Sri Lanka Climate Fund
Ministry of Environment

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ஆண்டறிக்கை
Annual Report
2022

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இலங்கை காலநிலை நிதியம் (தனியார்) நிறுவனம்
Sri Lanka Climate Fund (Private) Limited

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Contents

1.Board of Directors

Review by the Chairman

I am greatly joyful about being able to present to you the Annual Report of the Sri Lanka Climate Fund (Pvt.) Limited for the year ended at **3**1st December **202**2 and the main objective of this report is to provide an approximate analysis relating to the programs and projects implemented by the Sri Lanka Climate Fund (Pvt.) Limited in the year under review together with an update on the status of implementation of the strategic instructions.

Sri Lanka Climate Fund (Pvt.) Limited**,** having targeted a sustainable environment**,** has implemented a number of projects and consultancy services towards achieving the said target and simultaneously it bears the responsibility of awarding ISO 14064–1:2018 and ISO 14067:2018 compatibility certificates to government, semi-government and private institutions. Such awarding will be made subsequent to Greenhouse Gas Emissions calculated by the respective institutions are verified by our institution.

"Sri Lanka Carbon Crediting Scheme**"** is a greenhouse gas emission program implemented by the Sri Lanka Climate Fund (Pvt.) Limited under the direct supervision and administration of the Climate Changes Section of the Ministry of Environment. This scheme was established in year 2016 to obtain financial benefits through the reduction of greenhouse gas emissions**.**

We are humbly proud of the effort and commitment of Sri Lanka Climate Fund (Pvt.) Limited to make Sri Lanka an environmentally safe country and to provide high quality service to the client. The efforts made by the company, in the projects and programs implemented by it, to maintain the service chain continuously and optimally as well as to implement it efficiently and qualitatively in accordance with international standards, should be appreciated.

In Sri Lanka's journey towards a sustainable-economic developed country, we are optimistic that we will be able to proceed and exist long-term while contributing to achieve the said objective. It is my belief that our qualified human capital will be of great help in transforming the Sri Lanka

Climate Fund (Pvt.) Limited into a profitable public company through its persistent and dedicated service in the face of many challenges and problems that will be encountered in future.

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Mr. Siripala Amarasinghe
Chairman
Central Environmental Authority

Dr. B.M.S. Batagoda
Sector Expert

Mrs. N.T.Amarathunga
Deputy Director
Ministry of Finance

Staff

Sri Lanka Climate Fund (Pvt.) Limited consists of Chairman, Chief Executive Officer, Technical and Non-Technical Officers and the technical team has successfully met the competency requirements of (ISO 14066) given by the Sri Lanka Accreditation Board (SLAB).

2. Introduction

Sri Lanka Climate Fund (Pvt.) Limited is a government-owned company registered under Company No. PV 63781 on April 09^{th} 2008 in accordance with the Companies' Act No. 07 of 2007 and it has been subjected to the purview of the Ministry of Environment by the Extraordinary Gazette published on the 25^{th} day of September, 2020. The company implements, both locally and internationally, a number of sustainable environmental projects for the public and private sectors. Although it was initiated as Sri Lanka Carbon Fund (Private) Limited in the beginning, later on, considering the various environmental projects accomplished by this institution and with the aim of expanding its said role, our company name was changed to Sri Lanka Climate Fund (Pvt.) Limited from 29^{th} January 2016.

The main objective of the company is to contribute to building a low carbon economy through the verification of carbon emissions and guidance is also provided to optimize the performance of carbon emissions in the public and private sectors.

2.1. Vision

"A carbon neutral and climate resilient blue green economy"

2.2. Mission

"To support the nation of Sri Lanka to achieve low carbon and climate resilient blue green development"

2.3. Institutional Objectives

I. Implementation of measures including the Clean Development Mechanism (CDM) which is included in the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

II. Providing consultancy services to private, government and non-governmental organizations for the development of projects related to Clean Development Mechanisms, providing facilities to private and public institutions for validation and verification of projects related to Clean Development Mechanisms and providing financial resources for projects that reduce greenhouse gas emissions.

III. Under the Clean Development Mechanism, reduction of greenhouse gas emissions (Certified Emission Reduction - CER) and under a Voluntary Mechanism, reduction of greenhouse gas emissions (Verified Emission Reduction) and Carbon Trading.

IV. Development and implementation of environmental product marketing programs including Environmental Assessment.

V. Taking measures for quantification and verification of greenhouse gas emissions at institutional projects and at production level.

VI. Providing laboratory services to improve environmental quality

VII. Development and implementation of environmental product marketing programs including Eco-tourism.

VIII. Development and implementation of Bio-prospecting Program.

IX. Implementation of Sanitary Waste Disposal development programs

X. Development and maintenance of commercially viable medical and hazardous waste incinerations

XI. Provide any support services required by project developers.

XII. Providing financial support under fair conditions to developers of environmental products and services.

XIII. Charge a user fee for environmental services and environmental pollution and provide environmental services to selected industrial and business groups through financial benefits received thus.

XIV. Supporting private companies and agencies to develop Green Reporting standards

XV. Investing funds in Sustainable Development Activities.

XVI. To implement any kind of environmental activities related to the environment

XVII. Implementation of any activity related to the transformation of Sri Lanka into a Green Economy

2.4 Contribution by the Sri Lanka Climate Fund

The objective of the Sri Lanka Climate Fund (Private) Limited is to provide facilities to build up a low carbon business economy. This institution provides guidance to improve the capability for effective, carbon-low solutions, explore innovative strategies to lower carbon emissions and for the optimization of carbon emissions within the existing facilities. Accordingly, by reducing the Environmental Footprint of industries, facilities are provided to improve sustainable business practices of those institutions and to improve the environmental quality of those businesses.

Sri Lanka Climate Fund (Private) Limited awards ISO 14064–1:2018 and ISO 14067:2018 certificates of compliance to government and private sector organizations. These certificates are awarded after greenhouse gas emissions calculated by the respective institutions are verified by this company. Sri Lanka Accreditation Board has permitted the company to carry out the aforementioned verification process and it is accepted both locally and internationally. Due to quality verification-service-providing by Sri Lanka Climate Fund (Pvt.) Ltd. to local business institutions, those business institutions' venturing into the international market has become easy. Likewise, this contribution has given the opportunity to display the transparency and responsibility relating to global climate activities.

Sri Lanka Climate Fund (Pvt.) Limited conducts Sri Lanka Carbon Crediting Scheme as a National Greenhouse Gas Program which is administered under the direct supervision of the Climate Change Section of the Ministry of Environment. By this scheme, qualified carbon management projects that have been implemented in Sri Lanka are registered and quality-verified Sri Lankan Certified Emission Reductions (SCER) will be issued to the interested parties. Sri Lanka Carbon Credit Scheme facilitates carbon trading, enables businesses to invest in carbon removal projects and creates a platform to offset those emissions. This can also be seen as contributing to a sustainable future, in addition to promoting the environmental responsibility.

