

PREMIER WEALTH FUNDS

PREMIER WEALTH FUNDS ANNUAL REPORT 2021-2022

Trustee & Custodian



HATTON NATIONAL BANK PLC, HEAD OFFICE

Fund Manager



PREMIER WEALTH MANAGEMENT LIMITED

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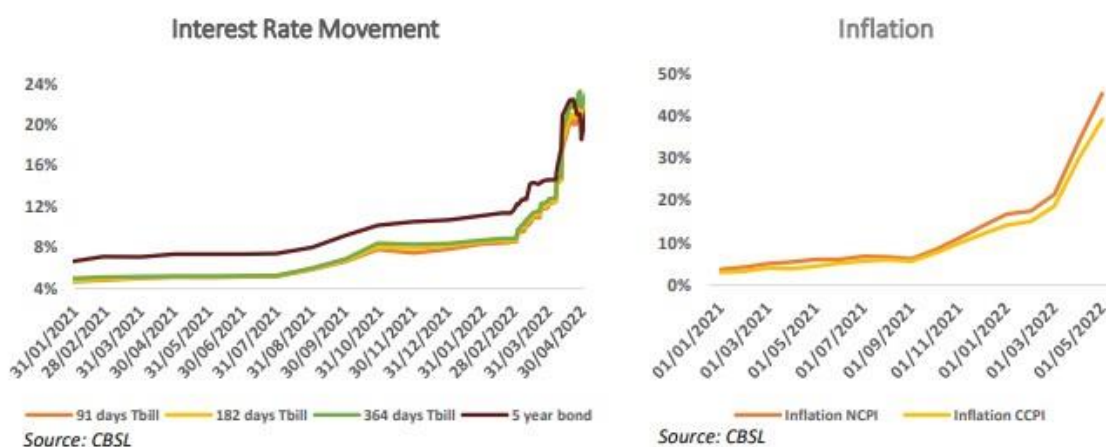
Fund Manager's Review

Our Valued Investors,

Due to the high inflationary pressure, rising energy and food prices due to geopolitical tensions, Central Banks around the globe continue to tighten their monetary policies to sustain domestic economies. Therefore, the global economic outlook which was supposed to recover to a post pandemic growth phase is steered back into a downward trend. The unfolding of these events could lead to negative spill over effects on emerging market and developing economies in the periods ahead.

As per GDP estimates published by the Department of Census and Statistics (DCS), Sri Lankan economy is estimated to have recorded a contraction of 1.6 percent, year-on-year, in the first quarter of 2022 after a 3.7% growth recorded in the year 2021. During the second quarter of 2022 also, Sri Lankan economy is expected to be severely affected with the supply side disruptions, primarily due to the shortages of power and energy which would heighten inflationary pressures further.

Amidst the adverse developments on the domestic front, continued geopolitical tensions affecting global commodity markets will further add risks to our domestic economic growth in the near term.



We expect interest rates to remain elevated during 2022 with contractionary monetary policy to be maintained by the Central Bank of Sri Lanka to curtail inflation pressures.

Fund Performance

With the two-unit trust funds “Premier Money Market Fund” and “Premier Growth Fund”, we cater to the liquidity and long-term capital appreciation needs of our unitholders.

The unblemished track record of PWML would propel us to win the trust of common Sri Lankans while educating them on non-traditional investment avenues, which would bring win-win solutions to investors, shareholders and the society at large.

Premier Money Market Fund continued to establish its reputation as a fund which aims to provide attractive, short-term, tax-adjusted investment opportunities for both corporative and retail clients. For the year ended 31st March 2022 the Fund managed to deliver a 6.81% annualized yield, net of fees, compared to the 9.33% annualized yield the fund achieved in the previous period.

Premier Growth Fund, a balanced fund which focuses on investments in rated debt instruments, government securities, deposits with financial institutions and equity, was able to record -4.61% (net of fees) for the period under review, whereas All Share Price Index of Colombo Stock Exchange has recorded an increase of 25.03% for the same period.

References:

(1).<https://www.cbsl.gov.lk/en/sri-lanka-economy-snapshot>

(2).https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220707_Monetary_Policy_Review_No_5_2022_e_G35t7.pdf

PREMIER GROWTH FUND
COLOMBO 05

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022



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

As required by 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, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Fund.

BDO Part 1200

CHARTERED ACCOUNTANTS

Colombo 02

01st July 2022

HSR/kp

PREMIER GROWTH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2022

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	Note	2021/2022 Rs.	2020/2021 Rs.
Investment Income			
Dividend income		14,936	45,269
Interest income	4	2,854,074	2,104,906
Placement fee income		-	35,000
Net change in financial assets held at fair value through profit or loss		(47,706)	274,373
Net unrealized gain on financial assets held at amortized cost		(3,735,319)	738,701
Total Investment Income		<u>(914,015)</u>	<u>3,198,249</u>
Expenses			
Custodian fee		(129,600)	(129,451)
Audit fee		(136,775)	(133,354)
Transaction cost		-	(77,309)
Professional fees		(43,276)	(43,081)
Other expenses		-	(1,750)
Write-off of Tax Receivable		(74,056)	-
Total operating expenses		<u>(383,707)</u>	<u>(384,945)</u>
Net operating profit		<u>(1,297,722)</u>	<u>2,813,304</u>
Finance expenses		(1,439)	(3,468)
Profit before tax		<u>(1,299,161)</u>	<u>2,809,836</u>
Income tax expense		-	-
Increase in net assets attributable to unitholders		<u>(1,299,161)</u>	<u>2,809,836</u>

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 17 form an integral part of these financial statements.

