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ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors are pleased to present the Annual Report pertaining to Jaya Container Terminals Limited together with the Audited Financial Statement of the Company for the year ended 31st December 2023 and the Auditor General's Report thereon.

Legal Status

Jaya Container Terminals Limited is a limited liability Company incorporated and domiciled in Sri Lanka in 2002 under the Companies Act No. 1982 and re-registered under the Companies Act No.07 of 2007.

The registered office of the Company is located at No.19, Church Street, Colombo 01 and the business is placed and operated at the Colombo Oil Bank, No.69, Walls Lane, Colombo 15.

Principal Activities

The principal activities of the JCT Limited is to manage and operate the Colombo Oil Bank situated at Blomendhal (No.69,Walls Lane, Colombo 15) which is a public bond of the Sri Lanka Ports Authority (SLPA). JCT Limited has been appointed by the SLPA as the management agent under a management services agreement to carry out the operations of the Colombo Oil Bank.

Financial Statements

The Financial Statements, approved by the Board of Directors of the Company, at the Board meeting held on 15.02.2024 is presented in this report on pages 25 to 70

Auditor's Report

The Auditor General's Report on the financial statements of the company is accessible on pages 25 to 33.

Accounting Policies

The accounting policies adopted in the preparation of the financial statement are reachable on pages 41 to 50 and there have been no changes in such policies, when compared to the previous years.

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared based on the 'Going Concern' concept.

The Board of Directors of Jaya Container Terminals Limited as at 31.12.2023 are as follows;

Chairman	Mr.Lakmal Rathnayake
Managing Director	Mr.Ranjith Maligaspe
Board of Directors	1.Mr.K. D. Bernard
	2.Mr.G. U. K. Algewattage
	3.Mr.Rohan De Silva
	4.Mr.B. R. L. Gunawardana
	5.Mr.K. B. Hiran De Silva
	6.Mr.Kaushalya Nawarathne
	7.Mr.C. W. K. Dharmasena- Treasury Representative

The Board held 12 meetings during the year of 2023. The Audit Committee which functions as a sub-committee of the Board of Directors held 04 meetings during the year 2023. The following Directors of the Board functioned as members of the Audit Committee.

1. Mr. C.W.K.Dharmasena	– Treasury Representative, Director - (Chairman)
2. Mr.Rohan De Silva	– Director – (Member)
3. Mr.B.R.L.Gunawardana	– Director – (Member)

JCT Limited handled 412,366.790MT of loading and 420,185.975MT of discharging operations during the year 2023. The company entered into agreements with 13 nos of Bunker License Holders to provide storage facilities to store their imported bunker fuel at the Blomendhal Oil Terminal.

The JCT Limited Management implemented several strategies to increase Bunker operations. SLPA has selected an investor for long term lease of land for the establishment and operation of two nos of 12000 MT capacity fuel storage tanks/facility in Colombo Oil Bank premises and adjacent area. Jct ltd has recorded Rs.612,258,248 in the year 2023, which is the highest recorded revenue ever which was an increase of 1% when compared to the previous year.

STATED CAPITAL

The stated capital of the company as at 31st December 2023, is Rs.1,000,000/=.

PROPERTY PLANT & EQUIPMENT

The movements in property, plant and equipment during the year 2023 are set out in Note 05 in the financial statement.

REMUNERATION OF DIRECTORS

Remuneration received by the directors is set out in the detailed income statement in the financial statement.

STATUTORY PAYMENTS

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to the government and to the employees have been settled to date or are provided for in the books of the company.

POST BALANCE SHEET EVENTS

There are no any significant events that have occurred after the date of the balance sheet, which would lead to any material effect of the company that require adjustments which are to be decided by the Board of Directors.

AUDITORS

In terms of the 19th Amendment to the Constitution, the company is required to appoint an Auditor. The fees paid to auditors are disclosed in the detailed income statement which is included in the financial statements.

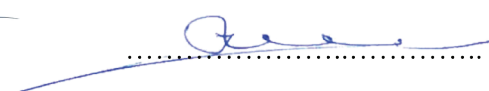
Audit for the financial year ended 31st December 2023 was carried out by the National Audit Office.

As far as the Directors are aware, the auditors do not have any relationship (Other than that of an auditor) with the company other than those disclosed above. The auditors also do not have any interest in the company. They confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

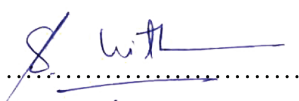
For and on behalf of the Board of Directors of JCT Limited.



Chairman



Managing Director



Secretary to the Board

Date : 31.05.2024

CHAIRMAN'S MESSAGE

On behalf of Jaya Container Terminals Limited (JCT Limited), it gives me great pleasure to forward this message to the Annual Report for the Year 2023. JCT Limited is a 100% fully owned subsidiary of the Sri Lanka Ports Authority, and the main role of the company is to manage and operate the oil bank situated at the Port of Colombo. We ensure and facilitate sufficient fuel stocks for the sea-going vessels in the region.



The Year 2022 was a remarkable year for our company. We recorded the highest profit ever in the history of JCT Limited, surpassing Rs. 245 million. This marks a 275% increase in profit compared to the Year 2021, achieved through the dedication and hard work of our management and employees. 2023 recorded the highest revenue in history of Rs. 612 million, and the profit stood at Rs. 243 million.

These outstanding financial results are a testament to our strategic initiatives, operational efficiency, and a strong focus on customer satisfaction. The unwavering commitment of our team has been instrumental in achieving these milestones. We have not only strengthened our position in the bunkering industry but have also set new benchmarks for performance and excellence.

JCT Limited has continued to explore market potentials and demand in sectors related to the bunkering industry for further expansion and development. We have initiated studies on market developments and future changes, particularly concerning LSFO and MGO usage, as well as the potential for LNG and Methanol as substitutes for conventional marine fuel. These initiatives are aimed at ensuring that JCT Limited remains at the forefront of industry trends and is well-prepared to meet the evolving needs of our clients.

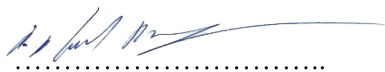
Innovation and sustainability remain at the core of our operations. We are committed to adopting environmentally friendly practices and exploring alternative fuels to reduce the carbon footprint of the maritime industry. Our research into LNG and Methanol usage is a step towards creating a more sustainable future for our operations and the industry at large.

I value the priceless effort and commitment rendered by the Managing Director, the Board of Directors, the Heads of Divisions, and all other staff of JCT Limited in boosting our business and making JCT Limited a profitable entity. Their hard work and dedication have been the driving force behind our success. I am confident that with such a talented and committed team, we will continue to achieve greater heights in the years to come.

I also take this opportunity to thank His Excellency Honorable Ranil Wickramasinghe, the President of the Democratic Socialist Republic of Sri Lanka, and Honorable Nimal Siripala De Silva, Minister of Ports, Shipping, and Aviation, for their guidance to the JCT Limited Management. Their support has been invaluable in helping us navigate challenges and seize opportunities in the maritime industry.

Looking ahead, we remain focused on our strategic goals and are determined to enhance our services and expand our market presence. We will continue to invest in our infrastructure, technology, and people to drive sustainable growth and create long-term value for our stakeholders.

Thank you for your continued trust and support.



Lakmal Ratnayake

Attorney-at-Law

Chairman – Jaya Container Terminal Limited

INTRODUCTION TO THE COMPANY

OUR VISION

To become the Bunkering Hub in the Asian region

OUR MISSION

To maximize country's value by developing infrastructure/storage facilities to Bunker License Holders.

OBJECTIVES

- ✓ Develop infrastructure facilities for storage of Marine fuel oil
- ✓ Managing Colombo Oil Bank in an efficient and effective way as the center of the Bunkering Business
- ✓ Ensure financial stability and sustainability through maximizing of revenue generation, effective cost management systems and continue as a vital contributor to the economic development of Sri Lanka
- ✓ Ensure safety of the products store at the premises
- ✓ Improve and maintain high level of productivity among all employees
- ✓ Introduce health, safety and environmentally friendly measures in Operations
- ✓ To provide an efficient and effective services to customers

INTRODUCTION TO THE COMPANY

The Jaya Container Terminals Limited (JCT Limited), also known as the Colombo Oil Bank is a fully owned subsidiary Company of Sri Lanka Ports Authority, and is a premier oil bunkering storage entity in the region. Jaya Container Terminals Limited (PB 960) was incorporated under the Companies Act No. 17 of 1982 on 21 February 2002 and reregistered on 25 April 2008 under the Companies Act No. 07 of 2007 as a company 100% owned by the Sri Lanka Ports Authority.

In year 2008 Jaya Container Terminals was assigned by the Sri Lanka Ports Authority to manage and operate Colombo Oil Bank at No.69, Walls Lane, Colombo 15. The main activity of the Company is to manage and operate said Oil Bank which established as a Sri Lanka Customs-approved Public Bond to facilitate Bunker License Holders (BLHs) to store their imported bunker fuels.

The primary business of JCT Limited is storing Marine fuel, which is supplied for vessels calling at the Port of Colombo through the Bunker License Holders. The marine fuels in the fuel categories of Low Sulphur Fuel Oil (LSFO) and Marine Gas Oil (MGO) are currently stored at the said premises and previously Heavy Fuel Oil (HFO) 380 and Intermediate Fuel Oil (IFO) 180 were stored until end of 2019. At present, the Company has 14 Nos of fuel tanks to store total capacity of 38,200 MT of marine fuels. The above facility locates over 9 acres land area at the Bloemendhal area in Colombo 15.

THE BOARD OF DIRECTORS

The board of Directors of Jaya Container Terminals Limited as at 31.12.2023 are as follows;

Chairman

Mr.Lakmal Rathnayake

Managing Director

Mr.Ranjith Maligape

Board of Directors

- 1.Mr.K D Bernard
- 2.Mr.G. U. K. Algewattage
- 3.Mr.Rohan De Silva
- 4.Mr.B. R. L. Gunawardana
- 5.Mr.K. B. Hiran De Silva
- 6.Mr.Kaushalya Nawarathne
- 7.Mr.C. W. K. Dharmasena- Treasury Representative

MANAGEMENT TEAM**1. LOREEN DE SILVA****Head of Legal & Human Resources**

Mrs. Loreen De Silva joined JCT Limited in 2009 as the Legal Officer/Secretary to the Board of Directors of Jaya Container Terminals Limited. She is an Attorney-at-law by profession, graduate from the Faculty of Law, University of Colombo and she holds a Master Degree in Law and a Postgraduate in HR from the University of Colombo. She served in the Ministry of Human Rights and Disaster Management and the Human Rights Commission of Sri Lanka prior to joining JCT Limited. She was promoted to the Head of HR & Legal in 2016.

2. SUGANDIKA M. LANSAKARA**Head of Finance**

Mrs. Sugandika Lansakara joined JCT Limited in July 2009 as the Accountant. She is a Management Accountant and is an Associate Member of the Chartered Institute of Management Accountants (ACMA) (CGMA). She also holds a B.Sc in Finance (Sp) Degree from the University of Sri Jayawardenapura. She was promoted to the post of Head of Finance in the year 2012.

