



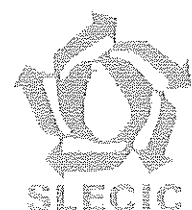
Financial Statements

Of

Srilanka Export Credit Insurance Corporation

FOR THE YEAR ENDED 31 DECEMBER 2023

(Draft-Un Audited)



Sri Lanka Export Credit Insurance Corporation

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Sri Lanka Export Credit Insurance Corporation

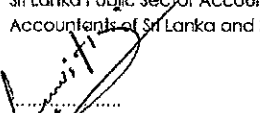
STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2023

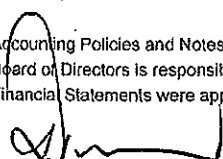
(All amounts are in Sri Lankan Rupees)

	Note	Current Year 2023	Previous Year 2022
ASSETS			
Non Current Assets			
Property, Plant & Equipment	9	146,557,087	151,127,335
Long-term Financial Investments (Over 1 Year)	10	384,466,868	8,210,419
Total Non Current Assets		531,023,954	159,337,754
Current Assets			
Stock of Stationery & Consumables		204,263	822,235
Investment Fund		2,397,029	1,474,826
Trade Debtors Control A/C		11,699,908	17,774,415
Sundry Debtors, Deposits and Pre-payments	11	34,047,683	6,441,402
Interest Receivable	12	432,894,859	461,763,582
Short-term Financial Investments (Less than 1 Year)	13	4,523,054,416	4,660,927,881
Foreign Currency Savings Accounts	14	9,881,383	91,002,559
Cash and Cash Equivalents	15	18,432,199	32,176,988
Total Current Assets		5,030,611,739	6,272,383,869
Total Assets		5,561,635,694	6,431,721,623
EQUITY			
Stated Capital (Page No.04)		150,000,000	30,000,000
Reserves (Page No.04)		2,320,481,939	2,327,046,250
Retained Earning (Page No.04)		1,895,167,402	2,284,894,930
Total Equity		4,365,649,342	4,641,941,181
LIABILITIES			
Non Current Liabilities			
Staff Gratuity Payable	16	13,466,484	30,010,488
Total Non Current Liabilities		13,466,484	30,010,488
Current Liabilities			
Sundry Creditors, Accrued Expenses & Provisions	17	661,752,728	237,724,956
Provision for Future Claims	18	517,807,098	495,877,928
Premium Advances		2,980,041	26,167,070
Total Current Liabilities		1,182,519,868	759,769,954
Total Liabilities		1,195,986,352	789,780,442
Total Liabilities & Equity		5,561,635,694	6,431,721,623


These Financial Statements have been prepared in accordance with the requirement of the Sri Lanka Public Sector Accounting and Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka and Finance Act No. 38 of 1971.


Rayin Ovitigala
AGM-Finance

The Accounting Policies and Notes to the Accounts form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. The Financial Statements were approved by the Board of Directors and signed on their behalf.


S C J Devendra
Chairman & Managing Director
27-Feb-24


A A I Dilrukshi
Director


A A M Thassim
Director

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in Sri Lankan Rupees)

	Note	Current Year 2023	Previous Year 2022
Revenue			
Gross Written Premium	1	411,935,492	435,561,804
Net Change in Reserve for Unearned Premium	1a	6,590,611	(3,662,948)
Gross Earned Premium		418,526,103	431,898,856
Other Operational Income	2	15,251,796	11,909,785
Total Net Revenue from Operations		433,777,899	443,808,641
Other Income			
Investment Income	3	787,110,607	529,400,575
		787,110,607	529,400,575
Total Net Revenue		1,220,888,505	973,209,215
Claims and Operating Expenses			
Net Claims	4	62,831,747	66,212,929
Status Reports		6,422,511	5,786,631
Establishment Expenditure	5	25,104,920	20,613,096
Administrative Expenditure	6	61,029,577	69,028,608
Selling & Marketing Expenditure	7	9,679,877	4,484,083
Finance Charges	8	196,844	9,970,160
Net Claims and Operating Expenses		165,265,476	176,095,507
Profit/Loss Before Value Added Tax		1,055,623,029	797,113,708
VAT on Financial Services	8a	-	85,864,474
Profit Before Income Tax		1,055,623,029	711,249,234
Income Tax	8b	281,575,841	182,339,084
Profit after tax		774,047,188	528,910,150
Other Income/Expenses			
Exchange Gain/(Loss)		(294,017,104)	1,086,538,807
Total Comprehensive Income after Tax		480,030,084	1,615,448,956

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Sri Lankan Rupees)

	Current Year 2023	Previous Year 2022
Cash Flows from Operating Activities		
Net profit before taxation	1,055,623,029	1,797,788,040
Adjustments for;		
Depreciation	16,346,130	13,584,600
Provision for Gratuity	2,401,583	18,525,745
Provision for Claims	166,611,769	66,212,929
VAT on Financial Services	-	85,864,474
Unearned premium adjustment	(6,590,611)	3,662,948
Foreign Exchange gain	-	(1,086,538,807)
Prior Year Adjustment	(569,757,611)	(91,239,072)
Investment income	(787,110,607)	(529,400,575)
Operating Profit before Working Capital Changes	(122,476,318)	278,460,284
(Increase)/Decrease in Trade & Other Receivables	6,074,509	(473,075,056)
(Increase)/Decrease in Deposits & Prepayments	(262,956,081)	129,713
Increase/(Decrease) in Trade Creditors & Other Payables	424,027,772	(13,415,768)
Increase/(Decrease) in Refundable Deposits Retained from Customers	452,800	106,800
Decrease / (Increase) in Inventories	617,972	(69,600)
Cash Generated from / (Used in) Operation	45,740,654	(207,863,628)
Gratuity paid	(2,568,771)	(2,844,252)
Claims Paid	(40,574,275)	(4,297,947)
Payment of VAT on FS	(7,858,426)	(37,122,002)
Income Tax Paid	(147,945,211)	(71,349,465)
Special Levy Paid to Treasury	(500,000,000)	(50,000,000)
Net Cash from / (Used in) Operating Activities	(653,206,030)	(373,477,294)
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	(11,775,880)	(926,423)
Interest income	787,110,607	529,400,575
Fixed Deposits	(137,873,466)	(132,025,754)
Net Cash from / (Used in) investing Activities	637,461,261	396,448,398
Cash flows from Financing Activities		
Treasury Loan Received / Repayments	-	-
Capital Contributed	-	-
Repayment of Loans	-	-
Net Cash from / (Used in) Financing Activities	-	-
Net Decrease in Cash and Cash Equivalents	(15,744,769)	22,971,104
Cash and Cash Equivalent Beginning of the Year (Note A)	32,176,968	9,205,864
Cash and Cash Equivalent End of the Year (Note A)	16,432,199	32,176,968