Colombo
1st July 2022



PREMIER GROWTH FUND
STATEMENTS OF FINANCIAL POSITION
AS AT 31ST MARCH 2022

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	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	5	451,586	378,257
Financial assets - fair value through profit or loss	6	233,660	281,296
Financial assets measured at amortised cost	7	25,058,935	26,742,334
Income tax receivable	8	-	74,056
Other receivables	9	4,933	4,775
Total current assets		25,749,114	27,480,718
Total assets		25,749,114	27,480,718
UNITHOLDERS' FUNDS AND LIABILITIES			
Current liabilities			
Accrued expenses and other payables	10	244,916	197,239
Total current liabilities		244,916	197,239
Unitholders' fund			
Net assets attributable to unitholders	11	25,504,198	27,283,479
Total unitholders' fund		25,504,198	27,283,479
Total unitholders' funds and liabilities		25,749,114	27,480,718

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 17 form an integral part of these financial statements.

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

PREMIER WEALTH MANAGEMENT LIMITED


Premier Wealth Management Limited
Fund Management Company

Colombo
1st July 2022
HSR/kp




Hatton National Bank PLC
Trustee
Custodian
and
Trustee Services Plc

PREMIER GROWTH FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST MARCH 2022

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	Total Rs.
Unitholders' funds as at 01st April 2020	23,346,954
Increase in net assets attributable to unitholders	2,809,836
Received on unit creations	1,522,460
Paid on unit redemptions	(395,771)
Unitholders' funds as at 01st April 2021	<u>27,283,479</u>
Increase in net assets attributable to unitholders	(1,299,161)
Received on unit creations	31,520
Paid on unit redemptions	(511,640)
Unitholders' funds as at 31st March 2022	<u>25,504,198</u>

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 17 form an integral part of these financial statements.

Colombo
1st July 2022



PREMIER GROWTH FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2022

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	2021/2022	2020/2021
	Rs.	Rs.
Cash flows from operating activities		
Interest received	2,894,019	2,257,290
Dividend received	14,833	40,593
Placement fees received	-	35,000
WHT paid	-	(15,875)
Operating expenses paid	(263,413)	(368,007)
Net investment in financial assets	(2,051,990)	(2,709,062)
Net cash inflow/(outflow) from operating activities	593,449	(760,061)
Cash flows from financing activities		
Cash received on creation of units	31,520	1,522,460
Cash paid on redemption of units	(511,640)	(395,771)
Net cash inflow/(outflow) from financing activities	(480,120)	1,126,689
Net increase/(decrease) in cash and cash equivalents	73,329	366,608
Cash and cash equivalents at the beginning of the year (Note A)	378,257	11,649
Cash and cash equivalents at the end of the year (Note B)	451,586	378,257
At the beginning		Note A
Balance at bank	378,257	11,649
At the end		Note B
Balance at bank	451,586	378,257

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 17 form an integral part of these financial statements.

Colombo
1st July 2022





PREMIER GROWTH FUND

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

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1. CORPORATE INFORMATION

1.1 General

Premier Growth Fund ("the Fund") is an open ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched in September 2012.

The Management Company of the Fund, "Premier Wealth Management Limited" is a fully owned subsidiary of Ceylinco Seraska Limited, which is incorporated and domiciled in Sri Lanka. The registered office of the Manager and its principal place of business is located at No.02, Gower Street, Colombo 05. The Trustee of the Fund is Hatton National Bank PLC having an established business place at Hatton National Bank PLC, Custodian and Trustee Services, HNB Towers (Level 15), No. 479, T B Jayah Mawatha, Colombo 10, Sri Lanka.

Date of authorization for issue

The financial statements of the Fund for the year ended 31st March 2022 were authorized for issue by the Fund Management Company and the Trustee on 01st July 2022.

2. PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements of the Fund have been prepared and presented in accordance with Sri Lanka Accounting Standards comprising SLFRS/LKAS (hereafter referred to as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka.

The Fund did not adopt any inappropriate accounting treatments which are not in compliance with the requirements of the SLFRS and regulations governing the preparation and presentation of the financial statements.

2.2 Statement of compliance

These financial statements which comprise the statement of financial position as at 31st March 2022, statement of comprehensive income, statement of changes in unitholders' funds and statement of cash flows for the period ended and a summary of significant accounting policies and other explanatory information have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and the requirement of the unit trust code of the Securities and Exchange Commission of Sri Lanka.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. In the selection and application of the Fund's accounting policies, which are described below, the directors are 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.

PREMIER GROWTH FUND

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SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

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

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

Determination of fair value and fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by the valuation technique.

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Techniques which use inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 : Techniques which use inputs that are not based on observable market data.

2.4 Financial Instruments**2.4.1 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.

2.4.2 Classification

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; 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.

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





PREMIER GROWTH FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so 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.

2.4.3 Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt Investments at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.4.4 Impairment

The Fund recognizes 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 a 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.