3. NALIN WITHANAPATHIRANA**Head of Engineering**

Mr. Nalin Withanapathirana joined JCT Limited in February 2010 as the Mechanical Engineer. He is a Mechanical Engineer and is an Associate member of the Institution of Engineers Sri Lanka (IESL). He also holds a B.Sc Degree in the field of Mechanical Engineering from the University of Peradeniya. He was promoted to the post of Head of Engineering in year 2012.

4. NALINDA RAJASINGHE**Head of Business Development and Operations**

Mr. Nalinda Rajasinghe joined the JCT Ltd in June 2010 as the Head of Operations and Business Development. He is following the PhD at the University of Colombo and a MBA holder (Master of Business Administration) from the University of Sri Jayawardenapura. He also holds a management degree (BBA- Bachelor of Business Administration) from the University of Colombo.

DIVISIONAL PERFORMANCE

1. Operations Division

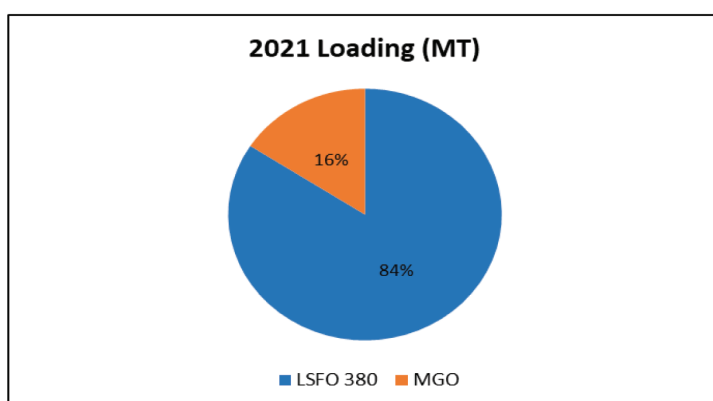
The bunker license holders import and discharge marine bunker fuel to the Colombo Oil Bank through the Port of Colombo, subject to the payment of applicable charges. JCT Ltd will provide storage and handling facilities to discharge fuel from tankers moored by the user and load the fuel onto bunker barges. Currently, there are thirteen (13) bunker license holders operating with the Colombo Oil Bank. The following products are stored in the fuel tanks of JCT Limited.

- Low Sulphur Fuel Oil (LSFO) 380 Cst
- Marine Gas Oil (MGO)

2021 Loading data analysis

The below table and chart shows the loading analysis of year 2021

Product	2021 Loading (MT)
LSFO 380 Cst	329,633.159
MGO	61,975.947

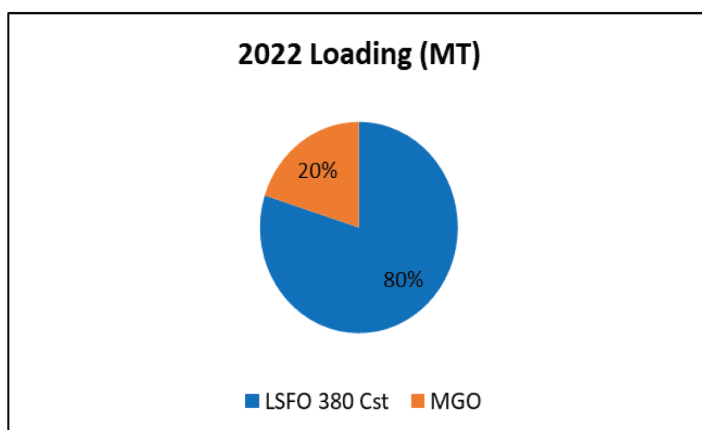


According to the above table and the chart, LSFO 380 Cst product represent 84% from the total loading quantity and MGO has become 16% in 2021.

2022 Loading data analysis

The below table and the graph shows the loading analysis of the year 2022.

Description	2022 Loading (MT)
LSFO 380 Cst	353,502.598
MGO	88,803.146

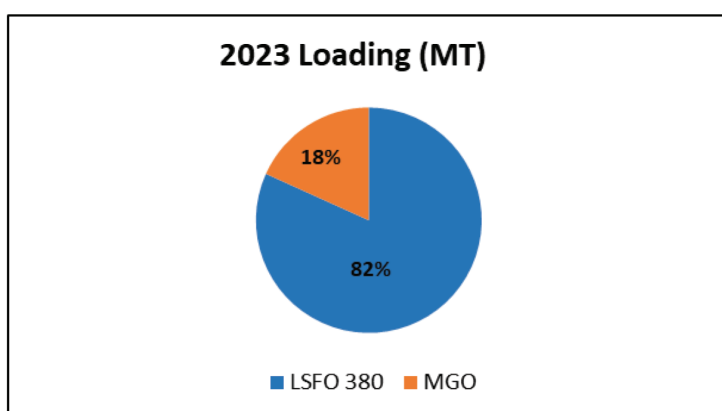


According to the above table/chart, LSFO 380 Cst product represent 80% from the total loading quantity and MGO has become 20% in 2022.

2023 Loading data analysis

The below table and chart shows the loading analysis of year 2023

Description	2023 Loading (MT)
LSFO 380	337,123.447
MGO	75,243.343



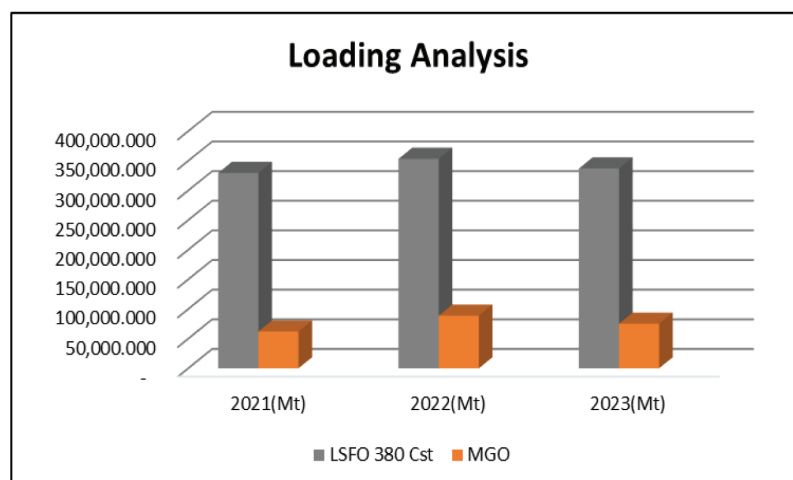
According to the above table and the chart, LSFO 380 Cst product represent 78% from the total loading quantity and MGO and HFO 380 Cst has become 22% and 0% respectively in 2020.

Comparison of Loadings:

Product	2021 (MT)	2022 (MT)	2023 (MT)
LSFO 380 Cst	329,633.159	353,502.598	337,123.447
MGO	61,975.947	88,803.146	75,243.343
TOTAL	391,609.106	442,305.744	412,366.790

2023 Loading data analysis

The below table and chart show the loading analysis for the year 2023.



According to the table above, when comparing the total loading with 2022, the total loading quantities in 2023 decreased by 29,938.954MTs over 2022. The main reason for this increase in 2022 over 2023 is the decision taken by the government to allow permission for JCT's Bunker License Holders in the private sector to supply fuel to local exports and power generation companies during the fuel crisis in the country. However, this permission was suspended from June 2023, as the country returned to normalcy from the fuel crisis

Domestic Fuel Supply by Tank Trucks in 2022

According to the decision taken by the government during the fuel crisis in the country, the quantity of metric tons supplied by Tank Trucks by JCT Limited to local exports and power generation companies are as follows;

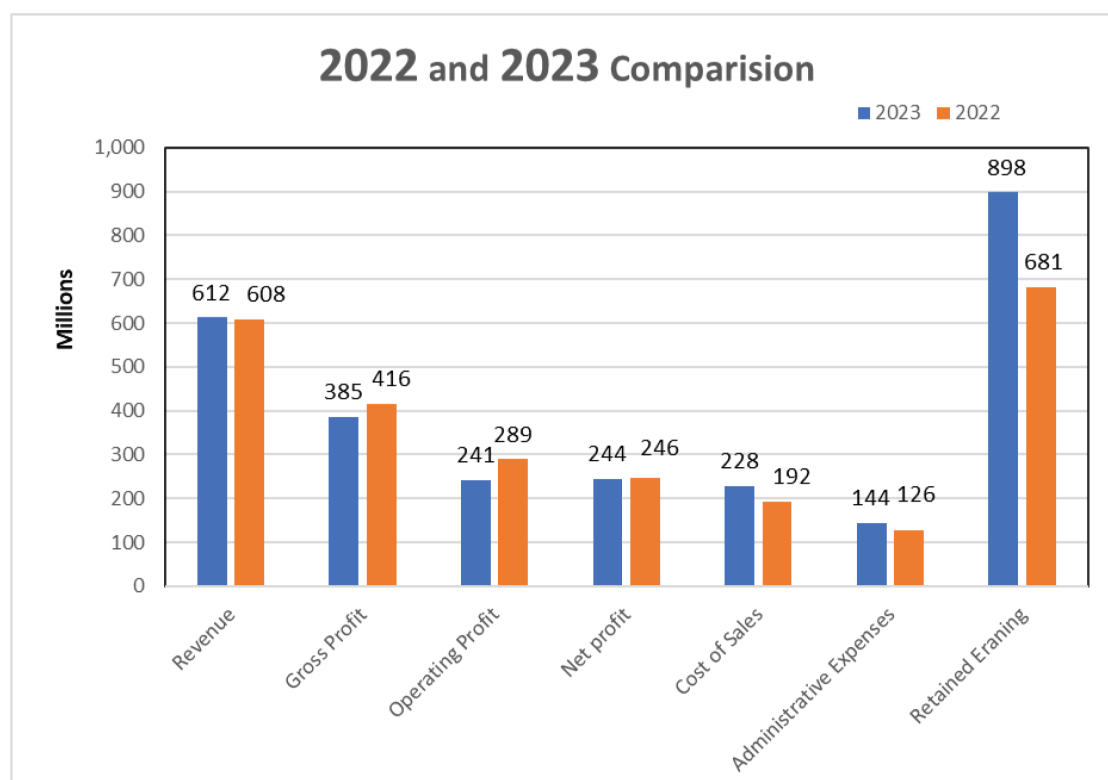
MONTH	LSFO (Mt)	MGO (Mt)	TOTAL (Mt)
APRIL	124.140	1,487.848	1,611.988
MAY	800.757	2,922.038	3,722.795
JUNE	2,032.117	4,836.262	6,868.379
JULY	1,442.125	9,501.068	10,943.193
AUGUST	2,480.490	7,881.792	10,362.282
SEPTEMBER	3,199.365	4,631.140	7,830.505
OCTOBER	2,112.290	3,265.372	5,377.662
NOVEMBER	1,043.227	2,972.348	4,015.575
DECEMBER	751.707	2,894.038	3,645.745
TOTAL	13,986.218	40,391.906	54,378.123

2. Finance Division –Financial Review

The financial year 2023 was tense with many challenges to enforcement with regulatory changes. JCT Limited has achieved its first-ever highest revenue in the year 2023. Revenue has increased from 608 million to 612 million. Profit before tax have increased from Rs. 325 mn to Rs. 352 mn. Profits of the company have slightly reduced from Rs. Rs. 245.6 Mn to 243.8 Mn. Reduction is only Rs.1.8 million. This is due to increase in income tax rates from 14% to 30%. As a result, income tax expenses have increased significantly from Rs.79 million to Rs.108 million. Finance income have increased from 49 mn to Rs. 122 Mn.

