COLOMBO PORT CITY
ECONOMIC COMMISSION

FY 2021
Annual
REPORT

COLOMBO PORT CITY
ECONOMIC COMMISSION

CONTENTS

Our Vision

TO BE A WORLD-CLASS
SUSTAINABLE
SERVICE ORIENTED SPECIAL
ECONOMIC ZONE.

Our Mission

- **BOOST** EASE OF DOING BUSINESS.
- **ACCELERATE** SUSTAINABLE ECONOMIC GROWTH BY CREATING INTRINSIC VALUE FOR INVESTORS.
- **GENERATE** OPPORTUNITIES FOR STAKEHOLDERS BY PROVIDING A SMART CITY.
- **ADHERE** TO ENVIRONMENTAL SUSTAINABILITY STANDARDS TO POSITION PORT CITY COLOMBO AS THE PREFERRED INVESTMENT DESTINATION IN THE REGION.

Our Values

- EFFICIENT
- TRANSPARENT
- ETHICAL
- TRUSTWORTHY
- RESILIENT

THE FORMATION AND ROLE OF COLOMBO PORT CITY ECONOMIC COMMISSION

The **Colombo Port City Economic Commission was established** by an act of parliament dated May 28th, 2021, and known as the Colombo Port City Economic Commission Act No. 11 of 2021to provide for the establishment of a Special Economic Zone. Through the Colombo Port City Economic Commission Act, the Commission is empowered to grant registrations, licences, authorisations and other approvals to carry out businesses and other activities in and from the Colombo Port City Special Economic Zone. The Commission shall act as a single window investment facilitator for the promotion of ease of doing business within the Special Economic Zone and be authorized to determine and grant incentives and other exemptions for the promotion of businesses of strategic importance within the zone.

The **main objectives of the Commission** are to promote and facilitate international trade, shipping logistic operations, offshore banking and financial services, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations, tourism, and other ancillary services which help rapid development of the country through increased economic activity in the areas mentioned above. This will facilitate the diversification of the service economy, promote inflow of foreign exchange, and generate both direct and indirect employment opportunities through the Zone.

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The official transfer of 269 hectares of reclaimed land from the CHEC Port City Colombo (the Project Company) to the Urban Development Authority took place in October 2019. Subsequent to the establishment of the Colombo Port City Economic Commission, in August 2021, the reclaimed land, which was under the Urban Development Authority, vested with the Colombo Port City Economic Commission on a freehold basis through a presidential grant, as stipulated in the Colombo Port City Economic Act. By the powers vested, the Commission can enter into long-term leases with investors on all marketable land parcels in the Colombo Port City.

To carry out the functions as the apex regulatory body for the Colombo Port City, under s.23 (2) (a) of the Colombo Port City Economic Act, LKR 400 million was advanced to the Commission by the Project Company on an interest-free basis and such advance to be repaid through the facilitation and other related fees the Commission receives in discharging the services as stipulated in the Colombo Port City Economic Act.

As per the triparty agreement entered between the Government of Sri Lanka, the Project Company and the Urban Development Authority - where out of the total of 269 hectares of reclaimed land 116.1 hectares of marketable land was given to the Project Company on a 99-year lease to recover the total investment of about US$ 1.4 billion.

MESSAGE FROM THE PRESIDENT

Today we are facing an unprecedented situation that our country has never faced in recent history. We need to move towards long-term solutions to overcome current economic challenges.

The Colombo Port City is an area of 269 hectares of reclaimed land located in Colombo within the Western Province of Sri Lanka and is a part of the administrative District of Colombo. This area of land is to be developed as a Special Economic Zone (called the Colombo Port City Special Economic Zone), to facilitate investments and doing business from Sri Lanka with emphasis on the service economy.

The Commission will act as a single window investor facilitator for all the investments and projects in the Colombo Port City. Land within the city vests with the Commission and any lease of land for a project will have to be executed with the Commission.