NOTE A**Cash & Cash Equivalents**

Hatton National Bank Current Accounts	955,761	1,318,649
Hatton National Bank Debit Tax Exempt current	605,802	-
Hatton National Bank Call Deposit Account	13,428,928	27,601,615
Bank of Ceylon Current Account	1,325,877	3,130,662
People's Bank Current Account	113,831	54,764
Cash in Hand	2,000	71,278

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
Annual Financial Statements - 2023
Changes in Equity Statement As At 31st December 2023

	Stated Capital Rs.	Retained Earnings Rs.	General Reserve Rs.	Revaluation Reserve Rs.	Investment Fund Rs.	Unearned Premium Rs.	Total Rs.
Balance as at 01st January 2022	30,000,000.00	669,419,673.77	2,157,589,464.84	137,308,408.27	58,507,949.05	20,003,780.27	3,072,829,276.20
Transferred from Revaluation Reserve Prior period adjustments		26,300.01	13,291,520.00	(13,291,520.00)	-	-	26,300.01
Net Profit for the Year 2022		1,615,448,956.48					1,615,448,956.48
Transferred during the year 2022 Special Levy for 2022			(50,000,000.00)			3,662,948.02	3,662,948.02
Balance as at 31st December 2022	30,000,000.00	2,284,894,930.26	2,120,880,984.84	124,016,888.27	58,507,949.05	23,666,728.29	4,641,967,480.71
Transferred from Revaluation Reserve Treasury Investment Adjustments	120,000,000.00	(569,757,611.38)					120,000,000.00
Net Profit for the Year 2023		480,030,083.55					(569,757,611.38)
Transferred during the year 2023 Special Levy for 2023		(300,000,000.00)				(6,590,611.36)	480,030,083.55
Balance as at 31st December 2023	150,000,000.00	1,895,167,402.43	2,120,880,984.84	124,016,888.27	58,507,949.05	17,076,116.93	4,365,649,341.52

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (All amounts are in Sri Lankan Rupees)

	Current Year 2023	Previous Year 2022
Note		
1 Gross Written Premium		
Pre-shipment Credit Guarantee	450,000.00	5,325,354.24
Post Shipment Credit Guarantee	468,737.70	547,381.60
Export Performance Guarantee	2,181,000.00	50,000.00
Cost of Passage Guarantee (APARA)	79,993,105.14	13,317,727.20
Export Payments Insurance Policy (Seller's Risk)	328,842,648.83	416,321,340.57
	<u>411,935,491.67</u>	<u>435,561,803.61</u>
(Increase)/Decrease in Unearned Premium	1a. 6,590,611.36	(3,662,948.02)
Gross Earned Premium	<u>418,526,103.03</u>	<u>431,898,855.59</u>
1a Unearned Premium		
Export Payments Insurance Policies Gross Unearned Premium		
Balance as at 1st January	23,170,908.10	18,706,711.86
Premium written during the year	328,842,648.83	416,321,340.57
Premium earned during the year	337,734,106.47	411,857,144.33
Balance as at 31st December	<u>14,279,450.46</u>	<u>23,170,908.10</u>
Credit Guarantee Gross Unearned Premium		
Balance as at 1st January	495,820.20	1,297,068.42
Premium written during the year	83,092,842.84	19,240,463.04
Premium earned during the year	80,791,996.56	20,041,711.26
Balance as at 31st December	<u>2,796,666.48</u>	<u>495,820.20</u>
Total Reserve as at 31st December	17,076,116.94	23,666,728.30
Total Reserve as at 1st January	23,666,728.30	20,003,780.28
Net Change in Unearned Premium Reserve	<u>(6,590,611.36)</u>	<u>3,662,948.02</u>
2 Other operational Income		
Guarantee, Policy, Administrative, Processing and BLL Fees	15,147,115.00	11,909,785.00
BizInfo Income	104,680.61	-
	<u>15,251,795.61</u>	<u>11,909,785.00</u>
3 Investment Income		
Treasury Bills / Bonds	28,045,523.55	16,641,860.14
Call Deposit	489,268.11	14,454,884.86
SMIB Deposit	22,838.62	18,558.38
US Dollar Fixed Deposits	267,416,944.68	168,310,483.25
US Dollar Savings	531,397.83	59,614.55
Euro Fixed Deposit	7,476,874.89	3,499,239.15
Dividends	-	240,000.00
LKR Fixed Deposit	480,500,950.81	324,414,633.62
Interest on Investment Fund	1,492,150.68	36,582.25
Interest on Staff Loans	62,911.23	118,234.43
Treasury Bill Interest on Gratuity Fund	1,067,711.70	1,602,241.61
Interest on Gratuity Savings Account	-	4,242.28
Sundry Income	4,034.69	-
	<u>787,110,606.79</u>	<u>529,400,574.52</u>

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Sri Lankan Rupees)

Current Year
2023

Previous Year
2022

Note

4 Net Claims Paid

Claims Provision as at end of the year - Specific	452,510,347.07	430,581,176.42
Claims Provided in the previous years	391,976,133.00	393,389,307.63
Claims for the year	60,534,214.07	37,191,868.79
Less: Excess Provision made in previous year	(2,297,532.89)	-
Net Claims for the year - Specific	62,831,746.96	37,191,868.79
Contingent Provision - 2023 (Please refer Note 18)	103,780,022.24	29,021,060.58
	166,611,769.20	66,212,929.37

5 Establishment Expenditure

Rates	990,990.00	762,300.00
Water	177,392.79	102,712.73
Electricity	859,908.55	620,656.20
Telephone	570,922.34	735,431.09
E-Mail & Internet, Website	452,811.32	740,553.32
Security	671,180.28	638,059.55
Depreciation - Building	8,825,000.00	8,825,000.00
Motor Vehicles	4,332,000.00	4,332,000.00
Office Equipment	145,046.07	169,109.40
Computers & Printers	2,604,978.06	61,559.00
Furniture & Fittings	231,249.35	140,925.98
Software	207,856.25	56,005.71
Insurance - Building - Office Premises (Nawam Mwt)	217,568.74	21,791.90
Motor Vehicles	242,238.12	234,242.01
Office Equipment, Furniture & Fittings	27,666.19	2,731.60
Repairs & Maintenance - Building	1,195,059.53	1,107,114.94
Motor Vehicles	1,248,584.00	1,056,869.00
Office Equipment, Furniture	473,012.15	135,678.28
Computers & Printers	629,183.78	334,776.00
Software	1,002,272.35	535,579.33
	25,104,919.87	20,613,096.04