Sri Lanka Climate Fund encourages and facilitates investors to use Clean Development Mechanism to minimize greenhouse gas emission in Sri Lanka through the use of renewable energy. Also, Sri Lanka Climate Fund (Pvt.) Ltd prepares Project Design Document (PDD), Monitoring Report (MR), registers projects under the Clean Development Mechanism (CMD) of United Nations Framework Convention on Climate Change (UNFCCC) and provides facilities for the validation and verification process for issuance of Certified Emission Reductions (CER). Also, under energy audit, after conducting an energy audit by experts and technical equipment in the field, how it relates to the environment will be explained and what measures should be taken in that regard by those institutions will be suggested and encouraged for the same. Providing guidance and leadership for making decisions to build a low-carbon economy and providing consulting services for the National Green Reporting System (GR) are performed through Sri Lanka Climate Fund (Private) Limited. Sri Lanka Climate Fund (Private) Limited undertakes various environmental and climate-change-related projects and fund management. As modern bio-energy technology projects implemented by the Global Environment Facility,

- Green Lanka
- National adaptation plan
- Expected Nationally Determined Contributions, can be introduced.

Sri Lanka Climate Fund (Private) Limited is also acting as a guide for the National Climate Resilience. Similarly, the services provided by this company to the entire community, from mitigation to adaptation to the diversity of climate action, are immense. As one of the main tasks of the institution, Sri Lanka Climate Fund (Private) Limited supports those organizations, businesses and projects which strive to fulfill the expectations of customers for environmental excellence. It also plays a unique role in supporting the programs carried out by the Sri Lankan government and the private sector against climate challenges.

Several occasions where Sri Lanka Climate Fund (Private) Limited distributed Greenhouse Verification Certificates for the year 2022 to reputed and branded companies in the market, who have been certified for minimizing greenhouse gas emissions, has been illustrated below.

BoardPAC Pvt. Ltd.

Hatton National Bank

Horana Plantations PLC

Malibon Biscuits Company PLC

3. Corporate Journey

2008

Establishment of Sri Lanka Carbon Fund under the Ministry of Environment

2010

Commencement of Clean Development Mechanism projects

2013

Commencement of projects under Sri Lanka Carbon Crediting Scheme
Introducing Voluntary Greenhouse Gas Reporting standards and requirements for climate industries and businesses .

2016

Changing corporate name as Sri Lanka Climate Fund
Restructuring of the working mechanism of Sri Lanka Carbon Standard.
Obtaining Accreditation Certificate from Sri Lanka Accreditation Board

2018

Act as the focal point for national greenhouse gas calculations and documentation for the Third National Communication on Climate Change

2020

Introducing Net Zero Energy Certification and Carbon Positive System

4. Services

01 **Greenhouse Gas Verification**
ISO 14064, ISO 14067

02 **Sri Lanka Carbon Crediting Scheme**

03 **Net Zero Energy Certification**

04 **Climate Positive Certification**

05 **Clean Development Mechanism**

06 **Consultancy Services**

Verification and validation of projects to build a sustainable environment as well as providing consultancy services are the main services delivered by the company. Accordingly, as the main services provided by the company,

- Greenhouse Gas Verification (ISO 14064) (ISO 14067)
- Sri Lanka Carbon Crediting Scheme (SLCCS)
- Clean Development Mechanism (CDM)
- Net Zero Energy Certification
- Climate Positive Certification
- Consultancy Services
- Projects and Financial Management Projects can be introduced.

4.1 Greenhouse Gas Verification

Sri Lanka Climate Fund awards ISO 14064–1:2018 and ISO 14067 :2018 certificates of compliance locally as well as internationally to government and private sector organizations and what is special herein is that this certification is made after the greenhouse gas emissions calculated by those institutions are verified by the Verification Section of the Sri Lanka Climate Fund. Our institution has obtained a special permission from the Sri Lanka Accreditation Board for the aforementioned verification process and Sri Lanka Climate Fund (Pvt.) Ltd, is the first institution in South Asia to receive this approval. Institutionally, greenhouse gas emissions are calculated annually and a third-party verification gives value to that calculated information. Thus, at the beginning of year 2022, Sri Lanka Climate Fund (Pvt.) Ltd managed to achieve a successful progress in the target of Rs. 5.5 Million for Greenhouse Gas Verification Section, in the target of Rs. 01 Million for Carbon Crediting System and in the target of Rs. 02 Million for Project and Fund Management through which a total profit of Rs. 2.53 Million could be obtained in the said year. The immense sacrifices and efforts of the Chief Executive Officer and Board of Directors were of great help to achieve these goals.

4.1.1 Annual Progress in Greenhouse GHG Verification Sector - 2022

Institutional Level Verifications of the Greenhouse Gas Emission Sector in 2022

	Institution	Progress
01	Lanka Tobacco Company	Completed
02	Commercial Bank (Pvt.) Limited	Completed
03	Elpitiya Plantations PLC	Completed
04	Knorr Lanka (Pvt.) Limited	Completed
05	Hatton National Bank	Completed
06	Ceylinco Life Insurance Limited	Completed
07	Cargills Agri Foods (Pvt.) Limited	Completed
08	BoardPAC (Pvt.) Limited	Completed
09	Bank of Ceylon	Completed
10	Talawakele Tea Estate	Completed
11	Cargills Quality Confectionaries (Pvt.) Limited	Completed
12	Textrip (Pvt.) Limited	Completed
13	Citizens Development Business Pvt. Limited	Completed
14	Cargills Foods (Pvt.) Limited	Completed
15	EB Crissy and Corporation	Completed
16	Seylike (Pvt.) Limited	Completed
17	Bogawanthalawa Plantations PLC	Completed
18	Horana Plantations PLC	Completed
19	Sri Lanka Insurance Corporation	Completed
20	Dilma Lanka Tea (Pvt.) Limited	Completed
21	Maliban Buiscuits Company	Completed
22	Jeffery Brothers Exports Pvt. Ltd	Completed
23	Korean SPA Accessories (Pvt) Ltd.	Completed
24	Noritake Porcelain Private Limited	Completed
25	Global Sea Foods(Pvt.) Ltd	Completed
26	National Development Bank	Completed
27	RECYplus (Pvt.) Ltd	Completed

