



# 2021

## වාර්ෂික වාර්තාව ஆண்டறிக்கை ANNUAL REPORT



**EDB**  
SRI LANKA

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இலங்கை ஏற்றுமதி அபிவிருத்திச் சபை  
SRI LANKA EXPORT DEVELOPMENT BOARD

# **ANNUAL REPORT**

## **2021**



**SRI LANKA EXPORT DEVELOPMENT BOARD**

01 - 11 - 2022

Hon. Dilum Amunugama  
State Minister of Investment Promotion  
Ministry of Investment Promotion  
“Suhurupaya”, Battaramull.

Hon. Sir

**Annual Report and Statement of Accounts – 2021**

I am pleased to present on behalf of the Board of Directors, the Annual Report of the Sri Lanka Export Development Board (EDB) together with the following documents for 2021 in term of section 13 (2) of the Finance Act No.38 of 1971.

- Chairman’s Statement
- Statement of Accounts
- Auditor General’s Report

Yours faithfully,



Suresh D. de Mel

Chairman & Chief Executive

**SRI LANKA EXPORT DEVELOPMENT BOARD**

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# **SRI LANKA EXPORT DEVELOPMENT BOARD (EDB)**

## **INTRODUCTION**

The Sri Lanka Export Development Board is the country's apex Trade Promotion Organization (TPO) – as mandated by legislation. It plays a role of an umbrella organization for any matter related to the international trade.

The mandate of the Sri Lanka Export Development Board (EDB) is to develop and promote exports from Sri Lanka with the objective of increasing export earnings and contributing towards the economic growth of the country.

The EDB was established in 1979 under the Sri Lanka Export Development Act No. 40. The EDB plays its role as a Policy Advisor, Monitor, Promoter, Facilitator, and Knowledge Provider in carrying out its responsibilities on implementing new strategies to achieve the National Export Targets.

## **VISION, MISSION AND FUNCTIONS**

**Vision** - Position Sri Lanka as a Prominent Export Hub for Innovative Products & Services.

**Mission** - Enable export competitiveness through Innovation Entrepreneurship & Global Integration.

## **FUNCTIONS OF THE EDB**

As a Government Agency responsible for the export development and promotion of Sri Lanka, we perform the following functions:

- **Facilitator** - Serving as the focal point of export development, facilitating and co-ordinating export development activities with all stakeholders
- **Promoter** -Implementing product, design, market and other development programmes to promote Sri Lanka's products and services
- **Knowledge Provider** - Providing advisory services and information with regard to all aspects of the export business and advisory assistance to the exporters
- **Monitor** - Monitoring the performance and function of the export sector
- **Policy Adviser** - Advising the Government on national export development policies to create a conducive environment for exports

## CHAIRMAN & CHIEF EXECUTIVE'S MESSAGE

Sri Lanka Export Development Board (EDB) is the country's apex Trade Promotion Organization (TPO) – as mandated by legislation. It plays a role of an umbrella organization for any matter related to international trade. Since its inception, EDB has been fully committed to accomplishing its vision of enhancing exports, diversifying the export basket & export markets as well as generating employment opportunities that ensure sustainable, enhanced economic growth of the country. We have been striving continuously to promote exports and facilitate the exporter community by creating an environment conducive to investment in Sri Lanka.

The Covid-19 pandemic which resulted in travel restrictions impacted Sri Lanka's approach in implementing export development and promotional activities during the year 2021. However, EDB took advantage of digitalization and employed alternative methods in many programmes such as hybrid exhibitions, virtual business matching between Sri Lankan companies and buyers through B2B meetings and webinars. This effort enabled Sri Lankan exporters to continue their promotional activities during the pandemic.

The focus of the Government is also to make Sri Lanka a prosperous nation by expanding the export economy via increasing valued-added industries, developing nationwide SMEs and Startups and diversifying markets while focusing on niche markets.

It is remarkable to see our merchandise exports record a billion-dollar monthly revenue from June 2021 onwards amidst the travel restrictions and lockdowns due to the third wave of the Covid-19 pandemic in Sri Lanka. My staff and I at the EDB facilitated the export sector and extended our support to all exporters during these challenging times.

I would like to record my appreciation to the Minister and Staff of the Ministry of Trade, the EDB's Board of Directors for their valuable contribution and also thank all stakeholders for their support. Appreciation also goes to EDB's management and staff for their strong commitment and dedication to achieve the goal of the organization.

The export sector has now become the most important sector of the economy of Sri Lanka and we will continue to deliver results and look forward to another year of achieving new heights in the International Trade arena.



**Suresh D. de Mel**  
**Chairman & Chief Executive**  
**Sri Lanka Export Development Board**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS – 2021

			<u>From</u>	<u>To</u>
1.	<b>Mr. Suresh de Mel</b>	Chairman and Chief Executive	11.12.2020	Present
2.	<b>Prof. K. Lakshman Jayaratne</b>	Member	31.12.2019	present
3.	<b>Dr. Janaka Wickremasinghe</b>	Member	16-12-2019	present
4.	<b>Mr. Kaushala Yahampath</b>	Member	16-12-2019	present
5.	<b>Mr. Chatura V. Cabraal</b>	Member	16-12-2019	present
6.	<b>Mr. Lalantha Watudura</b>	Member	16-12-2019	present
7.	<b>Mr. Ranjith Priyantha Weerasinghe</b>	Member	31-12-2019	present
8.	<b>Mr. U.D.C. Jayalal</b> Secretary - Ministry of Ports and Shipping	Member	07-09-2020	present
9.	<b>Mr. N.G. Panditharatne</b> Addl Secretary – Ministry of Industries	Member	14-09-2020	present
10.	<b>Mrs. Nilakshi Gunasekera</b> Addl Secretary – Ministry Agriculture	Member	Feb-2020	present
11.	<b>Mrs. Kanthi Gunawardana</b> Addl. Secretary – Development Ministry of Trade	Member	05-09-2020	present
12.	<b>Mr. P. Mohideen Amza</b> Addl. Secretary (Economic Affairs) Ministry of Foreign Affairs	Member	02-09-2020	28 <sup>th</sup> Oct 2021

			<b><u>From</u></b>	<b><u>To</u></b>
13.	<b>Mrs. Tharangani Wickramasinghe</b> Addl. Secretary - Ministry of Plantation	Member	10-09-2020	29 <sup>th</sup> Jul 2021
14.	<b>Ms. AHS Fareeda</b> Director General - Ministry of Fisheries	Member	14-09-2020	present
15.	<b>Ms. Ayanthi Deepika De Silva</b> Director General - Department of Project Management and Monitoring Ministry of Economy and Policy Development	Member	24-07-2020	present
16.	<b>Mr. Sanjaya Mohottala</b> Chairman- Board of Investment of Sri Lanka	Member	07-08-2020	25 <sup>th</sup> Nov-2021

## SENIOR MANAGEMENT STAFF 2021

1.	Chairman and Chief Executive	Mr. Suresh D de Mel
2.	Director General	Miss. Chitranjali Dissanayake [Up to 10.05.2021] Miss. Chitranjali Dissanayake [From 11.05.2021] (on contract basis)
3.	Addl. Director General-Finance & Administration Acting Addl. Director General-Finance & Administration	Mr. S.R.P. Indrakeerthi [From 25.11.2021] Mr. S.R.P. Indrakeerthi [2021.07.01 to 2021.11.24]
4.	Addl. Director General – Development	Mrs P.V.A.M. Baddegamage [From 25.03.2021]
5.	Director – Finance Acting Director- Finance	Miss. G.M. Herath [Retired on 2021.06.19] Mr. A.P. Wikramasekara [From 01.07.2021]
6.	Director – Human Resources Management Acting Director – Human Resources Management	Mr. K.K. Ruwan Kannangara [Up to 30.06.2021] Mr. U. Akmeemana [From 01.07.2021]
7.	Director - Trade Facilitation & Trade Information	Mr. S.R.P. Indrakeerthi [Up to 24.11.2021]
8.	Acting - Director - Information Technology	Mr. D.K.D.S. Sisil
9.	Director – Export Agriculture	Ms. Malani Baddegamage [Up to 24.03.2021]
10.	Director – Regional Development	Ms. Sepalika Jayawardena
11.	Director - Policy and Strategic Planning	Ms. O.M.C. Kumudinie
12.	Director – Industrial Products	Mr. H.D. Pathberiya [Up to 15.12.2021]
13.	Director – Export Services Acting Director - Export Services	Mr. L.Y.R.I. Kodikara [From 15.07.2020] Ms. Manoja Dissanayake [Up to 30.09.2021]
14.	Director – Market Developments	Ms. Anoma Premathilaka
15.	Internal Auditor	Ms. Nilmini Ranasinghe
16.	Legal Officer	Ms. D.T. Wijeratne
17.	Auditors	Auditor General
18.	Bankers	Bank of Ceylon, Sampath Bank National Development Bank
19.	Registered Office	No. 42, Nawam Mawatha, Colombo 02

# **EXPORT PERFORMANCE**

## **2021**

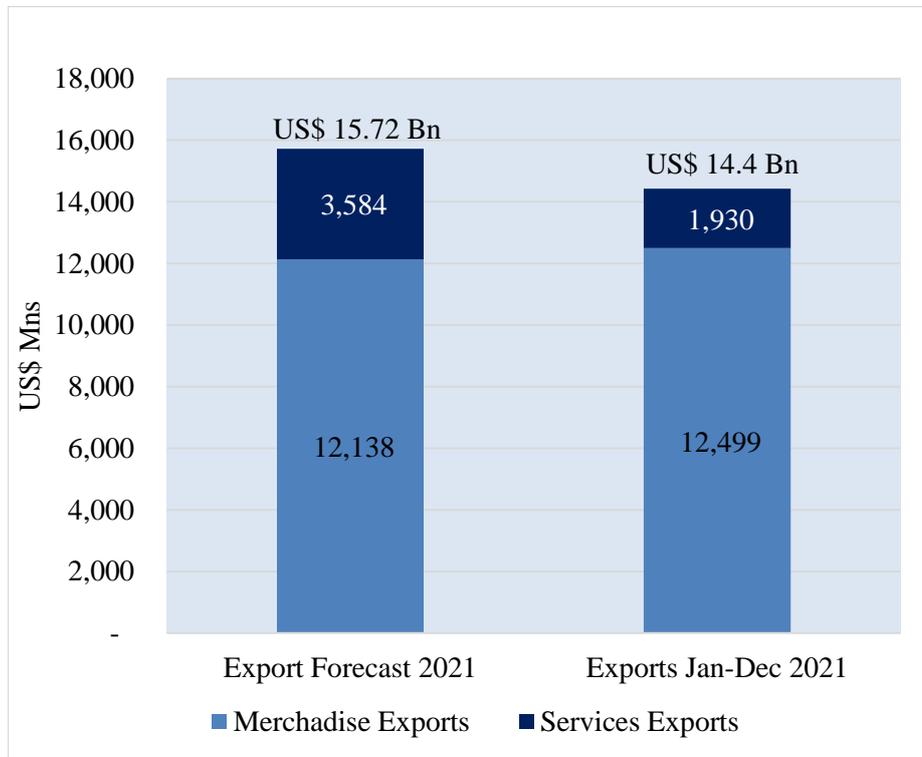
## 01.EXPORT PERFORMANCE 2021

Sri Lanka's total exports increased by 17 % to US\$ 14.4 Billion during the period of January to December 2021 compared to the corresponding period of 2020 as per the data obtained by the Central Bank of Sri Lanka and Sri Lanka Customs, increase of exports in all major product and services sectors such as Apparel & Textiles, Tea, ICT/ BPM, Transport & Logistics, Rubber-based products, Coconut based products, Electronics & Electronic Components, Spices and Concentrates, Food & Beverages, Seafood and Ornamental fish could be witnessed in 2021.

