



# ANNUAL REPORT 2023



# **Annual Report – 2023**

**Petroleum Development Authority**  
**of**  
**Sri Lanka**

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# Overview

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Having witnessed a myriad of changes with the unveiling of 2023, the Petroleum Development Authority of Sri Lanka as an independent regulatory entity, yet again was able to embark on an eventful journey throughout the year 2023, by embracing change and harnessing new opportunities. Primarily concentrated in the areas of strategy formulation and enforcement, the year has seen growth spurts of transformation, enabling the authority to consolidate firm grounds within the national energy sector.

Taking great strides amidst the emergence of constant challenges, the authority has been able to remain focused and work with vigor in executing the affairs of its mandate, which the entity is entrusted to carryout. While paying heed to the stipulations of the re-enacted Petroleum Resources Act No 21 of 2021, the institutional reforms introduced to strengthen the administrative and governance structure of the authority can be described as one amongst the key agenda points, the entity undertook in addressing meticulously several of the matters concerning the authority's regular operations. However, the entity was able to steer clear through 2023, while overcoming many challenges by securing timely opportunities, which contributed well towards attaining significant institutional progress.

Therefore, the PDASL is pleased to present the annual report for the fiscal year 2023, capturing all yearly highlights, that have greatly helped in aligning the 2023 institutional work programme, with the long-term strategic objectives of the Petroleum Development Authority of Sri Lanka (PDASL).



# Clarity of Direction

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## MISSION

Design and monitor fiscal regimes that meet the country's evolving economic needs, matching them with a stable, efficient regulatory framework that attracts investment and encourages knowledge transfers, until the last economic reserves are produced.

## VISION

To ensure that all Sri Lankans benefit from the petroleum resource of the country, by managing the industry in an equitable, safe and environmentally sustainable manner



# Re-affirming Our Commitments

## **PRIMARY GOAL**

The primary goal of the Authority is to harness the potential of indigenous oil and gas resources, thereby playing a pivotal role in propelling socio-economic development and ensuring the attainment of national energy security.



## **OBJECTIVES**

1. Increase upstream petroleum activities, encompassing both exploration and production, to stimulate growth and efficiency.
2. Augment the volume of data and enhance the quality within the national petroleum data repository, ensuring a comprehensive and reliable information database.
3. Establish a systematic framework to regularize upstream petroleum activities, promoting consistency, transparency and adherence to industry standards.
4. Enhance national socio-economic benefits across successive phases of petroleum operations, fostering positive impact on the economy at each stage of development.
5. Implement proactive measures to prevent environmental pollution and mitigate Health, Safety, and Environmental (HSE) risks associated with petroleum operations, prioritizing the well-being of both ecosystems and individuals involved in the process.

# Chairman's Message

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Re affirming its continued commitment towards relentlessly driving forward the off-shore hydrocarbon exploration sector, the purposeful evolvement of the Petroleum Resources Development Secretariat into an authority unfolded since 2021, has sparked a new ray of hope within the national energy industry, in its quest for making the island nation energy secure.

The Petroleum Development Authority of Sri Lanka, which witnessed its initial phase of transition from the Petroleum Resources Development Secretariat (PRDS) to be re-established as an independent legal entity, was formally renamed and operationalized on 21<sup>st</sup> October 2021, by repealing the initial Petroleum Resources Act No 26 of 2003 and enforcing the new Petroleum Resources Act No. 21 of 2021.

The revised mandate of the Petroleum Development Authority delineates the work scope and functions of the entity and its role as a regulator empowered to manage, monitor and control all off-shore hydrocarbon exploration operations undertaken by the government of Sri Lanka. Governed by the Chairman and Board of Directors, the authority holds the complete responsibility of regulating on equitable grounds, the process of maximizing the commerciality of Sri Lanka's off-shore hydrocarbon reserves.

Furthermore, streamlining authority activities across the functional areas of Exploration, Production, Safety, National Development, Legal and Compliance, Finance, Human Resource Management and Administration to help deliver the entity's agenda more efficiently and in standardized ways, will serve beneficial in drawing more refined collaborations with both local and foreign stakeholders, to help carry out the authority's mission as stipulated in its mandate.

Time and again reverberating over six decades the industry narrations of accomplishment since its inception in 1960s, the unwavering interest the nation has been showcasing to secure firm grounds in upstream operations of hydrocarbon exploration has been phenomenal. Primarily owing to the dynamics of the off-shore landscape of Sri Lanka, which is enriched with an array

of natural endowments, the maiden natural gas discoveries which were brought to light in the recent past are evident of this potential. While direct economic gains that can be availed from such projects remain infinite, the external gains that can be derived are certainly abundant and go hand in hand.

Petroleum data asset enhancement resulting in data sales generation, derivation of external gains such as capacity building contributing towards employment creation at national level, facilitating sector- oriented knowledge and technology transfers, procurement of local goods and services, improvement of the livelihood of needy communities as well as the growth and proliferation of undertaken research and development activities dedicated towards industry-specific chores, are a few of the manifold benefits the nation may avail, when continuing to engage in off-shore hydrocarbon exploration operations.

Contemplating upon all of the above, this Annual Report has been carefully tailored by the Petroleum Development Authority, to present a holistic picture of the present off-shore hydrocarbon exploration landscape of Sri Lanka, the surrounding business eco-system and the futuristic approaches adopted by the entity in unfolding the right industrial culture and environment. Therefore, to help redefine the sector as a going concern, which may eventually be able to compliment the overall national economic growth and sustainable development plans set forth by the government of Sri Lanka, robust development of the off-shore hydrocarbon exploration sector shall remain vital

**Mr. Surath Ovitigama**  
Chairman

# Director General's Message

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The global oil and gas sector at present has been identified as one of the fastest growing industries, as its nature of activity continues to evolve from one developmental phase to another. Similarly, Sri Lanka's hydrocarbon exploration sector as an emerging branch of work if rightly steered, may be transformed into a growth engine of the national economy. Cherishing the milestones of a sixty-year history, the commencement of Sri Lanka's initial oil exploration operations runs back to the 1960s, which speaks of Sri Lanka's keen interest in securing firm grounds in upstream operations of hydrocarbon exploration. The off-shore landscape of Sri Lanka is enriched with an array of natural endowments and the maiden natural gas discoveries which were brought to light in the recent past, are evident of the potential the country holds to move forward along such avenues.

However one must understand that, such treasures possessed by Sri Lanka as an island nation if rightly tapped, would allow the nation in eventually attaining both energy security and energy self-sufficiency, that may help eliminate many impediments obstructing the process of achieving national economic growth and sustainable development. As much as hydrocarbon exploration projects may offer direct economic gains, the external gains that could be derived from such work are abundant. It is therefore noteworthy to state that, an array of socio-economic benefits has been availed by Sri Lanka as an indirect outcome of the exploration efforts initiated till date. These have been mostly concentrated in the areas of petroleum data asset enhancement resulting in data sales generation, derivation of external gains such as capacity building contributing towards employment creation at national level, facilitating sector- oriented knowledge and technology transfers, procurement of local goods and services, improvement of the livelihood of needy communities as well as the growth and proliferation of undertaken research and development activities dedicated towards industry-specific chores.



Therefore, moving ahead, the Petroleum Development Authority shall continue to remain committed in maximising in numerous ways the benefits the off-shore exploration sector could offer to the nation in a consistent manner.

**Mr. Anton Perera**  
Director General

# Reminiscing the Past

## Inception and evolution of the Authority since 2021

### Enforcement of the new Petroleum Resources Act No. 21 of 2021

The new Petroleum Resources Act No: 21 of 2021 was enacted on the 08<sup>th</sup> of October 2021, with the primary aim of establishing an independent, efficient and transparent upstream legislation, enabling the formulation of a clear national upstream policy, a regulatory and an operational framework to better govern and manage the Petroleum Resource and related operations undertaken within Sri Lanka's off-shore regions. This implementation helped greatly, in accelerating all other institutional functions.

### Efforts to widen the Off-shore exploration work scope

Measures adopted by the PDASL since the incorporation of the Authority in 2021, towards re-designing the off shore exploration block map, strengthening the exploration data repository and making suitable plans to implement an open acreage off-shore exploration policy for awarding blocks to conduct joint study operations by interested international oil and gas operators, were timely initiatives taken up by the PDASL over the past three years since the establishment of the authority in 2021.

In particular, the data catalog developed for Sri Lanka by the PDASL for the purpose of developing a National Petroleum Data Repository in the long run, did undergo significant enhancements during the past few years. These improvements included the addition of new data and the re-processing of legacy data. Notably, all enhancements have been undertaken at no cost to the Government of Sri Lanka, utilizing a multi-client (non-exclusive) model. In this approach, data companies invest their own resources, provide the acquired data to the Government of Sri Lanka and subsequently sell the data in the international market, under the PDASL's license. This collaborative model not only facilitates cost-free upgrades to the existing PDASL's data catalog, but also encourages geological data investors to accumulate a wealth of information of the off-shore subsurface. The availability of such extensive data allows investors to quantify and reevaluate prospects and further minimize the risks associated with exploration and development work they intend to undertake.