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in Sri Lankan Rupees)

Note	Current Year 2023	Previous Year 2022
6 Administrative Expenditure		
Salaries & Allowances	23,171,743.81	20,895,566.78
Other Staff Benefits	18,230,029.82	16,092,403.45
Recruitment, Local Training & Subscriptions to Educational Inst.	1,765,047.51	4,450.00
Tea & Related Expenses	1,001,906.35	565,766.12
Employees Provident Fund	4,897,171.72	5,130,783.51
Employees Trust Fund	667,039.42	641,348.05
Gratuity	2,401,583.33	18,525,745.00
Directors Fees	390,000.00	230,000.00
Travelling, Transport & Subsistence	408,822.81	225,460.00
Postage	66,219.48	8,660.00
Annual Report & Other Printing	455,100.00	1,414,687.00
Staff Loan Written Off	111,115.44	-
Stationery	1,337,437.21	140,965.00
Fuel	993,223.56	1,822,172.50
External Audit Fees	1,295,000.00	1,310,000.00
Cloud Backup cost & Hosting of Website e-mail etc	682,815.95	-
Internal Audit Fees	-	688,160.00
Professional, Legal & Consultancy Fees	1,068,453.79	278,770.25
General Expenses	236,693.75	167,610.45
Stamp Duty	23,490.00	19,300.00
News Papers, Books & Magazines	-	6,520.00
Anniversary Expenses	720,544.00	700,000.00
Employee Safety Expenses (COVID)	-	160,240.00
Annual Trip	854,766.80	-
Life Insurance	251,372.74	-
	61,029,577.49	69,028,608.11
7 Selling & Marketing Expenditure		
Promotional and Business Development Expenses	1,129,211.67	-
Advertising	1,356,535.00	-
Printing Cost on - Brochures, Forms, Applications etc.	86,940.00	-
Translation Charges	59,075.00	143,640.00
Fuel Cost	189,185.44	334,612.50
Corporate Memberships	241,530.00	198,705.00
Subs. to Int. Professional & Export Related Organizations	5,782,400.00	3,807,125.22
Sponsorships	835,000.00	-
	9,679,877.11	4,484,082.72
8 Finance Charges		
Bank Charges	168,133.56	117,636.78
Stamp Duty	28,710.00	23,750.00
Social Security Cont. Levy	-	9,611,459.80
Value Added Tax	-	217,313.00
	196,843.56	9,970,159.58
8a VAT on Financial Services		
As per the act , Corporation not liable for VAT on Financial Services.		
8b Income Tax		
In terms of the new Inland Revenue Act No.24 of 2017 which came into effect from 1st April 2018 and its subsequent amendments the Corporation's total income became liable for income tax where as previously it was liable only for its Investment Income.		
Prior to 2018, the Corporation paid income tax at the rate of 28% while with the new amendments the Corporation was categorized as a SME resulting in tax being paid at a reduced rate of 14%.		
However, as per the provisions under the Inland Revenue (Amendment) Act, No. 45 of 2022, Income tax payable for the Y/A 2022/23 shall be calculated separately for two periods on the actual basis OR pro-rata basis 75:25 to the periods of nine month and three month respectively. Hence, the Corporation is liable for Corporate Income Tax at the rate of 30% for the Q-4 of Y/A 2022/23.		

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Sri Lankan Rupees)

			Current Year 2023	Previous Year 2022
9	Property, Plant & Equipment			
	9.1 Gross Carrying Amounts	Cost as at 01-Jan-2023	Additions/Transfers (Disposals)/Transfers	Cost as at 31-Dec-2023
	Building	176,500,000.00	-	176,500,000.00
	Furniture and Fittings	1,409,261.00	912,733.75	2,321,994.75
	Computers & Printers	5,464,452.33	10,419,912.24	15,884,364.57
	Office Equipment	1,388,008.58	443,234.00	1,831,242.58
	Motor Vehicle	21,660,000.00	-	21,660,000.00
		<u>206,421,721.91</u>	<u>11,775,879.99</u>	<u>218,197,601.90</u>
	9.2 Depreciation	Balance as at 01-Jan-2023	Charge for the year/Transfers	Disposals/Error Correction/Transfers
	Building	44,125,000.00	8,825,000.00	-
	Furniture and Fittings	842,111.51	231,249.35	-
	Computers & Printers	5,464,452.33	2,604,978.06	-
	Office Equipment	1,306,253.01	145,046.07	-
	Motor Vehicle	4,332,000.00	4,332,000.00	-
		<u>56,069,816.85</u>	<u>16,138,273.48</u>	<u>72,208,090.33</u>
	Net Value	<u><u>150,351,905.06</u></u>		<u><u>145,989,511.57</u></u>
	NOTE - 9-A Intangible Assets			
	Software	7,504,374.77	-	7,504,374.77
		<u>7,504,374.77</u>	<u>-</u>	<u>7,504,374.77</u>
	Amortization			
	Software	6,728,943.48	207,856.25	-
		<u>6,728,943.48</u>	<u>207,856.25</u>	<u>6,936,799.73</u>
	Net Value	<u><u>775,431.29</u></u>		<u><u>567,575.04</u></u>
	Total Property, Plant & Equipment	<u><u>151,127,336.35</u></u>		<u><u>146,557,086.61</u></u>
10	Long Term Investments			
	Shares in Ingrin Ltd		10.00	10.00
	Shares in Credit Information Bureau		123,700.00	123,700.00
	Treasury Bonds		8,089,500.00	8,086,709.12
	LKR Fixed Deposits		376,253,657.81	-
			<u>384,466,867.81</u>	<u>8,210,419.12</u>
11	Sundry Debtors, Deposits & Pre Payments			
	Advances on Export Bill Discounting Facility		34,958,636.11	34,958,636.11
	Less: Provision for Doubtful Debts		(34,958,636.11)	(34,958,636.11)
			-	-
	Staff Loans & General Advances		2,671,468.28	2,247,114.91
	Sundry Deposits		108,837.50	108,837.50
	Refundable Deposits		406,500.00	131,500.00
	Loan to the Welfare Society of Slecic		500,000.00	-
	Salary & Allowance Control A/C		30,935.25	-
	Sundry Debtors		770.00	770.00
	Pre-payments		563,996.27	747,371.50
	Bizinfo Income Receivable		(6,430.80)	368,346.82
	VAT on Financial Services Recoverable		2,185,511.00	2,185,511.00
	WHT Receivable		27,586,095.84	-
			<u>34,047,683.34</u>	<u>6,441,401.78</u>