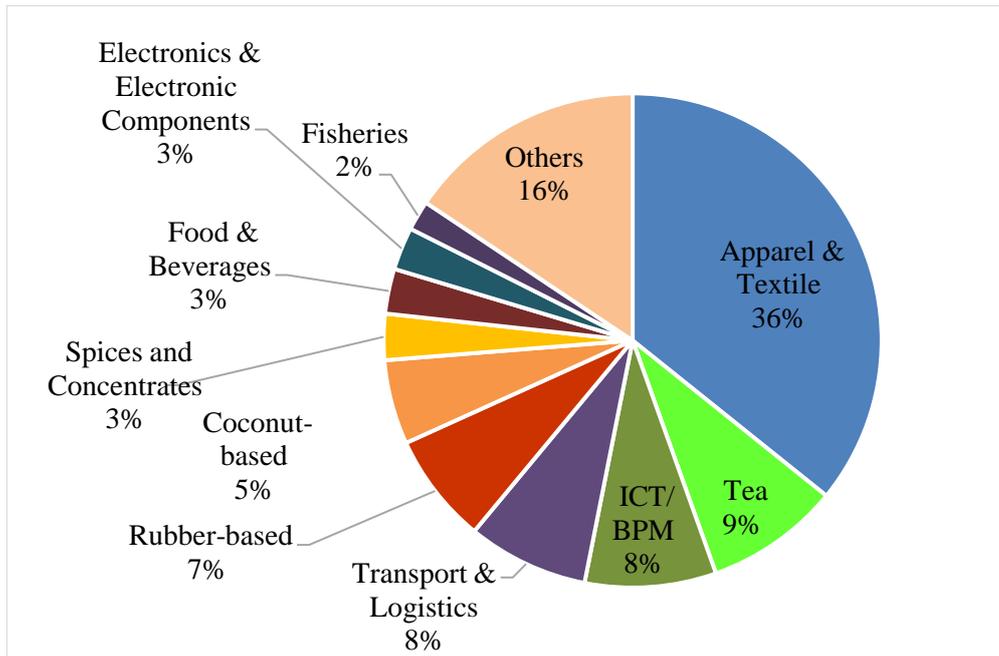
### 1.1 Revised Export Targets & Achievements

The revised export target of the EDB for year 2021 was US\$ 15.72 billion including US\$ 12.14 billion from merchandise exports and US\$ 3.58 billion from export services.

The total export earnings of 2021 was recorded as US\$ 14.4 Bn achieving 92% from the revised target; while reporting 103% and 53.9% achievements respectively in merchandize and service export targets.



## 1.2 Composition of Sri Lanka's Exports during the year 2021



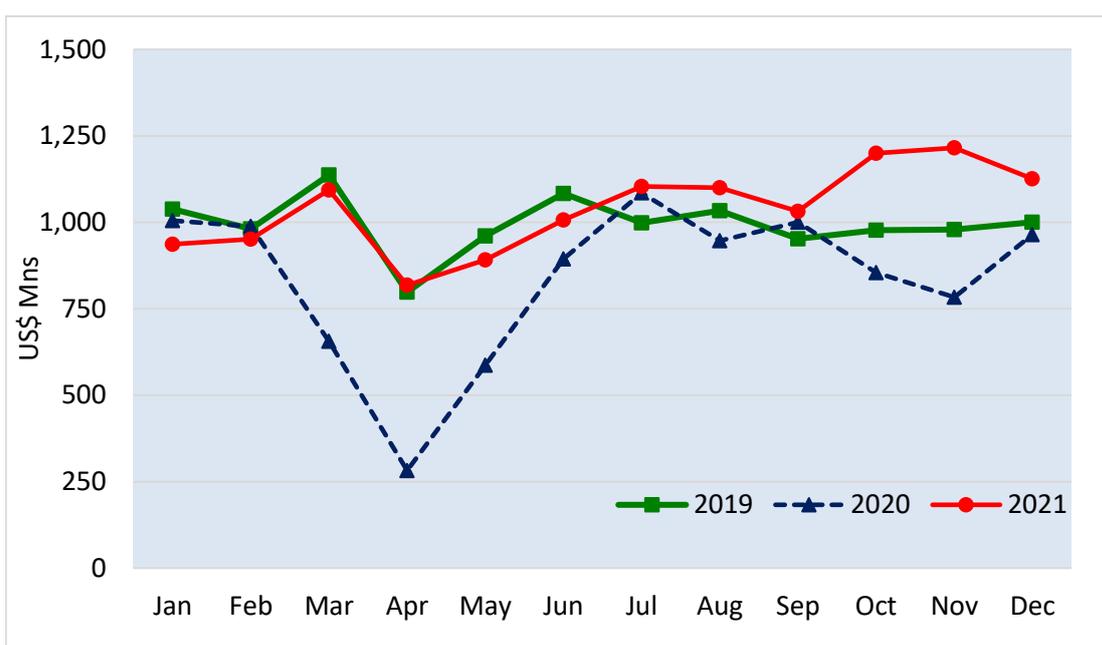
### 1.3 Sector-wise Export Forecast and Achievement 2021

Product	Export Forecast 2021 (US \$ Mn)	Export earning 2021 (US\$ Mn)	% Achievement
Apparel	5,422	5,415.92	99.89
Tea	1,477	1,324.38	89.67
Rubber & Rubber Based Products	998	1,092.6	109.48
Coconut & Coconut Based Products	809	836.10	103.35
Diamond, Gems & Jewelry	173	292.49	169.07
Electronics & Electronic Components	398	421.42	105.88
Spices and Essential Oils	415	456.71	110.05
Food & Beverages	427	443.98	103.98
Seafood	229	274.07	119.68
Ornamental Fish	16	20.97	131.06
Vegetables & Fruits	103	66.90	64.95
Other Export Crops	83	68.58	82.63
Flowers & Foliage	15	16.20	108.00
Boat Building	36	37.81	105.03
Petroleum Products	327	234.36	71.67
Other Merchandize Exports	1,208	1,496.51	123.88
<b>Total Merchandize Exports</b>	<b>12,138</b>	<b>12,499</b>	<b>102.97</b>
ICT/ BPM	1,535	1,217	79.28
Construction	42	10	23.81
Financial Services	303	95	31.35
Transport & Logistics	1,703	608	35.70
Total Services Exports	<b>3,584</b>	<b>1,930</b>	<b>53.85</b>
<b>Total Goods &amp; Services Exports</b>	<b>15,722</b>	<b>14,429</b>	<b>91.78</b>

## 1.4 Merchandize Exports of Sri Lanka 2021

Sri Lanka's merchandise exports increased by 24.4% to US\$ 12,499 Million during the period of January to December 2021 compared to the corresponding period of 2020. Increase in exports have been recorded in all major product sectors such as Apparel & Textiles, Tea, Rubber-based products, Coconut based products, Electronics & Electronic Components, Spices and Concentrates, Food & Beverages, Seafood and Ornamental fish, etc.

### Monthly Merchandize Export Performance 2019, 2020 & 2021 in Millions of US\$



Sources: Central Bank of Sri Lanka, Sri Lanka Customs & SLEDB

## 1.5 Export of Services 2021

The value of services exports for the period of January to December 2021 was 1,930 Million dollars, with decrease of 15.65 % over the corresponding period of 2020. The services exports consist of ICT/BPM, Construction, Financial services and Transport & Logistics.

## 1.6 Sri Lanka's Top 10 Export Destinations

The following table indicates the comparison of exports to Sri Lanka's top 10 export destinations during the period of January to December 2020 & 2021 and almost 63 % of merchandise exports were concentrated to these top 10 markets. The USA accounted for 24.6% of total exports as a single destination.

Values US\$ Mns

	Country	Jan-Dec 2020	Jan-Dec 2021	% Growth (20-21)	% Share to exports Jan-Dec. 2021
1	United States	2,507.20	3,068.80	22.40	24.55
2	United Kingdom	910.47	933.72	2.55	7.47
3	India	604.50	815.11	34.84	6.52
4	Germany	570.39	754.11	32.21	6.03
5	Italy	457.32	578.91	26.59	4.63
6	Netherlands	290.17	425.72	46.71	3.41
7	Belgium	295.48	334.32	13.14	2.67
8	Canada	213.05	312.85	46.84	2.50
9	China	223.00	273.73	22.75	2.19
10	UAE	188.90	282.84	49.73	2.26
	Others	3,786.52	4,718.89	24.62	37.75
	<b>Total</b>	<b>10,047</b>	<b>12,499.0</b>	<b>24.41</b>	<b>100.00</b>

Sources: Central Bank of Sri Lanka, Sri Lanka Customs & SLEDB

Following table indicates the comparison of region wise exports during the period of January to December 2020 & 2021. The EU accounted for 23.63 % of total Sri Lanka's merchandise exports.

### 1.7 Sri Lanka's Export Regions

Values US\$ Mns

Region	Jan-Dec 2020	Jan-Dec 2021	% Growth (20-21)	% Share to exports Jan-Dec. 2021
United States	2,507.20	3,068.80	22.40	24.55
European Union (EU) excluding UK	2,271.58	2,948.17	29.78	23.59
South Asia	916.17	1,243.52	35.73	9.95
Middle East (excl. Cyprus & Egypt)	708.59	913.06	28.86	7.31
ASEAN	283.44	348.89	23.09	2.79
African Countries	245.83	319.79	30.09	2.56
CIS Countries	269.66	253.54	-5.98	2.03
Others	1934.05	3,403.23	19.64	27.23
<b>Total Merchandise Exports</b>	<b>10,047</b>	<b>12,499</b>	<b>24.41</b>	<b>100.00</b>

Sources: Central Bank of Sri Lanka, Sri Lanka Customs & SLEDB

## **02.PROGRESS OF THE DEVELOPMENT PROGRAMMES CARRIED OUT DURING THE PERIOD OF JANUARY-DECEMBER 2021**

EDB has adopted and implemented a series of measures and actions in response to the COVID-19 pandemic other than the programmes implemented as usual. EDB made several Interventions to minimize the impact of COVID-19 Pandemic on the export sector by facilitating exporters to implement uninterrupted factory operations for export production and transport of goods during curfew and lockdown period, vaccination of employees, communication with relevant authorities to resolve issues related to air and sea freight of export shipments. During the year 2021, Rs. 96.17 Mn has been spent on the development programmes. Rs. 50.35 Mn on the Market Access Support Programme and Rs. 14.33 Mn for the National Export Brands Development Programme designed & implemented to assist Sri Lankan entrepreneurs to develop and promote Home-Grown Brands in overseas markets under the National Budget proposals 2021.

### **2.1 MARKET DEVELOPMENT AND BRANDING**

#### **2.1.1 Trade Fair Participation – Physical Trade Fairs**

##### **Sri Lanka participation at GULFOOD 2021 Exhibition in Dubai**

EDB together with Sri Lanka Consulate in Dubai organized a National Pavilion at GULFOOD 2021 Exhibition in Dubai, UAE from 21<sup>st</sup> – 25<sup>th</sup> February 2021 to promote 09 Sri Lankan companies manufacturing & exporting Food & Beverage products.

Sri Lankan participants at GULFOOD 2021 promoted Value added Coconut Products, Spices, Processed Food, fruit-based beverages, Fresh & Dehydrated Fruits and Vegetable, Oats, Super Foods, Food Supplements etc. The value of the confirmed orders received was around USD 5.0 Mn and orders executed as at December 2021 was USD 2.5 Mn.