### Community Development

The Petroleum Development Authority of Sri Lanka committed towards steering forward with fairness and integrity the off-shore hydrocarbon exploration activity domain of Sri Lanka, is also entrusted by its mandate with the mission of uplifting the quality of life tied to various social strata, deeply rooted in every nook and corner of the Island. Undertaken mainly in the form of capacity building and local content development since the year 2021, such initiatives have been revolving round employment creation at national level, facilitating sector- oriented knowledge and technology transfers, procurement of local goods and services, improvement of the livelihoods

of needy communities as well as the growth and proliferation of undertaken research and development activities dedicated towards industry-specific chores. However, when administering and managing off-shore hydrocarbon exploration operations, the Authority remains liable to ensure that all such work undertaken are capable of adding value in numerous ways, to enrich the living standards of the associated social groups.

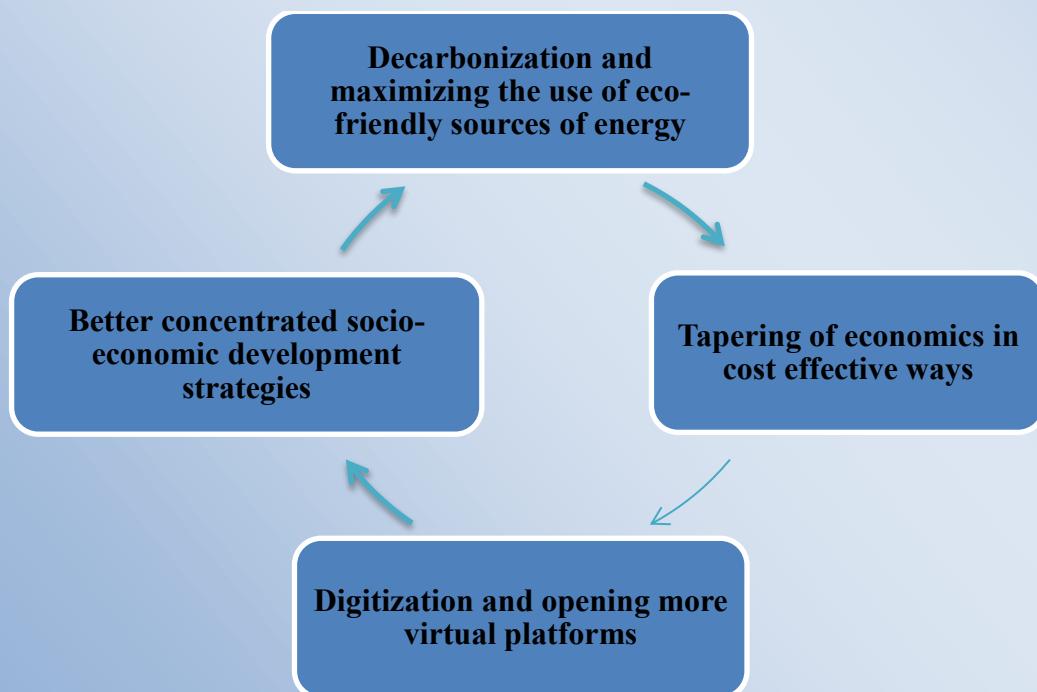
Particularly on such grounds encompassing the aspects stated below, the Authority over the past three years has been able to devise suitable guidelines supporting local content development, which should be adhered to carefully by both stake holders and oil and gas operators, when conducting off-shore hydrocarbon activities. All such guidelines, have been briefly explained below.

- Ensuring maximum employment opportunities for Sri Lankan nationals in all areas and during all phases of upstream petroleum operations.
- Improving local capacity building through education, training, knowledge and technology transfers aimed at increasing local competence levels, expected by the international petroleum industry.
- Encouraging local business entities to invest in various activities of upstream petroleum operations and thereby increasing the capabilities and competitiveness of the domestic business community in the sector.

## Re-aligning the Authority's plans with global energy trends unveiling new markets

The primary demand for energy consumption globally is expected to increase rapidly, as the population continues to grow resulting in urbanization and the rise in the middle-class strata of the society. However meeting this rise in demand requires the application of strategies, that would help prevent the sudden collapse of the global energy supply chains, if the scarce resources are not managed rightly. Furthermore, due to the concerns arising from matters such as global warming and climate change, nations today are compelled to settle for energy sources that are more eco-friendly. Therefore, as immediate solutions to this impending danger, nations have begun making plans to slightly deviate from the use of basic sources of energy and as an outcome, the global energy consumption trends have projected a tilt towards greater use of diversified energy sources. Therefore, considering the importance placed on promoting cost efficiency and minimum threat to the environment, PDASL too since 2021 has been making conscious and sound decisions to welcome the use of both economical and eco-friendly sources of energy. The areas of change which the PDASL is looking at, to move forward along such lines have been captured in Figure One.

**Figure 1: Energy diversification pathways**



# Corporate Governance

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## Governing authority and its appointment

The administration, management and control of the affairs of the Petroleum Development Authority shall be vested in a Board of Directors, as stipulated under section five of the Petroleum Resources Development Act No. 21 of 2021, who shall remain responsible for performing the duties assigned with utmost equity, fairness, impartiality, transparency and accountability. The Board of Directors therefore will stay committed to ensure that, all activities conducted by the authority are done by following ethical standards and in safeguarding the national interest strongly. To execute their role dutifully, in keeping with the provisions of the Authority's Act No. 21 of 2021, the Board of Directors will receive continued support from the Director General and employees of the Petroleum Development Authority.

## Appointment and composition of the Board of Directors

Appointed in accordance with the Petroleum Resources Development Act No. 21 of 2021, the Board of Directors of the Petroleum Development Authority consists of the below mentioned positions. However as decided by the subject Minister of Petroleum activities of Sri Lanka holding office at any given point of time, one member from the “Appointed Members”, shall be elected as the Chairman of the Board of Directors.

**Table 1: Board Composition of the Petroleum Development Authority of Sri Lanka**

Member and capacity	Number of persons	Appointing authority
Director General , Petroleum Development Authority of Sri Lanka	1	As stipulated in the Authority's Act No. 21 of 2021
Secretary to the Ministry of Finance or representative	1	As stipulated in the Authority's Act No. 21 of 2021
Secretary to the Ministry of Power and Energy or representative	1	As stipulated in the Authority's Act No. 21 of 2021
Director General, Public Utilities Commission of Sri Lanka	1	As stipulated in the Authority's Act No. 21 of 2021
Chairman, Marine Environment Protection Authority	1	As stipulated in the Authority's Act No. 21 of 2021
Appointed members	4	As stipulated in the Authority's Act No. 21 of 2021
Board Secretary	1	As stipulated in the Authority's Act No. 21 of 2021

*Source: Petroleum Resources Act No 21 of 2021*

**Table 2: Board Members of the Petroleum Development Authority of Sri Lanka for the year 2023**

<b>Member and capacity</b>	<b>Number of persons</b>	<b>Member details</b>
Director General, Petroleum Development Authority of Sri Lanka	1	<ul style="list-style-type: none"> <li>➤ Mr. Surath Ovitigama (Termination of contract as Director General, PDASL on 31<sup>st</sup> August 2023)</li> <li>➤ Mr. Anton Perera (Appointed as Director General, PDASL on 1<sup>st</sup> November 2023)</li> </ul>
Secretary to the Ministry of Finance or representative	1	<ul style="list-style-type: none"> <li>➤ Mr. Kasthuri Arachchige Sanath Sisira Kumara Perera, Additional Director General, Department of State Accounts (Treasury representative)</li> </ul>
Secretary to the Ministry of Power and Energy or representative	1	<ul style="list-style-type: none"> <li>➤ Mr. Chaminda Hettiarachchi, Additional Secretary (Development), Ministry of Power and Energy (Resigned in July 2023)</li> </ul>
Director General, Public Utilities Commission of Sri Lanka	1	<ul style="list-style-type: none"> <li>➤ Mr. Damitha Kumarasinghe, Director General, Public Utilities Commission of Sri Lanka</li> </ul>
Chairman, Marine Environment Protection Authority	1	<ul style="list-style-type: none"> <li>➤ Mrs. Dharshani Lahandapura, Chairman, Marine Environment Protection Authority (Resigned on 04<sup>th</sup> February 2023)</li> <li>➤ Mr. Asela B. Rekawa, Chairman, Marine Environment Protection Authority (Appointed on 1<sup>st</sup> March 2023)</li> </ul>
Appointed member	1	<ul style="list-style-type: none"> <li>➤ Mr. Saliya Wickramasuriya, Chairman, Board of PDASL (Resigned as Chairman PDASL on 1<sup>st</sup> November 2023)</li> <li>➤ Mr. Surath Ovitigama, Chairman, Board of PDASL (Appointed on 1<sup>st</sup> November 2023)</li> </ul>
Appointed member	1	<ul style="list-style-type: none"> <li>➤ Mr. Jude Shavindra Fernando, President's Counsel</li> </ul>
Appointed member	1	<ul style="list-style-type: none"> <li>➤ Dr. N P Wijayananda, Former Chairman, Geological Survey and Mines Bureau</li> </ul>
Appointed member	1	<ul style="list-style-type: none"> <li>➤ Mr. Shiran Fernando, Chairman Ceylon Chamber of Commerce (Resigned on 03<sup>rd</sup> October 2023)</li> </ul>

## **Role and responsibility and commitment of compliance**

The Board of Directors is responsible to meet the objectives set out in the Act, while asserting justly the powers vested by the Act. Furthermore, the Board must ensure the ethical functioning of systems of internal controls and will remain liable for the accuracy of the financial information provided by the Authority. The operational management of the Authority is carried out by the Director General of the Authority, who is the Chief Executive Officer and will be bound to act on the decisions made by the Authority's Board of Directors. However, the Board shall be supported by external advisory committees when the need arises, in taking action on matters of great technical complexity, which remain beyond the capacity of the Board.