2.4.4.1 Credit impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:-

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise;
- 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.

2.4.4.2 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 asset.



PREMIER GROWTH FUND

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

2.4.4.3 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.

2.4.5 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 recognized in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.

2.4.6 Recognition/de-recognition

2.4.6.1 Financial assets

All financial assets are 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.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right 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 recognized 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 derecognized.

2.4.6.2 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 recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

2.4.7 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 recognized amounts and
- There is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

2.4.8 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.

PREMIER GROWTH FUND

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SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

2.4.9 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 services received, whether or not billed to the Trust, and subsequently at amortised cost.

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events and 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.

2.4.10 Recognition of income

Income is recognized to the extent that it is probable that the future 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 recognized.

2.4.10.1 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. Interest income of treasury securities and fixed income securities are recognized gross of withholding tax or notional tax as applicable up to 31 March 2018 and thereafter net of withholding tax or notional tax due to the changes in the new Inland Revenue Act No. 24 of 2017.

2.4.10.2 Dividend income

Income is recognized when the right to receive the dividend is established, normally being the ex-dividend date. Dividend income is recognized net of withholding tax, if any.

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

Realized gains/(losses) on financial assets held at fair value through profit or loss include results of buying and selling of quoted equity securities.

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

Unrealized gains/(losses) on financial assets held at fair value through profit or loss include all gains and losses arising from changes in fair value of financial assets held at fair value through profit or loss as at the reporting date.

2.4.11 Expenditure recognition

All expenses, including management fees and trustee fees, are recognized in profit or loss on an accruals basis.

The management participation fees, the trustee fees and custodian fees of the Fund are as follows.

- Management and registration fee - 1.15% p.a. of net assets value of the Fund
- Trustee fee - 0.20% p.a of net assets value of the Fund
- Custody fee - Rs. 20,000 per month



PREMIER GROWTH FUND

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SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

Management fee and trustee fee had not been charged on the Fund considering the size of the Fund, but custodian fee commenced to be charged from 16 February 2019 onwards.

2.4.12 Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items. With the enactment of 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 unitholders. Accordingly, post 31st March 2018, the Fund has considered all income as being a pass-through to its unitholders.

2.4.13 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.

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. FINANCIAL INSTRUMENTS AND RISK MANGEMENT

3.1 Financial instruments

The Fund's principal financial assets comprise investment 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.

In accordance with SLFRS 09 Financial Instruments: recognition and measurement, the Fund's investments and receivables are classified as 'Financial instruments at amortised cost'. Payables are designated as 'Financial liabilities' at amortized cost.

3.2 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 market risk, credit risk and liquidity risk.

3.2.1 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 investment strategies. As such, unitholders can manage this risk through their choices of which investment portfolios to participate in.



PREMIER GROWTH FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

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3.2.2 Price risk

Movements in share prices directly affect the value of investments in the Premier Growth Fund because the volatility in future prices of investments held by the Fund are uncertain. To minimize the impact of price movements in individual shares, the Fund holds a portfolio of stocks at the maximum limit of 95% of the net assets attributable to unitholders which is diversified across multiple industry sectors covering growth stocks, and value stocks. The balance 5% is invested in short-term investment less than three months as repurchase agreements and bank deposits. Further, the investment team carries out detailed investment research to pick investments from its working list of stocks.

The following sensitivity analysis summarizes the Fund's sensitivity to the movements of the prices. This has been evaluated based on management's best estimates including historical correlation of the Fund. However, the actual movements in the risk variables may be different from the expected performance due to market and economic factors.

Impact on operating profit/net assets attributable to unitholders

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Change in price of the Fund's investment in financial instruments		
+10%	23,366	28,130
-10%	(23,366)	(28,130)

3.2.3 Interest rate risk

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

The Fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to the investments.

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

Impact on operating profit/net assets attributable to unitholders

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Change in interest rates of the Fund's investment in financial instruments		
+1%	28,541	21,049
-1%	(28,541)	(21,049)



PREMIER GROWTH FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

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3.2.4 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's the Fund's policy to enter into financial instruments with reputable counterparties.

3.2.4.1 Risk concentration of credit risk exposure

To reduce the likelihood of this risk, the Fund adheres to the maximum permissible single issuer exposure of 15% as per the Unit Trust code, and the investment team would reduce this limit further for selected issuers based on in-house credit research and due diligence.

Concentration of credit risk is managed by the counterparty and by market sector. The Fund is also subject to credit risk on its bank balances and receivables. The credit risk exposure on these instruments is not deemed to be significant.

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

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Credit rating of counterparties		
A-	3,570,511	1,019,220
A	4,028,823	4,409,455
A+	1,243,861	403,863
AA-	1,000,784	-
AA+	-	3,300,805
AAA	3,544,877	-
BBB+	5,180,906	3,890,836
BBB	313,427	5,649,405
	<u>18,883,189</u>	<u>18,673,584</u>

3.2.5 Liquidity risk

The risk is that the Fund will encounter difficulty in raising funds to meet its obligation to pay unitholders. To enhance the liquidity, the Fund invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund invests within established limits to ensure that there is no concentration of risk.

The following table analyses the Fund's maturity groupings based on the remaining period at the end of the reporting period.