##### **ICT Spring Europe Exhibition**

EDB together with the Embassy of Sri Lanka in Brussels organized the participation of seven (7) Sri Lankan companies at the ICT Spring Europe Exhibition from 14<sup>th</sup> to 15<sup>th</sup> September 2021 at the European Convention Center in Luxembourg. Sri Lanka's ICT/BPM country Brand the "Island of Ingenuity (IOI)" was promoted at the fair.



In addition to in-person participants, several Sri Lankan ICT companies participated virtually in the B2B meetings and the digital summit. The participants were able to secure several strong business leads with EU clients. Also, the companies are continuing discussions with potential partners and investors to expand their businesses in the EU region.

### **China International Import Expo (CIIE) 2021**

EDB in collaboration with the Sri Lanka Embassy in China and the Sri Lanka Consulate General in Shanghai organized Sri Lanka's participation at the 4<sup>th</sup> China International Import Expo (CIIE), held on 5<sup>th</sup>-10<sup>th</sup> Nov 2021 at the National Exhibition and Convention Centre in Shanghai.

08 companies participated through Agents and another 11 companies participated in Common Promotional area at the Food and Agriculture Section and Consumer Goods Section. Export orders around US \$ 23,000 have been confirmed and orders valued at US \$ 120,800 are under negotiation.



### **2.1.2 Trade Fair Participation – Virtual Trade Fairs**

The EDB has organized participation at 07 virtual trade fairs such as Apparel Sourcing Paris 2021, Korea Import Good Fair, Canton Virtual Fair and Sri Lanka product display at Seoul Food & Hotel Show in South Korea, Food & Hotel Asia Exhibition and World Food Istanbul 2021. Companies were able to meet buyers virtually and positive contacts have been received. Negotiations are ongoing with the buyers.

The Online Boat Show organized by the EDB was held on 25<sup>th</sup> October 2021. About 40 boat builders participated and about 500 buyers from Malaysia, Dubai, Turkey, Singapore, India, Maldives, Mauritius, South Korea and Australia visited the show. Around 14 positive business inquiries have been received and still under discussion stage.

### **2.1.3 B2B Programmes & Webinars**

The EDB organized more than 20 B2B meetings covering approximately 15 product sectors for more than 16 countries and 2 regions. 163 Sri Lankan companies were benefited from these B2B sessions. Also, several webinars were organized for Education, Logistics, Marine & Offshore Engineering, Construction, Food & Beverages, Coconut and coconut-based products, Electronic & Electrical, Agriculture and Multi Products sectors. Moreover, awareness webinar was carried out on new EU custom regulations with the participation of 122 participants.

A series of webinars were conducted with the Import Promotion Desk (IPD) Germany to educate exporters on market potential for organic agriculture products in the EU market and how to promote the products to the potential buyers.

The EDB in collaboration with the Sri Lanka Embassy in Japan has initiated actions to promote identified Sri Lankan export products with high potential in the Japanese market for the next 3 years.

### **2.1.4 Brand Promotion**

- “Ceylon Spices” Master brand and other spice Trademarks were registered with National Intellectual Property Office (NIPO) of Sri Lanka and licenses issued for 03 exporters to use the brand logo on their products during the year. Action initiated to register the Trademarks in USA and EU.
- Enterprise Branding Programme - The programme was initiated to identify and promote home grown Sri Lankan brands to International markets. Out of the 70 applications received, 15 companies were selected for the National Export Brand Development Programme to build Sri Lankan brands in overseas markets. Arrangements were made to pay 20% advance payment for 13 companies during the year 2021. The programme will be continued in the year 2022.
- “Ceylon Cinnamon” master brand was promoted in Melbourne – Australia with the participation of a panel of experts and businessmen in the field. A virtual event was organized in December 2021 in Melbourne, for the promotion of Ceylon Cinnamon in the Australian states of Victoria, South Australia and Tasmania. The purpose of the event was to reinvigorate the market enthusiasm for Ceylon Cinnamon in Australia by introducing various products of Ceylon Cinnamon manufactured in Sri Lanka and export procedure to Australia with special focus on the Australian regulations and market dynamics. Importers in Australia, exporters in Sri Lanka, members of the Consular Corps participated at the webinar which was jointly organized by the Consulate General of Sri Lanka in Melbourne and the EDB, in collaboration with the Australia Sri Lanka Chamber of Commerce and the Australia Sri Lanka Business Council.

- Ceylon Cinnamon GI - Continued follow up on the GI application and objection handling process with EU Commission through the legal firm in Brussels.

The Regulation to insert Ceylon Cinnamon on the register of EU GIs (Ambrosia) entered into Commission inter services consultation.

Implemented new online system for PCC registration and renewal. Issued 'PCC' licenses for 4 new exporters and 15 PCC licenses were renewed. Organized online awareness session for PCC license holders.

### **2.1.5 Other Market Development**

Virtual Conference was held to share information and opportunities in the Buddhist Education Sector in Sri Lanka with prospective institutions in Viet Nam.

The Embassy of Sri Lanka in Viet Nam and the EDB jointly organized the virtual conference on the 25<sup>th</sup> of August 2021. The main purpose of holding the virtual conference was to promote Sri Lanka as the prime destination at which prospective Vietnamese Monks, Nuns and laymen may learn, practice and follow the Noble Doctrine of the Lord Buddha. The event was attended by more than 100 Vietnamese Monks, Nuns and laymen who are willing to further their studies in Sri Lanka.

As a follow up, a request has been received from a Vietnam Temple to construct a Vietnamese Buddhist Temple in Colombo as per the request made by the Most Ven. Dr. Thich Nhat Tu, the standing Vice Rector of Buddhist University of Ho Chi Minh City and the Abbot of Giac Ngo Temple of Viet Nam to act as a facilitation center in Sri Lanka. Sri Lanka Mission in Hanoi is working with the Foreign Ministry and the Ministry of Buddhasasana, Religious and Cultural Affairs to facilitate the activity.

### **2.1.6 Clearance of Import ban for Mango in Jordan Market**

Jordan had imposed a ban on Sri Lankan fresh fruits due to the presence of Fruit Flies; a restricted pest in Jordan. As a result of several discussions Sri Lanka Embassy had with Jordanian Ministry of Agriculture to remove the ban, they have agreed to accept Vapour Heat Treated (VHT) mango and pineapple from Sri Lanka.

EDB facilitated for arrival of 03-member technical delegation from Ministry of Agriculture - Jordan for inspection of Vapour Heat Treatment (VHT) facility available at NPQS Sri Lanka and Mango & Pineapple Orchards. They conducted a trial to check the functionality of the VHT and were satisfied with the proper functionality of the VHT facility at NPQS and Good Agricultural Practices (GAP) followed in the orchards. Accordingly, Ministry of Agriculture, Jordan has lifted the ban with some conditions and Sri Lanka is now in a position to export mangoes and pineapple to Jordan.

First sample shipment of Mango to Jordan will be exported in January 2022.

## **2.2 PRODUCT DEVELOPMENT PROGRAMMES**

### **2.2.1 Regulatory Framework to develop Boat Building industry was presented to implementing agencies**

The EDB spearheaded the initiatives to establish a regulatory framework for Sri Lanka's boat building industry in consultation with the other private and government relevant stakeholders. The regulatory framework covers registration, regulation, and technical guidelines for all boat categories manufactured in the country (other than the fishing boat category), leisure craft operations, and visiting yachts/crafts as well as imports of boats to Sri Lanka. Under this regulatory framework, "Regulations for Registration of Boat Yards" are proposed to be implemented under the Industrial Promotion Act, No. 46 of 1990.

The regulatory framework to develop Sri Lanka's boat building industry was officially handed over to the Ministry of Ports & Shipping and Ministry of Industries under the patronage of Minister of Trade, Hon. Dr. Bandula Gunawardena on 29<sup>th</sup> March 2021 at the Trade Ministry.

### **2.2.2 EIA Report to finalize feasibility Study on Construction of Break water at Kapparatota**

A service provider was selected to conduct an EIA for construction of Breakwater at Kapparithota. The Inception report and draft final report of the EIA were prepared. Final report to be submitted to public comments by the service provider in year 2022.

### **2.2.3 Stakeholder Forum on Organic Agricultural Exports**

The EDB under the guidance of the Ministry of Trade organized a stakeholder forum on organic agricultural exports, chaired by the Hon. Minister of Trade, Dr. Bandula Gunawardena, on 27<sup>th</sup> July at NSBM Green University. 100 Participants attended the forum.

### **2.2.4 Certification of Sri Lankan organic agriculture products as per the National Organic standards**

This initiative will pave the way for small farmers to obtain organic certification at a low cost in line with the government policy to make Sri Lanka a country engaged in organic agriculture.

During the project implementation, an awareness workshop was held to educate the farmer on the process to be followed in establishing an Internal Control System (ICS), maintaining documents etc. which are mandatory activities of the certification process. 18 farmers/processors already selected for the programme and the certification process is ongoing.

### **2.2.5 Facilitation of farmer groups to acquire international organic certification**

With the objective of empowering small farmer groups to cater to the overseas markets, the EDB implemented an assistance scheme to assist them to acquire organic certification from internationally accredited certification bodies.

The selected farmer groups were provided support to acquire organic certifications for a maximum of 2 organic standards (EU/ USDA- NOP / JAS etc) and renew it for a period of 2 consecutive years, enabling them to establish stable businesses. The project has facilitated 5 farmer groups including a total of 254 farmers to certify 130 Ha of land as organic. The farmer groups were linked with the accredited organic certification bodies such as Control Union Inspection Pvt Ltd and Mayacert Pvt Ltd operating in Sri Lanka enabling them to proceed with the certification. The EDB was financially supported by SME Development Programme of GIZ in Sri Lanka to make this scheme a success.

### **2.2.6 3.2.6 Vocational Education and Training (VET) Plan for Sri Lanka's Electrical & Electronics Industry**

The EDB with the assistance of the Tertiary and Vocational Education Commission (TVEC) prepared a Vocational Education Training Plan (VET Plan) for the Electrical and Electronics sector (EEC sector) in Sri Lanka to identify the skill gaps and training required to satisfy EEC sector needs to develop the Electrical and Electronics industry to support the national export drive. This was jointly funded by the EDB and the TVEC. The Sri Lanka Electronic Manufacturers and Exporters Association (SLEMEA) also extended their support in preparing this report.

This report has identified the supply and demand for skills in local and foreign employment, skills gaps and training needs, skill analysis and future trends, monitoring and implementation plan for the next 5 years.

## **2.3 SME DEVELOPMENT**

### **2.3.1 One village one product Programme (OVOP)**

In order to develop the supply development of exports, EDB implemented the ongoing programme namely "One village one product Programme (OVOP)" which includes awareness seminars, technology transfer programmes and buyer linkup programmes. 12 programmes were conducted in Southern, Eastern, Central, Sabaragamuwa, North western provinces.

### **2.3.2 Export Production Village (EPV) Programme**

Cabinet Approval was obtained on 05.07.2021 for implementation of EPV programmes as a national programme in collaboration with public stakeholders such as Ministries, State Ministries and institutions. 05 projects were initially selected for the implementation (Coffee, Mango, Vanilla, Kithul & Paper Related Products). The inauguration ceremony of the Coffee EPV in Nuwaraeliya was conducted on 30th July 2021 under the patronage of Hon. Minister of Trade and 146,270 coffee plants were distributed among 937 farmers during 2021. Formal arrangements were initiated to register farmer societies for each EPV project.