All procurement activities of the Authority are carried out while strictly complying with National Procurement Guidelines. However, depending on the value of each procurement, these activities are often undertaken by the officials of the Authority, who receive both guidance and support from independent Technical Evaluation Committees and Departmental Procurement Committees appointed for such purposes. Furthermore, the Board of Directors takes all steps as needed to ensure that the Authority abides by the provisions of the Act and other applicable rules, regulations and guidelines published by the authority, as well as those issued by the government from time to time. The Board also ensures that the financial statements of the Authority are prepared in accordance with the Sri Lanka Public Sector Accounting Standards and further complied with the requirements of the Finance Act No. 38 of 1971.

### **Board meetings**

Board meetings are scheduled to take place on a monthly basis. During these meeting that are convened monthly, the Board takes the responsibility of mapping with clarity the strategic direction of the Authority, reviews the performance and progress of regular activities and provides substantial input for planning the Authority's recurrent and capital expenditure programmes. For each of the Authority's tasks and proposals that need Board Approvals, individual Board Papers are regularly being presented by the relevant Authority officials for obtaining necessary Board approvals. The Board members however are given appropriate documentation in advance of each meeting. Details of the Board Meetings held during 2023, have been presented in Table 3

**Table 3: Board meeting details 2023**

<b>Meeting No</b>	<b>Meeting Date</b>	<b>Time of commencement</b>	<b>Time of conclusion</b>	<b>No of Participants</b>
01/2023	20.02.2023	4.00 pm	6.15 pm	08
02/2023	04.04.2023	5.00 pm	6.30 pm	07
03/2023	20.06.2023	4.00 pm	5.00 pm	07
04/2023	23.11.2023	4.00 pm	6.40 pm	05

*Source: Petroleum Resources Development Authority, Board meeting minutes*

## **Human capital**

The institutional human capital is often a long-term investment made by an organisation in human skill and expertise development, for purposeful gains. Similarly, the Petroleum Development Authority of Sri Lanka, since its establishment in 2021, while paying greater heed to its legislative stipulations enforced by the new Petroleum Resources Act No 21 of 2021, have designed a suitable organisational structure consisting of job roles essential for the carrying out and sustenance of its mandated authority activities. Therefore, as a maiden step towards implementing the newly designed organisational structure, Management Services Department (MSD) approval was obtained by the PDASL for thirty-three cadre positions of the organisational structure, for the purpose of recruiting qualified individuals and further transferring the existing PRDS staff to the new authority. However, subsequent measures adopted by the PDASL to recruit suitable individuals for the approved positions, have been well captured in the next section titled “Steering clear through 2023”. The PDASL employee status for the year 2023, has been presented in Table 4.

**Table 4: PDASL carder status for the year 2023**

<b>Designation</b>	<b>Approved number of vacancies</b>	<b>Status</b>
Director General	01	Employed full-time permanently
Director Finance	01	All duties of the stated position, are being cover by the Chief Accountant of the Ministry of Power and Energy attached to the PDASL on acting basis.
Director National Development	01	Employed full-time permanently
Data Engineer	01	Employed full-time permanently (Resigned during July 2023)
HSEQ Officer	01	Employed full-time permanently (Resigned during October 2023)
Geologist	01	Employed full-time permanently (All duties of the Senior Geologist's position, are being covered by the same individual on acting basis)
Petroleum Analyst	01	Employed full-time permanently
Legal Officer	01	Employed full-time permanently
Management Assistant	02	Employed full-time permanently

Driver	02	Employed full-time permanently
Development Officer (Not included in carder)	02	Assigned from Ministry of Energy

# Performance Summary

The year 2023 has often remained appealing as a year of hope for the PDASL, where the entity in particular was able to witness bouts of changes, which at times helped upscale the institutional work, mostly related to the process of expediting off-shore exploration activities in the country. The events that unfolded during the year 2023 have mostly enabled the PDASL in gaining much needed clarity pertaining to its governance aspects and legal functions, with the ultimate objective of consolidating firm grounds within the national energy sector. The activities carried out throughout the year have been summarized and presented in the succeeding sections, to provide a glimpse of the initiatives undertaken over the course of the year.

## Regulatory Reforms

The events which took place during the year 2023 have mostly revolved round re-aligning and strengthening the regulatory framework of the institution, since its establishment as an authority during the year 2021. In order to attract investors and allow a substantial number of oil and gas operators to engage in exploration and production operations in Sri Lanka, the PDASL during the year 2023 as advocated in its new Petroleum Resources Act No. 21 of 2021, made many efforts in increasing the availability of off-shore exploration blocks, suitable for carrying out joint study operations.

Several of such vital undertakings administered by the institution have been focused upon the drafting and enforcement of important regulations such as joint study regulations, service provider licensing regulations, block map publication regulations, data generation regulations for hydrocarbon exploration activities in Sri Lanka and regulations for petroleum data viewing, licensing and granting rights to use. While the service provider regulations were enforced during the first quarter of 2023, all other regulations were taken up for review throughout 2023.

Moreover, the already published off-shore hydrocarbon exploration block map was further revised and is expected that it will be re-published on the public domain, alongside the enforcement of the joint study regulations and the block map publication regulations.

## Structural Reforms

For the purpose of streamlining and regularizing the functions of the Petroleum Development Authority of Sri Lanka since its inception in 2021, several sporadic changes have been made to re-design the organizational structure and delegate both power and authority more efficiently. Pertaining to the same upon obtaining the relevant approvals from the Management Services Department (MSD), all organizational functions were fragmented division wise and the permanent staff of the initial institution, Petroleum Resources Development Secretariat (existing staff) was re-absorbed to the new institution (Petroleum Development Authority of Sri Lanka) by offering new appointments in various divisions, they are fit to carryout duties. However having completed all such tasks during the first quarter of 2023, eight more vacant MSD approved career positions of the new authority (captured under the new organizational structure), were advertised and applications were called to recruit suitable candidates. While all applications received were duly evaluated, scheduling selection interviews and recruiting suitable individuals for the advertised positions, will be undertaken during the year 2024.

## Corporate Social Responsibility: capacity building initiatives

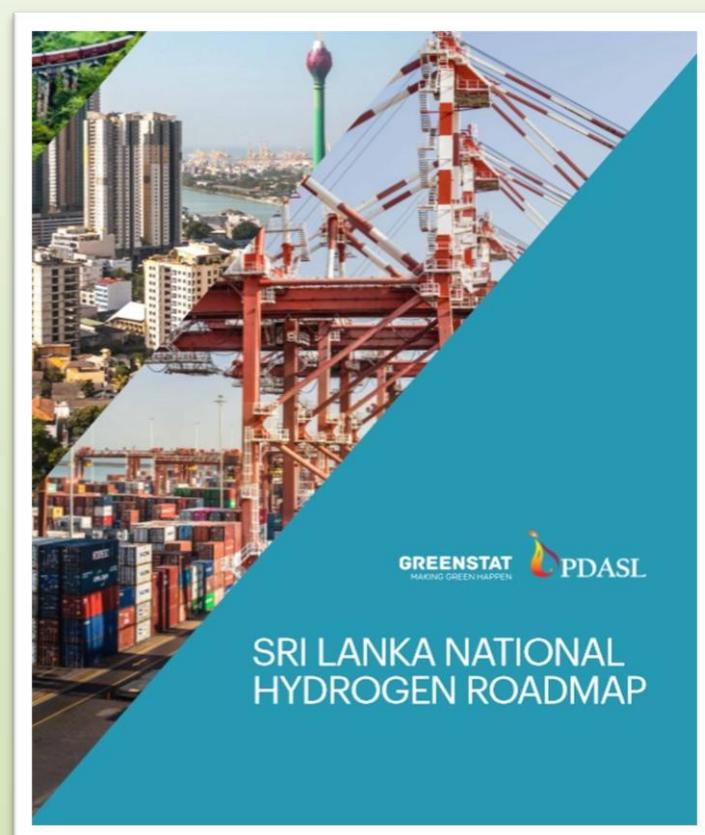
Funding channels resulting from foreign sources, have mostly been navigated towards increasing capacity building activities, conducted during the year 2023. Several workshops with the participation of both institutional and external stakeholders of the energy sector, were hosted regularly throughout 2023 as U.S. Department of State Bureau of Energy Resources and U.S. Department of Interior funded training events. These capacity building workshops were conducted primarily to extend technical assistance in the areas of Methane Abatement, Carbon Capture Utilization and Sequestration and Hydrogen Technologies, which in the long run will help uplift the energy sector of Sri Lanka in sustainable ways. The image presented below, was captured during one such workshop held during the year 2023.