Loading for year 2022 was 442,305 MT and for 2023 it was 412,370 MT. Retained earnings of the Company has increased from Rs.681 Mn to Rs.898 Mn. There is a favorable financial position achieved by the company during year 2023.

Below graph shows the comparison of main financial data of year 2022 and year 2023



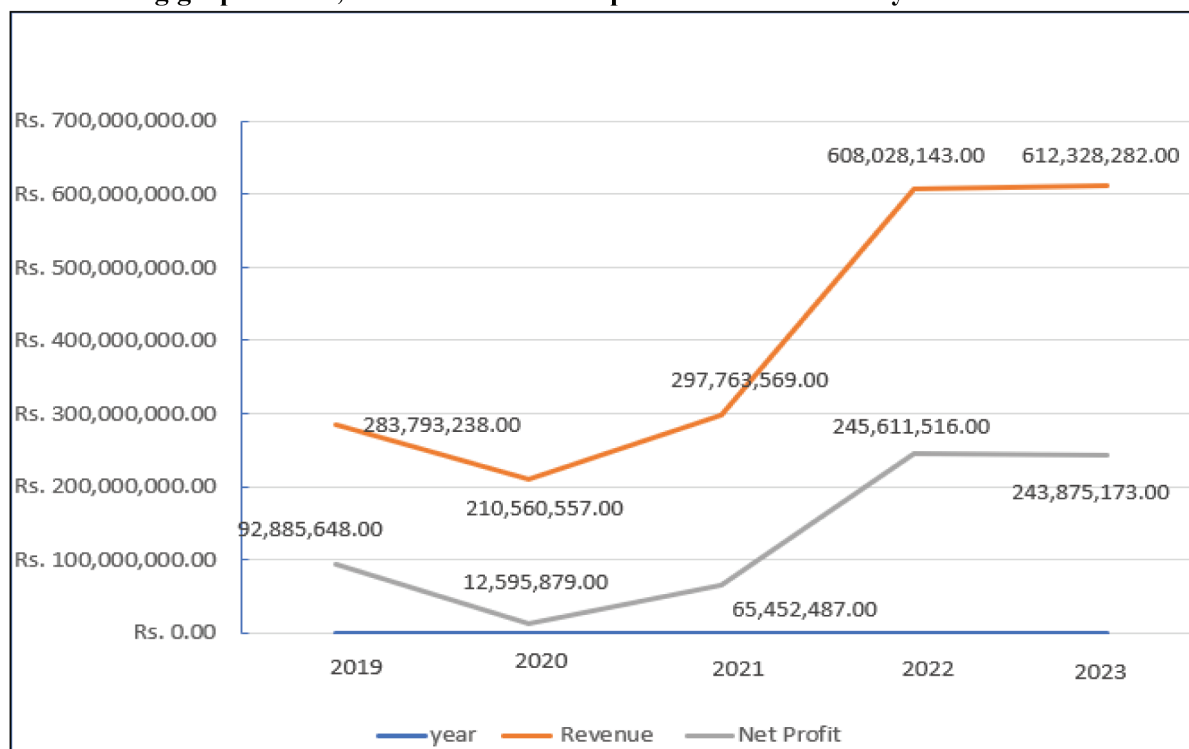
JAYA CONTAINER TERMINALS LIMITED



The following table illustrates the financial progress of the Company during the last five years

Year	2019	2020	2021	2022	2023
Revenue	283,793,238	210,560,557	297,763,569	608,028,143	612,328,282
Gross Profit	138,245,036	87,521,475	163,978,255	415,846,116	384,757,547
Operating Profit	54,545,170	1,695,868	63,858,028	289,387,021	240,923,072
Net Profit	92,885,648	12,595,879	65,452,487	245,611,516	243,875,173

The following graph shows, the revenue and net profit recorded in the years 2019 – 2023



JCT Limited has recorded Rs.612.32 million revenue in the year 2023 and has recorded a profit before tax of Rs.352.19 million in the year 2023. Finance income is Rs. 122.24 million which is a 147% increase compared with the year 2022. JCT Limited's fixed deposits have increased from Rs.521Mn to Rs. 705Mn in 2023. Also retained earnings of the Company has increased from Rs.680.78Mn to Rs.897.89Mn. The company's net profit is Rs.243.87 million in year 2023 which is 0.70% decrease compared to year 2022. In the year 2023, the company's income tax expense is 108.31 and it has increased from 36.22% when compared with the year 2022. Also Earning per share has decreased from 2,456.12 to,2,438.75.

Below ratio analysis indicates the favorable condition of the company's financial position during the years 2022 & 2023

	<u>2022</u>	<u>2023</u>
1. Gross profit Margin	68.39%	62.84%
2. Net profit Margin	40.39%	39.82%
3. Return on Capital Employed	37%	24%
4. Current Ratio	4:1	5:1
5. Gearing	39.95%	29%
6. Earnings Per Share	2456.12	2438.75

3. Engineering Division

The main responsibility of the Engineering Division is to plan and carryout proper maintenance programs for the engine pumps, fuel storage tanks, boilers, Generator, fuel distribution pipe lines, buildings, vehicles and other machinery & equipment. In addition, the engineering division is responsible for all mechanical fabrication work, civil & electrical engineering work, fire & safety of the oil terminal and yard maintenance work etc.

Engineering Division

The Engineering division is headed by the Head of Engineering. There are One Executive, two Multy duty technicians (mechanical), two Multy duty technicians (Civil), two Boiler operators, two Electricians, one chief fire officer & eight fire officers are there to perform day-to-day maintenance, fabrication work & to secure terminals from fire & other hazard risks. Landscaping, Yard maintenance & janitorial services are also under the Engineering division. The transport section also comes under the Engineering Division and 09 drivers are employed under a permanent cadre

The main responsibility of the Engineering Division is to plan and carry out proper maintenance programs for the Engine pumps, Fuel Storage Tanks, Boilers, Fuel Distribution Pipe Lines, Buildings, Vehicles, and other machinery & equipment. In addition, the Engineering Division is responsible for all Fabrication works, Civil Engineering & Electrical Engineering works, Fire & Safety of Oil Terminal & Yard maintenance works, etc.

Major projects carried out during the period of 2022-2023

a) Supply and installation of Engine Driven Pump unit for MGO

JCT Ltd currently has two (02) Engine driven pump units for the purpose of loading operations of marine Gas oil to the bunker barges. One Engine pump unit was installed in year 2011 and it's in good running condition. Second one is more than 35-years old and not in good running condition.

Considering the above situation, a decision has been taken by the management to supply & install a new engine pump unit & required budgetary provision was allocated in year 2021, 2022 & 2023 to install a new engine driven Pump unit for Marine Gas Oil (MGO) in order to ensure un interrupted loading of Marine Gas Oil (MGO) to the Bunker barges. Due to various constraints, it did not happen until 2023 However to pursue this, a tender notice was published and suitable supplier has selected and awarded the tender on 02.02.2024 for supply, installation & commissioning of one No. of Engine Driven Pump for Marine gas oil

(b) Creating of New berthing facilities at Port of Colombo

The Total bunker market volume in Colombo Port is at an average of 55,000-60,000 MT a month. Registered Bunker license holders (BLH) of JCT Ltd have made continuous requests to allocate separate tanker berthing jetty/ space at the port of Colombo because their tankers had to wait out of harbor until clearance is obtained at the New north pier (NNP) and also BLH had also made requests to facilitate berthing higher draft barges which was not available for barge loading at the JCT. Considering of above issues, steps have been initiated by SLPA in year 2021 to extend the south jetty fuel pipe lines up to UCT terminal of the port of Colombo for the purpose of Loading & discharging operation. Pipe laying & fabrication work of 02 jetties at UCT were completed in year 2022/2023



(c) Construction of two Nos of 12000MT capacity Tanks

The total bunker market volume in the Colombo Port is at an average of 55,000MT-60,000 MT per month. Registered Bunker License Holders (BLH) of JCT Ltd have made continuous requests to increase the storage capacity of the Colombo Oil Bank.

Considering the future predicted demand over the next few years, a decision was taken at the board meeting held on 18th September 2020 to nominate a Technical Committee comprising with officers from the JCT Ltd & SLPA and proceed with required activities through the said committee. Accordingly, committee has identified a land area to construct two Nos of 12000MT capacity fuel storage tanks and the soil investigation test was carried out in the identified land area. Clearances from the CPC, CEB, RDA, Ministry of Defense, MEPA, NWS & DB, CMC Fire Department & Storm Water and CEA were obtained and Urban Development Authority (UDA) was issued the Development Permit prior to the commencement of construction work.

SLPA had taken steps to select investors for long term lease of lands for the establishment and operation of fuel storage tanks/facility in Colombo Oil Bank premises and adjacent area under the above program.

M/S Coral Energy DMCC & M/S A.B.C.C. Phoenix Shipping (Pvt) Ltd together submitted a Technical and Financial Proposal on 16.12.2022 in response to the bid invitation dated 21.10.2022 by the SLPA. Upon successful bidding rounds and negotiations, the consortium was selected as the successful bidder by SLPA.

Accordingly, The Board of Directors of the SLPA issued the Letter of Award to the Joint Venture in order to establish and operate 12000MT capacity Fuel Storage Tanks/Facilities in the Colombo Oil Bank premises on a 32 years long-term lease basis.

Fire & safety of the Blomendhal Oil Terminal.**1. Fire Drills**

- Two Successful Joint Fire Drills were conducted in year 2023 with the participation of SLPA, CMC & JCT Fire & Safety Officers.



2. Advance Fire & first Aid Training programs

Steps had been taken to conduct Advanced fire and first aid Training programs through the St Johns Ambulance Association & Colombo municipal council (CMC) fire & rescue training Institute.



4. LEGAL & HUMAN RESOURCES DIVISION

As the managing body of its employee's lifecycle of Jaya Container Terminals Limited the Legal & HR Division is committed to operate to its fullest capacity by utilizing its team members effectively and efficiently in order to achieve organizational goals and objectives adapting to new trends and technologies.