### **2.3.3 Awareness Programme targeting potential exporters in Hambantota district**

The EDB under the New Exporter Development Programme conducted an awareness workshop for entrepreneurs in Hambantota district on 10<sup>th</sup> March 2021. The awareness workshop was conducted for selected 40 small and medium-sized entrepreneurs in the district with the objective of developing new exporters and creating awareness on opportunities in the export market.

### **2.3.4 Developing Export Potential Women Entrepreneurs**

The EDB's effort in developing and promoting export potential Women Entrepreneurs took a new turn when it established the "EDB Women Entrepreneur Cell" in 2017, with the main objective of linking women and their associated businesses to commercially viable opportunities and value chains across the world, enabling economic and community development.

EDB organized a two-day training and buyer link-up programme for women entrepreneurs engaged in the giftware and lifestyle product sector in Panadura.



### **Export Marketplace Programme for Women Entrepreneurs**

The EDB organized Export Marketplace Programmes targeting export potential women entrepreneurs, from 2018 to 2020, coinciding with the International Women's Day. In 2021, Export Marketplace Programme (Product Pitching) was conducted for 20 selected women entrepreneurs registered with the EDB. Three (03) companies who submitted best business/ marketing plans were awarded with Rs.200,000/- each, to obtain required assistance from the service providers identified in their business plans.

Prior to the final programme on 8<sup>th</sup> March, 2021, a one-day 'Knowledge Sharing Workshop' on product pitching and developing a marketing plan was conducted for the selected women entrepreneurs on 4<sup>th</sup> March, 2021, by the EDB Coaching Team.

### **2.3.5 Export Coaching Programme Under New Exporter Development Programme**

The EDB implemented an Export Coaching Programme as a pilot project for twenty-five (25) selected, export potential SMEs registered under the EDB – New Exporter Development Programme and assist them to develop capacities to enter the export market. The objective of the programme was to identify export-ready SMEs, guide them to develop

their export marketing plans and assist them to develop capacities and competencies prior entering in to international market.

At the final phase, Rs. 5 million worth cash grants were handed over to 10 companies who were selected as winners during a market-pitching programme, which was held on 10th December 2021, where the 25 SMEs presented their export marketing plans developed by them in front of an external evaluation Panel with details of their funding requirements to obtain the services that are identified as key to expand their business internationally.

### **3 EXPORTERS ASSISTANCE PROGRAMMES**

- Assist exporters to obtain BRC certificate to penetrate into European markets - 10 companies selected for assistance.
- **Market Access Support Programme**  
This programme was implemented by the EDB in year 2018 to assist exporters to enhance their market access. During 2021, Rs. 50.35 Mn funds were disbursed among 36 beneficiaries under the above assistance scheme. The programme will be continued till December 2022.

### **4 CAPACITY BUILDING OF EXPORTERS**

#### **4.1 Courses on Operational Aspects of International Trade & Export Procedure**

- 02 courses on Operational Aspects of International Trade were conducted online. 68 participants both from public and private sector in export industry and entrepreneurs were participated for making aware on International Trade.
- Developed online payment system to pay the course fee and LMS (Learning Management System) to update the course materials and recording of lectures.
- Conducted 02 Certificate courses on Import/Export Procedures to Improve Knowledge on export process among Potential SMEs, junior staff members of the public and private sector.

#### **4.2 Capacity Building Program for Officers of EDB on Export Facilitation**

The EDB in Collaboration with the USAID PARTNER Activity and the Ceylon Chamber of Commerce concluded the first four-capacity development programmes on Export Facilitation for the Development Officers attached to the EDB in Colombo, Kurunegala and Matara. These workshops conducted by the National Experts using the coaching manual developed by the Ceylon Chamber of Commerce. During the four-capacity development programmes, 100 Development Officers and EDB officers were trained on the Entrepreneurship skills, Packaging & Labelling,

Mandatory Certifications, Customs & Duties, International Shipping by Sea & Air Freight, Export Planning and Export Market Access.

This programme help to enhance the Development Officers' knowledge on export related matters in order to develop the regional entrepreneurs to enter the export market.

## **5 Export Related Publications**

- Two issues of Business Lanka Magazine on “Quality - A National Priority”, “Creative – Economy and Organic Agriculture” were published to promote Sri Lankan export capabilities internationally. It was circulated among the Sri Lanka Missions overseas, Trade Chambers, TPOs, etc. in 125 countries.
- Twelve “Expo News” monthly e -Magazines were published to facilitate exporters to be aware of updated information related to events, highlights of export trade and success stories.
- Market Alerts - Published and updated 59 market alerts through EDB web site in collaboration with Sri Lanka Missions overseas and circulated among exporters, relevant chambers etc.
- Published the “Export Performance Indicator 2020” and circulated to Sri Lanka Missions overseas, Trade Chambers, Trade Promotion Organizations, Universities, etc.

## **6 Other Services**

- Help Desk operated by the EDB was formalized and improved 14 Sectoral Help Desks to deliver Support Services effectively.
- Exporters Forum - 21st Exporters Forum conducted virtually with relevant stakeholders.
- Online Portal - Created an online portal where exporters and potential exporters can request foreign buyer contact details. (online buyer search).
- Advisory service and resolving issues - Develop and Support New Exporters, resolve issues in the export process, clearing tariff and non-tariff barriers, facilitating market entry and producer – exporter linkup.
- 24 Advisory Committees were established under the section 10 of EDB Act. No. 40 of 1979 on 15<sup>th</sup> July 2022 for a 5 years term (Apparel, Ayurveda & Cosmetics, Boat Building, Coconut & Coconut based products, Construction Services, Education Services, Electronics & Electrical Components, Export Production Villages (EPV), Gems, Diamonds & Jewellery, ICT/BPM, Light Engineering, Logistics, Marine & Offshore Engineering, National Quality Infrastructure, Organic Products, Ornamental Fish, Processed Food & Beverages, Pharmaceuticals, Regional Development, Rubber & Rubber based products & Plastics, Seafood & Aqua Culture, Spices & Concentrates, Trade Promotion & Trade Information). The Advisory Committees will spearhead private-public collaboration that will identify priority issues and opportunities to improve the performance of export sectors. Inaugural meetings were held under the patronage of Hon. Trade Minister for twenty-two (22) committees.

## 7 24<sup>th</sup> Presidential Export Awards Ceremony for the years 2019/20 & 2020/21

The Presidential Export Awards initiated in 1981, is the highest and the most prestigious award presented by the President of Sri Lanka to exporters in recognition of their outstanding contribution to the export sector and to economic development of the country.

The 24<sup>th</sup> Presidential Exporters Awards was organized by the EDB under the leadership of Trade Minister Dr. Bandula Gunawardana. The event was held on 26<sup>th</sup> November, 2021 at BMICH under the patronage of H.E the President of Sri Lanka. As the EDB was not able to hold the Presidential Export Awards for the financial year 2019/2020 due to the COVID-19 pandemic, it was combined with the 2020/21 and held as 24<sup>th</sup> Presidential Exporters Awards. Awards were distributed separately for respective years

The EDB this year, recognized and appreciated the resilience, perseverance and commitment shown by the exporters amidst a number of challenges brought on by the pandemic, and their contribution towards achieving the goal of the Government's policy framework 'Vistas of Prosperity and Splendour'.

New overall awards such as 'Best Exporter in Product Diversification,' 'Best Value-Added Exporter of the Year,' 'Market Diversified Exporter of the Year,' 'Best Performing Exporter in Emerging Markets' and 'Emerging Exporter of the Year' were introduced to the Presidential Export Awards scheme this year, in line with the national policy framework.

320 applications received for both financial years. In total, 63 export companies were awarded during the ceremony for the past two financial years, with 12 Overall Awards and 46 Sectoral Awards for products and services. The selections for the awards were done by an eminent panel of Judges headed by a Retired Judge of the Supreme Court.



## **8 E-Marketplace - Online Promotion of Sri Lankan Products & Services**

With the objective of increasing market access, B2B and B2C transactions and facilitating SME's and entrepreneurs to get into E Commerce, the EDB has promoted its website as the national gateway for exports of Sri Lankan products and services in international markets to achieve the national export targets - [www.srilankabusiness.com](http://www.srilankabusiness.com).

- Unique Visitors 1,119,351 Page views 3,574,034
- 6196+ page updates
- 91 blog posts 228,407 user Visits
- 575 FB posts Impressions 1,713,425 Reach 1,660,002
- 487 Tweets 400,300 Impressions 61,282 Profile visits, 338 Mentions, 600 New followers
- 365 LinkedIn posts Impressions 437,676 Followers 19,835
- 36 New YouTube Videos 3620 subscribers 44,200 views in 2021
- 2,453 B2B inquiries
- Assisted 120+ Exporters Stakeholders on providing e-services
- Annual subscription for two numbers HSBC payment gateways (LKR & USD) to facilitate online payments for exporters and international buyers

## EXPECTATIONS FOR 2022

As the country's apex Trade Promotion Organization to promote exports the EDB is working towards to create a conducive environment for Exporters by developing appropriate short term and medium-term strategies to increase export earnings to the country to assist the Government to resolve current economic crisis amidst enormous challenges in the international trade created due to the Covid 19 Pandemic.

achieve set export target as the country is facing enormous challenges due to the Covid 19 Pandemic.

EDB Expect an overall export income of US\$ 16.80 Bn during the year 2022. It is also expected to increase the GDP contribution to exports up to 17.45%. In this background EDB wish to work towards the following objectives during the year 2022 and action plans are prepared accordingly.

- Enhance Value addition for products made in Sri Lanka
- Diversification of existing Export Basket focusing on products/services which can be value added and contribute to achieve incremental export growth in short and medium term
- Diversification of export markets (established markets (high end), potential markets and new markets)
- Identify untapped niche markets and develop Sri Lankan products with a competitive edge to cater them
- Increase the export income of SMEs who are currently contributing to less than 30 percent of total exports of the country.
- Engage SMEs in export process through Export House concept
- Develop supply base for exports through Export Processing Villages
- Development of Sustainable Organic Agriculture System in Sri Lanka
- Strengthening and facilitating the development of internationally competitive domestic industries across all potential sectors.
- Implement a Financial Assistance Scheme to assist Sri Lankan entrepreneurs to develop and promote homegrown brands in overseas markets
- Financial assistance for local Small and Medium Enterprises (SMEs)/ tech Start-ups for innovative product development / solution development, patent registration and market access to increase high-tech exports.
- Optimization of utilization resources for Export Development.
- National Export Brand Development to build Sri Lankan Brand in overseas markets.