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in Sri Lankan Rupees)

	Current Year 2023	Previous Year 2022
12 Interest Receivable		
Treasury Deposit	67,615,246.42	67,154,144.92
Treasury Bills/Bonds	1,295,539.36	16,182,770.17
US Dollar Fixed Deposits	219,884,472.41	151,696,425.21
Interest Receivable - Euro Fix	7,428,203.88	-
Gratuity Funds - Treasury Bills	-	332,440.32
LKR Fixed Deposits	136,671,397.33	226,397,801.52
	432,894,859.40	461,763,582.14
13 Short Term Investments		
US Dollar Fixed Deposits	2,275,731,540.49	2,359,281,604.14
Euro Fixed Deposits	74,691,306.25	-
LKR Fixed Deposits	1,995,433,571.29	2,168,068,737.25
Gratuity Savings Account	143,722.88	143,722.88
Treasury Bills on Gratuity Savings	12,880,628.00	11,482,617.00
Govt. Treasury Bills	163,500,000.00	121,951,200.00
State Mortgage & Investment Bank Deposit	673,646.74	651,950.05
	4,523,054,415.65	4,660,927,881.27
14 Foreign Currency Savings Accounts		
Bank of Ceylon - US Dollar Account	4,931,537.43	5,157,241.10
People's Bank - US Dollar Account	4,897,245.54	4,523,939.02
EURO Savings Account	52,600.30	81,321,379.02
	9,881,383.27	91,002,559.14
<u>In Foreign Currency</u>		
Bank of Ceylon - US Dollar Account	15,451.13	14,309.77
People's Bank - US Dollar Account	15,343.69	12,552.55
EURO Savings Account	149.65	212,660.51
<u>Exchange Rate</u>		
Bank of Ceylon - US Dollar Account	319.17	360.40
People's Bank - US Dollar Account	319.17	360.40
EURO Savings Account	351.48	382.40
15 Cash & Cash Equivalent		
Cash at Bank		
Hatton National Bank Current Accounts	955,761.17	1,318,649.36
Hatton National Bank Debit Tax Exempt current	605,801.67	-
Hatton National Bank Call Deposit Account	13,428,928.39	27,601,615.08
Bank of Ceylon Current Account	1,325,877.13	3,130,661.78
People's Bank Current Account	113,831.01	54,763.96
	16,430,199.37	32,105,690.18
Cash in Hand	2,000.00	71,278.00
	16,432,199.37	32,176,968.18

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in Sri Lankan Rupees)

Note	Current Year 2023	Previous Year 2022
16		
Gratuity Payable		
Balance B/F	30,010,488.00	14,328,995.00
Gratuity Provision for the Year	2,401,583.33	18,525,745.00
Under/Over provision	(16,376,815.93)	-
	16,035,255.40	32,854,740.00
Paid during the year	(2,568,771.00)	(2,844,252.00)
Balance as at 31st December	13,466,484.40	30,010,488.00
17		
Sundry Creditors, Accrued Expenses and Provisions		
Sundry Creditors		
General VAT (Charged from Policy Premium)	1,906,902.00	2,538,291.00
Staff Medical Fund	724,038.00	667,618.00
Refundable Deposits Retained from Customers	2,025,300.00	1,572,500.00
Accrued Expenses		
Employees Provident Fund	(309,861.96)	907,256.25
Employees Trust Fund	32,783.51	75,604.71
Stamp Duty	6,925.00	11,275.00
Other Payables	21,739,550.66	12,924,730.89
Charges on Status Reports	-	103,273.11
Accruals	8,621,280.00	-
Provisions		
Audit Fees Payable	1,287,118.00	1,506,480.00
Income Tax Payable	267,576,715.48	150,822,225.52
VAT on Financial Services	48,193,771.16	56,052,197.31
Annual Report Printing Charges	1,485,540.00	1,488,290.00
SSCL Payable	8,325,754.55	8,325,754.55
APIT Tax Payable	131,761.93	-
Welfare Society of SLECI	5,150.00	-
Special Levy Payable to Treasury	300,000,000.00	-
	661,752,728.33	237,724,956.34
18		
Provision for Future Claims		
Balance as at 1st January	454,601,351.49	469,648,335.00
Claims Paid During the Year	(40,574,275.29)	(2,791,467.79)
Contingent Provision for Claims	414,027,076.20	466,856,867.21
Provision for the Year	103,780,022.24	29,021,060.58
Balance provision as at 31st December	517,807,098.44	495,877,927.79
Total Provision for Claims	517,807,098.44	495,877,927.79

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Sri Lankan Rupees)

Note

19 Disclosure on Revaluation of Fixed Assets

- Effective date of Revaluation

Building	1-Jan-18
Motor Vehicles	31-Dec-21
Computers and Printers	31-Dec-16
Office Equipment	31-Dec-16
Furniture and Fittings	31-Dec-16

- Valuation was carried out by the Government Valuation Department
- Valuation has been done as accurately as possible after inspection and observation and considering all the relevant factors that affect the value.
- The value arrived by the revaluation is the market value of the assets.
- Carrying value of the revalued assets under the cost model.

Buildings	132,375,000.00
Motor vehicle	17,328,000.00
Computers and Printers	-
Office Equipment	-
Furniture and Fittings	567,148.24
Software	775,431.29

20 Contingent Liabilities

(a) Lawsuits against the Corporation

- 1 Southern Son Teas (Pvt) Ltd Vs Sri Lanka Export Credit Insurance Corporation ; HC (CIVIL) 193 2004 (I)
The case was instituted by the exporter on a rejection of a claim for a value of Rs.17.02Million in the Commercial High Court of Colombo.
Present Position: The judgement was given in favour of the exporter, the case has been appellate and the appeal court decision is pending.
- 2 Tropical Fishery (Pvt) Limited Vs. Sri lanka Export Credit insurance Corporation; CHC 47/2020/MR
case lodged against part payment made o/a of Suriya LLC of USA claiming Rs.27.5Mln.