28	ATIRE Pvt. Ltd.	Completed
29	Amazon Trading (Pvt.) Ltd	Completed

Projects in operational status

		Progress
01	M J International (Pvt.) Ltd.	10% Completed
02	MAS Capital (Pvt.) Ltd.	10% Completed
03	Kelani Valley Plantations (Pvt.) Ltd.	40% Completed
04	*Trischel Fabric (Pvt.) Ltd*	20% Completed
05	Stretchline (pvt) ltd	10% Completed
06	UNIDIL (Pvt.) Ltd.	30% Completed
07	Cargills Quality Foods (Pvt.) Limited	10% Completed
08	Korean Spa (Pvt.) Limited	At contract level
09	Ethimale Plantations	At contract level
10	LINK Natural (Pvt.) Limited	At contract level
11	Salike - UK	At contract level
12	University of Colombo	At contract level
13	National Development Bank	At contract level
14	Commercial Bank (Pvt.) Ltd.	50% Completed
15	BoardPAC (Pvt.) Ltd.	50% Completed
16	Ceylinco Life Insurance (Pvt.) Ltd.	50% Completed
17	Bank of Ceylon	At contract level
18	Nature's Beauty Creations (Pvt.) Ltd.	At contract level
19	Nobleswear (Pvt.) Ltd.	At contract level
20	Rich Light Exports (Pvt.) Ltd.	At contract level
21	Rainbow Fashion	At contract level
22	LOLC Holdings	At contract level
23	Lanka IOC (Pvt.) Ltd.	At contract level
24	DIP Products (Pvt.) Ltd.	At contract level
25	Lankem Ceylon PLC	At contract level

26	Nations Trust Bank	At contract level
27	Headstart Pvt. Ltd	At contract level
28	*Siam City Cement* - INSEE *Limited*	At contract level
29	Kuliyapitiya Urban Council	At contract level
30	Ananda College – Maradana	At contract level

4. 2 Sri Lanka Carbon Crediting Scheme (SLCCS)

Sri Lanka Carbon Credit Scheme is a National Greenhouse Gas Project Validation and Verification Program administered by the Sri Lanka Climate Fund (Pvt.) Limited under the direct supervision of the Ministry of Environment's Climate Change Division. This program registers eligible carbon management projects operating in Sri Lanka and issues Quality-verified Sri Lankan Certified Emission Reductions (SCER) to interested parties.

4.2.1 Annual Progress of Sri Lanka Carbon Crediting Scheme -2022

Projects completed as at 31st December, 2022

	Institution	Progress
01	Bogo Power Pvt. Ltd.	Completed
02	Dilma Tea Pvt. Ltd.	Completed
03	Waverley Pvt. Ltd.	Completed
04	Lankem Ceylon Pvt. Ltd.	Completed
05	EB Crissy and Corporation	Completed
06	Bogawanthalawa Tea Plantations Corporation	Completed
07	National Water Supplies and Drainage Board	Completed
08	Horana Plantations Pvt. Ltd	Completed
09	Anunine Holdings Pvt. Ltd.	Completed

Projects at discussion level as of December 31st, 2022

	Institution	Progress
01	Talawakelle Tea Estates PLC	Remain at discussion level
02	*Pothotuwa Tea Factory*	Remain at discussion level
03	Unidil Packaging Pvt. Ltd.	Remain at discussion level
04	K.D. Ebert and Sons Pvt. Ltd.	Remain at discussion level
05	T.K.P. Holdings Pvt. Ltd.	Remain at discussion level
06	I.H.P. Lanka Pvt. Ltd.	Remain at discussion level
07	LOLC Pvt. Ltd.	Remain at discussion level
08	Hayleys Solar Panels Projects	Remain at discussion level
09	Hayleys Dipped Pvt. Ltd.	Remain at discussion level

4.3 Clean Development Mechanism - CDM

Clean Development Mechanism is a scheme implemented in year 2005 by the United Nations Organization to reduce carbon emissions and it funds projects geared towards reducing greenhouse gas emission in many countries of the world. It is one of the three flexible mechanisms interpreted in Kyoto Convention. Sri Lanka Climate Fund reflects on the importance of using renewable energy to minimize greenhouse gas emissions in Sri Lanka while utilizing this mechanism to encourage local and foreign investors and provide facilities to them for the emission reduction projects.

Provides Facilities for the validation and verification process for project registration and issuance of Certified Emission Reductions (CER) under the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC). Also, the Sri Lanka Climate Fund prepares Project Design Documents (PDD) and the Monitoring Reports (MR).

4.3.1 Annual Progress in Clean Development Mechanism Projects - 2022

Clean Development Mechanism		
01	Registration of Small Scale Hydropower Plants in Sri Lanka under the Clean Development Mechanism	Completed
02	Bulathawaththa Small Scale Hydroelectric Power Plant	Supervision reports have been forwarded to the United Nations Framework Convention on Climate Change (UNFCCC)
03	Maskeliya Oya Small Scale Hydroelectric Power Plant	
04	Dambulu Oya Small Scale Hydroelectric Power Plant	
05	Moragama Oya Small Scale Hydroelectric Power Plant	
06	Gomale Oya Small Scale Hydroelectric Power Plant	

4.4 Net Zero Energy Certification

Net Zero Energy concept is the type of energy use where energy conservation efficiency and on-site renewable generation are achieved 100% through the use of energy. The Energy Assurance System is a concept developed by the Sri Lanka Climate Fund with the aim of reducing carbon emissions, encouraging and promoting energy efficiency technology at the corporate level.

An institution becomes eligible for Net Zero Energy Certification upon confirmation of its reduced-energy-use generated by renewable energy production-projects exceed non-renewable energy use. As benefits of this certification,

- Through the use of renewable energy, being able to reduce greenhouse gas emissions caused by non-renewable energy use.
- Organizations, investors and consumers receive the opportunity to engage in environmentally friendly businesses
- Organizations producing renewable energy in excess of their energy consumption will have the opportunity to sell their surplus and generate additional income.

- By improving the use of renewable energy, it is possible to reduce the cost of production and the organizations have the opportunity to stay in the competitive market for a long time.
- Reduce the dependence on fossil fuel-based energy, and energies that have a market with rapidly changing prices and supply.
- Create a competitive environment for development in the country and increasing the expansion of long-term renewable energy industries.

4.5 Climate Positive Certification

Climate Positive Certification leads to sustaining strong economic growth and achieving long-term well-being through significant emissions reductions. By certifying the annual Greenhouse Gas Emissions of products, services and organizations, it has been possible to offset their greenhouse gas emissions. Furthermore, in order to obtain Climate Positive Certification, the company has provided an opportunity to verify their annual greenhouse gas emissions by focusing annually on the emissions of their operational activities and to sell the excess amount.