# **FINANCIAL STATEMENTS**

## **2021**

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31ST DECEMBER 2021**

	<u>Note</u>	<u>SLFRS</u>		<u>SLFRS</u>	
		<u>31.12.2021</u>		<u>31.12.2020</u>	
		<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
<b><u>Income</u></b>					
Income	(3)	515,589,116.53		392,934,007.11	
Other Income	(4)	51,424,152.29		47,466,565.05	
Total Income		567,013,268.82		440,400,572.16	
<b><u>Expenditure</u></b>					
Export Development Expenses	(5)	(109,674,354.79)		(66,719,745.17)	
Administration Expenses	(6)	(367,938,313.84)		(370,180,134.61)	
Income Over Expenditure from Operating Activities		89,400,600.19		3,500,692.38	
Finance Cost	(7)	(298,124.62)		(273,492.26)	
Excess of Income Over Expenditure from Ordinary Activities		89,102,475.57		3,227,200.12	
Share of profit/(loss) of associate company		123,423,727.95		70,784,699.12	
<b>Excess of Income Over Expenditure</b>		<b>212,526,203.52</b>		<b>74,011,899.24</b>	
<b><u>Other Comprehensive Income</u></b>					
- Gain on Revaluation of Property, Plant and Equipment			-		-
Other Comprehensive Income for the year			-		-
<b>Total Comprehensive Income for the year</b>		<b>212,526,203.52</b>		<b>74,011,899.24</b>	

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2021**

	<u>Note</u>	<u>SLFRS</u>		<u>SLFRS</u>	
		<u>31.12.2021</u>		<u>31.12.2020</u>	
		<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
<b><u>ASSETS</u></b>					
<b><u>Non-Current Assets</u></b>					
Property, Plant & Equipment (net)	(8)	22,875,349.91		29,801,280.34	
Investments in Associates – Unquoted	(9)	1,247,030,306.02		1,123,606,578.07	
		<u>1,269,905,655.93</u>		<u>1,153,407,858.41</u>	
Other non-current financial assets	(10)	51,411,517.33		52,865,105.90	
<b>Total Non-Current Assets</b>		<u>1,321,317,173.26</u>		<u>1,206,272,964.31</u>	
<b><u>Current Assets</u></b>					
Inventories	(11)	2,658,056.23		2,857,902.89	
Trade and Other Receivables	(12)	34,335,283.09		145,013,406.23	
Advance and Prepayments	(13)	23,888,693.37		7,154,463.50	
Cash and Cash Equivalents	(14)	64,764,983.46		27,734,024.24	
		<u>125,647,016.15</u>		<u>182,759,796.86</u>	
<b>Total Assets</b>		<u><b>1,446,964,189.41</b></u>		<u><b>1,389,032,761.17</b></u>	
<b><u>EQUITY AND LIABILITIES</u></b>					
<b><u>Capital and Reserves</u></b>					
Grants Received - Equity Contribution	(15)	10,014,284.00		10,014,284.00	
Accumulated Income over Expenditure		1,238,116,035.88		1,138,693,881.32	
<b>Total Equity</b>		<u>1,248,130,319.88</u>		<u>1,148,708,165.32</u>	
<b><u>Grants</u></b>					
Grants Received – Other	(16)	18,896,444.28		23,923,319.01	
		<u>18,896,444.28</u>		<u>23,923,319.01</u>	
<b><u>Non-Current Liabilities</u></b>					
Provisions and Other Liabilities	(17)	37,050,196.16		22,700,376.89	
Retirement Benefits Obligation	(18)	68,224,580.00		77,267,377.50	
		<u>105,274,776.16</u>		<u>99,967,754.39</u>	
<b><u>Current Liabilities</u></b>					
Other Payables	(19)	74,662,649.09		116,433,522.45	
		<u>74,662,649.09</u>		<u>116,433,522.45</u>	
<b>Total Equity and Liabilities</b>		<u><b>1,446,964,189.41</b></u>		<u><b>1,389,032,761.17</b></u>	

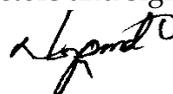
The Accounting policies on pages 135 to 150 and notes on pages 151 to 161 form an integral part of these Financial statements prepared in accordance with Sri Lanka Accounting Standards. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Financial Statements were approved by the board of directors and signed on their behalf by,



Suresh D de Mel  
CHAIRMAN & CE



Kaushala Yahampath  
BOARD MEMBER



N G Panditharatne  
BOARD MEMBER



Kusal D Perera  
Director - FINANCE

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31ST DECEMBER 2021**

	<b><u>Equity Contribution</u></b>	<b><u>Accumulated Profit</u></b>	<b><u>Total</u></b>
<b>Balance as at 31st December 2019</b>	10,014,284.00	1,064,982,748.96	1,074,997,032.96
Excess of Income Over Expenditure	-	74,011,899.24	74,011,899.24
Prior Year Adjustments	-	(300,766.88)	(300,766.88)
	<hr/>	<hr/>	<hr/>
<b>Balance as at 31st December 2020</b>	<b><u>10,014,284.00</u></b>	<b><u>1,138,693,881.32</u></b>	<b><u>1,148,708,165.32</u></b>
Excess of Income Over Expenditure	-	212,526,203.52	212,526,203.52
Prior Year Adjustments	<b>(22)</b> -	(113,104,048.96)	(113,104,048.96)
	<hr/>	<hr/>	<hr/>
<b>Balance as at 31st December 2021</b>	<b><u>10,014,284.00</u></b>	<b><u>1,238,116,035.88</u></b>	<b><u>1,248,130,319.88</u></b>

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

	<u>Notes</u>	<u>2021</u> <u>Rs.</u>	<u>2020</u> <u>Rs.</u>
<b>Cash Flows from Operating Activities</b>			
Surplus for the year before taxation		212,526,203	74,011,899
<b><u>Adjustments for</u></b>			
Depreciation		9,263,204	9,047,698
Income from Investments		(165,701,000)	(110,711,344)
Prior Year Adjustment		47,652	1,678,117
Finance Costs		-	-
Profit on sale of fixed assets		-	-
Amortization Of Government Grants		(7,364,148)	(7,066,516)
Provision for Gratuity		9,196,815	14,074,547
Provision for Impairment in Value		-	-
<b>Operating Profit/(Loss) before Working Capital Changes</b>		<b>57,968,726</b>	<b>(18,965,599)</b>
(Increase)/Decrease in Inventories		199,847	(60,858)
(Increase)/Decrease in Trade and Other Receivables		(1,019,989)	142,012
(Increase)/Decrease in Advances and Prepayments		(16,734,230)	23,571,666
Increase/(Decrease) in Provision and Other Liabilities		14,349,819	(34,674,020)
Increase/(Decrease) in Other Payable		(41,770,873)	16,988,883
<b>Cash generated from operations</b>		<b>12,993,300</b>	<b>(12,997,915)</b>
Finance Costs Paid		-	-
Defined Benefit Plan Costs Paid		(18,239,613)	(12,252,325)
<b>Net cash from Operating Activities</b>		<b>(5,246,312)</b>	<b>(25,250,240)</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant & Equipment	8	(2,337,274)	(4,357,633)
Dividend Received	4	40,345,573	38,580,758
Interest Received	4	1,931,698	1,345,887
<b>Net cash used in Investing Activities</b>		<b>39,939,998</b>	<b>35,569,013</b>
<b>Net Cash Flows from/(Used in) Financing Activities</b>			
Government Grant Received		2,337,274	4,404,835
<b>Net cash used in Financing Activities</b>		<b>2,337,274</b>	<b>4,404,835</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>37,030,959</b>	<b>14,723,607</b>
Cash and Cash Equivalents at the beginning of the year		<b>27,734,024</b>	<b>13,010,417</b>
Cash and Cash Equivalents at the end of the year		<b>64,764,983</b>	<b>27,734,024</b>
<b><u>Analysis of Cash &amp; Cash Equivalents</u></b>			
Cash in hand	14	27,234	26,764
Cash at Bank - Favorable	14	64,737,749	27,707,261
		<b>64,764,983</b>	<b>27,734,024</b>

**SRI LANKA EXPORT DEVELOPMENT BOARD  
GENERAL INFORMATION AND ACCOUNTING POLICIES  
YEAR ENDED 31ST DECEMBER 2021**

***STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT OF THE AUTHORITY  
TO FINANCIAL REPORTING***

In terms of Section 16 (Application of the provisions of the public corporations (financial control) Act) of Export Development Board of Sri Lanka Act No 40 of 1979, the Management of the Board is responsible for,

- i. Keeping proper books of accounts of the income and expenditure, assets and liabilities and all other financial transactions of the Authority.
- ii. Preparing accounts in accordance with the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka under the Sri Lanka Accounting Standards Act No.15 of 1995 for the purpose of presenting a true and fair view of the financial performance and the financial condition of the Board.
- iii. Taking appropriate steps to safeguard the assets of the Board and to establish appropriate internal controls to prevent and detect frauds and other irregularities.

**SRI LANKA EXPORT DEVELOPMENT BOARD  
GENERAL INFORMATION AND ACCOUNTING POLICIES  
YEAR ENDED 31ST DECEMBER 2021**

**1. GENERAL INFORMATION**

**1.1 Domicile & Legal Form**

Sri Lanka Export Development Board is incorporated and domiciled in Sri Lanka under the Act No 40 of 1979. The registered office of the Board is at No. 42, Nawam Mawatha, Colombo 02.

**1.2 Principal Activities and Nature of Operations**

Export Development Board is primarily engaged to development of Sri Lanka exports; and to provide for matters connected therewith or incidental thereto.

**1.3 Date of Authorization for Issue**

The Financial Statements of the Board for the year ended 31st December 2021 have been approved by the Board of Directors at its meeting held on 24<sup>th</sup> February 2022.

**1.4 Statement of Compliance**

The Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and notes together with Summary of Significant Accounting Policies and notes (Financial Statements”) of the Board as at 31<sup>st</sup> December 2021 has been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (CA), which represent International Financial Reporting Standards (IFRS) as issued by the Sri Lanka Accounting Standards Board.

**1.5 Responsibility for Financial Statements**

The Management of Export Development Board of Sri Lanka is responsible for the preparation and presentation of the financial statements.

**1.6 Basis of Measurement**

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.

**SRI LANKA EXPORT DEVELOPMENT BOARD  
GENERAL INFORMATION AND ACCOUNTING POLICIES  
YEAR ENDED 31ST DECEMBER 2021**

**1.7 Going Concern**

When preparing the financial statements, the Management has assessed the ability of the Board to continue as a going concern. The Management has a reasonable expectation that the Board has adequate resources to continue in operational existence for the foreseeable future. The Board does not foresee a need for liquidation or cessation of operations, taking into account all available information about future. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

**1.8 New Accounting Standards issued but not yet effective as at balance sheet date**

The following new standards, amendments and interpretations to existing standards have been published by the Institute of Chartered Accountants of Sri Lanka, but are not yet effective up to the date of authorization of these financial statements. Possible impact on the financial statements of the application of the above new standards have not yet been assessed, and the authority intends to adopt these standards, interpretations and amendments to existing standards that are expected to be relevant to the board's financial statements when they become effective.

SLFRS 17 Insurance Contracts

**1.9 Functional and Presentation Currency**

The financial statements of the Board are presented in Sri Lankan Rupees, which is the Board's functional currency.

**1.10 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the board's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include judgment, estimate and assumptions.

**1.11 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**SRI LANKA EXPORT DEVELOPMENT BOARD  
GENERAL INFORMATION AND ACCOUNTING POLICIES  
YEAR ENDED 31ST DECEMBER 2021**

**(a) Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**(b) Valuation of defined benefit obligation**

The cost of defined benefit pension plans is determined based on the actual payment due to the employees. The carrying value at the balance sheet date of defined benefit obligation is Rs. 68,224,580.00 (2020 - Rs. 77,267,377.50)

**(c) Fair Value**

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. When a financial instrument is initially recognized, its fair value is generally the value of the consideration paid or received. Subsequent to initial recognition, the fair value of a financial asset quoted in an active market is generally the bid price and, for a financial liability quoted in an active market, the fair value is generally the ask price. For financial instruments such as cash equivalents and short-term investments that have a short duration, the carrying value of these instruments approximates fair value.

**2. SPECIFIC ACCOUNTING POLICIES**

**2.1 Assets and bases of their valuation**

Assets classified as current assets on the Balance Sheet are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the Balance Sheet date, whichever is shorter.

**SRI LANKA EXPORT DEVELOPMENT BOARD  
GENERAL INFORMATION AND ACCOUNTING POLICIES  
YEAR ENDED 31ST DECEMBER 2021**

**2.2 Financial Instruments**

**2.2.1 Financial Assets (Non-derivative)**

The Financial Assets classifies into the following categories: **at fair value through profit or loss, loans and receivables, held to maturity and available for sale**. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

**2.2.2 Classification, Recognition and Measurement**

The board classifies its financial assets into the following categories

- Loans and receivables.
- Available for Sale.