A strong foundation needs to be laid to have a resilient economy to deal with modern economic shocks which are now part and parcel of global business. The economy should be modernized. Economic stability should be established and transformed into a competitive export economy. In this context, we are now formulating necessary policies, rules, regulations, and programmes, to strengthen the export economy, with special emphasis on service exports for the promotion and facilitation of economic activity. These include international trade, shipping logistic operations, offshore banking and financial services, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations and tourism, as our economic legacy is based on foreign trade from ancient times.

I am of the view that, in the 21st century, the Indo-Pacific region will be the most powerful economic domain in the world. In this context, the strategic geographical location of our country is extremely important. We should make the best use of this favourable position, following the development of the Colombo Port City Special Economic Zone. By this, Sri Lanka can be an international Financial Centre and service hub with specialized infrastructure and regulations attractive to the target sectors and be the gateway for service exports in Asia.

Ranil Wickremesinghe

President of Sri Lanka
Minister of Investment Promotion

MESSAGE FROM STATE MINISTER

MINISTRY OF INVESTMENT PROMOTION

In accordance with the Government's National Policy Framework and under the strong leadership of His Excellency the President has assigned me the task to promote foreign direct investment and private sector investments into thrust sectors to deliver much expected economic benefits to Sri Lanka, including the creation of jobs and increasing net contribution to Gross Domestic Product to the country.

The establishment of the Colombo Port City Economic Commission in 2021 signifies an innovative inventive and ground-breaking economic concept, one that has borne fruit in other countries but is new to ours. It is a concept that will revolutionise Sri Lanka's operations in international trade, shipping, banking and financial services, information technology and tourism. The Commission's main objective is to establish the Colombo Port City Special Economic Zone free from established laws as stated in the Colombo Port City Economic Commission Act No. 11 of 2021 and draft new rules and regulations, a financial framework that will expedite setting up a business, and operate with global financial practices and approaches. We envisage the country's ranking in ease of doing business to improve to be in par with most of the other jurisdictions with such Special Economic Zones.

The Commission is entrusted with Building a World-Class City for Sri Lanka, and I am confident that the Commission together with the Management team is well positioned to deliver what is expected.

Dilum Amunugama

State Minister - Ministry of Investment Promotion

MESSAGE FROM THE SECRETARY

MINISTRY OF INVESTMENT PROMOTION

Working together with stakeholders to enhance and increase investments and investor confidence.

The need of the hour is providing a business-conducive and competitive environment for Sri Lanka and the government is focused and has given the highest commitment to Foreign Direct Investments to create Employment, promote Tourism, International Trade, Sustainable Development and enhance Foreign Exchange Earnings with economic and social benefits to our people. The Colombo Port City is a service-oriented Special Economic Zone in the region and the Colombo Port City Economic Commission (Commission) is a Single Window Investment facilitator, which is a valuable addition to our Investors.

The Commission was appointed under the Colombo Port City Economic Commission Act No. 11 of 2021. The Ministry of Investment Promotion plays a significant role in guiding the Commission, Government and Stakeholders.

While appreciating the committed and comprehensive service provided by the Commission to the stakeholders, we also share our strong support in working together to increase investment opportunities in Sri Lanka, by facilitating the ease of doing business for all activities related to the Colombo Port City.

I would also like to further highlight that the Government is now focused on effective collaboration and efficient facilitation to address the challenges faced by all our stakeholders in the current context, address the pain point, through an investor-friendly business landscape and build investor confidence, to enhance economic growth for Sri Lanka.

I am extremely positive that the key concerns in improving the business and investment environment of the country in developing the export of services are addressed with Colombo Port City, and that this would be a game changer for us to spur innovation and change.

H H Nayeemudeen

Secretary to the Ministry of Investment Promotion

CHAIRMAN'S MESSAGE

Dear Esteemed Stakeholders,

On behalf of the Colombo Port City Economic Commission, I am pleased to present to you our Annual Report for the financial year ending 31st December 2021. My introduction to the Annual Report is brief as I was only formally appointed to the role of Chairman in July 2022.