Key compliances required for this certification

- Desired Quantitative Greenhouse Emissions Certificate (verified by a recognized third party)
- Development of Carbon Management Projects by the intended party and their projects aimed at recognized national and international emission reductions.
- Certified projects should be implemented on a voluntary basis
- The intended party must offset their greenhouse gas emissions with excess carbon credits
- Be areas covered by Climate Positive Certification
- Development of renewable energy
- Implementation of new afforestations and commencement of reforestations
- Taking measures for energy efficiency and conservation
- Taking measures to minimize waste, reuse and recycle

4.6 Consultation Services

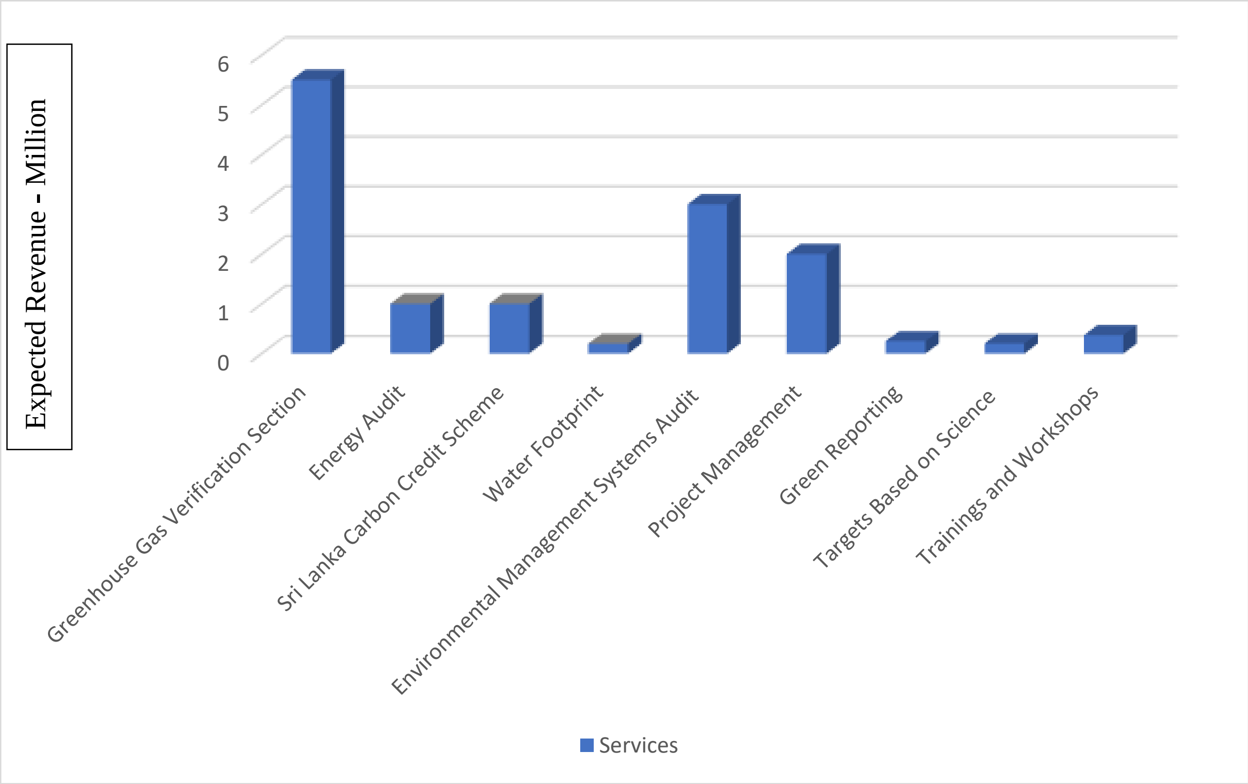
Sri Lanka Climate Fund (Pvt.) Limited provides guidance and leadership required by clients to make decisions to build a low carbon economy. It also provides consultancy services to register for the National Green Reporting System.

4.7 Projects and Financial Management Projects

Sri Lanka Climate Fund manages various environmental and climate change related projects and funds. Some of those projects are,

- Modern bio-energy technology projects implemented from the funds of Global Environment Facility
- Green Lanka Project
- National Adaptation Plan
- Expected Nationally Determined Contribution
- Areas of specialization of Sri Lanka Climate Fund (Private) Company
- Renewable energies
- Providing advice related to adaptation or mitigation
- Environmental engineering
- Improvement of MRV systems
- Community development
- Social studies

5. Expected Financial Targets - 2022



6. Financial Progress

Sri Lanka Climate Fund (Private) Limited

SLCF Information

General Information

Sri Lanka Climate Fund (Pvt.) Ltd. (SLCF) is a fully government-owned company founded in 2008 under the Companies Act No. 07 of 2007. It is registered under the Sri Lankan jurisdiction with the registration number PV 63781. The establishment of the company was facilitated by a legal framework derived from a Cabinet paper and gazetted on 2020 under the Ministry of Environment.

Nature of The Business

SLCF has customized its products and services to support business communities in their pursuit of a sustainable development paradigm known as "blue-green development." Within this framework, the principle of decarbonization stands as a core element, emphasizing the reduction of carbon emissions. Corporate Level GHG Statement Verification, Sri Lanka Carbon Crediting Scheme (SLCCS), Clean Development Mechanism (CDM), Verified Carbon Standard (VCS), Gold Standard and Plan-Vivo Platform, Energy Audits, Advisory and Consultancy, Capacity Building and Awareness, EMS (Environment Management System), Water Footprint Verification and training are the SLCF's strengthening factors towards the carbon net zero Sri Lanka.

Accounting Policies

Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium sector (SLFRS for SMEs) and on historical cost basis.

Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease business operations in the foreseeable future.

Significant Accounting Judgments, Estimates and Assumption

The preparation of the financial statements of the Company requires the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Company's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Events Occurring After the Reporting Date

All material events occurring after the reporting date have been considered and no events have occurred after the reporting date.

Assets & the Basis of Their Valuation

Property, Plant & Equipment

Cost

Property, Plant & Equipment is recorded at cost less accumulated depreciation. The cost of assets is the cost of acquisition or construction together with any expense incurred in bringing the asset to its working condition for the intended use.

Depreciation

Depreciation has been provided on the straight-line basis so as to write off the cost of the assets over their estimated useful lives of items of Property, Plant & Equipment. The company provides depreciation from the date of assets are available for use, the estimated useful lives are as follows. Following depreciation rates are applied for SLCF.

No	Item	Rate
01	Building	05%
02	Air Condition	20%
03	Furniture & Equipment	10%
04	Motor Vehicle	20%
05	Computers	25%

Current Assets

Trade & Other Receivables

Trade debtors and other receivables are stated at their amounts estimated to be realized net of provisions for bad & doubtful debts.