*Loans and Receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale financial assets*

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

**2.2.3 Determination of fair value**

The fair values of loans and advances as well as liabilities are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

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**2.2.4 Reclassification**

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the board may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the board has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

**2.2.5 Impairment**

(a) Financial assets carried at amortized cost

The Board assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Objective evidence that a financial asset or Group of assets is impaired includes observable data that comes to the attention of the Board about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is probable that the issuer or debtor will enter bankruptcy or other financial Re-organization;
- The disappearance of an active market for that financial asset because of financial difficulties; or

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- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a Group of financial assets since the initial recognition of those assets,

The Board first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Board determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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**2.2.6 De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Board has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Board has transferred substantially all the risks and rewards of the asset, or
  - (b) The Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Board's continuing involvement in it. In that case, the Board also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Board could be required to repay.

**2.2.7** Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**2.3 Property, Plant and Equipment**

**2.3.1 Recognition & measurement**

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed asset includes the cost of materials and direct labor, any other costs directly attributable to bringing the

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assets to a working condition for their intended use expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

**2.3.2 Subsequent costs**

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized and written off during the lease period. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the board and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the income statement as an expense as incurred.

**2.3.3 Depreciation**

The provision for depreciation is calculated on the straight line method on the Cost/valuation of the Property, Plant and Equipment. All Property, Plant and Equipment other than land have been depreciated annually on the following percentages in order to write off such amounts over the useful lives.

Motor Vehicles Less than 10 years old	10%	Motor Vehicles Over 10 years old	20%
Computers	20%	Computer Software	25%
Computer Equipment	25%	TV Equipment	10%
Telephone Installation	20%	Furniture and fittings	10%
Residential Telephone	10%	Office Equipment	10%
PABX System	10%	KIOSK System	20%
Other Equipment	33 1/3%		

Depreciation has been charged commencing the date of purchase using straight line method. During the year under review economic life time of the property, plant and equipment were reassessed as required by the LKAS 16 based on the best of the information available. As a result, depreciation rates were changed for some property, plant and equipment. The resulting impact of change in economic life time of the assets is adjusted in the financial statements commencing from the 2012 onwards.

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**2.3.4 De-recognition**

Items of property and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or losses arising on de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

**2.3.5 Impairment of Tangible Assets**

At the end of each reporting period, the Board reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalue amount, in which case the impairment loss is treated as a revaluation decrease.

**2.4 Investments in Associates- Development Holdings (Pvt) Ltd**

Investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the board's share of the profit or loss of the investee after the acquisition date (Equity Method). Adjustments to the carrying amount

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(Changes arising from the revaluation of Property, plant and equipment or foreign exchange translation differences) is recognized in the board's proportionate interest from year 2013 onwards in the investee arising from changes in the investee's other comprehensive income.

**2.5 Inventories**

All inventories have been valued at lower of Cost or Net Realizable Value. Cost is determined based on First in First out basis. (FIFO)

**2.6 Other Assets**

Other assets include Other Debtors and Receivables, Advances, Deposits, Prepayments, Taxation Receivable.

(a) Advances, Deposits, Prepaid Expenditure

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

(b) Other Debtors

Other debtors are recognized at cost less impairment loss.

(c) VAT Receivable

Taxation receivable is recognized at cost.

**2.7 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments.

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

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**2.8 Financial Liabilities**

**2.8.1 Initial recognition and measurement**

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The Board determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Board's financial liabilities include trade and other payables.

**2.8.2 Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

**2.8.3 Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the income statement. The Board has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

**2.8.4 Other Financial Liabilities**

Loans and borrowings are carried at amortized cost after initial recognition.

**2.9 Other Liabilities**

Other liabilities include Accrued Expenditure. These are stated at their historical value which is deemed to be their fair value.

**2.10 Government Grants**

Grants are recognized in the financial statements at their fair value. When the grant relates to an expense it is recognized as an income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

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Grants related to assets are generally deferred in the statement of financial position and credited to the statement of comprehensive income over the useful life of the asset.

As per the LKAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, from the year 2016, cost of the fixed assets purchase under the development budget of the Board by using the government fund are transferred to the Government Grant Account and will be amortized over their useful lifetime (equal to the depreciation rate).

The value of the Government Grant reflects, assets transferred from following organization at the time of formation of the Board and the assets purchased subsequently to the Board.

Government Contribution	-	Rs.	7,904,002.00
UNDP Contribution	-	Rs.	2,110,282.00
Government Grant Motor Vehicles	-	Rs.	9,188,790.22
Government Grant - Other	-	Rs.	<u>8,768,654.06</u>
Total	-	Rs.	<u>27,971,728.28</u>

## **2.11 Employee Benefits**

### **Defined Contribution Plans**

Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with the respective statutes and regulations. The Authority pays fixed contributions of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund and will have no legal or constructive obligation to pay further amounts.

### **Defined benefit plans**

Defined benefit plans are post-employment plans other than defined contribution plans. Authority is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on the half month salary multiplied by number of years in service.

## **2.12 Income Tax**

According to the Sri Lanka Export Development Act No .40 of 1979 Section 18,

- (a) The profits and income of the Board; and
- (b) Any sum paid by the Board to any person as a subsidy or grants out of the Fund are exempted from income tax.

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**2.13 Income Recognition**

**a. Government Grant**

This represents funds received from the government treasury. Based on forecasted cash flow requirements, the treasury provides the required funds to the board. Therefore, this represents expenditure related grant received by the board which is recognized at fair value.

**b. Other Income**

Income received from providing services and information is measured at the fair value of the consideration received or receivable as per the Invoices raised in the period in which the related services are performed.

**c. Interest Income**

Interest income for all interest-bearing financial instruments (from exporter's loans) is recognized in the income statement at the time of repayment of the installment using the effective interest rate method.

**d. Dividend Income**

Dividend income is recognized when the Board's right to receive the payment is established.

**2.14 Expenses Recognition**

All expenses are measured at fair value of the consideration given and recognize in the period to which those expenses related. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period and are treated as a change in an accounting estimate.

**2.15 Borrowing Costs**

Borrowing costs are interest & other costs incurred by the Board in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred.

**2.16 Foreign Currency Translation/Transactions**

All transactions in currencies other than the functional currency are recorded in Sri Lankan Rupees, using the exchange rates prevailing at the time the transactions were effected. At each Statement of Financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated to Sri Lankan Rupee equivalents at the exchange rate prevailing on the Balance Sheet date. Non-monetary assets and liabilities

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denominated in foreign currencies are translated to Sri Lankan Rupees using the exchange rate prevailing at the date of transaction. Exchange differences arising on settlement of monetary items and re-translation of monetary items, are recognized in the income statement in the year in which they arise.

**2.17 Related Party Transactions**

The Board has related party relationship with its Associate company i.e. Development Holdings (Pvt) Ltd. The Board has paid monthly Rental for the space occupied and also the auditorium hire charges as per the valuation of the Government Valuer to the Associate Company. Ms. C. Dissanayake - Director General, Ms. G. M. Herath - Director Finance, Mrs. D. T. Wijayaratne - Legal Officer and Mr. K. K. R. Kannangara- Director HR of the Board are functioning as EDB nominee directors of the Board of Directors of Development Holdings (Pvt) Ltd. Three Board meetings were held during the year 2021 and a sitting allowance of Rs. 10,000 was paid per sitting. Mr. Suresh De Mel - Chairman & CE was appointed to the board of Development Holdings (Pvt) Ltd in year 2021.

As per an approved government budget proposal in 2013, EDB has paid Rs. 26.37 Mn to construct the Cinnamon training Academy in Kosgoda, Balapitiya. Mrs. P.V.A.M. Baddegamage has been appointed as a nominee from EDB to serve in the CTA board to facilitate monitoring of the project.

**Transactions with Key Managerial Personnel**

According to the Sri Lanka Accounting Standard 24 - Related Party Disclosure, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the Board.

**2.18 Events after Balance Sheet Date**

The directors monitor events closely and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post balance sheet events as appropriate.

**2.19 Contingent Liabilities**

- a) Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

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- b) The Board has initiated legal actions against 18 parties in- order to recover dues to the Board in-connection with different transactions carried out with the Board. Details of those transactions are mentioned in the **Note No.24** to the Notes to the Financial Statements.

**2.20 Cash Flow Statement**

The cash flow statement has been prepared by using Indirect Method in accordance with the Sri Lanka Accounting Standard No. 7 on Statement of Cash Flows.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

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	<u>Note</u>	<u>SLFRS</u>		<u>SLFRS</u>	
		<u>31.12.2021</u>		<u>31.12.2020</u>	
		<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
<b>(3) Income</b>					
Treasury funds received		489,162,726.25		343,909,165.40	
Exporters' contribution on development activities		21,546,049.48		89,261,538.65	
e-Services Income		319,547.82		302,080.58	
EDB e-Market Place		166,632.22		692,957.76	
Seminars and Course Fee		3,946,614.39		2,167,346.75	
Sales of Books		29,260.00		151,905.35	
Miscellaneous Income	<b>(3.1)</b>	418,286.37		305,663.27	
		<b>515,589,116.53</b>		<b>392,934,007.11</b>	
<b>(3.1) Miscellaneous Income</b>					
Market Development Assistant Scheme		-		50,000.00	
Registration of Pure Ceylon Cinnamon Logo		342,996.00		160,500.00	
Non Refundable Deposits		56,000.00		12,000.00	
Sundry income from branches		3,290.37		24,763.27	
Legal Fees on staff loans		16,000.00		19,400.00	
		<b>418,286.37</b>		<b>305,663.27</b>	
<b>(4) Other Income</b>					
Interest Income - Staff loans		6,378,111.15		4,465,289.28	
Less: Staff Cost - (IFRS Adjustments)		(4,446,412.66)		(3,119,402.11)	
Net interest income on staff loans		1,931,698.49		1,345,887.17	
Dividend Income		40,345,573.15		38,580,758.02	
Other Sundry Income	<b>(4.1)</b>	1,782,732.17		473,403.41	
Amortization Of Government Grants		7,364,148.48		7,066,516.45	
		<b>51,424,152.29</b>		<b>47,466,565.05</b>	

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	<b>Note</b>	<b><u>SLFRS</u></b>	<b><u>SLFRS</u></b>
		<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
		<b><u>Rs. Cts.</u></b>	<b><u>Rs. Cts.</u></b>
<b>(4.1) Other Sundry Income</b>			
Miscellaneous Receipts		1,512,232.17	206,903.41
Income-Registration/Services		270,500.00	266,500.00
		<b><u>1,782,732.17</u></b>	<b><u>473,403.41</u></b>
<b>(5) Export Development Expenses</b>			
Product/Market Development Programs		49,370,750.58	5,816,231.53
Export Marketing Promotion - Overseas		46,579,169.48	51,007,980.07
Export Market Promotion- Local		1,383,923.58	846,104.26
Expo 2020 Dubai		33,570.00	65,917.90
Local Trade Fairs		732,806.00	1,697,592.50
Policy and Planning Expenses		270,625.00	617,301.79
Regional Development Expenses		135,218.00	143,129.00
Trade Information and Services Expenses		11,166,892.15	6,519,463.12
Ceylon Cinnamon Logo		1,400.00	6,025.00
		<b><u>109,674,354.79</u></b>	<b><u>66,719,745.17</u></b>
<b>(6) Administration Expenses</b>			
Salaries and Wages		145,265,481.66	150,903,026.40
Over Time and Holiday Pay		9,340,903.38	7,643,369.89
Bonus		2,823,363.60	2,886,750.00
EPF		20,147,067.25	21,266,345.57
ETF		4,029,413.52	4,255,934.75
Gratuity		9,196,815.00	14,074,497.00
Staff Welfare		12,221,598.74	8,563,862.11
Encashment of Medical & Vacation Leave		9,843,534.33	12,963,501.07
Recruitment Charges		2,156,294.20	462,752.00
Electricity		17,038,216.96	16,756,661.88
Water		627,861.94	559,835.55
Legal and Other Professional Fee		522,703.00	299,001.60
Advertising		558,905.94	476,262.99