(b) The Total Liability underwritten by the Corporation as at 31st December 2023.

- Export Payments Insurance Policies in Force
- Credit Guarantees in Force
- Maximum Liability

21 Investment Fund Account

An Investment Fund Account was established in November 2011 to transfer funds equivalent to the total of 8% of the Value Added Tax on Financial Services and 5% of the Income Tax on an Annual basis on a Treasury Directive. Since the Corporation is not involved in lending funds, as per the guidelines issued by the Central Bank of Sri Lanka, the funds in the Investment Fund Account has been invested in Treasury Bonds over 7 years. The Corporation has invested a sum of Rs. 8.086 Million with a face value of Rs. 8.089 Million in over 7 years Treasury Bonds and these investments have been listed under the Long Term Investments.

22 Related Party Transaction

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION	ADDRESS
Mr.S.C.J.Devendra	Chairman	None	Sri Lanka Export Credit Insurance Corporation, # 42, Level 4, NDB-EDB Tower, Colombo 02
Ms.A.A.I.Dilrukshi	Director	None	Dept.of Treasury Operations, Ministry of Finance, The Secretariate, Colombo 01
Mr. A. A. M. Thassim	Director	None	Central Bank of Srilanka, No.30, Janadhipathi Mawatha, Colombo 01.
Mr.Priyantha Perera	Director	None	Srilanka Insurance Corporation, No.21, Vauxhall Street, Colombo 02.
Ms.B.M.S.Bandara	Director	None	Ministry of Trade, LHP Building, 492, R.A.De Mel Mawatha, Colombo 03.

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION
TRIAL BALANCE
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Sri Lankan Rupees)

Account ID	Account Description	Debit Amt	Credit Amt
AE30000	Salaries & Allowances	23,171,743.81	
AE30010	Personal Accidnt & Life Insura	251,372.74	
AE30015	Payments for Festive Seasons	1,182,500.02	
AE30020	Reimbursement of Medical Bills	2,536,862.15	
AE30030	Interest Subsidy	107,118.00	
AE30040	Overtime	1,715,614.31	
AE30050	Attendance Incentive	1,389,628.33	
AE30060	Holiday Pay	954,645.70	
AE30070	Annual Bonus	414,999.98	
AE30080	Incentive Bonus	8,621,280.00	
AE30090	Encashment of Leave	1,122,828.33	
AE30110	Uniforms	137,568.00	
AE30130	EPF	4,897,171.72	
AE30140	ETF	667,039.42	
AE30150	Staff Gratuity	2,401,583.33	
AE30190	External Audit Fees	1,295,000.00	
AE30205	Audit & Mgmt Fees	190,000.00	
AE30210	Directors Fees	390,000.00	
AE30212	Professional & Legal Fees	878,453.79	
AE30230	Tea & Other Expenses	1,001,906.35	
AE30260	Recruitment Expenses	1,644,110.00	
AE30270	Local Training	120,937.51	
AE30300	Travelling & Subsistance	408,822.81	
AE30310	Postage	66,219.48	
AE30320	Printing Charges	157,850.00	
AE30330	Stationary Expenses	1,337,437.21	
AE30370	General Expenses	236,693.75	
AE30410	Anniversary Expenses	720,544.00	
AE30430	Annual Report Printing Charges	297,250.00	
AE30440	Stamp Duty	52,200.00	
AE30460	Annual Trip	854,766.80	
AE30510	Corporate Plan (2023-25)	29,750.00	
AE30520	Staff Loan Written Off	111,115.44	

Account ID	Account Description	Debit Amt	Credit Amt
AP55010	Special Levy to Treasury	300,000,000.00	
AP55030	Sundry Expenses	17,235.00	
CA68000	USD Fixed Deposits	2,275,731,540.49	
CA68010	Euro Fixed Deposits	74,691,306.25	
CA68015	Euro Savings A/C - BOC	52,600.30	
CA68020	Treasury Bills-Finance Dept	163,500,000.00	
CA68030	SLR Fixed Diposit	2,371,687,229.10	
CA68040	Gratuity Fund-Savings Account	143,722.88	
CA68050	Treasury Bills-Gratuity Funds	12,880,628.00	
CA68080	Welfare Society Savings AC-HNB	500,000.00	
CA70010	Interesr Receivable-US\$ Fixed	219,884,472.41	
CA70040	Inter Receiv - Treas Deposit	67,615,246.42	
CA70050	Inter Receiva - Treas Bonds	2,011.53	
CA70070	intrest receivable-T/Bills on	2,141.02	
CA70090	Interest Receivable - Euro Fix	7,428,203.88	
CA70100	Interest Receivable - SLR Fixe	136,671,397.33	
CA70120	Int.Receivable-T/Bill-Fin.Dept	1,291,386.81	
CA71000	Trade Debtor	11,699,906.19	
CA71010	Receivable WHT deduction	27,586,095.84	
CA73000	Stationary	25,373.93	
CA73010	Printed Forms	4,001.07	
CA73020	Brochures	135,360.00	
CA73030	Books	39,527.50	
CA75010	Pre-payments - Insurance on Fu	2,801.64	
CA75020	Pre-payments - Insurance on Bu	21,721.85	
CA75030	Pre-payments - R & M Office Eq	25,059.38	
CA75040	Pre-payments - Personal Accide	289,446.13	
CA75050	Pre-payments -Subscriptions to		6,250.00
CA75070	Pre-payments -Post Master Gene	33,205.52	
CA75090	Pre-payments -Maintenance of S	47,178.75	
CA75123	Pre- payments General expenses	150,833.00	
CA75130	Biz Info Income receivable		6,430.80
CA75155	VAT on Fin Ser. Recoverable	2,185,511.00	
CA75170	Distress Loans	2,438,958.96	
CA75180	Consumer Durable Loans	56,627.57	
CA75200	Festival Advances	31,200.00	