Human Resources

The division consists of the Head of Division, an Executive, 1 Personal Secretary, 3 Clerks, 01 Management Assistant and 6 Office Aids as at 31.12.2023. The main functions of the division are recruiting and hiring staff, develops the company's recruitment and organizational strategies, Oversee and manage benefits and compensation, handle conflicts, managing and improving of organizational communication, tracking employee performance, managing the organizational culture, keeping records of attendance & leave, providing records on time to the finance division to prepare salaries, Create a safe and inclusive work environment, initiate employees' welfare amenities, preparing of documentations for EPF / ETF, arranging staff training, handling legal matters etc. The total work force of the company as at 31.12.2023 was 100 employees. Within year 2023, it has been reported 02 nos retirements and 03 nos resignations.

Compensation & Benefits

Employees of JCT Limited are privileged to obtain an in-house medical aid benefiting 03 other family members under the Medical Aid Scheme, for a maximum of hospitalization treatment up to

Rs.200,000/- Employees obtained hospitalization treatment during the year 2023 amounting to a sum of Rs.3,893,896.62 and in addition to that Rs. 884,011.20 was paid for reimbursement of medical treatment, Rs.650,523.00 for reimbursement of medical tests and Rs.1,001,600.00 for spectacles. Employees are permitted to obtain treatment from the Medical Center of the Sri Lanka Ports Authority and transport facility is provided from Blomendhal terminal to SLPA. Accordingly, Rs.6,430,030.82 incurred for providing medical facilities for employees during the year 2023.

All employees in the company are covered with 24 hrs personal accident insurance cover obtained from Sri Lanka Insurance which also covers claims under the Workmen Compensation Act.

Considering the request made by the employees a housing loan facility up to Rs.2Mn was introduced in the year 2018 and continued up to year 2023 as well with the facilitation of Bank of Ceylon. Under this program from 2018 up to 2023, 08 employees were granted the said loan. In addition to that the distress loan (10 months salary), Rs.500,000.00 multipurpose loan and Rs.10,000.00 and Rs.5,000 New year loan were granted at the rate of Rs.4.2% and 10% interest respectively.

Under death benefit scheme a sum of Rs.405,00,000 is paid in total for a death of an employee /father /mother/father-in law/ mother-in-law. And also, children of all permanent employees are prevailed to obtain financial assistance under the University Scholarship Programme.

Training

The Legal & HR Division organized few training programs for employees during the year 2023 and forwarded employees outside training programmes as well. Accordingly 40 employees were participated for 16 programmes during year 2023 and we have managed to motivate and encourage staff to ensure provide their best input for the company in productive manner. The Legal & HR division is looking forward to conduct more training sessions in future.

Payroll

All relevant records and details are submitted accurately in a timely manner to the finance division in order to run and operate the monthly payroll of the company.

CORPORATE GOVERNANCE

Corporate Governance is the system by which organizations establish a mechanism for the effective utilization of resources, direction and control of the organization, in the best interests of all its stakeholders. The primary responsibility for good governance lies with the Chairman and the Board of Directors of the Company. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship.

The Board of Directors is also responsible for the governance of the Company. The Company continues to place considerable emphasis on developing rules and regulations, structures and processes to ensure good practices.

The methods by which the Company has applied the principles of good Corporate Governance practices during the financial year 2023 have been through the corporate decisions of the Board of

Directors, scrutiny by Audit Committee and internal Audits by following the directives given by the General Treasury and Ministry of Ports & Shipping and through compliance of statutory and legal requirements.

AUDIT COMMITTEE REPORT

“The Committee assists the Board in discharging its responsibilities by satisfying the Board oversight responsibilities for financial reporting, internal controls and risk management, compliance with legal and regulatory requirements, external audits and the adequacy and performance of the Internal Audit function of the Company.”

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Audit Committee (“the BAC”) consists of three Non- Executive Directors, a majority of whom are independent and in line with the composition requirements specified by the regulator. The attendance and Directorship status are given in the below table.

Name	Description Status	Membership	Attendance
Mr. C. W. K. Dharmasena	Independent Non-Executive Directors (Representative of Treasury)	Chairman	4/4
Mr. Rohan De Silva	Independent Non-Executive Directors	Member	0/4
Mr. B. R. L. Gunawardana	Independent Non-Executive Directors	Member	4/4
Mr. L. A. Panduka Perera	Audit Superintendent (Representative of Audit General)	Observer	3/4
Mrs. N. A. Himali Wijerathna	Chief Internal Auditor – Ministry of Ports, Shipping & Aviation	Observer	1/1
Mrs. Achala Perera	Chief Internal Auditor – Ministry of Ports, Shipping & Aviation	Observer	2/2

Regular Attendees by invitation Managing Director and Head of Divisions.
Secretary to the Committee Secretary to the Board - JCT Ltd.

OBJECTIVES

The Committee is empowered by the Board of Directors to:

- Ensure that the financial reporting system is well managed and effective to provide accurate and timely financial information to the Board of Directors, regulators and shareholders.
- Review the appropriateness of the accounting policies and ensure adherence to statutory and regulatory compliance requirements and applicable accounting standards.
- Examine the appropriateness, efficacy, and efficiency of risk management, internal controls,

and governance systems established to prevent, mitigate, or transfer present and evolving risks.

- Ensure that the conduct of the business follows the applicable laws and regulations of the country and falls within the policies and procedures of the Company.
- Ascertain that the Company adopts and follows strong corporate governance standards, Confirming the highest ethical standards and best industry practices in the best interests of all Stakeholders.
- Monitoring all areas of internal and external audits in order to provide findings and recommendations to management.
- Prior to submission to the Board, review the Company's Annual Financial Statements to ensure the integrity of the financial statements prepared for disclosure.
- Ensure that the impact of new accounting standards are discussed and disclosures.
- Monitoring and reviewing the activities and performance of the internal, external and out-sourced auditor /s, including monitoring their independence and objectivity.

ACTIVITIES IN 2023

01.Meetings:

The Audit Committee conducted four (4) meetings during the year. The attendance by the Committee members at each of these meetings is given in the above table. Representatives of the Company's External Auditor, Government Auditor also participated at 4 meetings by invitation as an observer. The Committee also invited Senior Management of the Company to participate in the meetings from time to time as required.

02. Internal Audit, Risks and Control

The Committee monitors the effectiveness of the internal audit function and is responsible for ensuring the effectiveness of the internal control systems of the Company.

During the year, the Committee reviewed the internal audit plan and recommended changes, the progress was monitored on regular basis.

Internal auditing involves all functions of the Head Office as well as all South jetty activities and includes an evaluation of the adequacy, effectiveness and efficiency of internal controls, as well as the actions taken to minimize operational and business risks. In addition, Internal auditing monitors and reports on compliance with statutory regulations and the Company's accounting and operational policies. The internal audit representatives are present at the Audit Committee meetings when discussions are conducted with regard to their respective audit reports.

The Committee was assured that the Internal Audit function is independent and that its audit functions are performed with impartiality, competency and with professional care.

The Committee annually evaluates the independence and resources of the Internal Audit Function. The Internal Audit Strategy which comprises of progress, key audit findings, results and will provide the recommendation to the board of the Jaya Container Terminals



JAYA CONTAINER TERMINALS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2023



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



My No.} PAS/C/JCTL/1/2023/01

Your No:

Date} 22nd May 2024

Chairman,

Jaya Container Terminals Limited

Report of the Auditor General on the Financial Statements and Other Legal and Compliance Requirements of the Jaya Container Terminals Limited and its subsidiary for the year ended 31st December 2023 in terms of the section 12 of the National Audit Act No: 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the consolidated financial statements of the Jaya Container Terminals Limited for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and the Provisions of the Finance Act No.38 of 1971. In pursuance of provisions in Article 154(6) of the Constitution, my report will be tabled in the Parliament in due course.

I do not express an opinion on the accompanying financial statements of the Company's Financial Position as at 31st December 2023. Because of the significance of the matters discussed in the Basis for Qualified of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Qualified Opinion

- a) In the year 2023, the company had purchased 13,140,300 liters of Lanka Auto Diesel and 11,186,700 liters of Furnace Oil and on December 31, 2023, 17355 liters and 4077 liters of unused Lanka Auto Diesel and fuel oil remained in the tank respectively. Since these balances were omitted in the stock calculation at the end of the year, their total value of Rs.6,910,621, auto diesel of Rs.5,758,909 and crude oil of Rs.1,511,712 were understated in the current assets in the statement of financial position.
- b) 02 credit balances of Rs.3,294,694 which had arisen in adjusting the accounts of interest and gratuity related to low interest loans made in the year 2012 had been brought forward annually and due to the adjustment of a salary account paid to officers in the year 2023, the salary of the reviewed year was Rs.3,294,694 indicated less.
- c) In The amount of unutilized space charged from the Sri Lanka Petroleum Corporation for the period from March to December 2022 was Rs.1,334,429. As the amount of Rs. 733,936 which was equal to 55 percent of the amount recovered from the company in the year under review was taken as income, the income of the year under review was more than that amount.

I conducted the audit in accordance with the Sri Lanka Auditing Standards (SLAS). This is further described in the Auditor's Responsibility for Auditing Financial Statements section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Other information means the information included in the company's 2023 annual report expected to be provided to me after the date of this audit report but not included in the financial statements and my audit report thereon. Management is responsible for this other information

My opinion on the financial statements does not cover other information and I do not express any guarantee or opinion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with my knowledge obtained during the audit or otherwise.

If, while reading the company's 2023 annual report, I conclude that there are material misstatements, those facts should be communicated to the controlling parties for correction. If there are any further uncorrected errors, they will be included in the report which I will table in Parliament in due course in terms of Article 154(6) of the Constitution.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

It is the management's responsibility to prepare these financial statements in accordance with Sri Lankan Accounting Standards and to determine the internal control necessary to enable the financial statements to be prepared and presented fairly and free from material misstatements that may arise due to fraud or error.

In preparing the financial statements, it is the management's responsibility to determine the going concern of the company. It is also the responsibility of management to keep accounts on a going concern basis and to disclose matters relating to the going concern of the company unless the management intends to liquidate the company or, in the absence of any other alternative, cease operations.

Controlling parties are responsible for auditing the company's financial reporting process.

In terms of sub-section 16(1) of the National Audit Act No. 19 of 2018, the company shall maintain proper books and records of its income, expenditure, assets and liabilities to enable it to prepare annual and periodic financial statements.

1.5 Auditor's responsibility in relation to audit of financial statements

My objective is to provide reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the audit report containing my opinion. Reasonable assurance is a high level of assurance, but it will not always be assurance that material misstatements will be detected when conducting an audit in accordance with Sri Lanka Auditing Standards. Fraud and error, either individually or collectively, can cause material misstatements, and their materiality depends on the effect on the economic decisions made by users on the basis of these financial statements.

I exercised professional judgment and professional skepticism during the audit as part of the audit in accordance with Sri Lanka Auditing Standards. I further,

- Appropriate audit procedures were designed and performed as appropriate to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, in providing a basis for the audit opinion expressed. The effect of fraud is stronger than the effect of material misstatements due to misrepresentation because they are caused by negligence, falsification of documents, intentional omissions, misrepresentations or circumvention of internal controls.
- Although not for the purpose of expressing an opinion on the effectiveness of internal control, an understanding of internal control was obtained in order to design appropriate audit procedures on a case-by-case basis.
- Appraised the appropriateness of accounting policies used, reasonableness of accounting estimates and related disclosures made by management.
- The applicability of using the going concern basis of accounting was determined based on the audit evidence obtained as to whether there is material uncertainty about the going concern of the entity due to events or circumstances. If I conclude that there is sufficient uncertainty, I should focus my audit report on the related disclosures in the financial statements, and modify my opinion if the disclosure is inadequate. However, the continuance may terminate upon future events or circumstances.