PREMIER GROWTH FUND

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SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

Assets	As at 31.03.2022				Total Rs.
	Up to 3 months	3-12 Months	1-3 Years	Un- classified	
Financial assets	8,772,591	-	16,971,589	-	25,744,180
Financial Liabilities	244,918	-	-	-	244,918

Assets	As at 31.03.2021				Total Rs.
	Up to 3 months	3-12 Months	1-3 years	Un- classified	
Financial assets	3,960,358	7,511,124	15,930,405	-	27,401,887
Financial liabilities	197,239	-	-	-	197,239



PREMIER GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS

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	2021/2022	2020/2021
	Rs.	Rs.
4. INTEREST INCOME		
Interest received on repos	113,786	73,942
Interest received on treasury bonds	649,260	466,898
Interest received on deposits	319,770	633,321
Interest received on commercial papers	-	229,788
Interest received on debenture	1,625,251	615,100
Interest on savings deposits	23,292	85,857
Interest received on treasury bills	122,715	-
	<u>2,854,074</u>	<u>2,104,906</u>
	As at	As at
	31.03.2022	31.03.2021
	Rs.	Rs.
5. CASH AND CASH EQUIVALENTS		
Cash at bank		
- Hatton National Bank PLC - current account	5,000	5,000
- Hatton National Bank PLC - savings account	446,586	373,257
	<u>451,586</u>	<u>378,257</u>
6. FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS		

	As at		As at	
	31.03.2022		31.03.2021	
	No. of	Market	No. of	Market
	Shares	Value	Shares	Value
Banking				
Commercial Bank of Ceylon PLC	1,102	69,095	1,062	90,801
	<u>1,102</u>	<u>69,095</u>	<u>1,062</u>	<u>90,801</u>
Telecommunication Services				
Dialog Axiata PLC	10,000	100,000	10,000	130,000
	<u>10,000</u>	<u>100,000</u>	<u>10,000</u>	<u>130,000</u>
Telecommunication Services				
Sri Lanka Telecom PLC	1,850	64,565	1,850	60,495
	<u>1,850</u>	<u>64,565</u>	<u>1,850</u>	<u>60,495</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>12,952</u>	<u>233,660</u>	<u>12,912</u>	<u>281,296</u>



PREMIER GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS

Page 15

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
7. FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Investments in treasury bonds	6,175,748	8,068,749
Investments in deposits	7,086,562	6,148,493
Investments in repos	1,000,784	3,300,805
Investments in debentures - listed	10,795,841	9,224,287
	<u>25,058,935</u>	<u>26,742,334</u>
8. INCOME TAX RECEIVABLE		
Balance as at the beginning of the year	74,056	58,181
Withholding taxes deducted during the year	-	15,875
	<u>74,056</u>	<u>74,056</u>
(-) Provision for income tax receivable	(74,056)	-
Balance as at the end of the year	<u>-</u>	<u>74,056</u>
9. OTHER RECEIVABLES		
Dividend receivables	4,779	4,676
Interest receivable on savings account	154	99
	<u>4,933</u>	<u>4,775</u>
10. ACCRUED EXPENSES AND OTHER PAYABLES		
Custodian fees	11,007	11,007
Tax consultation fees payable	96,197	52,877
Audit fees payable	137,232	133,355
Payable to Premier Wealth Management Limited	480	-
	<u>244,916</u>	<u>197,239</u>
11. RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE		

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that 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. Movement in the number of units and net assets attributable to unitholders during the year was as follows:

	From 01st April 2021 to 31st March 2022		From 01st April 2020 to 31st March 2021	
	Units	Rs.	Units	Rs.
Units as at beginning of the year	4,057,527	27,283,479	3,885,722	23,346,954
Units issued during the year	4,686	31,520	232,225	1,522,460
Units redeemed during the year	(78,073)	(511,640)	(60,420)	(395,771)
Increase in net assets attributable to unitholders	-	(1,299,161)	-	2,809,836
Units as at end of the year	<u>3,984,140</u>	<u>25,504,198</u>	<u>4,057,527</u>	<u>27,283,479</u>
Adj: Income tax receivables	-	-	-	(74,056)
Other audit adjustments	-	-	-	19,000
Net assets as per valuation	<u>3,984,140</u>	<u>25,504,198</u>	<u>4,057,527</u>	<u>27,228,423</u>

The creation price was Rs.6.41 per unit as at 31.03.2022 (31st March 2021 - Rs. 6.72) and the redemption price was Rs.6.40 as at 31.03.2022 (31st March 2021 - Rs. 6.70).

PREMIER GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS

Page 16

12. UNRECOGNISED CONTRACTUAL COMMITMENTS

There were no unrecognized contractual commitments as at the reporting date to be disclosed.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

13.1 Contingent liabilities

There were no contingent liabilities as at the reporting date.

13.2 Contingent assets

There were no contingent assets as at the reporting date.

14. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material transactions since the reporting date which would require adjustments to, or disclosures in, the financial statements.

15. RELATED PARTY TRANSACTIONS

15.1 Responsible entity

The Fund Management Company, Premier Wealth Management Limited is a subsidiary of Ceylinco Seraka Limited. The Company's ultimate parent entity and controlling party is Inventure (Private) Limited which is incorporated and domiciled in Sri Lanka.