## Initiating change



At a time when the global energy sector has begun unveiling plans for securing a greener future, capitalizing on both cost effective and cleaner sources of energy to keep moving in tandem with growing global energy trends, will certainly remain important to Sri Lanka at all times. Therefore, the PDASL throughout the year 2023 continued to further propel its way in search of energy diversification pathways, by taking forward the efforts initiated collaboratively with Greenstat Hydrogen India Pvt. Ltd. Preparation of the “Sri Lanka National Green Hydrogen Road Map”, was one of the key tasks carried out during the year 2023, as a part of the two year agreement which was signed by the Government of Sri Lanka, with Greenstat Hydrogen India Pvt. Ltd. on 28.02.2022.



# Risk Assessment

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## Expectations and Challenges

The hydrocarbon potential of Sri Lanka is well-known amongst the leading oil and gas companies, most of whom have interacted with the PRDS/PDASL over the past decade. The barriers towards attracting long-term oil and gas investment were mostly caused by the weaknesses and inconsistencies observed in the legal, fiscal and policy framework governing the sector, in which the political uncertainty experienced frequently did play its part. However, several of the sector tied expectations and challenges have been briefly explained below.

- **Bridging the policy gaps to provide certainty:** The recently made sweeping structural changes, such as the establishment of the PDASL as an independent regulatory authority and the policy decisions made as stated in the preceding sections have now put Sri Lanka firmly back on the global industry map. This industry engagement can be demonstrated by the number of enquiries and data room visits made by investors, the number of data licensing due for the coming year. It is expected that these will turn into exploration licenses progressing to development licenses and ultimately to long-term production contracts.
- **Talent pool expansion:** Every energy sector organization whether an operator or a regulator, derives strength from its skill pool, experienced enough to take forward the sector. The workforce at the PDASL, forms its backbone in enabling the right and timely implementation of undertaken tasks. The primary challenge for the PDASL is in recruiting and retaining experienced oil and gas industry personnel. The high salaries and incentives offered by the global oil and gas industry cannot be matched by even the highest-paying government institutions, particularly at these nascent stages of the domestic upstream industry. It is vital however to offer an attractive remuneration package, at least in the Sri Lankan industrial context, to attract and retain these skilled employees.

Furthermore, the Sri Lankan higher education establishments neither produce graduates nor trainees who are ready for work in the upstream sector. Therefore, in parallel with exploration, development and production of hydrocarbon, the PDASL must facilitate the implementation of an accelerated local capacity-building programme, to help reduce the reliance on foreign expertise.

- **Diversified strategies for financing data acquisition programmes:** Sri Lanka does not possess the finances to conduct state-funded exploration programmes, in order to progressively enhance the national petroleum data repository. However, this difficulty has been successfully circumvented by the PDASL using the multi-client agreement method, by collaborating with respected global geological and geophysical exploration partners.
- **Price implications of alternative energy sources:** Sri Lanka's natural gas discovery though may seem advantageous; the emergence of low-priced unconventional energy

sources may make the market more competitive. Nevertheless, at a time when “price” has become the industry focal point for selecting the best that meets the expectations of the end consumer, it is important that Sri Lanka pays close attention towards understanding the broader picture of how beneficial the use of its indigenous off-shore energy resources would be, by considering the net gain it would bring into the economy.

- **Sustainability-** More exploration is often needed to discover hydrocarbon. However, the actual benefit to a country in owning indigenous energy resources, is dependent on its sustainability. More discoveries leading towards the estimation of the quantum of proved reserves will help a nation in understanding the duration for which energy could be supplied. Having strategies to sustain supplies is vital, if a nation continues to depend on indigenous energy sources. Depending on the availability of reserves, a country may gradually decide to diversify its national energy mix, to ensure the continuity of energy supplies. Therefore, further enhancing the off-shore hydrocarbon data repository and increasing off-shore exploration operations would be vital for Sri Lanka, to be able to ensure that the production of hydrocarbon if materialized, would be sustained in the long-run.

# Future Outlook – Short and Medium Term Strategies to Improve Institutional Performance

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## **Short-Term Strategies (Within 2 Years):**

### **1. Increase Exploration Activities**

Launch Joint Study exploration programs across all three basins under an open acreage system to identify new oil and gas prospects or appraise existing discoveries.

(Increasing exploration activities across, preferably with multiple Operators including drilling programmes in particular will lead to more confirmed discoveries which in turn reduces Sri Lanka's investment risk profile further. However, any offshore exploration activity immediately generates revenue and benefits for the Government of Sri Lanka (GoSL), Sri Lankan service providers and the workforce. Significant gas discoveries will allow economic conversion to Liquified Natural Gas (LNG) for export.)

### **2. Appraisal and Development of Existing Discoveries**

Focus on the appraisal and development of existing discoveries, particularly the Dorado reservoir, targeting early production.

## **Medium-Term Strategies (3-5 Years):**

### **1. Expedite Development and Production**

Expedite development and production of identified commercially viable oil/gas reserves alongside with consumption strategies addressed in national energy policy and national policy on natural gas

### **2. Facilitate Investments in Complementary Offshore Energy Projects**

Identify bankable oil and gas reserves and facilitate investments in complementary offshore energy projects, including the production of hydrogen, ammonia, and carbon capture and sequestration, to support the Government of Sri Lanka's decarbonization efforts by 2050

### **3. Strengthen Institutional and Regulatory Framework**

- a. Enhance the institutional and regulatory framework to attract and support investments in the upstream sector.
- b. Address any remaining regulatory and institutional gaps to create a conducive environment for exploration and development activities.

### **4. Public-Private Collaboration**

- a. Foster collaboration between the public and private sectors to leverage resources and expertise for the successful implementation of these strategies.
- b. Engage stakeholders through regular consultations and partnerships to ensure alignment with national objectives.

# Actions to be taken to rectify Audit Queries

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The matters pointed out by the Audit Queries related to the year 2023 were corrected and instructions were subsequently given to relevant departments, regarding the actions to be taken in the future.

# Attachments

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- National Audit Report – 2023
- Audited Financial Statement - 2023



# ජාතික විගණන කාර්යාලය

## තොසිය කණකකාය් අනුවලකම්

## NATIONAL AUDIT OFFICE



ଓଡ଼ିଆ ଅଂକ୍ୟ ଏଣ୍ଟ୍ରାନ୍ସି କ୍ଲିବ. } ENR/C/PDASL/FA/2023/01 ଓଡ଼ିଆ ଅଂକ୍ୟ ଉମ୍ପାତ୍ତ କ୍ଲିବ. }  
My No. } Your No. }

திதி } 10 December 2024  
திகதி Date }

Chairman  
Petroleum Development Authority of Sri Lanka

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Petroleum Development Authority of Sri Lanka for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

The above mentioned report together with the audited financial statements is sent herewith.

*G.H.D. Dharmapala*  
G.H.D. Dharmapala  
Auditor General (Acting)

Copies to: - 1. Secretary, Ministry of Finance, Planning and Economic Development  
2. Secretary, Ministry of Energy



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## තොසිය කණකකාය්ච අධ්‍යාපකම්

## NATIONAL AUDIT OFFICE



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නෙතු ඇල.  
My No. } ENR/C/PDASL/FA/2023/01 මට අංකය  
ඉමතු ඇල.  
Your No. }

දිනය  
තික්ති  
Date } 10 December 2024

Chairman  
Petroleum Development Authority of Sri Lanka

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Petroleum Development Authority of Sri Lanka for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

### 1. Financial Statements

#### 1.1 Disclaimer of Opinion

The audit of the financial statements of the Petroleum Development Authority of Sri Lanka for the year ended 31 December 2023 comprising the statement of financial position at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and statement cash flow for the year then ended, and notes to the financial statements, including material accounting policy information, 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 Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course.