- Assessed the structure and content of the financial statements to ensure that the underlying transactions and events are appropriately and fairly included and that the overall presentation of the statements includes disclosures.

I inform controlled parties of significant audit findings, key internal control weaknesses and other matters identified during my audit.

2. Report on other legal and regulatory requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 (Except for the effect of the matters described in Basis for Opinion section 1.2 of my report) Pursuant to the requirements set out in section 163(1) (e) of the Companies Act No. 7 of 2007 and section 12(a) of the National Audit Act No. 19 of 2018, the audit required All information and explanations have been obtained by me and proper financial records have been maintained by the company as shown by my investigation.

2.1.2 The Company's financial statements comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.

2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.4 The financial statements presented includes all the recommendations made by me in the previous year in this report as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 According to the requirement of Section 12(c) of the National Audit Act No. 19 of 2018, any member of the Board of Directors of the Company has any relationship,

directly or indirectly, outside the ordinary course of business in relation to any contract with which the Company is involved.

- 2.2.2** To state that the except for the following observations, the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Authority as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018;

<u>Reference to Laws, Rules, Regulations etc.</u>	<u>Description</u>
(a) Inland Revenue Commissioner General's letter dated 24th October 2023 and bearing number FPFS/CONF/2023/25	Although it is stated that oil pumping charges cannot be considered as tax exempt service under item 04 of Part II of the First Schedule of the Social Security Contribution Tax Act, oil pumps amounting to Rs.115,462,139 and Rs.420,136,784 from October to December 2022 and from January to December 2023 respectively. Social security tax amounting to Rs.2,960,568 and Rs.10,772,738 had not been collected and remitted to the Inland Revenue Department.
(b) Section 3 of Part I of the Shop and Office Workers Act No. 19 of 1954 dated 9th August	If an organization employs workers in the shift system, it should be limited to a maximum of 8 hours per day and 45 hours per week, but in violation of this, the company employed 40 employees of the operational staff in the year 2023 for a 24-hour shift and had received service only 02 days a week.

Section 56 of the Companies Act No. 07 of 2007	The company had paid Rs.25,000,000 as dividend from the profit of the year 2022 and the directors had to sign a certificate stating that they would fulfill the solvency test or did not arrange to obtain a solvency certificate from the auditors.
State Finance Circular No. 05/2018 dated 23 October 2018	Regarding the implementation of the Electronic Public Procurement (e-Gp) system in Sri Lanka, the registration of the procurement agency, registration of contact officers, publication of the annual procurement plan, publication of procurement notices, shopping method using the e-Gp system etc. were not done in circular manner.
State Finance Circular No. 05 dated November 16, 2018	
Ministry of Finance, Economic Stabilization and National Policies Circular No. 08/2019 dated 17 December 2019	
Public Enterprises Circular No. 01/2015(II) dated 14 January 2022 of the Secretary to the Treasury	90 litres, 85 liters and 40 liters of fuel have been given to those 03 categories of officers, contrary to the circular, beyond the monthly fuel limit for the vehicles assigned to the vehicles assigned to 03 categories of officers who can get transport facilities of corporations, boards and state-owned companies. The increase was 62 percent, 59 percent and 30 percent for the 7 months from June to December 2023, Rs. 621,581 (1670 litres) had been paid more.

- (f) Operational Manual for Public Enterprises issued with Public Enterprises Circular No. 01/2021 dated November 16, 2021. A formal recruitment procedure was prepared for the company and the approval of the Board of Directors and the line ministry and the agreement of the Public Enterprises Department were not obtained.

Section 3.2 (ii)

Although every state enterprise should have prepared the organization chart with the approved number of employees, the company had not fulfilled that requirement.

Section 3.3(ii)

- (g) Circular No. 02/2023 dated 14 March 2023 of the Department of Public Enterprises The approved budget document for the year 2023 indicated that the allocated recurring expenses should be cut by 6 percent, but this was not done.

2.2.3 To state that the Authority has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;

2.2.4 To state that the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018.

3. Other Audit Observations

- (a) Since the HR & Payroll system which was acquired at a cost of Rs. 976,000 from the year 2021 is in a state of not being able to be implemented until now and the HR & Payroll system is in a state of being unable to implement the work efficiently and effectively due to the fact that HR & Payroll related activities are manual. The final result to be obtained, which is the correct printing of the salary slips, had failed so far, so it was not possible to get the maximum benefit for the expenditure incurred.

Oil tank number 102 with a capacity of 1000 metric tons had stored 275 metric tons of 380 (HFSO) as on December 31, 2023. It is made up of 162.257 metric tons of oil confiscated by Sri Lanka Customs, 40.26 metric tons belonging to two companies, 72 metric tons belonging to the Sri Lanka Ports Authority. This oil tank has been sealed by customs for legal purposes and has remained idle since 2020, unable to be used for operational purposes.

Translated by
D. M. Sarath Kumarasiri
(English & Sinhala Translator)

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Nots	2023 Rs.	2022 Rs.
Revenue	3	612,328,282	608,028,143
Cost of Sales	25	(227,570,735)	(192,182,027)
Gross Profit		384,757,547	415,846,116
Administrative Expenses	26	(143,834,475)	(126,459,095)
Operating Profit		240,923,072	289,387,021
Non Operating income	3.1	1,558,899	291,563
Finance Income	4.1	122,246,510	49,481,953
Finance Cost	4.2	(12,534,472)	(14,033,063)
Profit Before Tax		352,194,009	325,127,474
Income Tax Expense	14	(108,318,836)	(79,515,958)
Profit for the Year		243,875,173	245,611,516
Earnings Per Share	16	2,438.75	2,456.12

The accounting policies and notes on pages 8 through 25 form an integral part of the Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	<u>Notes</u>	2023 Rs.	2022 Rs.
Profit for the Year		243,875,173	245,611,516
Other Comprehensive Income			
<i>To be reclassified to profit or loss in subsequent period</i>			
Actuarial Gain/(Loss) on Defined Benefit Plans	12	1,529,645	(5,401,659)
Other Comprehensive Income for the Year Net of Tax	12	<u>1,529,645</u>	<u>(5,401,659)</u>
Total Comprehensive Income for the Year Net of Tax		<u>245,404,818</u>	<u>240,209,857</u>

The accounting policies and notes on pages 8 through 25 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	Note	Rs.	Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5	77,966,586	63,975,201
Write of use assets	5	24,234,322	27,685,183
<u>Financial Assets</u>			
Loans granted to employees		35,798,566	38,259,621
		137,999,474	129,920,005
Intangible Assets	5	715,583	290,000
Deferred Expenses for 3200MT tank & Fire foam Sys.	5	147,148,092	152,554,415
		147,863,675	152,844,415
Current Assets			
Closing Stocks		10,989,566	4,654,482
Trade and Other Receivables	6	123,530,979	104,537,836
Other Current Financial Assets	7	564,338,191	398,128,670
Cash & Cash Equivalent	8	178,048,250	164,064,531
		876,906,986	671,385,519
Total Assets		1,162,770,135	954,149,940
EQUITY AND LIABILITIES			
Stated Capital	9	1,000,000	1,000,000
Retained Earnings		897,898,111	680,787,987
Total Equity		898,898,111	681,787,987

Non-Current Liabilities

Interest Bearing Loans and Borrowings	10	73,897,010	85,198,610
Finance Leasing obligation	11	-	3,508,659
Employee Benefit Liability	12	20,015,878	19,212,174
		93,912,888	107,919,443

Current Liabilities

Interest Bearing Loans and Borrowings	10	11,301,600	11,301,600
Finance Leasing obligation	11	3,229,777	4,740,033
Income Tax Payable	14	60,490,856	66,893,229
Deferred Tax Liability	15	5,473,621	6,504,280
Other Payables	13	89,463,282	75,003,368
		169,959,136	164,442,510

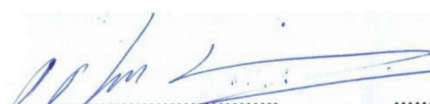
Total Equity and Liabilities

1,162,770,135 **954,149,940**

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.


Financial Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements. The Accounting policies and notes on page 8 through 25 form an integral part of the Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.


Chairman


Director


Director

15.02.2024
Colombo



STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Notes	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st December 2021		1,000,000	462,055,920	463,055,920
Profit for the year			245,611,516	245,611,516
Other Comprehensive Income for the Year Net of Tax	12		(5,401,659)	(5,401,659)
Dividend & Surcharge tax paid			(21,477,790)	(21,477,790)
Balance as at 31 December 2022		1,000,000	680,787,987	681,787,987
Profit for the year			243,875,173	243,875,173
Other Comprehensive Income for the Year Net of Tax	12		1,529,645	1,529,645
Retained earning adjustment previous year			(3,294,694)	(3,294,694)
Dividend paid			(25,000,000)	(25,000,000)
Balance as at 31 December 2023		1,000,000	897,898,111	898,898,111

The accounting policies and notes on pages 8 through 25 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Note	2023 Rs.	2022 Rs.
Cash Flows from Operating Activities			
Net Profit Before Income Tax Expenses		352,194,009	325,127,474
Adjustments for			
Depreciation	5.0	15,270,878	13,674,734
Amortization	5.4	5,508,440	5,274,242
Interest Received	4.1	(122,246,510)	(49,481,953)
Provision for Employee Benefit Liability	12.0	4,375,582	2,544,031
Finance Cost	4.2	12,534,472	14,033,063
Retained earnings adjustment		(3,294,633)	-
Operating Profit Before Working Capital Changes		264,342,238	311,171,591
(Increase)/Decrease in Stocks		(6,335,084)	(2,357,686)
(Increase)/Decrease in Trade and Other Receivables/Loans to employees		(16,532,088)	(59,872,260)
Increase/(Decrease) in Other Payables		14,459,914	57,017,770
(Increase)/Decrease in other current financial assets		(166,209,521)	(181,315,976)
Cash Generated from Operations		89,725,459	124,643,439
Finance Cost Paid	4.2	(12,534,472)	(14,033,063)
Income Tax Paid		(115,751,839)	(12,505,367)
Surcharge tax paid		-	(6,477,790)
Employee Benefit Liability Paid	12.0	(2,042,231)	(863,930)
Net Cash from Operating Activities		(40,603,083)	90,763,289

Cash Flows from Investing Activities

Acquisition of Property, Plant and Equipment	5.0	(25,811,402)	(6,758,620)
Acquisition of Intangibles		(527,700)	(300,000)
Payments made for SLPA for construction of 3200MT tank & foam system		-	(19,937,601)
Interest Received	4.1	<u>122,246,510</u>	<u>49,481,953</u>
Net Cash used in Investing Activities		<u>95,907,408</u>	<u>22,485,732</u>

Cash Flows from Financing Activities

Capital paid on interest bearing loans and borrowings		(11,301,690)	(11,301,690)
Lease installments paid		(5,018,916)	(4,431,058)
Loan obtained against fixed deposit		-	12,424,807
Dividends paid		<u>(25,000,000)</u>	<u>(15,000,000)</u>
Net Cash Flows from Investing Activities		<u>(41,320,606)</u>	<u>(18,307,941)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		13,983,719	94,941,080
Cash and cash equivalents at the Beginning of the year		164,064,531	69,123,451
Cash and Cash Equivalents at the End of the Year	8	<u>178,048,250</u>	<u>164,064,531</u>

The accounting policies and notes on pages 8 through 25 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1. CORPORATE INFORMATION

1.1 General

Jaya Container Terminals Limited is a limited liability company incorporated under the Companies Act No. 17 of 1982 on 20 February 2002 and re registered on 25 April 2008 under the Companies Act No. 07 of 2007 and domiciled in Sri Lanka. The registered office is situated at No. 19, Church Street, Colombo 01 and the principal place of business is situated at No.69, Walls Lane, Colombo 15.