With a multi-skilled team of 12, along with the master developer, the Commission has navigated through a very challenging year. Our ambition is to design, build and manage the leading international financial centre and service hub for the Middle East and South Asia and create the most sustainable office, retail, leisure and living space in South Asia. To achieve this goal, we are introducing cost-effective licensing solutions, fit-for-purpose regulation, and innovative accelerator programmes.

The Commission aims at achieving excellence in business operations, embracing change, encouraging innovation consistently, and delivering high-quality service - while minimizing costs and maximizing value for investors, through implementing LEAN Six Sigma methodology for service delivery and adopting advanced technologies, which leads to long-term sustainable growth.

Our strategy is to build a world-class sustainable city with best-in-class regulations. This strategy responds to all stakeholders across to help build an Efficient, Transparent, Trustworthy, Ethical and Resilient, Special Economic Zone, with sustained outcomes. This will be executed to attract foreign direct investments, the best talent and infrastructure by - facilitating ease of doing business, enhancing investor confidence, and promoting international trade, shipping, logistics, IT, BPO, etc.

We believe business has a responsibility to be a force for good in society, and be accountable to all stakeholders: employees, customers, communities, policymakers, regulators, and society at large. This is essential to maintain social freedom to operate, but more importantly, it's vital to maintaining collaborative partnerships with societies on which we depend and to build confidence in our commitment to investors and key stakeholders at large.

Delivering quality work is at the core of everything we do. It is the foundation of building trust and delivering sustained outcomes. The Commission consistently works to deliver quality, independence, excellence, and governance to win the confidence of our stakeholders.

On behalf of the Commission, I wish to acknowledge the contribution of former Chairman, Mr Gamini Marapana, PC and Commissioner Mr Gerard Ondaatjie and all our stakeholders for their continued confidence in the Colombo Port City in a very difficult year.

Dinesh Weerakkody

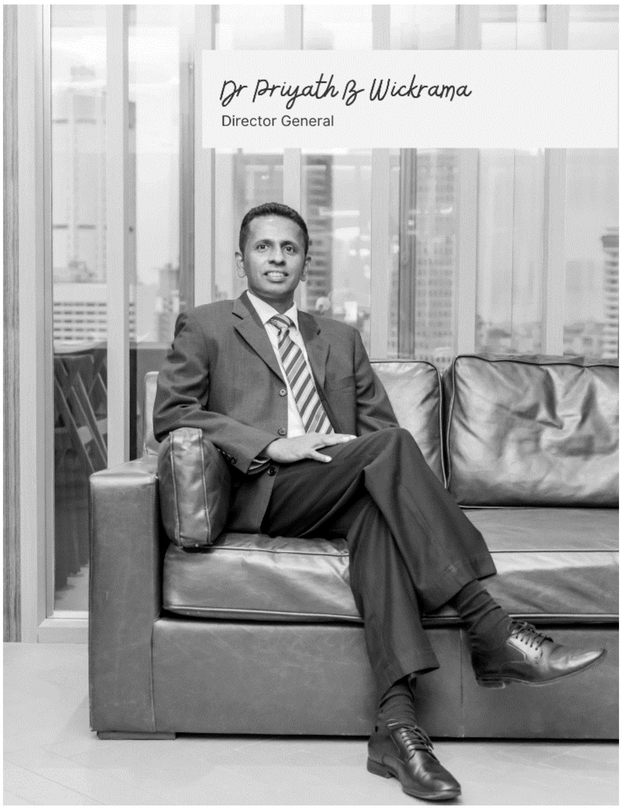
Chairman

↘ DIRECTOR GENERAL'S MESSAGE

Colombo Port City is a service-oriented Special Economic Zone (SEZ) and a brand-new city development on reclaimed land located in central Colombo. The city is designed on the latest sustainable city building designs while following smart city concepts to be the most liveable city in South Asia.