I do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters discussed in the Basis for Disclaimer 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 Disclaimer of Opinion

##### 1.2.1 Internal Control over the preparation of financial statements

The ledger accounts had not been maintained in the General Ledger for the Staff Loan Interest of Rs. 20,632, Bank Interest on USD Account of Rs. 1,780,156, FD Interest of Rs. 3,377,325 and Exchange gain on Fixed Deposits of Rs. 1,742,230. However, it was reflected on the trial balance used for the preparation of financial statements. Further, the detailed schedules for these balances had not presented for the audit.



## 1.2.2 Non-Compliance with Sri Lanka public Sector Accounting Standards

### (a.) SLPSAS 01- Presentation of financial statements

- (i.) According to the paragraphs 63 (d), (e) and paragraph 65 of the Standard, the currency of presentation of financial statements and the level of rounding used in presenting financial amounts in order to clearly identify and to obtain a proper understanding of each element of the financial statements shall be disclosed in the financial statements. However, the authority had not disclosed the type of currency and currency rounding off values.
- (ii.) According to paragraph 150 (a), (b) of the Standard, an entity shall disclose a description of the entity's domicile and legal form and the nature of the entity's activities, and the principal activities. However, the authority has not disclosed the domicile and legal form, the nature of operations and main activities of the authority.
- (b.) The board of directors of the authority approved Financial Statements on 28 February 2024. According to paragraph 24 and 25 of Sri Lanka Public Sector Accounting Standard 06 - Events after the Reporting Date, an entity shall disclose the date when the financial statements were authorized for issue. However the Authority had not disclosed the date when the financial statements were authorized for issue and who gave that authorization.
- (c.) According to paragraphs 16 and 34 (a), (b) of Sri Lanka Public Sector Accounting Standard 14 – Related Party Disclosures, related party disclosures in the financial statements must be made. However the Authority had not disclosed the necessary information about the remuneration of the following key management personnel in the financial statements for the year under review.

Related Party	Relationship	Transaction	Rs.
Mr. Surath Owitigama	Chairman 01.10.2023 – Up to now) Director General (10.10.2021 – 30.09.2023)	Short-term employee benefits	11,436,482
Other Members of the Board	Board Members	Sitting Allowance	230,000

- (d.) The authority has paid Rs. 1,246,522 as retirement gratuity in the year 2023, however as per paragraph 141 (c) (vi) of Public Sector Accounting Standard No. 19 - Employee Benefits, the details of the retirement gratuity paid had not been disclosed in the relevant notes to the financial statements.

### 1.2.3 Accounting Policies

According to the statement of financial position, Petroleum Data Purchase of Rs. 926.5 mn had been identified as non-current assets and as per the Note No. 10, Petroleum Data Purchase represents survey data obtained with the agreement of TGS-NOPEC Geophysical Company ASA in Norway and Ceylon Petroleum Corporation. This value represents the amount paid by the Government of Sri Lanka to acquire the data obtained by the above foreign company during the exploration of petroleum resources in the Mannar basin of Sri Lanka few years back. This data was maintained as non-current assets of Petroleum Development Authority. Further, this data was also being stored in a foreign company as a data security measure by incurring an annual fee of Rs. 382,867. Therefore, it seems that this would be an intangible asset for the Authority. In the years 2021 and 2022, the authority had generated Rs. 223,426,889 as revenue from sale of this petroleum data. However, no income was generated for the year under review. Therefore, it was observed that, this was an impairment indication of the underlying asset. However, the authority had not disclose the appropriate accounting policy for recognition, measurement and disclosures enable the users to understand this balance in accordance with the paragraph 09 to 15 of the SLPSAS 03 – Accounting Policies, Changes in Accounting Estimates and Errors. Further, this balance of Rs. 926.5 mn had been continued from the year 2021 without amortizing nor testing for the impairment review.

### 1.2.4 Accounting Deficiencies

- (a) As per the statement of comprehensive income for the year under review, the imprest received from Treasury for the year under review was Rs. 8,600,000. From which the amount of Rs. 2,298,997 had been identified as returned to the treasury in the SOCI. However, this balance had not been physically transferred to the General Treasury. As per the explanations made by the Director – Finance (Acting), it is not required to return this money to the General Treasury. Therefore, it is required to identify imprest received from treasury of Rs. 8,600,000 as income in the SOCI. However, only Rs. 6,301,003 has been identified income for the year under review. Therefore, income over expenditure for the year under review had been understated by Rs. 2,298,997.
- (b) As per the bank statements of the authority, the favorable bank balance of the BOC A/C No. 88115198 as at 31 December 2023 was Rs. 2,298,997. However, this balance had not been taken in to account and not presented on the face of the statement of financial position under current assets nor the cash and cash equivalents of the statement of cash flow for the year under review. Therefore, current assets for the year under review had been understated by same amount.

As described above I was unable to confirm or verify by alternative means, material items included in the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement.



As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Authority.

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

My responsibility is to conduct an audit of the Authority's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However because of the matters described in the Basis for Disclaimer of Opinion section, I was not able to obtain sufficient appropriate audit evidences to provide a basis for an audit opinion on these financial statements.

## **2. Report on Other Legal and Regulatory Requirements**

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

2.1.1 I have not obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have not been kept by the Authority as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 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.



2.1.3 The financial statements presented includes all the recommendations made by me in the previous year 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 To state that any member of the governing body of the Authority has any direct or indirect interest in any contract entered into by the Authority which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 To state that the Authority 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 except for ;

Reference to law/ direction	Non- compliance
Guideline 2.4 of the Corporate Governance for State Owned Enterprises 2021.	According to the Guideline, the Board of Directors must declare their relationship individually to the Secretary of the Board of Directors annually using the format given in Appendix II. However, any member of the board had not been made such declaration for the year under review.

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 except for;

- (a.) According to Section 2(a) of the Petroleum Resources Act No. 21 of 2021 (the Act), a one of the objective of the authority is to establish a Policy Advisory Committee to advise on formulation of a National Policy for the upstream petroleum industry covering the exploration, development, production, and management of all petroleum resources in Sri Lanka. However, no Advisory Committee has been set up as of October 2024.
- (b.) According to Section 4(b) of the Act, the authority has a duty to promote and market acreage available for investment in the blocks as demarcated and designated. However, the authority was not able to promote and market the identified 922 blocks available for investment due to unavailability of approved regulations to promote and market the available plots.
- (c.) According to Section 4(f) of the Act, the authority has the power to issue such directions and guidelines as may be required to regulate petroleum operations. However, no regulations issued by the authority to regulate the petroleum operations.



(d) According to Section 3(3) (a) and 3(3) (c) of the Act, the Authority shall be responsible for making recommendations in respect of the National Policy on Upstream Petroleum Industry to the Policy Advisory Committee and performing all regulatory functions connected to the upstream petroleum industry in Sri Lanka. However, no recommendations were made in respect of the National Policy on Upstream petroleum Industry to the policy Advisory Committee and performing all regulatory functions connected to the upstream petroleum industry in Sri Lanka.

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 except for:

(a.) According to the procurement plan of the authority, the six (06) main procurement activities valued at Rs. 45 mn had been planned to be implemented during the year under review. However, no any procurement activity had been implemented during the year under review.

(b.) The authority is carrying out its operations in a rented space of the Ceylinco Building from October 2021. The rental of the square feet was Rs. 245 per month and 8,512 square feet were rented by the authority. Therefore, the total amount of Rs. 28,937,103 had been incurred for the year under review as rental expenses. The rental expenses was incurred by the public funds allocated by the general treasury. However, it was observed that only 11 officers were employed during year under review and 10 officers were employed as of September 2024. Therefore, large amount of idle spaces were observed during the audit. The lease agreement had expired on 20 July 2023 and the authority had extended the agreement by year on year basis without following competitive procurement process.

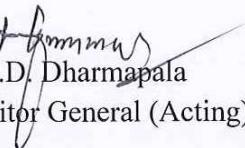
### 2.3 Other Matters

(a.) The authority had not taken necessary actions to introduce self-contributory insurance scheme for their employees even though the facility had been provided by the National Insurance Trust Fund. Instead the authority has spent Rs. 2,079,158 for insurance premium from the funds provided by the general treasury for the year 2023 (2022 – Rs. 1,193,479) for obtaining insurance cover without the approval of the Board of Directors. The National Insurance Trust Fund has extended self-contributory insurance scheme for semi-government sector employees by charging a contribution of Rs.1000 per employee per month in the year 2017. However, the authority has spent Rs. 189,014 per employee for the year 2023 for the medical insurance cover.

(b.) Two vehicles worth Rs.16,500,000 had not been used for long period of time and in a state of inactivity as of the audited date.



(c.) Approved cadre of the Authority as of 31 December 2023 was 33 posts, the actual staff was 10 and number of vacancies was 23 as of September 2024. According to the Section 13.3 of the establishment code of the democratic socialist Republic of Sri Lank probationary appointments shall be made only as a temporary remedy pending a permanent appointment. If a post requires the services of a full-time officer, regular appointment should be made without delay. However, the 02 permanent post from the year 2022 and 02 permanent posts from the year 2023 had been filled on temporary basis.