15.2 Key management personnel

a) Directors

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

- Mr. H G A Sirisena
- Mr. S Kumarapperuma (Resigned)
- Mr. L.V.Keragala
- Mr. G A H Chandana

b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial period.

15.3 Key management personnel holding units

The key management personnel of Premier Wealth Management Limited have not held any units in the Fund.

15.4 Other transactions within the Fund

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts existing at year end, involving key management personnel's interest.



PREMIER GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS

Page 17

15. RELATED PARTY TRANSACTIONS (CONTD..)

15.5 Related party unitholding

The Management Company held units in the Fund as follows:

Unitholder	Nature of relationship	Transactions during the period		Unitholding as at 31.03.2022	
		Investments Rs.	Redemptions Rs.	No. of units	Fair Value Rs.
Premier Wealth Management Limited	Management Company	-	-	465,950	2,926,165

15.6 Key management personnel compensation

Payments made from the Fund to Premier Wealth Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Name of Related Company	Relationship	Transaction type	2021/2022 Rs.	2020/2021 Rs.
Hatton National Bank	Trustee	Trustee fee	129,600	129,451

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

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Bank balance held at Hatton National Bank PLC	5,000	5,000

16. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP) OF THE COMPANY

Payments made from the Fund to Premier Wealth Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

17. COMPARATIVE INFORMATION

Comparative information of the Fund has been reclassified wherever necessary to conform with the current year's presentation/classification.

18. IMPACT OF ECONOMIC CRISIS

PGF invests in fixed deposits, Government Securities, investment-grade corporate debt instruments (which mainly include debentures, commercial papers and trust certificates), and listed equities. Net Asset Value of PGF is sensitive to the mark to market movements of the Fund's fixed income and equity securities, dividends, gain/loss from divestment of equities and interest income derived from the Fund's fixed income investments.

Economic crisis has negatively affected the market sentiments during the first half of 2022. Furthermore, the tightening of CBSL monetary policy, money market liquidity deficit and strain on government finances have resulted in market rates raising addition, although PGF's exposure is low, equity market has seen lower volumes and downward pressure.

The above negative sentiments and developments have impacted PGF returns, similar to what we have observed across the Unit Trust industry. However, we are focused on generating the best possible returns given the current challenging economic environment.



**PREMIER MONEY MARKET FUND
COLOMBO 05**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH 2022**



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Chartered Accountants
 "Charter House"
 95/2, Sri Christoperiasen A Gardiner Mawatha
 Colombo 02
 Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF PREMIER MONEY MARKET FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Premier Money Market Fund ("the Fund"), which comprise the statement of financial position as at 31st March 2022 and the statement of comprehensive income, statement of changes in unitholders' funds and 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 on pages 05 to 15.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st March 2022, 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.

Responsibilities of the Manager and Trustee for the Financial Statements

Premier Wealth Management Limited ("the Manager") of the Unit Trust 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 the Manager determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager 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 the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Partners : Sumanth Rajasinghe FCA, FQA, CPA, Adeline L.M. Jayasinghe FCA, FPA, CPA, MA, Sri Sumana Pathirajasinghe FCA, ACA, B. Visvanatharajah BSc (Hons), ACA, F. Sarath S. Srinan FCA, ACA (Sri Lanka), CPA, ACCA, CPA (UK), Rajin Mahipala Subram MA, B. Suresh A. Dasu ACA, Mahesh K. De Silva FCA, CPA.



As part of an audit in accordance with SLAu5s, 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

As required by 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, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Fund.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo 02

01st July 2022

HSR/dm

PREMIER MONEY MARKET FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2022

Page 1

	Note	2021/2022 Rs.	2020/2021 Rs.
Investment income			
Interest income	4	45,767,455	52,162,782
Placement fee income		1,023,049	1,063,603
Net realized gain on financial assets measured at amortized cost		-	168,324
Total investment income		46,790,504	53,394,709
Expenses			
Management fees		(2,253,803)	(1,982,339)
Trustee and custodian fees		(1,650,817)	(1,482,078)
Audit fees		(215,565)	(226,594)
Professional fees		(43,308)	(43,081)
Other expenses		-	(14,825)
Write-off of Tax Receivable		(3,371,946)	-
Total operating expenses		(7,535,439)	(3,748,917)
Net operating profit		39,255,065	49,645,792
Finance expenses	5	(18,061)	(34,595)
Profit before tax		39,237,004	49,611,197
Income tax expense		-	-
Increase in net assets attributable to unitholders		39,237,004	49,611,197

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 15 form an integral part of these financial statements.

Colombo
01st July 2022



PREMIER MONEY MARKET FUND
STATEMENTS OF FINANCIAL POSITION
AS AT 31ST MARCH 2022



	Note	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	6	4,008,698	298,163
Financial assets measured at amortised cost	7	638,211,499	682,335,329
Income tax receivable	8	-	3,371,946
Other receivables	9	41,113	354
Total current assets		642,261,310	686,005,792
Total assets		642,261,310	686,005,792
UNITHOLDERS' FUNDS AND LIABILITIES			
Current liabilities			
Accrued expenses and other payables	10	559,425	625,778
Other financial liabilities	11	4,046,713	677,397
Total current liabilities		4,606,138	1,303,175
Unitholders' fund			
Net assets attributable to unitholders	12	637,655,172	684,702,617
Total unitholders' fund		637,655,172	684,702,617
Total unitholders' funds and liabilities		642,261,310	686,005,792

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 15 form an integral part of these financial statements.