THE PROGRESS

The reclamation was completed in 2019 and the basic infrastructure is being built. The past few years have been very challenging to the Government of Sri Lanka as well as to the Project Company due to Covid 19 pandemic and economic slowdown. However, progressive completion of phase 1 infrastructure up to 2022, was done with adjusted timelines and the Project Company planned to commence the 5-year strategic roll-out construction plan in 2022, in which the strategic plots are envisaged to be developed. As per the Master Plan, the city will include 6.3mn sqm of Gross Floor Area (GFA) of built-up space. This includes residential, commercial, retail, hospitality sectors and space for other social infrastructure.



The value of the reclamation and Phase I initial infrastructure is expected to be around US$ 1.4 billion and as of September 2022, approximately US$ 1.2 billion have been invested. It is expected that Colombo Port City Project will create more than 83,000 new job opportunities and will be home to a residential population of about 80,000 and a transient population of about 250,000.

In keeping with the Framework set out in the President's Policy Statement in August 2022, the Colombo Port City Economic Commission ("Commission") is currently engaged in promoting the Colombo Port City amongst global investors as an attractive, internationally competitive, investment destination.

To achieve this objective, the Commission has requested the Parliament to Authorise the Commission to designate the investments for primary development ("Primary Investors") of all plots of land and investors starting businesses ("Secondary Investors") in Colombo Port City, as Businesses of Strategic Importance. Grant the said Primary Investors and Secondary Investors exemptions or incentives under the Enactments set out in Schedule II of the Colombo Port City Economic Commission Act No. 11 of 2021.

The status of the regulations to operate in Colombo Port City is as follows.

REGULATIONS	STATUS
Authorised Person registration process	Gazetted
Authorised Person Fee	-do-
Offshore company	-do-
Development Control	-do-
Exemptions for the Commission from Stamp Duty Special Provisions Act of 2006	-do-
Businesses of Strategic Importance	Awaiting Cabinet Approval
Duty Free	-do-
Lease of marketable land-transfers to a third party and receives payment in foreign currency	In Progress for Publication
Authorised Person Engage in Business	-do-
Terms relating to conducting business with a Sri Lankan resident	-do-
Procedure for an Authorised Person to engage in business outside Colombo Port City (until 2026)	-do-
Procedure to convert Sri Lankan rupees to foreign currency	-do-
Utilization of retail facilities	-do-
Gaming Activity	-do-
Functions of EMC with regards to Apartment and condominium management	-do-
Regulations for Condominium management and Apartment Ownership	-do-
Taxes and levies applicable within Colombo Port City	-do-
Recovery of Amounts to be paid to the Commission with regards to surcharges, penalties, etc.	-do-
EMC and Master Community Declaration	-do-
Banking Business	Awaiting Monitory Board Approval

In developing social infrastructure, the Commission is at the last stages of finalizing agreements with a reputed school brand from the United Kingdom and a reputed hospital brand from the United States of America to operate in the designated land plots as identified in the Development Control Regulations. Discussions are underway to secure an investor and an operator for the Exhibition and Convention Centre.

The Commission plans to aggressively promote the Colombo Port City to investors once the Businesses of Strategic Importance and relevant regulations are approved by the Cabinet of Ministers and the Parliament, which is critical for the investor to start a business in the Colombo Port City.

The Commission's aim is to lease 25% of the marketable land in three years from now and the Commission is confident in achieving the above target. The Commission also envisage the total investment (Land, Buildings, and other developments) would be around US$ 5.6 billion.

In this new age of a new growth cycle and needs for the future, I believe that the Commission is well-positioned to seize and build new opportunities as we arise by leveraging our strengths and comprehensive value of Colombo Port City and the Commission, to provide our stakeholders with one-stop solutions. We will continue to focus on the execution of our strategy and strive towards a more sustainable future business.