  
G.H.D. Dharmapala  
Auditor General (Acting)



**Ministry of Power & Energy**



**Petroleum Development Authority  
of  
Sri Lanka**

**Financial Statements  
2023**

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## **Introduction**

After the enactment of the Petroleum Resources Act, No. 21 of 2021, Petroleum Resources Development Secretariat (PRDS) has evolved into the Petroleum Development Authority of Sri Lanka (PDASL) as an independent new regulator with the aim of upstreaming Petroleum Industry.

PDASL ensures safety of the people and the equipment, protection of the environment and conservation of the resources by using better oil field practices for exploration and production of petroleum resources.

Furthermore, PDASL is accountable to assure that all petroleum exploration operations are conducted in compliance with the Petroleum Resources Act No. 26 of 2003 and the other governing laws of the country monitoring all petroleum exploration related agreements executed between the Government of Sri Lanka and other preferred parties.

### **Vision**

To ensure that all Sri Lankans benefit from the petroleum resources of the country by managing the industry in an equitable, safe and environmentally sustainable manner.

### **Mission**

Design and monitor fiscal regimes that meet the country's evolving economic needs, matching them with a stable, efficient regulatory framework that attracts investment and encourages knowledge transfer, until the last economic reserves are produced.

**PEROLEUM DEVELOPMENT AUTHORITY OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER 2023**

	Notes	2023		2022 Restated	
<b>ASSETS</b>					
<b>Current Assets</b>					
Petroleum Resources Development Fund		108,582,294.18		217,171,743.13	
Refundable Deposit		3,624,642.00		3,624,642.00	
Staff Loan		934,000.00			
Prepaid Expenses		983,879.18		176,049.00	
		-	114,124,815.36		220,972,434.13
<b>Total Current Assets</b>			<b>114,124,815.36</b>		<b>220,972,434.13</b>
<b>Non-Current Assets</b>					
Property, Plant & Equipment	1	136,154,474.49		136,154,474.49	
Less: Depreciation Reserve Fund	1	47,986,367.79	88,168,106.70	(23,912,778.62)	112,241,695.87
Petroleum Data Purchase			926,500,000.00		926,500,000.00
<b>Total Non - Current Assets</b>			<b>1,014,668,106.70</b>		<b>1,038,741,695.87</b>
<b>Total Assets</b>			<b>1,128,792,922.06</b>		<b>1,259,714,130.00</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accrued Expenses	2	16,799,896.45		30,265,301.13	
		-		3,475,895.00	
<b>Total Current Liabilities</b>		<b>16,799,896.45</b>	<b>16,799,896.45</b>	<b>33,741,196.13</b>	<b>33,741,196.13</b>
<b>Non Current Liabilities</b>					
Treasury Sub Loan		238,036,731.61		238,036,731.61	238,036,731.61
Gratuity Provision	3	2,990,907.50	241,027,639.11		
<b>Total Non - Current Liabilities</b>			<b>241,027,639.11</b>		<b>238,036,731.61</b>
<b>Total Liabilities</b>			<b>257,827,535.56</b>		<b>271,777,927.74</b>
<b>Net Assets</b>			<b>870,965,386.50</b>		<b>987,936,202.26</b>
<b>Net Assets / Equity</b>					
Accumulated Fund	4		870,965,386.50		987,936,202.26
Financed by treasury					
<b>Total Net Assets / Equity</b>			<b>870,965,386.50</b>		<b>987,936,202.26</b>

These Financial Statements give a true and fair view of the state of affairs of Petroleum Development Authority of Sri Lanka as at 31st of December 2023.

*K. H. M. K. Dayananda*  
 Director - Finance (Actg.)  
 Petroleum Development Authority of Sri Lanka  
 Level 6, Ceylinco House,  
 No. 69, Janadhipathi Mawatha,  
 Colombo - 01.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of board by,

Surath Ovitigama  
 Chairman

**Surath Ovitigama**  
 Chairman  
 Petroleum Development Authority of Sri Lanka  
 Level 6, Ceylinco House,  
 No. 69, Janadhipathi Mawatha,  
 Colombo - 01.

02

K.A.S.S.K. Perera  
 Board Member



**K.A.S.S.K. Perera**  
 Additional Director General  
 Department of State Accounts  
 General Treasury  
 Colombo 01

**PEROLEUM DEVELOPMENT AUTHORITY OF SRI LANKA**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 ST DECEMBER 2023**

	Notes	2023 Rs.	2022(Restated) Rs
<b>Income</b>			
Add:			
Imprest from treasury		8,600,000.00	73,846,538.83
Less:Returned to treasury		(2,298,996.54)	
		6,301,003.46	73,846,538.83
Staff Loan Interst		20,632.45	
Bank Interest on \$ Account		1,780,155.88	
FD Interest		3,377,324.98	
Exchange gain on FD		1,742,230.00	
Foreign exchange gain/loss	5	(22,435,567.99)	16,192,354.68
Other Receipts		-	1,048,412.40
<b>Total Income</b>		<b>(9,214,221.22)</b>	<b>91,087,305.91</b>
<b>Expenses</b>			
Less:			
Administration & Establishment Expenses	6	96,916,522.19	93,917,912.30
Research and Development Expenses			8,782,886.77
Finance & Other Expenses	7	10,840,072.35	13,296.57
<b>Total Expenditure</b>		<b>107,756,594.54</b>	<b>102,714,095.64</b>
<b>Income over expenditure</b>		<b>(116,970,815.76)</b>	<b>(11,626,789.73)</b>



**PETROLEUM DEVELOPMENT AUTHORITY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

	Accumulated Gain/Loss Fund 2023	Accumulated Gain/Loss Fund 2022
Balance as at 01.01.2023	Rs. 816,388,083.81	Rs. 673,468,395.68
Prior year Adjustments	171,548,118.45	11,264,864.30
Transfer for the year	(116,970,815.76)	131,654,823.83
Differed Income for the Year	-	-
Balance as at 31.12.2023	870,965,386.50	816,388,083.81



PETROLEUM DEVELOPMENT AUTHORITY STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER 2023		
	2023	2022 Re-stated
<b>Cash Flows from Operating Activities</b>		
Income over expenditure	(116,970,815.76)	(11,626,789.73)
<b>Adjustment for the Prior year</b>		
Data Sale Income		223,426,889.48
Donation		9,692,000.00
Refundable deposit		3,624,642.00
Accrued Expenses		(2,051,777.70)
Accrued Expenses		(21,717,174.31)
Etf 2021		(12,037.00)
2021 Marketing expenses		(11,689,895.53)
Wrong Accrued		12,500.00
Corrected error posting		
<b>Adjusted Income over expenses</b>	(116,970,815.76)	189,658,357.21
<b>Adjustment for</b>		
Profit on Disposal Assets		
Depreciation	24,073,589.17	18,018,793.83
<b>Operating cash flows before Working Capital Changes</b>	(92,897,226.59)	207,677,151.04
(Increase)/Decrease in Inventories		
(Increase)/Decrease in Debtors & Other Receivables	(934,000.00)	(9,692,000.00)
(Increase)/Decrease in Deposit, Prepayments & Advances	(807,830.18)	(176,049.00)
Increase/(Decrease) in Creditors & Accrued Expenses	(13,465,404.68)	29,875,067.78
Increase/(Decrease) in Amount received in Advance	-	
Increase/(Decrease) in Refundable Deposits		(3,624,642.00)
Increase/(Decrease) in Gratuity Provision	(484,987.50)	3,475,895.00
<b>Operating cash flows After Working Capital Changes</b>	(15,692,222.36)	19,858,271.78
<b>Net Cash from / (Used in) operating Activities</b>	(108,589,448.95)	227,535,422.82
<b>Cash Flows from Investing Activities</b>		
Increase/(Decrease) in Assets		(4,711,500.00)
<b>Net Cash Flows from / (used in) Investing Activities</b>		(4,711,500.00)
<b>Cash Flows from Financing Activities</b>		
Capital Grant from Government		
Treasury Sub loan		(5,652,179.69)
<b>Net Cash Flows (used in) Financing Activities</b>		(5,652,179.69)
Net Cash Increase in Cash & Cash Equivalents	(108,589,448.95)	217,171,743.13
Cash & Cash Equivalents at the beginning of the year	217,171,743.13	
Cash & Cash Equivalents at the end of the year	<b>108,582,294.18</b>	<b>217,171,743.13</b>
<b>Note A - Analysis of Cash &amp; Cash Equivalents</b>		
Cash in hand	-	-



**PETROLEUM DEVELOPMENT AUTHORITY OF SRI LANKA  
ACCOUNTING POLICIES AND DISCLOSURES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

**01. Accounting Convention**

The Statement of Financial Position and the Statement of Comprehensive Income , Statement of Changes in Equity, Cash Flow Statement, Accounting Policies and notes to the accounts have been prepared and presented in accordance with the Sri Lanka Public Sector Accounting Standards.  
No adjustments have been made for inflationary factors affecting the accounts.