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

PREMIER WEALTH MANAGEMENT LIMITED

 Director
 Director

Premier Wealth Management Limited
Fund Management Company

Colombo
01st July 2022
HSR/dm




Hastion National Bank PLC
Trustee


PREMIER MONEY MARKET FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST MARCH 2022

Page 3

	Rs.
Unitholders' funds as at 01st April 2020	381,166,152
Increase in net assets attributable to unitholders	49,611,197
Received on unit creations	651,040,547
Paid on unit redemptions	(397,115,279)
Unitholders' funds as at 01st April 2021	<u>684,702,617</u>
Increase in net assets attributable to unitholders	39,237,004
Received on unit creations	673,962,462
Paid on unit redemptions	(760,246,911)
Unitholders' funds as at 31st March 2022	<u><u>637,655,172</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 15 form an integral part of these financial statements.

Colombo
01st July 2022



PREMIER MONEY MARKET FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2022

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	2021/2022 Rs.	2020/2021 Rs.
Cash flows from operating activities		
Interest received	45,726,696	54,782,544
Net investment in securities	44,123,830	(306,530,563)
Units to be Created	4,000,000	-
WHT paid	-	28,853
Operating expenses paid	(4,229,846)	(3,507,657)
Placement fee income received	392,365	1,626,550
Net cash inflow/(outflow) from operating activities	90,013,045	(253,600,273)
Cash flows from financing activities		
Cash received on creation of units	673,962,462	651,040,394
Cash paid on redemption of units	(760,246,911)	(397,115,279)
Bank charges	(18,061)	(34,595)
Net cash inflow/(outflow) from financing activities	(86,302,510)	253,890,520
Net increase in cash and cash equivalents	3,710,535	290,247
Cash and cash equivalents at the beginning of the year (Note A)	298,163	7,916
Cash and cash equivalents at the end of the year (Note B)	4,008,698	298,163
At the beginning		Note A
Balance at bank	298,163	7,916
At the end		Note B
Balance at bank	4,008,698	298,163

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 15 form an integral part of these financial statements.

Colombo
01st July 2022



**PREMIER MONEY MARKET FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**



Page 5

1. CORPORATE INFORMATION

1.1 General

Premier Money Market Fund ("the Fund") is an open ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The fund was launched on 15th July 2014.

The Management Company of the Fund, "Premier Wealth Management Limited" is a fully owned subsidiary of Ceylinco Seraka Limited, which has been incorporated and domiciled in Sri Lanka. The registered office of the Manager and its principal place of business is located at No.02, Gower Street, Colombo 05. The Trustee of the Fund is Hatton National Bank PLC, having an established business place at Hatton National Bank PLC, Custodian & Trustee Services, HNB Towers (Level 15), No. 479, T B Jayah Mawatha, Colombo 10, Sri Lanka.

Date of authorization for issue

The financial statements of the Fund for the year ended 31st March 2022 were authorized for issue by the Fund Management Company and the Trustee on 01st July 2022.

2. PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements have been prepared and presented in accordance with and in compliance with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The statement of financial position has been presented on a liquidity basis and assets and liabilities presented in decreasing order of liquidity and are not distinguished between the 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 have been presented in Sri Lankan rupees (Rs).

2.2 Statement of compliance

These financial statements which comprise the statement of financial position as at 31st March 2022, statement of comprehensive income, statement of changes in unitholders' funds and statement of cash flows for the period ended and a summary of significant accounting policies and other explanatory information have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and the requirement of the Unit Trust code of the Securities and Exchange Commission of Sri Lanka.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that influence the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the Fund's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring the 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 the current and future periods.

PREMIER MONEY MARKET FUND

Page 6

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. Following are the key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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 Financial instruments

2.4.1 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.

2.4.2 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost. Financial assets are not re-classified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets, in which case, all affected financial assets are re-classified 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 the payments of principal and interest on the principal amount outstanding.

2.4.3 Subsequent measurement and gains and loss

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
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2.4.4 Impairment of financial assets

At each reporting date, the Fund assesses to ascertain whether the financial assets carried at amortized 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. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.



PREMIER MONEY MARKET FUND

Page 7

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

2.4.5 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 de-recognition is also recognized in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.

2.4.6 Recognition/de-recognition**2.4.6.1 Financial assets**

All financial assets are 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.

The Fund de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right 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 recognized 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 de-recognized.

2.4.6.2 Financial liabilities

The Fund de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also de-recognises 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 recognition of a financial liability, the difference between the carrying amount is extinguished and the consideration paid is recognized in profit or loss.

2.4.7 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 recognized amounts and
- There is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

2.4.8 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 an insignificant risk of changes in values.

2.4.9 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 services received, whether or not billed to the Trust, and subsequently at amortised cost.



PREMIER MONEY MARKET FUND

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SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

Provisions are recognized 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.

2.4.10 Recognition of income

Income is recognized to the extent that it is probable that the future 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 recognized.