Other receivables and dues from related parties are recognized at cost less provision for bad and doubtful receivables

Cash & Cash Equivalents

Cash and cash equivalents are defined as cash in hand and demand deposits, readily convertible to known amounts of cash and subjects 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 overdraft.

Liabilities and Provisions

Liabilities

Liabilities classified as current liabilities in the balance sheet are those which fall due for the payment on demand or whiting one year from the balance sheet date.

Provisions
A provision is recognized in the balance sheet when the company has a legal or constructive obligation as result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably.

Statement of Income
Revenue Recognition
Revenue is recognized to the Extend that it is probable that the economic benefits will flow to the company and the revenue and associated cost incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of discounts and sales taxes.

Mainly Carbon Footprint Verification and Validation and Verification of GHG emission reduction projects under Sri Lanka Carbon Crediting Scheme are the main revenue generation points at SLCF.

Expenditure Recognition
Revenue Expenditure
All expenditure incurred in running of the business and it maintaining the property, plant & Equipment in the state of efficiency has been changed to income in arriving at the profit for the year.

Capital Expenditure
Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature has been treated as capital expenditure.

Taxation
The Provision for income tax is based on the elements of income & expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and Subsequent amendments thereto.

Statement of Cash Flows
The Statement of Cash Flows is prepared by using Indirect Method.

Defined Benefit Plan – Gratuity
Gratuity Provision are made SMEs for SL
The Company has adopted a defined benefit plan as required

6.1 Statement of Financial Position as at 31st December 2022

SRI LANKA CLIMATE FUND (PVT) LTD

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

	Notes	2022 Rs.	2021 Rs.
Assest			
Non Curent Assest			
Property Plant Equipment	14	843,242.19	97,656.25
Fixed Deposite			
Fixed Deposite	9	10,000,000.00	10,000,000.00
Current Assest			
Curtains		-	-
Trade & Other Receivable	8	5,255,567.80	3,736,125.90
Cash & Cash Equilent	10	198,459.66	53,949.27
		5,454,027.46	3,790,075.17
Total Assest		16,297,269.65	13,887,731.42
EQUITY & LIABILITIES			
EQUITY			
Stated Capital	11	25,000,010.00	25,000,010.00
Retained Profit/(Loss)		(11,619,371.38)	(14,149,443.19)
Total Equity		13,380,638.62	10,850,566.81
NON CURRENT LIABILITY			
CURRENT LIABILITIES			
Other Payable	12	2,916,630.43	3,037,164.61
TOTAL EQUITY & LIABILITIES		16,297,269.65	13,887,731.42

The above statement of financial position is to be read in conjuction with the accounting policies and notes to the financial statements appear on pages to which form an intergral part of these financial statements.

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Manager - HR and Finance | Chief Executive Officer | Chairman

The board of directors is responsible for the preparation an presentation of these financial statements as for the companies Act No.07 of 2007.

Approved and signed for and on behalf of the board.

Director | Director

5

6.2 Comprehensive Income Statement for the year ended at 31st December 2022

Comprehensive Income Statement			
For the Year ending at 31st December 2022			
		2022	**2021**
	Notes	Rupees	Rupees
Revenue	**1**	**14,030,203.36**	**7,124,960.79**
Expenses Relating to Projects	**2**	**(4,435,591.61)**	**(743,406.21)**
Operational profit		**9,594,611.75**	**6,381,554.58**
Other Revenue	**3**	**832,397.26**	**587,191.78**
		10,427,009.01	**6,968,746.36**
Deductions:			
Personal Cost	**4**	**6,529,800.86**	**5,691,784.92**
Administrative Cost	**5**	**1,361,981.34**	**1,068,757.08**
Sales Cost	**6**	**-**	**8,500.79**
Other Financial Costs	**7**	**5,155.00**	**3,315.00**
		7,896,937.20	**6,772,357.79**
Profit/ (Loss) before Tax		**2,530,071.81**	**196,388.57**
Taxation		**0**	**-**
Profit/(Loss) after Tax		**2,530,071.81**	**196,388.57**
Other Comprehensive Revenue			
Total Comprehensive Revenue		**2,530,071.81**	**196,388.57**

6.3. Statement of Equity as of December 31st, 2022

	Notes	Retained Earnings (Profit/Loss) (Rs.)	Capital Expressed (Rs.)	Total (Rs.)
Balance as at 01st January **2021**		(13,643,331.76)	25,000,010.00	10,850,566.81
Profit/(Loss) for the year		196,388.57		196,388.57
		(702,500.00)		
Balance as at 01st January **2021**		**(14,149,443.19)**	**25,000,010.00**	**11,046,955.38**
Balance as at 01st January **202**2		**(14,149,443.19)**	**25,000,010.00**	**11,046,955.38**
Profit/(Loss) for the year Adjustments of previous year		2,530,071.81		
Balance as at 31st December **202**2		**(11,619,371.38)**	**25,000,010.00**	**11,046,955.38**

6.4. Statement of Cash Flow for the year ending at 31st December **202**2

Sri Lanka Climate Fund (Pvt.) Limited

Statement of Cash Flow

For the year ended at 31st December 2022

	2022	2021
	Rupees	**Rupees**
Cash flow – from operational activities	2,530,071.81	196,388.57
Net profit/(Loss)		
Adjustments		
Depreciations	80,414.06	27,343.75
Adjustments with the previous year	-	(702,500.00)
	2,610,485.87	**478,767.68**
Changes in Working Capital		
Increases/ (decreases) and other receivables	(8,991,693.70)	(890,875.90)
(Increases) / Decreases Fund Management Liabilities	0	-
(Increases) / Decreases Other payables	(120,534.18)	1,477,574.61
	(6,501,742.01)	**107,931.03**
Net cash flow – from operational activities	(6,501,742.01)	107,931.03
Cash flow from Investment Activities		
Purchasing of fixed assets	(826,000.00)	(125,000.00)
Net Cash Flow from Investment Activities		(125,000.00)
Increases/ (Decreases) in Cash and Cash Equivalents	144,510.39	(17,068.97)
Cash and cash equivalents at the commencement of the year	53,949.27	71,017.45
Cash and cash equivalents at the end of the year	**198,459.66**	**53,948.48**
	198,459.66	