Account ID	Account Description	Debit Amt	Credit Amt
CA75220	Sundry Deposits	108,837.50	
CA75260	Deposits in SMIB	673,646.74	
CA75270	Refundable Deposits Paid	406,500.00	
CA75290	General Advances	60,000.00	
CA75320	Adv. on Exp. bills - Sampath	34,958,636.11	
CA75340	Metropolitan Agencies	770.00	
CA78010	HNB Current Account	955,761.17	
CA78020	HNB - Debit Tax Exempt current	605,801.67	
CA78030	Peoples Bank Current Account	113,831.01	
CA78040	BOC Lake View Branch A/C	1,325,877.13	
CA78050	HNB Call Deposit Account	13,428,928.39	
CA78060	Cash in Hand	2,000.00	
CA78095	General Advance Imprest	84,681.75	
CA78100	US\$ Savings Account	4,931,537.43	
CA78110	Peoples Bank - US\$ Savings A/C	4,897,245.54	
CA78130	BOC - Investment Fund Account	2,397,029.41	
CE25000	Claims-PSCG	54,000.00	
CE25010	Claims-PCG	23,436.89	
CE25020	Claims-EPG	43,620.00	
CE25030	Claims-CPA	13,384,292.74	
CE25040	Claims-EPIP	49,326,397.32	
CL79990	Provision for doubtful debts-E		34,958,636.11
CL80010	General VAT Payable		1,906,902.00
CL80020	Salary & Allowance Control A/C	30,935.25	
CL81000	Audit Fees		889,750.00
CL81010	Annual Report Printing Char.		1,485,540.00
CL81020	Internal Audit Fees Payable		397,368.00
CL81030	Income Tax Payable		267,576,715.48
CL81040	VAT Payable-Financial services		48,193,771.16
CL81080	Staff Gratuity Payable		13,466,484.40
CL81090	Refundable Cash Deposits		1,980,300.00
CL81100	Refundable Gty fees		45,000.00
CL81110	Staff Medical Fund		724,038.00
CL81120	Welfare Society of SLECIC		5,150.00
CL83080	ETF Payable		32,783.51
CL83090	EPF Payable	309,861.96	

Account ID	Account Description	Debit Amt	Credit Amt
CL83100	Other Payables		21,739,550.66
CL83140	Stamp Duty Payable		6,925.00
CL83170	APIT Tax Payable		131,761.93
CL85000	Outstanding Claims -PSCG		13,054,000.00
CL85010	Outstanding Claims - PCG		33,740,446.75
CL85020	Outstanding Claims - EPG		43,620.00
CL85040	Outstanding Claims - CPA		18,102,117.30
CL85050	Outstanding Claims - EPIP		387,570,163.02
CL85060	Contingent Provision for Claim		65,296,751.37
CL85070	Special Levy Payable		300,000,000.00
CL85090	Premium in advance - Guarantee		2,960,040.86
CL85100	SSCL Payable		8,325,754.55
CL85110	Accruals		8,621,280.00
CS20000	Cost of Status Report	6,422,511.34	
DP60001	Acc Dep. Building		52,950,000.00
DP60011	Acc Dep. Motor Vehicles		8,664,000.00
DP60021	Acc Dep. Furniture and Fitting		1,073,360.86
DP60031	Acc Dep. Office Equipment		1,451,299.08
DP60041	Accum. Dep Software		6,936,799.73
DP60051	Acc Dep. Coputers & Printers		8,069,430.39
EE35000	Water Charges	177,392.79	
EE35010	Electricity	859,908.55	
EE35020	Telephone	570,922.34	
EE35030	Dep. on Building	8,825,000.00	
EE35040	Dep.on Motor Vehicles	4,332,000.00	
EE35050	Dep.on Office Equipment	145,046.07	
EE35060	Depreciation on Software	207,856.25	
EE35070	Depreciation of Furniture & Fi	231,249.35	
EE35080	Dep on Computers & Printers	2,604,978.06	
EE35090	Insurance on Buildings	217,568.74	
EE35100	Insurance on Motor Vehicles	242,238.12	
EE35110	Insurance on FF & OE	27,666.19	
EE35130	R&M of Building	261,840.00	
EE35140	R&M of Motor Vehicles	1,248,584.00	
EE35150	R&M of Office Equipment	473,012.15	
EE35170	Office Maintenance	933,219.53	

Account ID	Account Description	Debit Amt	Credit Amt
EE35180	Maintainance Software	1,002,272.35	
EE35190	R&M of Computers & Printers	629,183.78	
EE35210	Rates	990,990.00	
EE35220	E-Mail Charges	452,811.32	
EE35222	Cloud Backup cost	668,662.32	
EE35225	Hosting of Website e-mail etc	14,153.63	
EE35230	Security Charges	671,180.28	
FA60020	Furniture and Fittings	976,794.75	
FA60030	Office Equipment	1,162,492.58	
FA60040	Software	7,504,374.77	
FA60050	Computers & Printers	13,037,864.57	
FC50000	Bank Charges	168,133.56	
FC55030	Exchane Gain or Loss Account	294,017,104.20	
II15010	Interest on treasury Bonds		924,993.88
II15020	Interest received on call depo		489,268.11
II15030	Interest received on SMIB depo		22,838.62
II15070	Interest received on US\$ fixed		267,416,944.68
II15080	Interest received on US\$ savin		531,397.83
II15090	Interest Received on Euro Fixe		7,476,874.89
II15120	Intrest Received on SLR Fixed		480,500,950.81
II15130	Intrest Received on Investment		1,492,150.68
II15140	Intrest received-T/Bills on Gr		1,067,711.70
II15160	Int. Rceivd-T/Bill-Fin. Dept.		27,120,529.67
IN10000	Pre-Shipment Credit Guarantee		450,000.00
IN10010	Post-Shipment Credit Guarantee		468,737.70
IN10020	Export Performance Guarantee		2,181,000.00
IN10030	Cost of Air Passage Guarantee		79,993,105.14
IN10050	Export Payment Insuarance Poli		328,842,648.83
IN10055	Un Earned Premium		6,590,611.36
IN10060	Guarantee Fees		2,152,000.00
IN10065	Processing Fee		24,000.00
IN10066	Administrative Fee		3,000.00
IN10070	Policy Fee		225,500.00
IN10080	BLL Fee		12,724,615.00
IN10085	Enhancement fee		18,000.00
IN10090	Biz-Info Income		104,680.61