WORDS OF APPRECIATION

I would like to humbly thank the Commission team, and business associates for their support and hard work that has enabled us to date. I would also like to extend my gratitude to my fellow Commission Members for their contributions to the Commission's progress. Finally, I would like to show appreciation to all our key stakeholders for their continuous support.

Dr Priyath B Wickrama

Director General

Commission Members

Dr Priyath B Wickrama

Director General / Commissioner

Saliya Wickramasuriya

Commissioner

Mahinda Siriwardana

Secretary to the Treasury

Dinesh Weerakkody

Chairman

Reyaz Mihular

Commissioner

Rohan De Silva

Commissioner

Kushan Kodituwakku

Commissioner

Commission Member Profiles

DINESH WEERAKKODY

Dinesh Weerakkody, DBA, has been the Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC. He currently serves as the Chairman of the Colombo Port City Economic Commission since July 28th, 2022.

Dinesh is the Deputy Chairman of the Employers Federation of Ceylon, Immediate Past Chairman International Chamber of Commerce Sri Lanka and the Vice Chairman of the Sri Lanka Institute of Directors of Sri Lanka and Director of several companies. He is currently an Advisor on Treasury Affairs to the President and Chairman of the Board of Investment Sri Lanka. He is a former Chairman the Employees Trust Fund Board of Sri Lanka, the International Chamber of Commerce Sri Lanka, the National Human Resource Development Council of Sri Lanka. He was also an Advisor to the Prime Minister of Sri Lanka, Ministry of National Policies and Economic Affairs and to the Minister of Tourism Development.

DR PRIYATH B WICKRAMA

Dr Priyath was appointed as the Actg. Director General of the Colombo Port City Economic Commission from March 2022, administering the most significant investment in Sri Lanka, the Colombo Port City Special Economic Zone.

He was formerly the Secretary to the Ministry of Urban Development, Water Supply, and Housing Facilities, Chairman of the Sri Lanka Ports Authority (SLPA), during which, he initiated and executed significant infrastructure projects such as the construction of Hambantota Port, the expansion of Colombo Port, and the ongoing Colombo Port City Project.

Dr Priyath is a graduate of the University of Moratuwa, holding a BSc (Hon) degree in Mechanical Engineering and a Post Graduate Diploma in Energy Technology from the same alumni. In addition, he has a Doctorate in Operation Management from the International University of America in London.

He has received numerous international and local awards and accolades in recognition for his achievements throughout the years.

SALIYA WICKRAMASURIYA

Saliya joined the upstream oil and gas industry in 1984, working for Schlumberger, the world's largest petroleum services company. Following 20 years in oil exploration worldwide, he returned to Sri Lanka in 2004, and was appointed Chairman/Director General of the Sri Lanka Board of Investment.

He was Chairman of the Sri Lanka Ports Authority from 2006 to 2009, after which he spent 3 years back in the international oil and gas sector. Returning to Sri Lanka in 2011,he spent 6 years as the Director General of the Petroleum Resources Development Secretariat, an institution tasked with developing the country's emerging upstream petroleum industry.

Saliya has been Co-Chair of the Energy Committee of the Ceylon Chamberof Commerce since 2017, was appointed Member of the Colombo Port City Economic Commission in May 2021, taking on the additional role of Acting Director General until February 2022. He also serves as the Chairman of the Petroleum Development Authority of Sri Lanka, the newly created upstream petroleum regulator.

MAHINDA SIRIWARDANA

Mahinda is a Deputy Governor of the Central Bank of Sri Lanka and has more than 31 years of service experience in the Central Bank of Sri Lanka.

Prior to his appointment as a Deputy Governor, he held key positions of Assistant Governor and Director of Economic Research Department of the Central Bank of Sri Lanka. He was released from Central Bank of Sri Lanka, to serve as the Secretary to the Treasury and the Ministry of Finance, Economic Stabilization and National Policies. He also serves as the ex-officio Member of the Monetary Board of the Central Bank and the Finance Commission.