2.4.10.1 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. Interest income of treasury securities and fixed income securities are recognized gross of withholding tax or notional tax as applicable up to 31st March 2018 and thereafter, net of withholding tax or notional tax due to the changes in the new inland Revenue Act No. 24 of 2017.

2.4.11 Expenditure recognition

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

The management participation fees, the trustee fees and custodian fees of the Fund are as follows.

- Management and registration fee - 0.35% of Net asset value of the Fund
- Trustee fee - 0.20% of Net asset value of the Fund
- Custody fee - Flat fee of Rs. 20,000 per month

2.4.12 Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items. With the enactment of the new Inland Revenue Act No 24 of 2017, effective from 01st April 2018, an eligible unit trust would not be liable for income tax on any income which is a pass-through to its unitholders. Accordingly, post 31st March 2018, the Fund had considered all income as being a pass-through to its unitholders.

2.4.13 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.

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.



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3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

3.1 Financial Instruments

The Fund's principal financial assets comprise investment 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.

In accordance with SLFRS 09 Financial Instruments: recognition and measurement, the Fund's investments and receivables are classified as 'Financial Instruments at amortised cost'. Payables are designated as 'Financial liabilities' at amortized cost.

3.2 Financial risk management objectives, policies and processes

Risk 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 market risk, credit risk and liquidity risk.

3.2.1 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 the established mandate limits and investment strategies. As such, unitholders can manage this risk through their choices of which investment portfolios to participate in.

3.2.2 Interest rate risk

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

The Fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to the investments.

The following sensitivity analysis demonstrate the Fund's sensitivity in the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

Impact on operating profit/net assets attributable to unitholders

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Change in interest rates of the Fund's investment in financial instruments		
+1%	457,675	521,628
-1%	(457,675)	(521,628)

3.2.3 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's the Fund's policy to enter into financial instruments with reputable counterparties.

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

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

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Credit rating of counterparties		
A+	-	129,106,767
A	143,118,136	104,645,719
A-	52,925,185	72,516,512
AA-	256,791,826	129,114,888
AAA-	40,577,808	-
BBB	21,188,247	179,380,747
BBB+	102,116,326	67,570,696
BBB-	21,493,973	-
	<u>638,211,501</u>	<u>682,335,329</u>

3.2.4 Liquidity risk

The risk that the Fund will encounter difficulty in raising funds to meet its obligation to pay unit-holders. To enhance the liquidity, the Fund invests in financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund invests within established limits to ensure that there is no concentration of risk.

The following table analyses the Fund's maturity groupings based on the remaining period at the end of reporting period.

	As at 31.03.2022			
	Up to 3 months	3-12 months	Un- classified	Total Rs.
Financial assets	245,503,850	396,716,348	-	642,220,198
Financial Liabilities	4,606,138	-	-	4,606,138
	As at 31.03.2021			
	Up to 3 months	3-12 months	Un- classified	Total Rs.
Financial assets	179,098,934	503,534,538	-	682,633,472
Financial liabilities	1,303,175	-	-	1,303,175



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	2021/2022 Rs.	2020/2021 Rs.
4. INTEREST INCOME		
Interest received on repos	2,395,736	1,090,687
Interest on trust certificate	6,592,149	2,685,131
Interest received on deposits	31,153,241	40,400,605
Interest received on commercial papers	5,377,312	6,238,593
Interest on treasury bills	-	377,637
Interest on debentures	44,704	685,739
Interest on savings accounts	204,313	684,390
	<u>45,767,455</u>	<u>52,162,782</u>
5. FINANCE EXPENSES		
Bank charges	18,061	34,595
	<u>18,061</u>	<u>34,595</u>
	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
6. CASH AND CASH EQUIVALENTS		
Cash at bank	4,003,698	293,163
- Savings account - HNB bank	5,000	5,000
- Cash at bank - HNB bank	4,008,698	298,163
	<u>4,008,698</u>	<u>298,163</u>
7. FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Investment in repos	220,001,178	26,503,231
Investment in trust certificate	116,592,149	-
Investment in deposits	280,124,199	561,195,437
Investment in commercial papers	21,493,973	94,636,661
	<u>638,211,499</u>	<u>682,335,329</u>



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	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
8. INCOME TAX RECEIVABLE		
Balance at the beginning of the year	3,371,946	3,400,799
Withholding tax receivable	-	(28,853)
Balance at the end of the year	3,371,946	3,371,946
(-) Provision for income tax receivable	(3,371,946)	-
Balance as at the end of the year	-	3,371,946
9. OTHER RECEIVABLES		
Other receivables	41,113	354
	41,113	354
10. ACCRUED EXPENSES AND OTHER PAYABLES		
Management fees	139,148	200,572
Trustee fees	85,874	123,781
Tax consultation fees payable	96,186	52,877
Custodian fees	22,075	31,955
Auditor's remuneration	216,142	226,593
	559,425	635,778
11. OTHER FINANCIAL LIABILITIES		
Other payables	46,713	46,712
Placement fee received	-	630,685
Units to be Created	4,000,000	-
	4,046,713	677,397

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

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that the 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. The movement in number of units and net assets attributable to unitholders during the period were as follows;