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	<u>Note</u>	<u>SLFRS</u>		<u>SLFRS</u>	
		<u>31.12.2021</u>		<u>31.12.2020</u>	
		<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
Security		2,467,089.85		2,267,589.47	
Audit Fee		990,000.00		900,000.00	
Printing Charges		439,607.00		429,315.00	
Transport & Travelling Charges		14,549,816.80		12,910,151.23	
Entertainment		87,822.00		54,984.00	
Other General Expenses		93,749.00		259,962.13	
Board Member Fees & expenses		856,700.00		507,439.00	
Maintenance of Office Equipment		1,540,528.94		1,133,001.99	
Rent		79,983,925.00		79,204,085.00	
Fuel and Lubricants		3,297,438.25		1,878,229.85	
Repairs and Maintenance of Vehicles		3,343,847.52		2,961,443.20	
Private Hiring Charges		6,434,741.00		6,430,521.00	
Communication and Subscriptions		6,570,342.88		7,133,901.47	
ISO Implementation Expenses		573.00		165,473.50	
Depreciation		9,263,204.19		9,092,933.64	
Local Training		532,670.65		644,134.87	
Supplies Requisites		3,905,885.02		2,950,813.14	
Insurance & Renewal of License		216,213.22		193,355.31	
Provisions for Impairment and bad debts		(408,000.00)		(49,000.00)	
		<b><u>367,938,313.84</u></b>		<b><u>370,180,134.61</u></b>	
<b>(7) Finance Cost</b>					
Difference in Exchange			-	6,325.58	
Stamp Fees			91,144.84	65,197.76	
Financial Charges			206,979.78	201,968.92	
			<b><u>298,124.62</u></b>	<b><u>273,492.26</u></b>	

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**(8) Property, Plant and Equipment**

**(8.1) Cost**

<u>Balance as at</u> <u>01/01/2020</u>	<u>Assets</u>	<u>Balance as at</u> <u>01/01/2021</u>	<u>Additions</u>	<u>Revaluation</u>	<u>Disposals</u>	<u>Balance as at</u> <u>31/12/2021</u>
71,726,450.00	Motor Vehicle	71,726,450.00	-	-	-	71,726,450.00
41,965,388.52	Computers	45,967,748.12	960,900.00	-	-	46,928,648.12
5,734,481.00	Computer Software	5,734,481.00	270,000.00	-	-	6,004,481.00
1,962,456.07	Computer Equipment	2,027,006.07	349,540.00	-	-	2,376,546.07
735,930.00	Kiosk System	735,930.00	-	-	-	735,930.00
4,816,845.01	TV Equipment	4,816,845.01	-	-	-	4,816,845.01
143,174.00	PABX Equipment	143,174.00	-	-	-	143,174.00
1,769,554.64	Telephone Installation	1,799,054.64	50,900.00	-	-	1,849,954.64
16,378,158.95	Furniture and Fittings	16,610,458.95	46,095.00	-	-	16,656,553.95
18,622,950.59	Office Equipment	18,699,075.59	659,838.75	-	-	19,358,914.34
34,740.00	Other Equipment	34,740.00	-	-	-	34,740.00
116,442.00	Residential Telephone	69,240.00	-	-	-	69,240.00
<b>164,006,570.78</b>		<b>168,364,203.38</b>	<b>2,337,273.75</b>	<b>-</b>	<b>-</b>	<b>170,701,477.13</b>

**(8.2) Depreciation**

<u>Balance as at</u> <u>01/01/2020</u>	<u>Depreciation</u>	<u>Balance as at</u> <u>01/01/2021</u>	<u>Adjustments</u> <u>for</u> <u>prior periods</u>	<u>Charge for</u> <u>the year</u>	<u>Depreciation</u> <u>for</u> <u>Disposals</u>	<u>Balance as at</u> <u>31/12/2020</u>
54,513,643.32	Motor Vehicle	58,336,288.32	-	3,822,645.00	-	62,158,933.32
37,019,223.97	Computer	39,185,058.44	-	2,379,492.24	-	41,564,550.68
5,082,170.99	Computer Software	5,479,470.99	-	312,012.50	-	5,791,483.49
1,364,376.95	Computer Equipment	1,612,302.54	-	254,227.75	-	1,866,530.29
453,823.50	Kiosk System	601,009.50	-	134,920.50	-	735,930.00
4,445,942.11	TV Equipment	4,676,653.22	-	230,711.11	-	4,907,364.33
65,591.71	PABX Equipment	79,909.11	-	14,317.40	-	94,226.51
1,636,132.56	Telephone Installation	1,657,717.22	-	57,678.55	-	1,715,395.77
9,724,600.38	Furniture and Fittings	10,581,208.13	-	876,993.29	-	11,458,201.42
15,112,334.13	Office Equipment	16,262,518.54	-	1,168,098.05	-	17,430,616.59
15,880.11	Other Equipment	27,155.47	-	6,499.35	-	33,654.82
82,750.76	Residential Telephone	63,631.56	-	5,608.44	-	69,240.00
<b>129,516,470.49</b>		<b>138,562,923.04</b>	<b>-</b>	<b>9,263,204.18</b>	<b>-</b>	<b>147,826,127.22</b>

	<u>Written Down Value</u>	<u>2021</u>	<u>2020</u>
164,006,570.78	Cost	170,701,477.13	168,364,203.38
(129,516,470.49)	Accu: Depreciation	(147,826,127.22)	(138,562,923.04)
<b>34,490,100.29</b>	Written down value	<b>22,875,349.91</b>	<b>29,801,280.34</b>

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**  
**YEAR ENDED 31ST DECEMBER 2021**

		<u>SLFRS</u>		<u>SLFRS</u>	
		<u>31.12.2021</u>		<u>31.12.2020</u>	
		<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
<b>(9)</b>	<b>Investments in Associates - Unquoted</b>				
	Investments in Associates Company - DHPL	1,247,030,306.02		1,123,606,578.07	
		<b><u>1,247,030,306.02</u></b>		<b><u>1,123,606,578.07</u></b>	
<b>(10)</b>	<b>Other non-current financial assets</b>				
	Investment in shares	25,033,150.00	(10.1)	23,104,288.82	
	Staff loans - Non current	26,378,367.33	(12.1)	29,760,817.08	
		<b><u>51,411,517.33</u></b>		<b><u>52,865,105.90</u></b>	
<b>(10.1)</b>	<b>Investment in shares</b>				
	Redeemable Preference Shares	105,117,477.60		105,117,477.60	
	Ordinary Shares	56,332,353.61		56,332,353.61	
	(-) Provision for impairment in Value	(136,416,681.21)		(138,345,542.39)	
		<b><u>25,033,150.00</u></b>		<b><u>23,104,288.82</u></b>	
<b>(12)</b>	<b>Inventories</b>				
	Stationery	2,658,056.23		2,857,902.89	
		<b><u>2,658,056.23</u></b>		<b><u>2,857,902.89</u></b>	
<b>(12)</b>	<b>Trade and Other Receivables</b>				
	Exporters Loan	38,805,509.01		40,213,508.60	
	UPEPV - Control Account	10,403,683.00		10,403,683.00	
	(-) Provision for Impairment in debts	(49,209,192.01)		(40,213,508.60)	
		-		10,403,683.00	
	Staff loans - Current	19,054,020.07	(12.1)	14,331,999.72	
	VAT Receivable	-		104,676,878.80	
	Other Debtors	15,281,263.02		15,600,844.71	
		<b><u>34,335,283.09</u></b>		<b><u>145,013,406.23</u></b>	

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**  
**YEAR ENDED 31ST DECEMBER 2021**

	<b><u>SLFRS</u></b>		<b><u>SLFRS</u></b>	
	<b><u>31.12.2021</u></b>		<b><u>31.12.2020</u></b>	
	<b><u>Rs.</u></b>	<b><u>Cts.</u></b>	<b><u>Rs.</u></b>	<b><u>Cts.</u></b>
<b>(12.1) Staff loans</b>				
<b><u>Non-Current</u></b>				
Staff loans	31,220,081.90		31,199,903.85	
Less : Deferred Staff Cost	(20,231,362.97)		(19,048,923.60)	
Prepaid Staff benefits	15,389,648.40		17,609,836.83	
	<b><u>26,378,367.33</u></b>		<b><u>29,760,817.08</u></b>	
<b><u>Current</u></b>				
Staff loans	9,425,599.61		10,037,905.54	
Staff loan interest at market rate	6,378,111.15		4,465,289.08	
Less : Provision for unpaid staff loans	(63,884.30)		(63,884.30)	
Less : Deferred Staff Cost	(1,332,067.87)		(1,420,450.46)	
Prepaid Staff benefits	4,646,261.48		1,313,139.85	
	<b><u>19,054,020.07</u></b>		<b><u>14,331,999.72</u></b>	
<b>(13) Advance and Prepayments</b>				
Prepayments	17,177,100.07		2,261,989.52	
Advances	4,716,038.30		2,896,918.98	
Bank Guarantee- Toyota Lanka	300,000.00		300,000.00	
Deposits for Services	1,695,555.00		1,695,555.00	
	<b><u>23,888,693.37</u></b>		<b><u>7,154,463.50</u></b>	
<b>(14) Cash and Cash Equivalents</b>				
Bank Of Ceylon – Cashier Deposit	2,500.00		2,500.00	
Bank Of Ceylon - Lake View Branch	58,135,105.38		25,230,747.79	
National Development Bank	5,039,744.97		313,562.18	
Bank Of Ceylon - Corporate Branch	1,393,839.32		1,943,606.60	
DFCC - Corporate Branch	97,390.00		148,890.00	
Bank of Ceylon - Call Deposit	10,000.00		10,000.00	
Sampath Bank - Kandy	5,759.35		5,560.66	
Sampath Bank – Galle	7,511.83		7,371.02	
Bank Of Ceylon - Mannar	28,190.30		27,595.82	
Sampath Bank - Kurunegala	17,707.97		17,426.58	
Cash in Hand	27,234.34		26,763.59	
	<b><u>64,764,983.46</u></b>		<b><u>27,734,024.24</u></b>	

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**  
**YEAR ENDED 31ST DECEMBER 2021**