Mahinda has served in many committees and councils in various capacities as Chairman of the Sustainable Development Council, Chairman of the Monetary Policy Committee and Market Operations Committee of the Central Bank and as a member of the Board of Directors/Treasury Representative in several institutions, including Bank of Ceylon, Commercial Bank of Ceylon PLC, National Savings Bank, Sri Lanka Ports Authority, Board of Investments of Sri Lanka, Export Development Board, Sri Lanka Export Credit Insurance Corporation and Sri Lanka Vocational Training Authority.

Mahinda holds a Master of Arts (MA) Degree in Economics and a Postgraduate Diploma in Economic Development from Vanderbilt University, USA, and a Bachelor of Arts (BA) (Special) Degree in Economics from the University of Kelaniya.

REYAZ MIHULAR

Reyaz is presently Chairman of Bairaha Farms Limited and serves on the Board of Nestle Lanka PLC and Agility Innovation (Pvt) Ltd. He formerly served as Managing Partner of KPMG Sri Lanka & Maldives, Chairman of KPMG Middle East & South Asia, Member of KPMG Europe, Middle East & Africa (EMA) Board and KPMG International's Global Council.

He previously served on the Board of the International Accounting Standards Committee, based in London, for a period of 5 ½ years, where he chaired the Steering Committee which developed the International Accounting Standard (IAS 41) on Agriculture. He also served as a Member of the Standards Advisory Council of the restructured International Accounting Standards Board for a period of 3 years ending 2006. He also served on the Board of the International Ethics Standards Board (IESBA) based in New York, for a period of 6 years.

Reyaz presently serves as a Member of the Stakeholder Engagement Committee (SEC) of the Central Bank of Sri Lanka.

ROHAN DE SILVA

Rohan is a Fellow member of the Charted Institute of Logistics and Transport of Sri Lanka and holds an MBA from the University of Chichester, UK.

He has created and led more than 75 group companies and spearheaded the McLarens Group across different regions, and currently serves as the Group Chairman of McLarens.

Rohan is a Director of Sri Lanka Ports Authority, Hambantota International Port Group (Private) Ltd., Hambantota International Port Services Company Ltd., Jaya Container Terminal Limited and Colombo International Container Terminals Limited (CICT). He is a member of the Ceylon Association of Ships Agents Advisory Committee and several Institutions and committees.
He is the Honorary Consul for the Republic of Namibia in Sri Lanka.

KUSHAN KODITUWAKKU

Kushan, Managing Director of Orel Corporation known for its flagship brand Orange Electric, heads the 3rd generation Sri Lankan family business that employs 35000+ personnel that operates across 4 continents.

Orel IT, a subsidiary of Orel Corp is one of the leading A1 service providers in the world for autonomous driving vehicles and one of the largest IT employers in the country, with a vision to be an enabler in transforming Sri Lanka towards industry 4.0.

Orel spearheaded Digital Commence by displaying Onebuy and its Fin-Tech app Onepay and launching the first unmanned store in South Asia at Shangri-La Mall.

Kushan holds a B.Sc. in industrial engineering from the University of New Haven, Connecticut, USA. He served as the Chairman of the Chamber of Young Lankan Entrepreneurs and has been recognised with multiple Awards and Accolades.

Commission Directors

Vindhya Weerasekera

Director
Legal & Corporate Affairs

Ruwan Karunaratne

Director
Finance

Revan Wickramasuriya

Director
Financial Services & Compliance

Dimantha Kinigama

Director
Commercial & Operations

H C J Thilakarathne

Director
Engineering

Commission Director Profiles

VINDHYA WEERASEKERA

Attorney-at-Law with over 25 years of experience.