	From 01st April 2021 to 31st March 2022		From 01st April 2020 to 31st March 2021	
	Units	Rs.	Units	Rs.
Units at beginning of the year	36,085,731	684,702,617	21,881,185	381,166,152
Units issued during the year	34,351,439	673,962,462	35,893,344	651,040,547
Units redeemed during the year	(38,819,768)	(760,246,911)	(21,688,798)	(397,115,279)
Increase in net assets attributable to unitholders	-	39,237,004	-	49,611,197
Units at end of the year	31,617,402	637,655,172	36,085,731	684,702,617
Adj: Income tax receivables	-	-	-	(3,371,946)
Other audit entries adjustments	-	-	-	33,263
Net assets as per valuation	31,617,402	637,655,172	36,085,731	681,363,934

The creation price was at Rs. 20.1679 per unit as at 31.03.2022 (31.03.2021 - Rs. 18.8818) and the redemption price was at Rs. 20.1679 (31.03.2021 - Rs. 18.8818).

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13. UNRECOGNISED CONTRACTUAL COMMITMENTS

There were no unrecognized contractual commitments as at the reporting date to be disclosed.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

14.1 Contingent liabilities

There were no contingent liabilities as at the reporting date.

14.2 Contingent assets

There were no contingent assets as at the reporting date.

15. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements.

16. RELATED PARTY TRANSACTIONS

16.1 Responsible entity

The Fund Management Company, "Premier Wealth Management Limited" is a subsidiary of Ceylnoo Seraka Limited. The company's ultimate parent entity and controlling party is Inventure (Private) Limited which has been incorporated and domiciled in Sri Lanka.

16.2 Key management personnel

a) Directors

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

- Mr. H G A Srisena
- Mr. S Kumarapperuma (Resigned)
- Mr. G A H Chandana
- Mr. L V Heragala

b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial period.

16.3 Key management personnel unitholding

The key management personnel of Premier Wealth Management Limited have not held any units in the Fund.

16.4 Other transactions within the Fund

Apart from these details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interests existing at year end.



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16. RELATED PARTY TRANSACTIONS (CONTD..)

16.5 Related party unitholding

Unitholder	Nature of relationship	Transactions during the period		Unitholding as at 31.03.2022	
		Investments Rs.	Redemptions Rs.	No. of units	Fair Value Rs.
Premier Wealth Management Limited	Management company	2,005,000	2,540,000	67,638	1,364,118
Serene Resorts Ltd	Member of same group	-	33,450,000	3,583,951	72,321,091

16.6 Key Management Personnel's Compensation

Payments made from the Fund to Premier Wealth Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Name of Related Company	Relationship	Transaction type	Amount (Rs.)	Amount (Rs.)
			2021/2022	2020/2021
Premier Wealth Management Limited	Managing company	Management fee	2,253,803	1,982,339
Hatton National Bank	Custodian Trustee	Custodian fee	259,755	258,491
		Trustee fee	1,391,062	1,223,587

The fund was invested in treasury bills repos through Hatton National Bank PLC.

	Interest Income 2021/2022	As at 31.03.2022	Interest Income 2020/2021	As at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Hatton National Bank PLC	201,178	220,001,178	3,231	26,503,231

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

	As at 31.03.2022	As at 31.03.2021
	Rs.	Rs.
Bank balance held at Hatton National Bank PLC	5,000	5,000

17. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP) OF THE COMPANY

Payments made from the Fund to Premier Wealth Management Limited do not include any amounts directly attributable to the compensation of key management personnel.



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18. COMPARATIVE INFORMATION

Comparative information of the Fund has been re-classified wherever necessary to conform to the current year's presentation/classification.

19. IMPACT OF ECONOMIC CRISIS

PMMF invests in short-term (maturity period of one year or less) instruments such as fixed deposits, Government Securities and investment-grade corporate debt instruments (which mainly include commercial papers and trust certificates). As a result of the economic crisis, volatility in the financial markets has increased, followed by rise in market interest rates due to CBSL policy rate hikes, fund experienced a temporary surge in redemptions.

However, we adopted an investment strategy to enhance our returns, while maintaining adequate liquidity. Therefore, with the rise in PMMF yields, redemptions have slowed down. In addition, we are continuously observing a renewed interest of unit holders to invest their short-term excess funds.



Corporate information

Fund Manager/ Registrar	Premier Wealth Management Limited No. 02, Gower Street, Colombo 05. Tel : +94 11 255 4110 Fax : +94 11 250 4138 E-mail : info@premierwealth.lk Web : www.premierwealth.lk
Trustee and Custodian	Hatton National Bank PLC, Head Office HNB Towers, No. 479, T B Jayah Mawatha, Colombo 10. Tel : +94 11 266 4664 +94 11 266 2772 +94 11 476 4764 Fax : +94 11 266 2814 +94 11 266 2832 Web : www.hnb.net
Fund Auditors	BDO Partners Charter House, 65/2 Sir Chittampalam A Gardiner Mawatha, Colombo 02. Tel : +94 11 2421878 Fax : +94 11 2336064 Web : www.bdo.lk
Bankers	Hatton National Bank PLC, Head Office HNB Towers, No. 479, T B Jayah Mawatha, Colombo 10. Tel : +94 11 266 4664 +94 11 266 2772 +94 11 476 4764 Fax : +94 11 266 2814 +94 11 266 2832 Web : www.hnb.net



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