1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Company was managing the Colombo Oil Bank of Sri Lanka Ports Authority.

1.3 Financial Period and Date of Authorization for Issue

The Financial Statements of Jaya Container Terminals Limited for the year ended 31 December 2023 was authorized for issue in accordance with a resolution of the Board of Directors on 15.02.2024.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 2023****2. SIGNIFICANT ACCOUNTING POLICIES****2.1 General Accounting Policies****2.1.1 Basis of Preparation**

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as “SLFRS”), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The preparation and presentation of these Financial Statements are in compliance with the company’s act no. 07 of 2007.

2.1.2 Basis of Measurement

The Financial Statements have been prepared on a historical cost basis, except for;

- Financial instruments reflected as Held to Maturity and Loans and Receivables which are measured at amortized cost.
- Liabilities for defined benefit obligations which are recognized as the present value of the defined benefit obligation.

Where appropriate, the specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Financial Statements.

2.1.3 Statement of compliance

The financial statements which comprise the statement of financial position, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act, No. 7 of 2007.

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements in conformity with SLFRS/LKAS’s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to recognized as income over the periods necessary to match them to the costs to which it is intended to compensate on a systematic basis.

a) Going Concern

The Directors have made an assessment of the Company’s ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

b) Employee Benefit Liability:

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 12 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 2023****c) Commitments and Contingencies**

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.3.1 Foreign Currency Translation**

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Taxation**a) Current and deferred income Tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the balance sheet date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

As per the new Inland Revenue Act No.24 of 2017, business of Bonded warehouse is fitting to the meaning of Specified Undertaking. As such profits from business which belongs to specified undertaking was taxed in 2021 it was taxed business profits at 14% and Finance income at 24%. In year 2022 based on the new amendments to the income tax Act, first six months business profits were taxed at 14% and finance income at 24% and balance six months taxed at 30%. From year 2023, business profits and Finance income both taxed at 30%.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is possible that future taxable profit will be **available against which** the temporary differences can be utilized.

2.3.3 Revenue Recognition

SLFRS 15-Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific criteria is used for the purpose of recognition of revenue.

a) Oil Bank Service Fee Income

Oil bank service fee income is recognized as agreed with Sri Lanka Ports Authority at the completion of each calendar month.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

b) Interest

Interest Income is recognized as the interest accrued unless collectability is in doubt. Interest income is included in finance income in the income statement.

c) Dividends

Dividend Income is recognized when the shareholders' right to receive the payment is established.

d) Others

Other income is recognized on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other noncurrent assets including investments are accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Company of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.3.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs and borrowing costs incurred after the completion of the underlying construction are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.5 Financial Instruments - Initial Recognition and Subsequent Measurement

2.3.5.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Jaya Container Terminals Ltd applied SLFRS 9 - Financial Instruments for the first time, with effect from 01 January 2019

Recognition and initial measurement

Jaya Container Terminals Ltd initially recognizes "Trade Receivables" when they are originated. All other financial assets are initially recognized when the Jaya Container Terminals Ltd becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Jaya Container Terminals Ltd classifies a financial asset as measured at amortized cost; Fair Value Through Other Comprehensive Income (FVOCI); or Fair Value Through Profit or Loss (FVTPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Jaya

Container Terminals Ltd.'s business model for managing them. Financial assets are not reclassified subsequent to their initial recognition unless the Jaya Container Terminals Ltd 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 amortized cost** if it is held within a business model where the objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the financial asset is not designated as at FVTPL.

A debt investment is **measured at FVOCI** if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified

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Year ended 31 December 2023

dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the debt investment is not designated as at FVTPL. On initial recognition of an equity investment that is not held for trading, the Jaya Container Terminals Ltd irrevocably elected to present subsequent changes in the investment's **fair value in OCI**. This election is made on an investment by- investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are **measured at FVTPL**. This includes equity Investments and derivative financial assets. On initial recognition, the Jaya Container Terminals Ltd may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on DE recognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Jaya Container Terminals Ltd changes its objective of the business model for managing such financial assets.

De recognition

The Jaya Container Terminals Ltd derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Jaya Container Terminals Ltd neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. If the Jaya Container Terminals Ltd enters into transaction 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, such transferred assets are not derecognized.

Financial assets – Policy applicable before 1st April 2018

Prior to 1st April 2018 the Jaya Container Terminals Ltd classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
 - held for trading;
 - Derivative hedging instruments; or
 - designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2023

Initial and Subsequent measurement

Financial assets at FVTPL

Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

Held-to-maturity financial assets

Measured at amortised cost using the effective interest method.

Loans and receivables

Measured at amortised cost using the effective interest method.

Available-for-sale financial assets

Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial Liabilities – Policy applicable from 1st April 2018

The Jaya Container Terminals Ltd initially recognizes financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. Jaya Container Terminals Ltd recognizes debt securities issued when they are originated. All financial liabilities are initially measured at fair value and, for an item not at Fair Value through Profit or Loss (FVTPL), net of transaction costs that are directly attributable to its issue. The Jaya Container Terminals Ltd's financial liabilities comprise of loans and borrowings, refundable rental and other deposits, bank overdrafts, trade and other payables and derivative financial instruments.

Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on de recognition of other financial liabilities are recognized in profit or loss.

Reclassification

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

De recognition

The Jaya Container Terminals Ltd derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Jaya Container Terminals Ltd also derecognizes 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 recognized at fair value. On de recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.3.5.2 Financial Liabilities - Policy applicable before 1 April 2018

Recognition

Prior to 1st April 2018 the Jaya Container Terminals Ltd classified its financial liabilities into one of the following categories:

- at FVTPL, and within this category as:
 - held for trading;
 - derivative hedging instruments; or
 - designated as at FVTPL.
- Other financial liabilities

Initial and Subsequent measurement:

Financial liabilities at FVTPL

Measured at fair value and changes therein, including any interest or gains and losses, were recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023**Other financial liabilities**

Measured at amortized cost using the effective interest method.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Jaya Container Terminals Ltd currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.3.6 Closing Stocks

Closing Stocks of the Company represents the Consumable items, Electrical and Hardware items, Stationery etc. stored in the main stores of the company for day to day use. The Accounting policy adopted in measuring inventory is FIFO method. Accounting policy used for valuation of stock is lower of cost or net realizable value. As it is difficult to calculate the net realizable value of most of the items like milk powder, stationery, hardware and electrical items etc. stocks have been valued at cost.

2.3.7 Cash and Cash Equivalents

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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.8 (i) Property, Plant and Equipment

Property, Plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the Plant and Machinery, Furniture and Fittings, Office Equipment, Computers & Accessories when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the useful life of the assets. Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net

disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The percentages used are as follows; According to the recommendations made by asset verification Committee some of the useful life of the assets have changed and adjusted accordingly.

Plant & Machinery	12.5%
Office Equipment	12.5%
Computer Equipment	25%
Motor Vehicles	20%
Furniture	20%

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023**(ii) Expenses incurred for construction of 3200MT capacity storage tank and Fire foam system**

As per the management service agreement between SLPA and JCT Limited, all the capital expenditure should be borne by JCT Limited. (SLPA has given the right to build assets) Since land and the property is not owned by JCT Limited, expenses incurred for construction of 3200 MT storage tank and Fire foam system has identified as a deferred expense and recorded in between current assets and non-current assets, similar to intangibles. Approval

of the Sri Lanka Ports Authority was received for recording this transaction. This will be amortized over the useful life time of the asset as decided by the SLPA from year 2023. As informed by SLPA 3200MT storage tank's useful life is 60 years and Fire foam system 15 years.

(iii) Intangible assets

This is the computerized system introduced by the Operations Division for local Tank Truck deliveries and other operations activities. Based on the estimated useful life and by considering future trends of the IT, Company decides the useful life as five years and amortize the software over period of five years.

2.3.9 Leased Assets

Company has obtained four Finance leasing facilities to purchase four motor vehicles for the Company. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. A leased asset is depreciated over the useful life of the asset.

2.3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement. . If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.3.11 Retirement Benefit Obligations**a) Defined Benefit Plan - Gratuity**

The Company annually measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan using The Projected Unit Credit method. The Projected Unit Credit method involves making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation are highly sensitive to changes in these assumptions.

The item is stated under retirement benefit liability in the Statement of Financial Position.

