate in.

#### (e) Liquidity Risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet its obligation to pay unit holders. Due to the nature of a unit trust, it is unlikely that a significant number of unit holders would exit at the same time. However to control liquidity risk, the fund investments in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the fund invests within established limits to ensure there is no concentration of risk.

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

	2020 Rs.	2019 Rs.
<b>Securities</b>		
Long term (more than 1year)	-	-
Short term (less than 1year)	1,026,466,327	376,064,295
	<u>1,026,466,327</u>	<u>376,064,295</u>



# NDB WEALTH ISLAMIC MONEY PLUS FUND

For the year ended 31 December 2020

	<b>NAV as per Valuation as at 31.12.2020</b>	1,025,228,747
Add:	<i>Adjustments to the Financial Statements</i>	
	WHT Payable	393,333
	Audit Fee - Over Provision	20,833
	Meeting Fee - Over Provision	3,197
Less :	Bank charges recognised to financial statements	(100)
	Tax Consultant Fee - Under Provision	(10,646)
	Management Fee, Trustee Fee & Custodian Fee	(305)
	<b>NAV as per Financial Statements</b>	<u>1,025,635,059</u>
	(Net Assets attributable to Unit holders)	