Account ID	Account Description	Debit Amt	Credit Amt
IT55050	Income Tax	281,575,841.36	
IV65000	Ingrin Institute of Printing a	10.00	
IV65010	Government Treasury Bonds	8,089,500.00	
IV65020	Credit Information Bureau of S	123,700.00	
OI17020	Sundry Income		4,034.69
OI17030	Interest on Staff Loans		62,911.23
RS90000	General Reserve		2,120,880,984.84
RS90010	Revaluation Reserves - Motor V		17,328,000.00
RS90040	Revaluation Reserves - Furnitu		414,949.83
RS90050	Revaluation Reserves - Buildin		106,273,938.44
RS90060	Investment Fund		58,507,949.05
RS90090	Un Earned Premium Reserve		17,076,116.93
RS95000	Retained Earning		1,715,137,318.88
RV63000	Revalued Motor Vehicles	21,660,000.00	
RV63010	Revalued Building A/C - Nawam	176,500,000.00	
RV63020	Revalued Office Equipment	668,750.00	
RV63030	Revalued Computers & Printers	2,846,500.00	
RV63040	Revalued Furniture & Fittings	1,345,200.00	
SC92000	Capital Contributed		150,000,000.00
SE40020	Advertising- Print & Electroni	1,224,135.00	
SE40040	Banners	32,400.00	
SE40060	News Paper Suppliment	86,940.00	
SE40110	Part. Trd.Ex/Evnt\Smnr\Awr.Prog	41,107.26	
SE40130	Promo.inv.Ex.Trd.Ass/Chamb&TAs	1,088,104.41	
SE40140	Promot.Invest. - NCE Awards	100,000.00	
SE40205	Sponsorships	835,000.00	
SE40240	Subs to Busi.Ins & Corp.Member	80,365.00	
SE40250	Subs.to Burn Uni. & Expo.Orgs	5,782,400.00	
SE40260	Membership Fees	161,165.00	
SE40330	Fuel	993,223.56	
AE30340	Fuel	189,185.44	
SE40408	Translation Charges	59,075.00	
	Total:	6,716,920,184.36	6,716,920,184.36

SRILANKA EXPORT CREDIT INSURANCE CORPORATION (SLECIC)

Significant Accounting Policies

General Information

Sri Lanka Export Credit Insurance Corporation was established by the Sri Lanka Export Credit Insurance Corporation Act No. 15 of 1978 and commenced commercial operations on 8th February 1979.

The registered office of the Corporation is situated at Level 4, NDB-EDB Tower, No.42, Nawam Mawatha, Colombo 02.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1. Basis of Preparation

1.1 Principal Activities and Nature of Operations

Principal activities of the Corporation are undertaking risks in export trade by issue of Export Payments Insurance Policies to Exporters covering the risk of non-payment by their foreign buyers due to commercial and political reasons and issue of guarantees to the banks and other financial institutions mainly to facilitate granting of liberal finances to exporters to meet their fund requirements for their export businesses.

1.2 Basis of measurement

The Balance sheet, Income and Expenditure account, changes in equity and cash flows together with accounting policies and notes (Financial Statement) of the Corporation as at 31st December 2023 and for the year ended, complies with the Sri Lanka Accounting Standards. These Financial Statements are presented in Sri Lankan Rupees. The Financial Statements are prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements.

1.3 Use of Estimates and Judgments

The preparation of Financial Statements are in conformity with LKAS (Lanka Accounting Standards) which requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments on the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

1.4 Going Concern

When preparing the Financial Statements, we have made an assessment of the liability of the organization to continue as a going concern in the foreseeable future. We do not foresee a need for liquidation or cessation of trading, taking into account all available information about the future.

2. Comparative Information

The accounting policies have been consistently applied by the Corporation and are consistent with those used in the previous year.

03. Significant Accounting Policies.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and have been applied consistently by the Corporation.

3.1 Foreign Currency Transactions

Items included in the financial statements are measured using Sri Lanka rupees (LKR). Foreign Currency transactions are translated into the reporting currency using the rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at that date. Foreign exchange gains and losses from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account with effect from the financial year 2018 confirming to LKAS 21

Prior to 2018, the net exchange gain/loss was recognized in a separate Foreign Currency Equalization Reserve which has ceased to be in effect from 2018.

3.2 Property, Plant and Equipment

a) Recognition and Measurement

Property, Plant and Equipment are stated at cost/revaluation less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self -constructed assets includes the cost materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where an item of Property, Plant and Equipment comprise major components having different useful lives, they are accounted for as separate items of Property, Plant and Equipment.

Gains and losses upon disposal of items of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognized net within "Other Operating Income" in the Income Statement.

b) Depreciation

The provision for depreciation is calculated using a straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives of all Property, Plant and Equipment other than freehold land. Year of punches Calculating full depreciation & year of disposal not calculating depreciation.

The principal annual rates used are as follows.

1. Building	5%	20 years
2. Office Equipment	25%	04 years
3. Motor Vehicles	20%	05 years
4. Software & Computers	25%	04 years
5. Furniture & Fittings	10%	10 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the surplus in the revaluation to the Accumulated Profit. The assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

e) Disposal

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognized in determining operating profit or loss in the Income Statement. When revalued assets are sold, the amount included in the revaluation reserve is transferred to retained earnings.

d) Impairment

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

e) Profit / Loss from Sales of Property, Plant and Equipment.

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sale occurs and is classified as other Income.

3.4 Capital Work in Progress

Capital expenses incurred during the year, which are not completed as at the Balance Sheet date are shown as advance payments, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

3.5 Intangible Assets

Intangible assets that are acquired by the Corporation, which have substantial useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products implemented and controlled by the Corporation are recognized as intangible assets.

a) Basis of Recognition

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and cost can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relate. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the income Statement as incurred.

c) Retirement and Disposal

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use

and subsequent disposal.

d) Amortization

Amortization is recognized in the income Statement on a straight-line basis over the estimated useful lives of intangible Assets, from the date that they are available for use.

e) Impairment

The carrying amounts of the Corporation's assets are reviewed at each balance sheet date to determine where there is any indication of impairments. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Income Statement.

3.6 Investment Properties

Property that is held for long-term yields or for capital appreciation for both and that is classified as investment property. After initial recognition investment property is carried at cost.

3.7 Short term Investments

a) Short term Investments in Local currency

The Corporation has made short term surplus funds in Government Treasury bills and other fixed income investments and accounted at cost except for the foreign currency denominated fixed deposits which are valued at the exchange rate prevailing on the Balance Sheet date. The interest accrued on these investments is recognized in the income statement.

b) Short term Investments in Foreign currency

The funds required to meet future claims obligation in foreign currency have been set a side and deposited in foreign currency account earning interest. The interests accrued have been recognized in the Income statement translated at the rate prevailing at the date of the transaction. The values of the investments recognized in the financial statement are translated at the rate prevailing at the Balance Sheet date.