The liability is not externally funded.

b) Defined Contribution Plans – Provident Fund and Employees' Trust Fund

Employees are eligible for Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 15 % and 3% of gross emoluments of employees to Provident Fund and Employees' Trust Fund respectively.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

3. REVENUE	2023 Rs.	2022 Rs.
Oil Bank Service Fee Income	612,328,282	608,028,143
Net Revenue	<u>612,328,282</u>	<u>608,028,143</u>
3.1 Non-operating income	2023 Rs.	2022 Rs.
Disposal of discarded items and non Refundable deposits from Tenders	<u>1,558,899</u> <u>1,558,899</u>	<u>291,563</u> <u>291,563</u>

3.2 Through put comparison

Product	Loading (MT)		Discharging (MT)	
	2023	2022	2023	2022
LSFO 380 cst	337,126.45	353,502.59	344,736.17	340,563.47
MGO	75,243.34	88,803.15	75,449.81	80,471.43
Total	412,369.79	442,304.74	420,185.98	421,034.90

4. FINANCE INCOME / COST

4.1 Finance Income	2023 Rs.	2022 Rs.
Interest Income on Savings Account	4,145,898	4,260,731
Interest Income on Fixed Deposits	112,736,287	40,237,785
Interest Income on Employee Loans	5,364,325	4,983,437
	<u>122,246,510</u>	<u>49,481,953</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

4.2 Finance Cost	2023 Rs.	2022 Rs.
Interest Expense on Loans and Borrowings	11,187,747	12,038,468
Interest Expense on housing loan for employees	589,707	651,588
Interest Expenses for Finance Leasing	757,018	1,343,007
	<u>12,534,472</u>	<u>14,033,063</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01.01.2023 Rs.	Additions during the Year Rs.	Disposals/ Discarded Rs.	Balance as at 31.12.2023 Rs.
5.1 Gross Carrying Amounts				
Plant and Machinery	77,543,911	10,551,744	-	88,095,655
Furniture, fixtures, and Fittings	10,615,432	11,055,140	-	21,670,572
Office Equipment	7,187,435	2,178,218	-	9,365,653
Computer Equipment	6,684,147	2,026,300	-	8,710,447
Motor Vehicles	<u>62,163,429</u>	<u>-</u>	<u>-</u>	<u>62,163,429</u>
Total Cost of Depreciable Assets	<u>164,194,354</u>	<u>25,811,402</u>	<u>-</u>	<u>190,005,756</u>

	Balance as at 01.01.2023 Rs.	Charge for the Year Rs.	Disposals Discarded Rs.	Balance as at 31.12.2023 Rs.
5.2 Depreciation				
Plant and Machinery	29,162,722	7,025,981	-	36,188,703
Furniture and Fittings	6,686,985	2,182,207	-	8,869,192
Office Equipment	4,382,591	876,295	-	5,258,886
Computer Equipment	5,168,754	980,801	-	6,149,555
Motor Vehicles	<u>27,132,918</u>	<u>4,205,594</u>	<u>-</u>	<u>31,338,512</u>
Total Depreciation	<u>72,533,970</u>	<u>15,270,878</u>	<u>-</u>	<u>87,804,848</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

5.3 Net Book Values	As at	As at
	31.12.2023	31.12.2022
	Rs.	Rs.
Plant and Machinery	51,906,952	48,381,189
Furniture and Fittings	12,801,380	3,928,447
Office Equipment	4,106,767	2,804,844
Computer Equipment	2,560,892	1,515,393
Motor Vehicles (Including leased assets)	<u>30,824,917</u>	<u>35,030,511</u>
Total Carrying Amount of Property Plant & Equipment	<u>102,200,908</u>	<u>91,660,384</u>

Write-of use assets- Motor vehicles purchased under the Finance Leasing Method

Rs.43,004,500.00 worth of four motor cars purchased in August 2019 through finance leasing facility. Net book value as at 31.12.2023 is Rs.24,234,322.00

5.4 The useful lives of the assets are estimated as follows:

	2023	2022
Plant and Machinery	8 Years	8 Years
Furniture and Fittings	5 Years	5 Years
Office Equipment	8 Years	8 Years
Computer Equipment	4 Years	4 Years
*Motor Vehicles	5 Years	5 Years

*When depreciating motor vehicles 5 years have applied for all vehicles other than vehicles mentioned below

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2023

The asset verification/review committee has assessed the useful lifetime of fixed assets and extended the useful life of some assets as below.

	<u>Economic Useful Life</u>	<u>Future useful life</u>
Engine pump -Huangshan	15	10
Mitsubishi car	13	4
KDH van	15	8
Double cab	15	10
Motor cycle	10	6
3 nos of Rush cars	10	6
CCTV camera system	10	4
Generator 44 KVA	15	12
Benz C 200	15	11
Motor driven Engine pump-RSP/HW	10	7
Hybrid container box -SJ	10	7
Wooden filing cabinets-Record room	8	2
Storage tank-S/J	10	2
Radar tank gauging system	5	1
Container office cabin-Bond	10	7
Major spare parts for the Rush pump	5	2

5.5 List of fixed assets where net book values are zero is summarized below

<u>Asset type</u>	<u>Cost Rs.</u>	<u>No.of items</u>
Plant and Machinery	8,473,245	24
Furniture and Fittings	3,390,319	64
Office Equipment	1,517,846	50
Computer Equipment	3,392,000	60

5.6 Intangible Assets

	2023	2022
	Rs.	Rs.
Software purchased for Operations Division	817,700	300,000
Amortization	(102,117)	(10,000)
	715,583	290,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5.7 Deferred Expenses for tank construction and Firefoam system

	<u>Balance as at</u>	<u>Amortization</u>	<u>Balance as at</u>
	<u>01.01.2023</u>		<u>31.12.2023</u>
Deferred expenses for 3200MT storage tank	100,735,515	(1,704,973)	99,030,542
Fire Foam system	51,818,900	(3,701,350)	48,117,550
	<u>152,554,415</u>	<u>(5,406,323)</u>	<u>147,148,092</u>

6. TRADE AND OTHER RECEIVABLES

2023
Rs.

2022
Rs.

6.1	*Trade Receivables - Related Party	69,379,694	59,791,687
		<u>69,379,694</u>	<u>59,791,687</u>
6.2	Advances & Prepayments	38,234,708	29,729,948
	Staff Loans : Receivable within one year	15,916,577	15,016,201
		<u>123,530,979</u>	<u>104,537,836</u>
	Staff Loans : Receivable more than one year	<u>35,798,566</u>	<u>38,259,621</u>

6.1 Trade Receivable from Related Parties

Relationship

2023
Rs.

2022
Rs.

Sri Lanka Ports Authority (Mgt.fees)	Parent	69,379,694	59,791,687
		<u>69,379,694</u>	<u>59,791,687</u>

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2023

6.2 Advances & Prepayments	2023	2022
	Rs.	Rs.
Receivables from other debtors	8,050	-
Advance payments	3,077,000	3,127,000
Deposits	152,434	344,934
Interest receivable	34,997,224	26,258,014
	<u>38,234,708</u>	<u>29,729,948</u>

7. FINANCIAL ASSETS

	2023	2022
	Rs.	Rs.
Held To Maturity Investments		
Fixed Deposits held to maturity	564,338,191	398,128,670
	<u>564,338,191</u>	<u>398,128,670</u>

8. Cash & Cash Equivalent	2023	2022
	Rs.	Rs.
Current /Savings Account	37,322,900	40,925,456
Cash in Hand	10,965	12,394
Fixed Deposits	140,714,385	123,126,681
Total Cash & Cash Equivalent	<u>178,048,250</u>	<u>164,064,531</u>

9. STATED CAPITAL	2023		2022	
	Number	Rs.	Number	Rs.
Ordinary Shares	100,000	1,000,000	100,000	1,000,000
	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

10. INTEREST BEARING LOANS AND BORROWINGS

Loan obtained against fixed deposits for tank construction and Fire foam system

	As At 31.12.2023	As At 31.12.2022
<u>Non-Current Liabilities</u>	Rs.	Rs.
Loan obtained against FD	73,897,010	85,198,610
(Amounts repayable after one year)	73,897,010	85,198,610
<u>Current Liabilities</u>		
Loan obtained against FD	11,301,600	11,301,600
(Amounts repayable within one year)	11,301,600	11,301,600

10. INTEREST BEARING LOANS AND BORROWINGS (Contd...)

Lien over Rupee Fixed Deposits bearing No:79251603 for Rs. 45.3 Mn, No.80427028 for Rs.44.1 Mn, and No.83586139 for Rs.36.8 Mn maintained at Bank of Ceylon corporate branch. The total Loan value is Rs.113 million, obtained for payment of balance amount of construction of 3200MT storage tank and installation of Fire foam system of JCT Ltd. Interest rate is FD rate+1% and repayment period is 10 years.

11. FINANCE LEASING FACILITIES

	As At 31.12.2023	As At 31.12.2022	Terms of Payment	Interest Rate
<u>Non-Current Liabilities</u>	Rs.	Rs.	Rs.	
Finance Leasing Liability	-	3,229,777		
(Amounts repayable after one year)		3,229,777	60 Monthly Installment	Interest Rate 13.00%
<u>Current Liabilities</u>			Bank Of Ceylon	
Finance Leasing Liability	3,229,777	5,018,915		
(Amounts repayable within one year)	3,229,777	5,018,915		

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

*A Finance Leasing facility was obtained to purchase four motor cars for the Company with the approval of the General Treasury.

12.	EMPLOYEE BENEFIT LIABILITY	2023 Rs.	2022 Rs.
12.1	Defined Benefit Obligation		
	Changes in the present value of the defined benefit obligation are as follows:		
	Defined Benefit Obligation at 1 January	19,212,172	12,130,412
	Charge for the Year (Note 12.2)	4,375,582	2,544,031
	Actuarial (Gain)/Loss on Obligation	(1,529,645)	5,401,659
	Benefits Paid	(2,042,231)	(863,930)
	Defined Benefit Obligation at 31 December	<u>20,015,878</u>	<u>19,212,172</u>

12.2	Net Benefit Expense		
	Current Service Cost	1,685,878	1,213,041
	Interest Cost on Benefit Obligation	<u>2,689,704</u>	<u>1,330,990</u>
	The expenses are recognized in the income statement	<u>4,375,582</u>	<u>2,544,031</u>

12.3 Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 December 2023. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.12.2023 are as follows:

	2023	2022
Demographic Assumptions		
Staff Turnover Rate	5.00%	5.00%
Retirement Age	60	60
Financial Assumptions		
Discount Rate	12.00%	14.00%
Salary Escalation Rate	8%	10%
Method of Actuarial Valuation	Projected Unit Credit method	Projected Unit Credit method

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023
12. DEFINED BENEFIT OBLIGATION (Contd..)
12.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2023.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Assumed change in Financial Assumptions		Effect on PV of Defined Benefit Obligation
	Rs.	
If Discount Rate Increased by 1%	18,740,405	11,384,764
If Discount Rate Decreased by 1%	21,440,238	12,964,286
If Salary Escalation Rate Increased by 1%	21,480,711	12,910,703
If Salary Escalation Rate Decreased by 1%	18,689,741	11,424,910

13. OTHER PAYABLES	2023 Rs.	2022 Rs.
Other Payables - Other (Note 13.1)	9,007,267	9,078,703
Accrued Expenses	19,545,938	15,924,665
Cash deposits of new BLH	60,910,077	50,000,000
	<u>89,463,282</u>	<u>75,003,368</u>

13.1 Other Payables - Other	2023 Rs.	2022 Rs.
Value Added Tax Payable	8,231,156	7,429,722
Other Payables-(Fuel & Telephone bills payable to SLPA)	776,111	1,648,981
	<u>9,007,267</u>	<u>9,078,703</u>



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

14. INCOME TAX

The major components of Income Tax Expenses for the Year Ended 31st December are as follows:

	2023	2022
Income Statement	Rs.	Rs.
Current Income Tax charge	109,349,495	76,000,239
Deferred tax	(1,030,659)	3,515,719
Under/ (Over) Provision of Taxes in Respect of Prior Years	-	-
Income Tax Expenses reported in the Income Statement	108,318,836	79,515,958
Income tax liability at the Beginning	66,893,229	3,398,366
Current Income Tax charge	109,349,495	76,000,239
Tax Credits	(115,751,839)	(12,505,376)
Income Tax liability at the End	60,490,856	66,893,229

15. DEFERRED TAX

Deferred tax liability due to temporary taxable differences of carrying value of Property, Plant & Equipment

	<u>Accounting Basis</u>	<u>Tax Basis</u>	<u>2023</u> Temporary Timing Difference (Rs.)	<u>2022</u> Temporary Timing Difference (Rs.)
	<u>Rs.</u>	<u>Rs.</u>		
Carrying values of Property ,Plant & Equipment	83,349,897	39,705,303	43,644,594	44,324,449
Gratuity Provision			(20,015,878)	(19,212,172)
			<u>23,628,716</u>	<u>25,112,277</u>
Adjustable amount during year			(1,030,659)	3,515,719
Opening Deferred tax balance			6,504,280	2,988,561
Deferred tax liability			<u>5,473,621</u>	<u>6,504,280</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

16. EARNINGS PER SHARE

16.1 Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events, if any, that have changed the number of ordinary shares outstanding, without a corresponding change in the resources as a bonus issue.