**02. Comparative accounting statements**

Petroleum Development Authority is incorporated on 08 th October 2021.  
Therefore comparative accounting statements included only for 3 months of the year 2021 in Accounting Statements

**03 Operating Income**

Petroleum Development Authority's operational income for the year is data sale.

**04 Investment**

Investments are treated as long-term investments and recorded at cost. There is no provision made for falling value of Investments.

**05 Cash Flow Statement**

Cash Flow Statement is prepared under indirect method.

**06 Receivables**

Receivables have been stated at the amounts estimated to be realized.

**07 Property, Plant & Equipment**

**Basis of Valuation**

As Petroleum Development Authority incorporated in 08/10/2021, the cost of Plant ,Machinery & Equipments are valued in 2 basis.

- 1.By the cost of acquisition
- 2.By valuation committee

The values are stated in financial statements after cost less accumulated depreciation.

\*\* As per the Auditor General's report 2021 for financial statements it has been observed that Fixed Assets have not been identified properly. Therefore ,to avoid that new committee will appoint including independent financial values member to evaluate the fixed assets in near future and new fixed asset values expected to include in statements

Depreciation

Depreciation is provided on straight-line basis  
The rates of depreciation are as follows.

Plant & Machinery	20% on Cost
Vehicles	20% on Cost
Furniture , Fixtures & Office Equipment	10% on Cost
Other Assets	10% on Cost
Computer Equipment & Software	20% on Cost

**08 Retirement Benefit**

A - Defined Benefit Plan

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No. 12 of 1983 in respect of employees with Five or more years of continued services.

B - Defined Contribution Plan

All employees who are eligible for Defined Provident Fund contributions and Employees Trust Fund contributions are covered by relevant contributory funds in line with respective statutes.

**09 Special Foreign Currency Bank Account**

Petroleum Development Authority of Sri Lanka is maintaining a Special Foreign Currency Account bearing Acc No.204-4-021-3-00144 to establish a Petroleum Resources Development Fund as defined in the Petroleum Resources Act No.21 of 2021

**10 Petroleum Data Purchase**

Data purchase represents survey data obtained with the agreement of TGS-NOPEC Geophysical Company ASA in Norway and Ceylon Petroleum Corporation.

**PETROLEUM DEVELOPMENT AUTHORITY**  
**NOTE TO THE ACCOUNTS FOR THE YEAR ENDED 31 ST DECEMBER 2023**

**NOTE 01**

**PROPERTY,PLANT & EQUIPMENT**

At cost	Balance as at 01.01.2023 Rs.	Addition/ Revaluation during the year Rs.	Disposal during the year Rs.	Balance as at 31.12.2023 Rs.
Land	-	-	-	-
Buildings	-	-	-	-
Office Equipment	22,788,550.00	-	-	22,788,550.00
Computer Equipment	3,192,070.00	-	-	3,192,070.00
Furniture & Fitting	8,746,157.29	-	-	8,746,157.29
Vehicles	29,703,950.00	-	-	29,703,950.00
Server	16,790,847.20	-	-	16,790,847.20
Audio Video Systems	54,858,550.00	-	-	54,858,550.00
Net work Systems	36,000.00	-	-	36,000.00
Other Assets	38,350.00	-	-	38,350.00
	<b>136,154,474.49</b>	<b>-</b>	<b>-</b>	<b>136,154,474.49</b>
<b>Depreciation</b>	<b>Balance as at 01.01.2023 Rs.</b>	<b>Disposal during the year Rs.</b>	<b>Charge for the year Rs.</b>	<b>Balance as at 31.12.2023 Rs.</b>
Office Equipment	2,524,531.24	-	2,278,855.00	4,803,386.24
Computer Equipment	441,268.83	-	638,414.00	1,079,682.83
Furniture & Fitting	1,080,703.00	-	874,615.73	1,955,318.73
Vehicles	7,425,987.50	-	5,940,790.00	13,366,777.50
Server	4,197,711.80	-	3,358,169.44	7,555,881.24
Audio Video Systems	8,228,782.50	-	10,971,710.00	19,200,492.50
Net work Systems	9,000.00	-	7,200.00	16,200.00
Other Assets	4,793.75	-	3,835.00	8,628.75
	<b>23,912,778.62</b>	<b>-</b>	<b>24,073,589.17</b>	<b>47,986,367.79</b>
<b>Net Book Value</b>	<b>112,241,695.87</b>			<b>88,168,106.70</b>

## NOTE 02

## Accrued Expenses as at 31.12.2023

Description		Amount
Department of Valuation	valuation expenses	8,000.00
Mobitel (Pvt)Ltd	Telephone	75,566.50
Mobitel (Pvt)Ltd	Telephone	30,010.78
U.L.P.K.Leelaanda	Newspapers	4,340.00
Winsoft	laptop repair	4,700.00
Management Corporation of Condominium Plan	Electricity	358,899.07
Management Corporation of Condominium Plan	Water	1,748.93
American Premium Water Systems (Pvt) Ltd	Water	2,150.17
Lanka Maintenance Cleaning Service	cleaning service	144,750.00
Sri Lanka Telecom PLC	Telephone	50,879.39
Darshani Lahandapura	Board meeting charges	10,000.00
Mobitel (Pvt)Ltd	Telephone	10,541.39
Payble to tresuary 10% of closing balance	Finance	10,858,229.42
Ceylinco General Insurance Ltd	Rent	4,916,624.80
Ceylinco General Insurance Ltd	Service Charge	323,456.00
		16,799,896.45

NOTE 03

Gratuity Provision for 2023

		Date of Birth	Years	Salary	Cost of Living	Interim	Special	Total	Provision
Director National Development	Mrs. D T P K Withanage	01.07.2009	14	114,105.00	7,800.00	2,500.00	5,000.00	129,405.00	905,835.00
Geologist	Mr. E K C W Kularathna	01.07.2011	12	71,565.00	7,800.00	2,500.00	5,000.00	86,885.00	521,310.00
Data Engineer	Mr. K A D A Meththasena	13.10.2006	16	81,135.00	7,800.00	2,500.00	5,000.00	96,435.00	292,600.00
Petroleum Analyst	Mr. S. M. Perera	01.07.2016	7	68,300.00	7,800.00	2,500.00	5,000.00	83,600.00	191,812.50
Legal Officer	Mrs. Saumya Wijesinghe	06.03.2018	5	61,425.00	7,800.00	2,500.00	5,000.00	76,725.00	78,100.00
Health Safety Environment Quality Officer	Mr. Chatthura Wijesinghe	01.07.2016	6	62,800.00	7,800.00	2,500.00	5,000.00		
Management Service Officer	Mr. M F Jeffry	12.12.2006	17	33,010.00	7,800.00	2,500.00	5,000.00	48,310.00	410,635.00
Management Service Officer	Mr. A T N Lakshan	01.08.2018	5	28,810.00	7,800.00	2,500.00	5,000.00	44,110.00	110,275.00
Driver	Mr. P A W Fernando	01.11.2009	14	29,890.00	7,800.00	2,500.00	5,000.00	45,190.00	316,330.00
Driver	Mr. B H N Premaratna	03.09.2012	11	28,720.00	7,800.00	2,500.00	5,000.00	44,020.00	242,110.00
									2,990,907.50

## NOTE 04

Accumulated Fund		
	2023	2022
<b>Opening balance as at 01/01</b>	<b>816,388,083.81</b>	<b>673,468,395.68</b>
<b>Prior year adjustments</b>		
ADD		
Imprest from Ministry before financial year	198,655,988.20	124,809,449.37
2021 Data Sale Income		223,426,889.48
Donation		9,692,000.00
Prepaid Expenses	176,049.00	3,624,642.00
Refundable deposit		
Incorrect accrued expenses	12,500.00	12,500.00
<b>LESS</b>		
Accrued Expenses		(2,051,777.70)
Accrued Expenses	(21,717,174.31)	(21,717,174.31)
ETF Expenses		(12,037.00)
Marketing expenses		(11,689,895.53)
Data Storage Expenses	(5,579,244.44)	
<b>After Prior year adjustments</b>	<b>987,936,202.26</b>	<b>999,562,991.99</b>
<b>ADD</b>		
Receipts over Expenditure	(116,970,815.75)	(11,626,789.73)
<b>Balance as at 31/12</b>	<b>870,965,386.50</b>	<b>987,936,202.26</b>