3.7.1 Financial Investments: Held-to-Maturity

All the Rupee short term and long terms investments made in Treasury Bills, Treasury Bonds, Fixed Deposits and Debentures are held to maturity and are stated at cost plus interest receivable.

3.7.2 Risk arising from Financial Instruments

The short term and long term investments comprise of investments made in Treasury Bills, Treasury Bonds, State Bank Fixed Deposits and Debentures. Debentures carry the interest rate risk, reinvestment risk, default risk and liquidity risk. As the fixed deposits are held up to maturity it carries only the default and liquidity risks except for the foreign currency denominated fixed deposits which are exposed to the risk of currency fluctuations in addition to the other risks inherent to the local currency fixed deposits. In the context of holding these investments in state banks, all the stated risks are at its minimal except for foreign currency value fluctuation risk.

3.8 Trade and Other Receivables

Trade and other receivables are stated at the amount estimated to be realized. Provision has been made in the Financial Statements for bad and doubtful debts which are outstanding for more than three years period.

3.9 Inventories

Inventories comprised of stock of stationery and consumable items. Inventories are valued at lower of cost or net realizable value, after making provision for obsolete and repairable items. Net realizable value is the price at which inventories can be sold in the ordinary course of business.

3.10 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand and short term highly liquid investments, readily convertible to known amounts of cash for the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and net of outstanding bank overdrafts, short term borrowings and short term investments.

3.11 Cash Flow Statements

The Cash Flow Statements have been prepared using the indirect method in accordance with Lanka Accounting Standard (LAKAS) No. 07 -Cash Flow Statements.

Under the payment of Gratuity Act, No. 12 of 1983, the liability to an employee arises only on completion of one years of continued service. The obligation is not externally funded.

4 Employee Benefits

a) Defined Benefit Plan - Retirement Gratuity

The defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Corporation's net obligation in respect of defined benefit plans is calculated by using project unit credit method for determining the required provisions. The calculation is performed once in three years by a qualified independent Actuary. The measurement of the net defined benefit liability which comprise actuarial gains/losses are recognized immediately in the statement of profit or loss and other comprehensive income

b) Define Contribution Plan

Employee's Provident Fund & Employee's Trust Fund. Employees are eligible for Employees Provident Fund contribution and Employees Trust Fund contributions in line with respective statutes and regulation.

5. Liabilities and provisions

Liabilities and provisions are recognized in the Balance sheet when there is a present legal /constructive obligation as a result of the past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the Balance Sheet date are treated as current liabilities in the Balance Sheet. Liabilities payable after one year from the Balance Sheet date are treated as non- current liabilities in the Balance Sheet.

a) Trade and Other Payables

Trade and other payables are stated at their cost.

b) Contingent Provision for Claims

Our past experiences in claims payout ratio for cost of passage guarantees have been in the range of 30 percent of premium received. The premium received will have a claim liability, spread over a period of 3 years from the

date of premium received. In keeping with the past experience a provision up to 30 percent of the premium received spread over the three years period on the proportion of 15%, 10% and 5% respectively for cost of passage Credit Guarantees have been provided as a provision for contingent claims.

The provision may be adjusted every year to keep pace with the balances reflecting as at the end of the year.

Seller's Risk Insurance Policy	15%
Direct Guarantee on the ATA Carnet System	2%
Pre Shipment Credit Guarantee	12%
Post Shipment Credit Guarantee	5%

Provisions for other products have been created according to the following basis.

c) Provision for Reported Claims

Claims reported have been recognized and taken into account when creating this provision. A specific provision for claims have been made on the situations prevailed as at the Balance Sheet date where reasonable. Evidences and assurances are available as to the fact that there is a probability that a claim would have to be made. The payment of claims subsequently will be set off against the provision made. The continuity of the provision made will be based on the existence of the probable occurrences of a liability for claims.

d) Reserve for Unearned Premium on Unexpired Risk

Premium written and received during the year under review and the unexpired risk on the premium so collected will spread over the cover period in which part of the premium is related to the next financial year. A reserve has been created by segregating the proportionate premium for the cover period after the end of the current financial year in keeping with industry norms. In determining the reserve 1/365 method have been applied.

In recognition of the reserve actual cover period on unexpired risks have been taken into account on the premium collected on Export Payments Insurance Policies. 15% of the premium collected on the guarantees during the year under review have been set aside as a reserve for the unexpired risks considering the complexity, nature and quantum of risks associated within the cover period.

6. Revenue

6.1 Premium Income

Revenue received from the Premium Income has been recognized on 'Accrual Basis' by taking account of all the declarations submitted up to the end of the year. Transfer of risks and rewards vary depending on the Individual terms of the contract all the expenditure items are accounted on "Accrual Basis". The accounting policies applied are consistent with those applied in the previous year.

6.2 Other Operating Income

a) Profit & Loss from Sale of Property, Plant and Equipment.

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sale occurs and is classified as other Operating Income.

6.3 Expense Recognition

a) Revenue Expenditure

The profit earned by the Corporation as shown in the Income Statement is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

For the purpose of presentation of the Income Statement, the Directors are of the opinion that the function of expenses method present fairly the elements of the enterprise's performance, hence this presentation method is adopted.

b) Capital Expenditure

Expenditure incurred for the purposes of extending or improving assets of a permanent nature by means to carry on the business or for the purposes of increasing the earning capacity of the business has been treated as Capital Expenditure.

Gains or losses of revenue nature on the disposal of property, plant and Equipment have been accounted for in the Income statement.

6.4 Taxation

Income Tax Expenses

Income tax expenses for the year comprise of tax on total operation of the Corporation.. Income tax is recognized in the Income Statement for the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustments to tax payable in respect of previous years. Provision for taxation is based on the net profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No.24 of 2017.

6.5 Borrowing costs

Borrowing costs are recognized as an expense in the year in which they are incurred.

6.6 Comparative information

Comparative information has been reclassified where necessary to confirm to the current year's presentation.

6.7 Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrences or non- occurrence of uncertain future events, which are beyond the Corporation's control.

6.8 Events Occurring After the Balance Sheet Date

All material post Balance Sheet events have been considered disclosed and adjusted where applicable.

Unaudited