6.5 Detailed Notes to Financial Statements as at 31st December 2022

Sri Lanka Climate Fund (Pvt.) Limited				
31st December 2021				
Detailed Notes to Financial Statements				
		2022		2021
1	**Revenue**	Rupees		Rupees
	Greenhouse Gas Verification	10,295,212.95		6,537,307.75
	Climate Positive Certification	-		31,000.00
	Net Zero Energy Certification	-		36,000.00
	Consultations	-		72,363.04
	Training and Workshops	495,080.00		186,000.00
	Sri Lanka Carbon Crediting Scheme	2,262,990.41		262,017.00
	Clean Development Mechanism	976,920.00		-
	Project Management Revenue			
		14,030,203.36		**7,124,,960.79**
2	**Direct Expenses for Projects**			
	Greenhouse Gas Verification (Carbon Footprint)	2,264,745.17		153,925.42
	SLAB expenses	317,500.00		265,000.00
	Sri Lanka Carbon Debit Scheme	1,775,566.44		82,420.79
	Expenses for Training and Workshops	26,780.00		109,800.00
	Expenses for Clean Development Mechanism	-		114,260.00
	Expenses for Water Footprint	51,000.00		18,000.00
	Consultation Service Charges	-		-
		4,435,591.61		**743,406.21**
3	**Other Revenue**			
	Interest Income	832,397.26		587,191.78
		832,397.26		**587,191.78**
4	**Personnel Cost**			
	Wages for the Staff	3,909,360.12		3,707,500.00
	Expenses for EPF	481,800.00		444,900.00
	Expenses for ETF	120,450.00		111,225.00
	Cost of Living Expense	746,362.50		694,200.00
	Salary Allowance	454,109.92		221,459.92
	Special Allowance	300,000.00		300,000.00

	Gratuity Expenses	144,280.82		165,000.00
	Telephone Allowances			47,500.00
	Other Allowances	373,437.50		-
		6,529,800.86		**5,691,784.92**
		2022		**2021**
		Rupees		**Rupees**
5	**Administrative Expenses**			
	Secretarial fees	-		172,801.39
	Legal fees	22,500.00		25,000.00
	Insurance charges	91,071.76		61,159.65
	Telephone charges	156,655.16		132,838.48
	Web hosting	25,000.00		10,500.00
	Postage	14,345.00		5,745.00
	Director Board Allowances	30,000.00		90,000.00
	Fuel and vehicle maintenance	256,831.00		134,274.00
	Computer and Printer maintenance expenses	199,119.39		49,650.00
	Audit fees	182,160.00		185,000.00
	Printing and stationery	55,424.00		44,550.00
	Depreciation expenses	80,414.06		27,343.75
	Travelling expenses	28,589.53		5,544.73
	Other expenses	90,540.17		22,426.00
	Translation cost	6,452.25		-
	Expenses for advertisements	72,688.00		59,184.00
	Foreign tours	24,000.00		-
	ETF Surcharge	-		15,723.13
	Employee welfare	25,921.02		27,016.95
		1,361,981.34		**1,068,757.08**
6	**Marketing expenses**			
	Marketing expenses	-		8500.79
		-		**8500.79**
7	**Other financial expenditure**			
	ETF Surcharge	**-**		**-**
	Other expenses	**-**		**-**
	Bank charges	5,155.00		3,315.00
		5,155.00		**3,315.00**

8	Other Receivables			
	Accounts receivable	4,458,796.80		3,422,354.90
	Financial advances	796,771.00		313,771.00
		5,255,567.80		**3,736,125.90**
9	**Fixed Deposits**			
	Fixed Deposits - Bank of Ceylon	10,000,000.00		10,000,000.00
		10,000,000.00		**10,000,000.00**
10	**Cash and Cash Equivalents**			
	Bank of Ceylon	198,459.66		53,949.27
		198,459.66		**53,949.27**
11	**Capital Expressed**			
	As at 31st December	25,000,010.00		25,000,010.00
		25,000,010.00		**25,000,010.00**
12	**Other payables**			
	EPF payable	983,028.01		1,395,803.01
	ETF payable	191,161.60		150,361.60
	Audit fees payable	367,160.00		260,000.00
	Payable 'Pay As You Earn' taxes	326,000.00		326,000.00
	Payable gratuity	1,049,280.82		905,000.00
		2,916,630.43		**3,037,164.61**
13	**Adjustments to Previous Year**			
	Gratuity	**-**		740,000.00
	Audit fee	**-**		(37,500.00)
				702,500.00

Notes to the Financial Statement

14. Property fixtures and equipment

14.1 Costs/Assessments

Note	Balance as at **2022/1/1**	Collections during the year	Exclusions	Balance as at **2022/31/12**	Accumulated depreciations as at **2022/1/1**	Depreciation during the year	Exclusions	Accumulated depreciations as at **2022/12/31**	Written value as at **2022/12/31**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Office equipment									
Air conditioner	209,000.00	0	0	209,000.00	209,000.00			209,000.00	
Binding Machine	7,000.00	-	-	7,000.00	7,000.00			7,000.00	
Other office equipment	55,000.00	-	-	55,000.00	55,000.00			55,000.00	
Furniture and other fittings									
Furniture and other fittings	525,635.00	-	-	525,635.00	525,635.00			525,635.00	
Vehicle									
Motor vehicle	3,100,000.00	-	-	3,100,000.00	3,100,000.00			3,100,000.00	
Motorcycle	199,640.00	0	0	199,640.00	199,640.00			199,640.00	
Computer & accessories									
Computer & printers	1,348,800.00	826,000.00	-	2,174,800.00	1,251,143.75	80,414.06		1,331,557.81	843,242.19
Total	**5,445,075.00**	**826,000.00**	**-**	**6,271,075.00**	**5,347,418.75**	**80,414.06**		**5,427,832.81**	**843,242.19**

7. Auditor General's Report

(English Translation of the Audit Report)

NATIONAL AUDIT OFFICE

My No. PSE/D/SLCF/02/2022/01 Date 28th June 2024

Chairman,
Sri Lanka Climate Fund (Pvt.) Ltd.

Financial Statements for the year ending at 31st December 2022 and the Audit Report as per Section 12 of National Audit Act No. 19 of 2018 relating to other legal and regulatory requirements of the Sri Lanka Climate Fund Private Limited

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The aforementioned Audit Report has been referred herewith.

Sgd./ Illegibly
W.P.C. Wickramarathne
Auditor General

Copies: 1. Secretary- Ministry of Environment – for your kind information

2. Secretary- Ministry of Finance, Economic Stabilization and National Policies - for your Kind information

NATIONAL AUDIT OFFICE

My No. PSE/D/SLCF/02/2022/01 Date 28th June 2024
2024/20

The Chairman,
Sri Lanka Climate Fund (Private) Limited.

