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நிதி, திட்டமிடல் அமைச்சு
MINISTRY OF FINANCE AND PLANNING

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දිනය } 27 January 2011
 திகதி }
 Date }

Public Enterprises Circular No : PED 56

All Secretaries to Ministries,
 Chairmen of Corporations
 Statutory Boards and
 Government Owned Companies

Surplus Funds of Public Enterprises

It has been observed that many Public Enterprises have invested their funds in various financial institutions both public and private violating existing regulations without considering security and viability of the investment. It would also be noted that while there are idle funds available within Public Enterprises, the government borrows funds at high rates which is detrimental to the economy. As such the government is keen on arresting this situation. **In this regard we draw your attention to Section 88 of the budget speech 2011,**

“Idle funds other than 6 months working capital requirements in the hands of government agencies including promotional and regulatory bodies will be transferred to the Consolidated Fund on or before 31st January 2011. Thereafter, such agencies should ensure no funds will be retained with them other than the requirement for 6 months working capital requirements without the approval of the Treasury.”

Therefore as articulated in the aforementioned section of the budget speech all Corporations, Statutory Boards and Government fully owned companies should remit their surplus's other than six months working capital requirement calculated as per annexure 01 to the consolidated fund on or before 31st January 2011. However, it is acknowledged that public enterprises will be required to invest in capital projects both proposed and ongoing. Therefore, when calculating the surplus funds, cost of the capital projects should be recognized.

As such before the remittance of Surplus Funds to the consolidated fund:

- All Public Enterprises are requested to obtain the approval of the Hon Minister of Finance as per the clause 08(2) of the Finance Act No 38 of 1971 to implement capital projects.
- All Public Enterprises incorporated under the Companies Act, should conduct a solvency test before the remittance of surplus funds.

It is noted that any schemes on payment of bonus or incentive in the future will be based on remittance of surplus funds to Consolidated Fund.

This circular is not applicable to financial institutions.

For any further clarification please contact Mr.V.M.Ameen, Director on 011-2484622 or Ms.Surangi Rajapaksha, Assistant Director on 011-2484948.



P.B. Jayasundera
Secretary to the Treasury

CC: Auditor General
Secretary to HE the President

Annexure 01

Table 01: List out all investments as at 31.12.2010 as follows.

Type of Investment	Amount Invested	Maturity Date	Value at Maturity	Whether it is used for collateral purpose

Calculate Surplus Funds as at 31st December 2010 as follows and transfer to the Consolidated Fund on or before 31st January 2011.

Step 01

Table 02 : Ascertain the working capital requirement for next six months using following format.

	Description	Year 2011					
		Jan Rs.	Feb Rs.	Mar Rs.	Apr Rs.	May Rs.	Jun Rs.
A	Opening Cash & Bank balance B/F						
B	Operating cash inflows						
	Cash sales						
	Receipts from Debtors						
	Other cash income						
	Sub total of B						
C	Operating cash outflows						
	Cash purchases						
	Settlement of Creditors						
	Salary payments						
	Other operating expenses						
	Sub total of C						
D	Operating cash excess/(deficit) (A+B-C)						
E	Non- Operating Cash Inflow						
	Sale of fixed assets						
	Other Income						
	Sub total of E						
F	Cash availability (D+E)						
G	Sources of Financing						
	Sub total of G						
H	Closing Cash Balance (Net cash Requirement) Carry Forward						

Step 02 - Calculate surplus funds as at 31.12.2010 as follows.

Investments as per Balance Sheet as at 31 st December 2010	XXXX
Working Capital requirement (Net cash requirement)*	<u>(XXX)</u>
Surplus fund available	XXX
Obligatory Requirements **	(XXX)
Capital Expenditure***	<u>(XX)</u>
Surplus/ Deficit	<u>XXX</u>

* The highest deficit reported.(According to row ' H' of Table 02)

** Investment created by any obligatory funds.

*** Amount required to implement Ongoing and Proposed capital projects.