16.2 The following reflects the income and share data used in the Earnings Per Share computation.

	2023	2022
	Rs.	Rs.
Amount Used as the Numerator:		
Profit for the Year	<u>243,875,173</u>	<u>245,611,516</u>
Profit Attributable to Ordinary Shareholders for Earnings Per Share	<u>243,875,173</u>	<u>245,611,516</u>
Number of Ordinary Shares Used as Denominator:		
Weighted Average Number of Ordinary Shares in Issue	100,000	100,000
Earning per share	2,438.75	2,456.12

17. COMMITMENT AND CONTINGENCIES

17.1 Capital Expenditure Commitments

The Company does not have significant capital commitments as at the reporting date.

17.2 Contingent Liabilities

Legal claims;

01. Supreme Court (special) LA 24/2023 – National Union of Sea Fares of Sri Lanka and three others Vs JCT Ltd

In 2013, Court of Appeal Writ Application No.124/2013 filed by National Union of Sea Fares of Sri Lanka (NUSS) and three others demanding the applicability of Public Enterprises Circular PED/Circular/01/2013 dated 15/01/2013 to Jaya Container Terminals Limited and

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

termination application filed before Labour Department. The order was delivered on 12.12.2022 infavour of JCT Limited by dismissing the application of petitioners without cost. However, NUSS filed an appeal before the Supreme Court (SC (Special) LA 24/2013) against the said Court of Appeal order.

02.Labour Tribunal Case No. LT/2/addi/3676 - Inter Company Employees Union on behalf of Mr. K. Liyanage Vs JCT Ltd

03.Labour Tribunal Case No. LT/2/addi/3677 - Inter Company Employees Union on behalf of Mr. W. Kothalawela Vs JCT Ltd

These cases were filed by Inter Company Employees Union on behalf of two retired employees who retired at the age of 57 years demanding the age of retirement to be 60 years as per the PED/Circular/01/2013 dated 15/01/2013.

These cases have been laid by until the judgment of Court (SC (Special) LA 24/2013.)

04.Labour Tribunal Case No. LT/2/addi/3718/2016 - Inter Company Employees Union on behalf of Mr. M.J. Bearnard Vs the Company

This case was filed by Inter Company Employees Union on behalf of Mr. M.J. Bearnard who is a retired employee whose name was included in termination application demanding the retirement age to be 60 years as per the PED/Circular/01/2013 dated 15/01/2013.

This case also has been laid by until the judgement of Supreme Court (SC (Special) LA 24/2013.

05.LT 13/28/2020 L L L Perera

This case was filed by Jathika Sewaka Sangamaya on behalf of Mr. L.L.L.Perera who was retired at age of 57. Demanding the age of retirement as 60 years. Since there was a pending Labour Department inquiry the Labour Tribunal decided to lay the cause until finalizing the Labour Department inquiry.

01. Labour Department Inquiry -CN/COM/INS/201909/05 – Rs.7800 Cost of Living The employees of JCT Limited are paid Rs.7800 cost of living allowance w.e.f 01.01.2018. Sri Lanka Nidahas Sewaka Sangamaya, Jathika Sewaka Sangamaya, and Inter Company Employees union complain to Commissioner of Labour requesting arrears of cost of living allowance w.e.f.PA circular date.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 2023****17.2 Legal Claims (Contd..)**

By order dated 28.04.2021 the commissioner directed to make a payment of Rs.19,464,600/- On or before 17.05.2021. JCT Limited forwarded an appeal to the Commissioner General of Labour requesting to revisit the order.

A fresh inquiry called by Mr. H.S.Jayathilaka, Labour Officer, Colombo North Labour office, and Written Submission filled on 11.07.2022.

18. ASSETS PLEDGED

The Company has pledged following assets for the Term Loan obtained from Bank of Ceylon for the period ended 31 December 2021.

1. Lien over Rupee Fixed Deposits bearing No:79251603 for Rs. 45.3 Mn, No.80427028 for Rs.44.1 Mn and No.83586139 for Rs.36.8 Mn maintained at Bank of Ceylon corporate branch. Total Loan value is Rs.113 million obtained for payment of balance amount of construction of 3200MT storage tank and installation of Fire foam system of JCT Ltd. Interest rate is FD rate +1% repayment period is 10 years.

19. RELATED PARTY DISCLOSURES

Details of Significant Related Party Disclosures are as Follows:

19.1 Transactions With the Parent and Related Entities

<u>Receivables</u>	2023	2022
<u>Trade</u>	Rs.	Rs.
Management fees income	69,379,694	59,791,687
<u>Payables</u>		
Other payables to SLPA (Telephone/Fuel)	399,535	750,405
Deposit for Fuel	103,600	103,600

20. Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc, who have authority and responsibility for planning, directing and controlling the activities of the company as well as subsidiaries, direct or indirectly.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 2023****21. Compensation of Key Managerial Personnel (KMPs)**

	2023	2022
	Rs.	Rs.
Short-Term Employee Benefits (Board fees)	1,887,108	1,440,312
Allowances for Chairman & Managing Director	2,717,519	3,011,192
	4,604,627	4,451,504

22. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no significant transactions or events subsequent to reporting date which requires adjustments or disclosure in the financial statement.

23. RISK MANAGEMENT DISCLOSURE

The Company has exposed to the following risks from financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

23.1 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and supervision of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

23.2 RISK MANAGEMENT DISCLOSURE (Contd...)

a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The maximum exposure to credit risk for trade and other receivables at the reporting date by Currency wise was as follows.

	2023 Rs.	2022 Rs.
Sri Lankan Rupees	123,530,979	104,537,836
	<u>123,530,979</u>	<u>104,537,836</u>

Cash and Cash Equivalents

The Company held cash and cash Equivalents of Rs. 178 Mn as at 31 December 2023 (2022-164Mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which Company cash balances held are as follows;

- Bank of Ceylon – AA+(lka)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 December 2022	Less than 3 Months Rs.	3 to 12 months Rs.	>5years Rs.	Total Rs.
Other payables	25,003,368	50,000,000	-	75,003,368
	<u>25,003,368</u>	<u>50,000,000</u>	<u>-</u>	<u>75,003,368</u>
As at 31 December 2023	Less than 3 Months Rs.	3 to 12 months Rs.	>5years Rs.	Total Rs.
Other payables	28,553,205	60,910,077	-	89,463,282
	<u>28,553,205</u>	<u>60,910,077</u>	<u>-</u>	<u>89,463,282</u>

23.3 RISK MANAGEMENT DISCLOSURE (Contd...)
c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

The Company is exposed to interest rate risk on short-term deposits placed with the financial institutes.

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2023

Currency Risk

The Company is exposed to currency risk since the service charges are based on the tariff table agreed with the SLPA and are in USD. All invoicing and recording of revenue for services rendered is done by converting the USD value to LKR at the date of transaction. Therefore the revenue of the company fluctuates based on the exchange rates provided at the transaction dates.

24. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

DETAILED INCOME STATEMENT

Year ended 31 December 2023

Note 25

COST OF SALES	<u>2023</u>	<u>2022</u>
	<u>Rs.</u>	<u>Rs.</u>
Salaries for Operational Staff	105,496,841	103,793,743
Employees' Provident Fund	9,127,944	9,119,148
Employees' Trust Fund	1,825,589	1,823,830
Medical Leave Encashment	4,262,053	4,800,000
Operations Staff Bonus	19,626,332	5,236,199
Gratuity Expense-Operational staff	3,500,466	2,035,225
Electricity	4,878,806	2,506,479
Water	551,437	397,906
Telephone Charges	472,376	512,311
Fuel & Lubricants	24,327,000	31,985,400
Maintenance of Mechanical Equipment	13,744,448	12,635,097
Depreciation of Plant and Machinery	7,025,981	6,505,466
Testing of Fuel samples	54,636	174,961
Maintenance of Civil Work	18,579,420	6,453,019
Social Security Contribution Levy	14,097,406	4,203,243
Total	<u>227,570,735</u>	<u>192,182,027</u>

Note 26

ADMINISTRATIVE EXPENSES	<u>2023</u>	<u>2022</u>
	<u>Rs.</u>	<u>Rs.</u>
Directors' Emoluments	1,887,108	1,440,312
Office Staff Salaries	26,699,210	25,948,436
EPF-office staff	2,281,986	2,279,787
ETF-office staff	456,397	455,957
Staff Bonus-Office	4,906,583	1,309,050
Medical Leave Encashment-Office	1,065,513	1,200,000
Tax/Company Consultancy Fees	2,225,597	1,287,711

JAYA CONTAINER TERMINALS LIMITED



Insurance Expenses	1,837,494	1,615,313
Staff Welfare	9,920,595	10,522,985
Training Expenses	2,247,501	646,975
Medical scheme for employees	3,725,132	3,137,594
Gratuity-Office	875,116	508,806
Rent for the Walki-Talkies	594,027	486,000
Telephone Charges	472,376	528,777
Fuel for office vehicles	7,149,205	4,764,215
Engineering and Hardware Expenses	151,932	158,485
Custom Officer Charges	1,224,965	1,234,835
Security Expenses	17,163,204	13,983,101
Electricity -office	860,966	442,320
Water-office	1,251,743	816,768
License Fees/system fees	895,487	527,498
Legal Fees	1,289,895	2,474,805
Depreciation	8,244,898	7,169,267
Amortization of 3200MT tank & Firefoam system	5,406,323	5,264,242
Amortization of intangibles	102,117	10,000
Audit Fee	405,000	351,000
Office Maintenance	3,069,507	2,583,950
Office Equipment Maintenance	1,579,768	985,866
Office Vehicle Maintenance	10,208,774	6,094,133
Vehicle hire charges	1,109,500	1,837,176
Prepaid Loan Expenses - SLFRS	3,193,635	2,174,249
Doubtful debt	-	2,340,236
Stamp Duty	325	300
Bank Charges	165,809	113,187
Sundry Expenses	560,178	459,397
Other expenses	6,409	2,733,925
Stationery	3,648,263	3,739,127
Advertising & Business promotions	1,296,571	802,410
Janitorial/Landscaping/Canteen services	15,655,366	14,030,900
Total	143,834,475	126,459,095