Financial Statements for the year ending at 31st December 2022 and the Audit Report as per Section 12 of National Audit Act No. 19 of 2018 relating to other legal and regulatory requirements of the Sri Lanka Climate Fund Private Limited

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1. Financial Statements

1.1 Opinion

Financial Statements for the year ending at 31st December 2022 of the Sri Lanka Climate Fund Private Limited comprising the Statement of Financial Position, Comprehensive Income Statement and Statement of Change in Liabilities for the year ending by the same date inclusive of Cash Flow Statement and notes relevant to financial statements as at the year ending by the same date together with the summarized and important accounting principles, were audited under my command in accordance with the provisions of the National Audit Act No. 19 of 2018, which should be read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in Parliament in due course in accordance with Article 154 (6) of the Constitution.
Except for the effect of the matters described in the part 'Basis for Qualified Opinion' section of my report, I am of the opinion that the Company's financial position as at 31st December 2022 and its financial performance and cash flows for the year ended by the same date reflect a true and fair situation in accordance with the Sri Lanka Accounting Standards for Small and Medium Sized Entities.

1.2 Basis for Qualified Opinion

(a) Even though the productive life span of Property, Plant and Equipment costing Rs. 5,320,075/- owned by the company has come to an end, it was revealed in audit that the said assets were being used within the year of audit. Accordingly, it was observed that the productive life span of those assets have not been estimated correctly as per Paragraph No. 17.1.9 of Part 17 of the Accounting Standards for Small and Medium Sized Entities.

(b) Even though the company used the Cab vehicle No. GG-9396, which was valued for a cost of Rs. 2,500,000/- in year 2012, the relevant asset was not revealed under Non-current Assets in the Statement of Financial Position prepared as at 31st December 2022 according to Paragraph No. 19 of Part 2 of Accounting Standards for Small and Medium Sized Entities.

(c) Prior to establishing the company's office in the premises of Ministry of Environment in year 2023, although it had been established in the premises of Timber Corporation, office rent payable from Year 2017 to year 31st December 2022 totaling to Rs. 1,415,849/- had not been paid to the Timber Corporation. Similarly, provisions had not been allocated from the Financial Statements of Year 2022 in this regard and it was not revealed through the accounting notes.

(d) Although a surcharge of Rs. 169,225/- had been imposed due to delay in payment of contributory money to the Employees' Provident Fund on behalf of year 2022 and a surcharge of Rs. 28,537/- had been imposed due to delayed payment of contributory money relevant to Employees' Trust Fund for year 2022; action was not taken to identify and account the relevant surcharge amounts from the Financial Statements of year 2022.

(e) An amount of Rs.89,662/- was paid on 14th September 2022 as the annual insurance amount of motor car No. KJ-4483 and out of that amount, a sum of Rs.37,359/- relevant to year 2023 was written off as an expense of the year under review without accounting it under the accrual basis.

(f) In the company's cash flow statement for the year 2022, even though the increase in receivables under working capital changes was stated as a cash flow of Rs.8,991,693/-, according to the change in the receivable balance during the year, it was observed that the figure was a cash flow of Rs.1,519,441/-.

(g) In accordance with the Section 7.8 of Sri Lanka Accounting Standards for Small and Medium Sized Entities, although it was stated that the change in stock during the year, the change in trade receivables and the change in trade payables during the year should be adjusted and depreciation, provisions, accrued income and expenses etc. should also be adjusted for non-monetary items in preparation of the circular cash flow statement, the company did not show the other values separately in the cash flow statement of the year under review except provisions for depreciation.

(h) The cash balance of the Company as on 31st December 2022 was not presented in the Company's cash flow statement of 2022.

(i) Even though it was informed to submit depreciation calculation of the company in the year 2022, detailed time analysis of trade receivables, register for provision of cash advances in the year 2022 and a detailed document of the cash advance balance due on December 31st, 2022 together with the information related to the Board of Directors decisions of the year 2022 to the audit on April 08, 2024, measures had not been taken to submit information for audit activities according to Section 38 of the National Audit Act No. 19 of 2018. Thus, in the year 2022 the scope of the financial audit was limited.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under these standards are further described in this report under the section 'Auditor's Responsibilities Regarding the Audit of Financial Statements'. I believe that the evidence for auditing obtained by me to provide a basis for my qualified opinion is sufficient and appropriate.

1.3 Other Information contained in the Company’s Annual Statement of 2022

Other Information means the information included in the Company's 2022 Annual Report, which is expected to be provided to me after the date of this audit report, but which is not included in the financial statements and my audit report thereon. The management should take the responsibility for this ‘Other Information’.
Other Information will not be covered by my opinion on financial statements and I will not certify or express whatsoever opinion in that regard.
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, to consider whether the other information is quantifiably inconsistent with the financial statements or with my knowledge obtained during the audit or otherwise.
If, while reading the Company's 2022 Annual Report, I conclude that there are material misstatements, the same should be communicated to the controlling parties for correction. If there are any further uncorrected misrepresentations, they will be included in the report tabled by me in Parliament in due course in terms of Article 154(6) of the Constitution.

1.4 Responsibility of the Management and Controlling Parties Regarding Financial Statements

It is management's responsibility to prepare these financial statements in accordance with the Accounting Principles for Small and Medium Sized Entities and present them fairly, and, to determine the internal controls necessary to enable the preparation of financial statements free from material misstatements that may arise due to frauds or errors.

In preparing financial statements, it is the management's responsibility to determine the company's ability to continue as a going concern, and unless the management intends to liquidate the company or cease operations when there is no other option, it is also the management's responsibility to set accounts on a going concern basis and disclose matters related to the company's continued existence.

The responsibility relating to inspection of company’s financial reporting process will be borne by the controlling parties.

According to sub-section 16(1) of the National Audit Act No. 19 of 2018, the company must maintain proper books and records of its income, expenses, assets and liabilities in order to prepare annual and periodic financial statements.

1.5 Auditor's responsibility in relation to the Audit of Financial Statements

As a whole, my objective is to provide reasonable assurance as to the absence of material misstatements in financial statements which would result from frauds and errors, and, to issue the audit report containing my opinion. Reasonable assurance is a high level of assurance, but it will not be an assurance that material misstatements will always be detected when conducting an audit in accordance with Sri Lanka Auditing Standards. Fraud and errors, individually or collectively, may result in material misstatements, the materiality of which depends on the effect on the economic decisions made by users based on these financial statements.

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

- planned and performed, in providing a basis for the audit opinion expressed, appropriate audit procedures on occasion to identify and assess the risks of material misstatement in the financial statements resulting from fraud or error. The effect of fraud tends to be weighty than the effect of material misstatements resulting from misrepresentations owing to the fact that fraud results from collusion, falsification of documents, and intentional omissions, intentional misrepresentation or circumvention of internal controls.

- obtained an understanding of internal controls, in order to design appropriate audit procedures as appropriate, although not with a view to expressing an opinion on the effectiveness of internal controls.

- evaluated the appropriateness of accounting policies used, reasonableness of accounting estimates and related disclosures made by the management.