	<b><u>SLFRS</u></b>		<b><u>SLFRS</u></b>	
	<b><u>31.12.2021</u></b>		<b><u>31.12.2020</u></b>	
	<b><u>Rs.</u></b>	<b><u>Cts.</u></b>	<b><u>Rs.</u></b>	<b><u>Cts.</u></b>
<b>(15) Grants Received - Equity Contribution</b>				
Capital Contributed by the Treasury	7,904,002.00		7,904,002.00	
UNDP Contribution	2,110,282.00		2,110,282.00	
	<b><u>10,014,284.00</u></b>		<b><u>10,014,284.00</u></b>	
<b>(16) Grants Received</b>				
Government Contribution - Motor Vehicle	38,826,450.00		38,826,450.00	
Government Contribution - Other	22,828,742.65		20,491,468.90	
ITC Contribution	12,716.35		12,716.35	
Export Promotion Secretariat	202,677.32		202,677.32	
Grants - Market Access program	939,000.00		939,000.00	
(-) Amortization of Government Grants	(43,913,142.04)		(36,548,993.56)	
	<b><u>18,896,444.28</u></b>		<b><u>23,923,319.01</u></b>	
<b>(17) Provisions and Other Liabilities</b>				
UPEPV	843,295.77		2,108,251.77	
Exporter contribution	27,394,516.27		11,829,741.00	
Refundable Deposits	8,812,384.12		8,762,384.12	
	<b><u>37,050,196.16</u></b>		<b><u>22,700,376.89</u></b>	
<b>(18) Retirement Benefits Obligation</b>				
Balance as at 01.01.2021	77,267,377.50		75,445,155.25	
Provision during the year	9,196,815.00		14,074,547.00	
Paid during the year	(18,239,612.50)		(12,252,324.75)	
Balance as at 31.12.2021	<b><u>68,224,580.00</u></b>		<b><u>77,267,377.50</u></b>	

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**  
**YEAR ENDED 31ST DECEMBER 2021**

	<u>SLFRS</u>		<u>SLFRS</u>	
	<u>31.12.2021</u>		<u>31.12.2020</u>	
	<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
<b>(19) Trade Payables</b>				
Stamp Fees Payables	28,775.00		27,675.00	
Unclaimed Sundry Payments	21,093.04		26,080.15	
EPF Payable	2,677,582.60		2,890,905.51	
ETF Payable	321,309.91		346,908.66	
Employees Final Payments	43,997.13		43,997.13	
Salaries Payable	140,172.30		160,672.30	
Audit Fees Payables	1,980,000.00		1,890,000.00	
Repayable Security Deposit- Cashier	2,500.00		2,500.00	
Refundable Deposit for Tenders	301,000.00		261,000.00	
Un-presented cheque-creditors	469,134.43		140,476.36	
Other Accrued Expenses	42,322,366.76		102,740,134.14	
Control A/C - National Export Strategy	384,527.16		5,816,722.59	
Control A/C - Market Access Program	693,828.88		73,533.88	
Control A/C - BSU -IT Initiative	35,722.00		1,881,382.13	
Control A/C - Infrs. Develop Boat Building	-		131,534.60	
Control A/C - National Export Brands Development	18,425,479.88		-	
Control A/C - Kithul Product Development	966,075.00		-	
Control A/C - Coffee E P V Programme 2021	5,849,085.00		-	
	<b><u>74,662,649.09</u></b>		<b><u>116,433,522.45</u></b>	

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**  
**YEAR ENDED 31ST DECEMBER 2021**

(20) Investments in equity shares were tested for impairment as required by LKAS 39. Accordingly reversal of impairment provision amounting to Rs. 31,698,150 was done as at 1st January 2011.

(21) (21.1) **Staff Loan**

As per SLFRS 9, Staff loans are recognized at fair value by discounting future cash flows at the effective rate of interest of the current year. Loan balances were shown in the balance sheet after adjusting the deferred staff cost and prepaid staff benefit.

*The respective balances are shown in the financial statements as follows.*

Staff Loans	Rs.	40,581,797.21
Less: Deferred staff cost	Rs.	(21,563,430.84)
Add: Prepaid staff benefit	Rs.	20,035,909.88
Add: Interest at EIR -2021	Rs.	<u>6,378,111.15</u>
	Rs.	<u><b>45,432,387.40</b></u>

(21.2) Prepaid Staff benefit arisen for the newly granted loans adjusted to the asset in the balance sheet. It will be recognized as an expense over the loan period. Amount relevant to 2020 has been charged to income statement as follows.

Prepaid Staff benefit 2020	Rs.	18,922,976.68
Add: Prepaid staff benefit for new loans	Rs.	5,559,345.86
Less: Charged to income statement in 2021	Rs.	<u>(4,446,412.66)</u>
Year-end balance	Rs.	<u><b>20,035,909.88</b></u>

**SRI LANKA EXPORT DEVELOPMENT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**  
**YEAR ENDED 31ST DECEMBER 2021**

**(22) Prior Year Adjustments**

Errors that have been made in respect to the recognition and measurement of elements of the financial statements have been corrected for the year 2021. Since it is impracticable to restate the financial statements for the periods in which the errors have been occurred, adjustments are reflected in the current year financial statements. This is in accordance with the section 50 of the LKAS 8 for impracticability of retrospective application and retrospective restatement.

<b><u>Nature of the Prior period error</u></b>	<b><u>FSs' line item affected</u></b>	<b><u>Amount (Rs)</u></b>
Write-off asset balances	Retained Earnings	(104,676,878.80)
Expenses recorded in 2021 which are related to previous years	Relevant expenditure accounts	(692,714.86)
Recording Over/ Under Provisions made	Relevant expenditure accounts	(10,426,275.41)
Reversal of expenses related to previous years	Relevant expenditure accounts	2,688,257.61
Cancellation of Cheques due to expiry of the cheque date	Relevant ledger accounts	3,562.50
		<b>(113,104,048.96)</b>

**(23) Related Party Transactions**

Payments are made in the ordinary course of business to its Associate Company i.e. Development Holdings (Pvt) Ltd. for certain specified activities are considered as related party transactions. During the reporting period, the following transactions which includes outstanding balances and commitments have been done with such related party by the EDB. Following details are presented according to the LKAS 24 disclosure requirements (Paragraph 18).

<b><u>Name</u></b>	<b><u>Transactions</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
		<b><u>Amount (Rs)</u></b>	<b><u>Amount (Rs)</u></b>
Development	Rental	74,460,000.00	74,460,000.00
Holdings	Parking Fees	714,000.00	714,000.00
(Pvt) Ltd.	Electricity	16,383,580.79	15,784,670.41
	Water	210,591.91	210,435.63
	Air condition charges	-	49,496.20
	Janitorial Expenses	293,918.76	288,351.21

**SRI LANKA EXPORT DEVELOPMENT BOARD**

**NOTES TO THE FINANCIAL STATEMENT**

**YEAR ENDED 31ST DECEMBER 2021**

Auditorium hire charges	-	588,073.91
Dividend Received	40,272,190.00	38,580,758.02

**(24) Contingent Assets and Liabilities**

There are no any other contingent assets or liabilities as at the balance sheet date except the details mentioned below.

<u>Nature of Contingent Asset as at 31.12.2021</u>	<u>Name of the Party from whom the Contingent Asset arose</u>	<u>Probable/ Estimated cash inflow in future</u>		<u>If unable to measure the cash inflow</u>
		<u>Rs.</u>	<u>Cts.</u>	
i. Case filed to recover outstanding rent, electricity and janitorial charges - Chennai Trade Centre	PIMA Holding (Pvt) Ltd	59,151.00		Legal Fees to AG's Department
	Gem Nation (Pvt) Ltd	2,226,596.78		
	Unique Multi Artist	194,142.50		Legal Fees to Arbitration
	Sara Oos Leather (Pvt) Ltd	1,131,017.00		
ii. Loan Defaulter	Works of Arts	24,000.00		-
	Rajas Jewelry	90,418.00		-
	Ceylon Ornamental Ceramics	99,720.00		-
	Coconut Husk Chips	22,809.46		-
	Saman Gems & Jewelers	73,841.00		-
	Unique Multi Artists	187,006.54		-
iii. Repayment of Bond	Siri kumara	104,725.45		-
iv. Case filed to recover outstanding advance payment paid by the EDB	Solar Green Plantations (Pvt) Ltd	1,505,932.00		-
v. Recovery of salary - vacation of post mediation board	Gihan Chathuranga	512,856.75		-
	W.H.C.W. Fernando	38,783.27		-
	N.V.D. Sihinuwan	46,677.50		-

**AUDITOR GENERAL'S  
REPORT - 2021**

Chairman

Sri Lanka Export Development Board

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Export Development Board for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

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**1. Financial Statements**

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**1.1 Qualified Opinion**

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The audit of the financial statements of the Sri Lanka Export Development Board for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and 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.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## **1.2 Basis for Qualified Opinion**

### **(a) Sri Lanka Accounting Standard 16**

- (i) Even though, the Property, Plant and Equipment should be revalued once in every 05 years according to paragraph 34, the value of the Property, Plant and Equipment used by the Board had not been revalued after the year 2013, thus the fair value of the Property, Plant and Equipment was not shown in the financial statements.
- (ii) Even though, the effective life for Non-Current Assets had not been reviewed annually according to paragraph 51, the cost of Motor Cars valued at Rs. 42,139,250 which were fully depreciated, but continued to be in use. The estimated error which had been arisen had not been properly revised according to Sri Lanka Accounting Standard 08.

### **(b) Sri Lanka Accounting Standard 19**

According to Sri Lanka Accounting Standard No. 19, the present value of the defined benefit obligation should be shown in the calculation of the Gratuity Provision and for that purpose all lifetime gains and losses should be considered in the comprehensive income statement. However, in allocating Rs.9, 196,815 for the Gratuity Provision for the year under review, the corresponding calculations were not performed.

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

## **1.3 Other information included in the Board's 2021 Annual Report**

The other information comprises the information included in the Board's 2021 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board 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 Board.

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

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up

to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board 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 was 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 Board has any direct or indirect interest in any contract entered into by the Board 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 Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

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

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

### **3. Other Audit Observations**

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- (a) The balances of loan given to exporters by the Board as at the end of the year under review was Rs. 38,805,509 and out of which Rs. 37,609,509 were 23 years old loan balances and Rs. 1,196,000 were 15 years old loan balances. However, the Board had not been able to recover the said loan balances even by the end of the year under review.
  
  - (b) The amount of Rs.10, 403,683 which was rendered to Uva Paranagama Export Production Villages (UPEPV) Company, had been remained and shown in the accounts for a period of 12 years from the year 2009 and the Board could not be able to recover the total amount or part of it.
  
  - (c) The Board had invested an amount of Rs. 56,332,354 in ordinary shares of 34 companies as of 31 December 2021 and out of which, only 23 companies with an invested value of Rs. 36,271,994 had remained operational as of 31 December 2021. Further, Rs. 40,345,573 had been received as dividends, only from 02 companies out of the 23 active companies for the year under review.
  
  - (d) The Board had invested an amount of Rs. 105,117,478 in redeemable preference shares of 29 companies as of 31 December 2021 and out of which, only 16 companies with an invested value of Rs. 81,877,780 had remained operational as of 31 December 2021. However, no dividends had been received from the investments on the above active companies for the year under review.

- (e) The total floor area with 14,097 square feet in the 5th, 6th, 7th, 8th and 9th floors of the DHPL building, was acquired by the Board on a rental basis. The following observations are made according to the audit test checks done on the usage of the building and payment of rent.
- (i) Two rooms of the building with a floor area of 120.90 and 178.25 square feet on the 09th floor, was given for occupation on an agreement to two private organizations without charging rent, and after the expiry of the said contractual period, commencing from 10 December 2019, those chambers remained idle without any productive use.
  - (ii) An area of 389.4 square feet was allocated on the 09th floor for the supervisory functions of the Board, and 508.75 square feet on the 08th floor for the establishment of the Export Services division and the Market Development division of the Board, but that space was not utilized during the year under review.
  - (iii) Accordingly, 1,197.61 square feet had remained un-utilized and the total rent paid by the Board, for the un-utilized space amounted to Rs. 6,325,776 at the rate of Rs.5, 282 per square feet during the year under review.

W.P.C. Wickramaratne

**Auditor General**



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