Vindhya holds a Bachelor of Laws Degree (LLB) from the University of Colombo, a Master of Laws (LLM) in International Trade Law from the University of Wales, a Post Attorney Diploma in Intellectual Property Law from the Sri Lanka Law College in collaboration with the Asia Pacific Institute, Washington DC, USA.

She has extensive experience in the legal and corporate sectors in senior capacities.

RUWAN KARUNARATHNE

Fellow Chartered Accountant with over 25 years of experience in both public and private sector organizations.

Ruwan holds an MBA, specialised in Finance from the University of Colombo, a Fellow Charted Accountant (FCA), a Charted Tax Advisor and an Associate member of Certified Management Accounts. (ACMA).

He carries extensive experience in Financial Reporting, Tax & Financial Planning, Central Treasury Operations, Budgeting and Forecasting.

REVAN WICKRAMASURIYA

Over 25 years of financial services sector experience across Sri Lanka, Australia, the Asian Subcontinent, the Middle East and Africa.

Revan is a member of the Chartered Financial Analysts (CFA) USA and the Chartered Institute of Management Accountants (CIMA) UK.

He has expertise in developing solutions to manage risks related to financial markets, foreign exchange flows, and credit risk, providing solutions in bilateral and multilateral financing, and balance of payment restructuring to government institutions including Central Banks, Financial Institutions, and Multinational Corporations Across various industries.

DIMANTHA KINIGAMA

Over 25 years of experience in Duty-Free and Airport Commercial Industries.

Dimantha holds a Bachelor of Arts in Business Administration (BA) from Middlesex University in the UK.

He has extensive experience in senior capacities in the duty-free industry in the Middle East and Indian sub-content with leading global retail institutions, being the first Sri Lankan to be appointed as the CEO of a global premier Duty-Free entity in the Indian Subcontinent.

H C J THILAKARATHNE

Over 23 years of experience across Sri Lanka, Asia Pacific, and the Gulf Region in both public and private sectors.

He holds a Bachelor of Science in Engineering (BSc. Eng. Hons) from the University of Peradeniya, Post Graduate Diplomas in Foundation Engineering and Earth Retaining Systems, and Construction Law and Dispute Resolution from the University of Moratuwa. A Chartered Civil Engineer registered in the Engineering Council of Sri Lanka.

Thilakarathne has vast experience in the field of civil engineering, construction management and administration.

The foundation of the Commission's structure is built on transparency, greater accountability, responsibilities and clear reporting lines through Management Committee, Audit Committee and Procurement Committee. The Commission and Committees, assisted by consultants where necessary, are responsible for the setting strategy and road map for the Commission, and exercising oversight while Management and Management Committees are responsible for executing strategy and driving implementation.

BOARD COMPOSITION

As per section 7 of the Colombo Port City Economic Commission Act, No. 11 of 2021, the Commission must consist of not less than five members and not more than seven members who shall be appointed by the President. Such appointments have the relevant expertise in the fields of Investment, Finance, Law, Information Technology, Engineering, Business or Accountancy. Further, the President appoints one member amongst such members, to be the Chairman of the Commission.

Currently, the Colombo Port City Economic Commission Comprises 7 Commission members,

1. Dinesh Weerakkody (Chairman)
2. Dr Priyath B Wickrama (Director General)
3. Saliya Wickramasuriya
4. K M M Siriwardana
5. Reyaz Mihular
6. Rohan De Silva
7. Kushan Kodituwakku

COMMISSION MEETINGS

As per the Act, the Colombo Port City Economic Commission should hold at least one Commission meeting per calendar month and the quorum required for a meeting of the Commission shall be 4 members. In the year 2021, the Commission held fifteen (15) scheduled meetings and all of the meetings were targeted towards drafting world-class regulations for Colombo Port City by carrying out benchmarking studies through consultants such as Ernst & Young, PricewaterhouseCoopers, Boston Consulting Group etc.