- determined the relevance of using the going concern basis of the institution for the task of accounting based on the audit evidence obtained to discern whether there is material uncertainty about the going concern of the company due to events or circumstances. If I conclude that there is sufficient uncertainty, my audit report should focus on the related disclosures in the financial statements, and if those disclosures are inadequate, I should modify my opinion. However, the continuance may terminate upon future events or circumstances.

- assessed the overall presentation of the financial statements that includes disclosures and the fact that whether transactions and events underlying the structure and content of the financial statements have been included appropriately and fairly.

Significant audit findings, key internal control weaknesses and other matters identified during my audit will be informed by me to the controlling parties.

2. Report on other Legal and Regulatory Requirements

2.1 Special provisions regarding the following requirements have been included in the National Audit Act No. 19 of 2018 and the Companies Act No. 7 of 2007.

2.1.1 Except for the effect created by the facts explained in the part “Basis for Qualified Opinion” in my report, in accordance with the requirements of Section 163(2) of the Companies Act No. 7 of 2007 and Section 12(a) of the National Audit Act No. 19 of 2018, I obtained all information and explanations required for the audit, and, according to my investigation, proper financial records had been maintained by the Company;

2.1.2 The company's financial statements are consistent with the previous year as required by section 6(1)(d)(iii) of the National Audit Act No. 19 of 2018.

2.1.3 According to the requirement stated in Clause 6(i)(d)(iv) of National Audit Act No. 19 of 2018, except the observations stated in my report under 1.2 - 'Basis for Qualified Opinion', the recommendations made by me in the previous year are contained in the Financial Statements submitted.

2. 2 Due to the procedures followed, evidences obtained and limiting to quantitative matters, no matter came to my notice worthy enough to make the following statements.

2.2.1 According to the requirement mentioned in Section 12(d) of the National Audit Act No. 19 of 2018, any member of the company's governing body has a relationship, directly or otherwise, out of the ordinary course of business in relation to any contract involving the company.

2.2.2. As per the requirement mentioned in Section 12(f) of the National Audit Act No. 19 of 2018, except for the following observations, that action has been taken contrary to any written law or other general directives or special directives issued by the company's governing body.

Reference to Rules and Regulations/ Directives

Observations

(a) Section 83 of the Inland Revenue Act No. 24 of 2017

At the time of paying emoluments to an employee, tax on employment income shall be deducted and the total amount so deducted shall be remitted to the Commissioner of Inland Revenue before the 15th day of the following month, an amount of Rs. 326,000/- which had been deducted as payment tax on the earnings of the Chief Executive Officer and Financial Officer employed in the company in 2015, 2016 and 2017 was remitted to the Inland Revenue Commissioner in September of 2023 after a delay of about 8 years.

(b) Company's Act No. 07 of 2007 - Section 131(1)

i. Although every company should, at least once in every year, submit to the Registrar an annual report including the specific details stated in the Fifth Schedule, the company had not taken action accordingly.

Section 223(1) ii. According to this section, eventhough the company should have maintained a document of Directors and Secretaries; action has not been taken accordingly.

Sub-section 223(2) (a),(b) iii. Although the Director Board and Secretaries of the company have changed in years 2020 and 2021, measures have not been taken to register the said change as per this Section by way of submitting to the Registrar in prescribed format.

(d) Circular No. 01/2021 dated 16th November 2021 of Department of Public Enterprises

(i) Guideline No. 2.3 Action Plan together with the Combined Plan approved by the Director Board of the Company, Annual Budget document have not been submitted to the Secretary of the Line Ministry and Director General of Department of Public Enterprises.

(ii) Guideline No. 4.2 (h) Even though it has been stated that the Audit Meeting should be conducted every three months, action had not been taken accordingly in year 2022.

(iii) Paragraph No. 02 of Operations Handbook As per Paragraph 2 of the Operations Handbook, the company had not established operational systems and control mechanisms.

(iv) Paragraph No. 3.1 (i) of Operations Handbook Even as at 31st December 2022, measures have not been taken to get the recruitment procedure or carder of the company approved.

(v) Paragraph No. 6.7 of Operations Handbook The company has not conducted an annual verification of assets in the year under review.

(vi) Paragraph No. 7.3 of Operations Handbook The Director Board of the company has not time-appropriately reviewed the basic Key Performance Indicators (KPI) with the approved Action Plan and budget.

(vii) Paragraph No. 7.4 of Operations Handbook The Director Board has not checked reports relating to company’s physical and financial progress, working capital, cash flows, liquidity level and debt position on a monthly basis.

(viii) Paragraph No. 7.5 of Operations Handbook The company has not referred the performance reports prepared on monthly, quarterly and annual basis to the Line Ministry and Treasury.

2.2.3 As per the requirement mentioned in Section 12 (g) of the National Audit Act No. 19 of 2018, functioned non-compliant with the company's powers, duties and functions.

2.2.4 According to the requirement mentioned in Section 12(h) of the National Audit Act No. 19 of 2018, the company's resources have not been procured and used frugally, efficiently and effectively within relevant time periods in accordance with the relevant laws and regulations, except in the situation relating to the following observations.

(a) An air-conditioning machine, which is said to have been purchased by the company at a cost of Rs. 209,000/-, is mentioned as fixed in the building where the office of the company was located previously, but was not examined physically in auditing. Therefore, it was observed that the said air-conditioning machine is not utilized for current activities of the company.

(b) According to Section 4.2 of the Procurement Guidelines, a procurement plan for the year under review had not been prepared. Further, in the year under review, even though a printer worth Rs. 70,000/- and 04 laptop computers worth Rs. 756,000/- had been purchased, it was observed that a procurement process with a potential to maximize the economy, timeliness and quality of procurement, which is the anticipated objective of 1.2.1 of the Procurement Guidelines, has not been followed.

2.3 Other Matters

(a) According to the Guideline 6.6 of Circular No. 01/2021 dated 16th November 2021 of the Department of Public Enterprises, eventhough the draft of the annual report and final accounts should be submitted to the Auditor General within 60 days of the closing down of the financial year, the company has submitted the final accounts of the year under review with a delay of 12 months, that is, on 05th March 2024.

(b) As the company is facing significant competition in the industry and should therefore implement comprehensive marketing strategies and practices to establish its presence in the industry and grow the market share, the company has not incurred any expenditure on promotional and marketing activities in the year 2022.

(c) It was observed that there is a balance of Rs.1,287,868/- in the receivable balance of the company as on December 31st, 2022, which has exceeded one year and it was observed that the company had not taken steps to recover the said receivable balance.

(d) The company had not made any provision during the year under review for doubtful debts and bad debts as specified in the accounting policies.

Sgd./ Illegibly
W.P.C. Wickramarathne
Auditor General