**NOTE 05**  
**Exchange Rate Gain**

		Buying rate	Selling Rate	Dr	\$ Cash Book	Cr	Dr	Rupee Cash Book	Cr
1/1/2023	Balance C/F	360.4081		602,571.76			217,171,743.13		
18/01/2023	Interest	-	371.4781		15,019.04		-	5,579,244.44	
31/01/2023	Interest	360.4879		1,011.89			364,774.10		
14/02/2023	consolidated fund 10%		359.6455		60,257.18		-	21,671,223.63	
	TT charges		359.6455		19.33		-	6,951.95	
27/02/2023	1 st quarter allocation			61,922.75			22,400.118.00		
28/02/2023	Interest	357.6822		725.45			259,480.55		
20/03/2023	TT charges		349.8726		19.09		-	6,679.07	
31/03/2023	Interest	318.2770		804.40			256,022.02		
30/04/2023	Interest	313.9239		779.79			244,794.72		
25/05/2023	FD Open		310.9562		350,000.00		-	108,834,670.00	
	2 nd quarter allocation			-	80,809.55		-	24,000,000.00	
31/05/2023	Interest	287.8711		65.17			18,760.56		
30/06/2023	Interest	301.1590		63.18			19,027.23		
14/07/2023	data		324.6783		1,179.22		-	382,867.14	
	Interest		322.9613		63.36		20,462.83		
20/08/2023	TT charges		-	329.4982		19.75	-	6,507.59	
31/8/2023	Interest	315.3357		63.44			20,004.90		
6/9/2023	FD Closed	315.9340	-	350,000.00		-	110,576,900.00		
	Interest	315.9340		10,689.97			3,377,324.98		
6/9/2023	3 rd quarter allocation			59,191.39		-	19,000,000.00		
30/09/2023	Interest	318.2642	-	61.50			19,573.25		
31/10/2023	Interest	322.1725		582.90			18,794.35		
11/10/2023	Interest	323.4672		565.07			182,781.61		
31/12/2023	Interest	319.1762		584.88			186,679.78		
	Exchange Loss						-	22,435,567.99	
	Balance B/F			319.1762			340,195.46		108,582,294.18
				968,632.76			332,906,123.99		332,906,123.99

NOTE 06

PETROLEUM DEVELOPMENT AUTHORITY NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER 2023		
ADMINISTRATION & ESTABLISHMENT EXPENSES		2023 Rs.
OT		301,601.51
Bata		1,750.00
Fuel		305,626.00
Other ex.		395,113.70
uniform allo		8,000.00
Telephone		1,855,144.15
Water		166,820.95
Cleaning Services		779,004.00
Newspapers		55,450.00
Renewal fee		8,700.00
Salary		24,229,724.33
EPF		2,150,528.33
ETF		598,419.35
Gratuity		761,535.00
Building rent		28,937,102.68
Electricity		4,100,272.65
Stationery		211,575.00
machinery repairs		198,937.16
Service charges		4,038,222.00
Vehicle Repairs		878,934.94
Vehicle Insurance		422,237.12
Health insurance		1,772,667.01
Board meeting ex		230,000.00
Legal fee		40,000.00
valuation report		8,000.00
laptop repair		4,700.00
Depeciations		24,073,589.17
data storage fees paid to uk company		382,867.14
		<b>96,916,522.19</b>

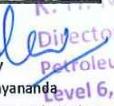
NOTE 07

<b>PETROLEUM DEVELOPMENT AUTHORITY</b>	
<b>NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023</b>	
<b>FINANCE &amp; OTHER EXPENSES</b>	
Bank Charges & Tax	27,793.60
Payment to Consolidated Fund	10,812,278.74
	<b>10,840,072.34</b>

PETROLEUM AUTHORITY OF SRI LANKA TRIAL BALANCE AS AT 31 ST DECEMBER 2023		
DESCRIPTION	DR Rs.	CR Rs
Office Equipment	22,788,550.00	
Computer Equipment	3,192,070.00	
Furniture & Fitting	8,746,157.29	
Vehicles	29,703,950.00	
Server	16,790,847.20	
Audio Video Systems	54,858,550.00	
Net work Systems	36,000.00	
Other Assets	38,350.00	
Petroleum Data Purchase	926,500,000.00	
Refundable Deposit	3,624,642.00	
Gratuity provision		3,475,895.00
Treasury Sub Loan		238,036,731.61
Accumulated Fund		987,936,202.26
Overtime	301,601.51	
Bata	1,750.00	
Fuel Expenses	305,626.00	
Other Expenses	395,113.70	
Uniform Allowance	8,000.00	
Telephone	1,855,144.15	
Water	166,820.95	
Cleaning Services	779,004.00	
Newspapers	55,450.00	
Renewal fee	8,700.00	
Salary	24,229,724.33	
EPF	2,150,528.33	
ETF	598,419.35	
Gratuity	1,246,522.50	
Building rent	28,937,102.68	
Electricity	4,100,272.65	
Stationery	211,575.00	
Repair Expenses	203,637.16	
Service charges	4,038,222.00	
Payment to Consolidated Fund	10,812,278.74	
Vehicle Repairs	878,934.94	
Vehicle Insurance	422,237.12	
Health insurance	1,772,667.01	
Staff loan	934,000.00	
Board meeting expenses	230,000.00	
Legal fees	40,000.00	
Bank charges	27,793.60	
Valuation Expenses	8,000.00	
Accrued Expenses		16,799,896.45
Prepaid Expenses	983,879.18	
Staff loan Intrest		20,632.45
Depeciation	24,073,589.17	
Imprest from treasury		8,600,000.00
Returned to treasury	2,298,996.54	
Gratuity	761,535.00	
Provision for gratuity		761,535.00
Data storage expenses	382,867.14	
Interest received on \$ Account		1,780,155.88
Interest received on FD		3,377,324.98
Exchnage gain on FD		1,742,230.00
Exchange Loss	22,435,567.99	
Depreciation Reserve Fund		47,986,367.79
Petroleum Resources Development Fund	108,582,294.18	
	<b>1,310,516,971.42</b>	<b>1,310,516,971.42</b>

  
Prepared by

A M N Jayasekara  
Petroleum Assistant (Actg.)

  
K H M K Dayananda  
Director - Finance (Actg.)  
Petroleum Development Authority of Sri Lanka  
Level 6, Ceylinco House,  
No. 69, Janadhipathi Mawatha,  
Colombo - 01.

Details of Treasury Representative

1. Name : K. A. S. S. K. Perera
2. Telephone No. : 011 2484735/0718181371
3. Emails Address : [perera.kassk@sad.treasury.gov.lk](mailto:perera.kassk@sad.treasury.gov.lk) [sanathsisira@yahoo.com](mailto:sanathsisira@yahoo.com)
4. Number of the Representing Institutions: Petroleum Development Authority of Sri Lanka

Name of the institution : Petroleum Development Authority of Sri Lanka

Prevailing act and number: Petroleum Resources Act, No.21 of 2021

Position	Name	Designation	Telephone No.	Email.
Chairman / Chairperson	Mr. Surath Ovitigama	Chairman, PDASL	0770734922	chairman@pdasl.gov.lk
General Manager / CEO	Mr. Anton Perera	Director General (Actg.), PDASL	0776600083	antperera@gmail.com
Board of Directors	1. Mr. K. A. S. S. K. Perera	Additional Director General, Department of State Accounts	011 2484735 0718181371	perera.kassk@sad.treasury.gov.lk
	2. Mr. Damitha Kumarasinghe	Director General, Public Utilities Commission of Sri Lanka	011-2392607 011-5533341	damitha@pucsl.gov.lk
	3. Mr. W. Jude Shavindra Frenando	President's Counsel	077-7261658	shavindrafdo@gmail.com
	4. Dr. N.P. Wijayananda	Former Chairman, GSMB	077-6134700 011-5920029	nwijayananda@yahoo.com
	5. Mr. Shiran Fernando (Resigned 2023.10.03)	Chief Economist, Head of the Economic Intelligence Unit (EIU), Ceylon Chamber of Commerce	077-5812578	shiranfdo.10@gmail.com
	6. Mr. Asela B. Rekawa	Chairman, Marine Environment	0777309820	arekawa@gmail.com

		Protection Authority		
	7. Ms. Darshani Lahandapura (Resigned 2023.02.04)	Former Chairman, Marine Environment Protection Authority	0772991924	dharshani.lahandapura@gmail.com
Observer/s	1.			
Board Secretary / Company Secretary	Mrs. Saumya Wijesinghe	Legal Officer, PDASL	0712894544	saumya@pdasl.gov.lk



ශ්‍රී ලංකා බහිරතේල් සංවර්ධන අධිකාරය  
මිශනක පෙර්මෝලිය අධ්‍යව්‍යත්ත් අත්කාර්ය  
Petroleum Development Authority of Sri Lanka

04<sup>th</sup> Floor, No.609, Dr. Danister de Silva Mawatha,  
Colombo 09, Sri Lanka  
TEL : +94 112332002  
Website : [www.pdasl.gov.lk](http://www.pdasl.gov.lk)