Name	Date of Appointment	Status	Attended/No. of Meetings
Gamini Marapana PC *	May 31st 2021	Chairman	15/15
S. R. Attygalle **	May 31st 2021	Commission Member	12/15
Saliya Wickramasuriya	May 31st 2021	Commission Member	14/15
Dr Priyath B Wickrama	May 31st 2021	Commission Member	14/15
Kushan Kodituwakku	May 31st 2021	Commission Member	14/15
Rohan De Silva	May 31st 2021	Commission Member	14/15
Gerard Ondaatjie***	May 31st 2021	Commission Member	10/15

Resigned on July 15th 2022* * Resigned on April 22nd 2022* **** Resigned on July 12th 2022*

BOARD SUPPORT STRUCTURES

MANAGEMENT COMMITTEE

The Management Committee consists of all Senior Directors of the Commission including the Director General who acts as Chief Executive Officer and is responsible for running the Commission's operations smoothly. The Management Committee meets weekly, to review the progress of work and to identify the bottlenecks to resolve them proactively. It is the responsibility of the Management Committee to navigate the day-to-day work towards achieving the overall objectives of the Commission. The matters arising from the Management Committee are reported to the Commission directly, for decision-making and record-keeping.

AUDIT COMMITTEE

The Commission has established an Audit Committee with two Commission members, a representative from the Ministry of Investment Promotion and a secretary to the Audit Committee. The Audit Committee has formulated the Audit Committee Charter which clearly states the purpose and authority, composition and meetings, duties and responsibilities in general, and towards the independent auditor.

PROCUREMENT COMMITTEE

The primary responsibility of the Procurement Committee is to assist the Board in performing its oversight function on all procurement activities of the Commission, to evaluate all procurement proposals and submit its recommendations to the Board.

The success of the Colombo Port City project is critical to the economic prosperity of Sri Lanka. The Commission is committed to upholding Commission procurement Guidelines which aim to establish governing principles and procedures in the procurement of goods, works and services in an efficient, fair, equitable, transparent, competitive, and cost-effective manner that brings together the ideas, experience, and skills to develop innovative solutions to meet the needs, expectations, and aspirations of Colombo Port City Economic Commission.

COMPANY SECRETARY

A Company Secretary provides guidance to the Commission on the discharge of its duties and therefore an external Company Secretary is needed in order to maintain the requirements of good faith and integrity of the Commission meetings by; (a) assisting the Chairman and dispatching the Agenda of the meeting after liaising with the Chairman and/or Commission Member, (b) Ensure Members perform and discharge the powers, duties and functions as set out in the Act, (c) Provide safekeeping with all official documents (if required), (d) Circulation of papers to the members, and (e) If necessary authentication of documents issued by the Commission and issuing certified copies of resolutions, minutes etc.

SUSTAINABILITY

Sustainability has become a critical component for modern cities as the world navigates the complex challenges arising out of the climate crisis, environmental stresses, resource challenges and social consciousness towards sustainability.

As the world becomes more urbanized, sustainable cities have become a core element in meeting global sustainability challenges. UN Sustainable Development Goals (SDGs) have identified the same as Goal 11 – Sustainable Cities and Communities - make cities and human settlements inclusive, safe, resilient, and sustainable as part of the global sustainable development agenda.

The sustainability vision and plan for Colombo Port City is to be one of the top destinations that adhere to global sustainability standards.

As Sri Lanka struggles to shed negative market and branding sentiments, the Commission believes a strong positioning of sustainability will open Colombo Port City to attract multinational companies to operate in and from Colombo Port City Special Economic Zone.

SUSTAINABILITY STRATEGY

The Commission envisages rolling the strategy for sustainability by following a benchmarking study to position the current infrastructure and sustainability approach among the top 5 global cities covering:

a. Energy and Transport
b. Climate change adaptation
c. Water Leadership
d. Waste management
e. Biodiversity – Urban ecology
f. Liveable cities

Colombo Port City addresses major sustainability issues through its physical and functional structure in combination with integrated systems solutions. The overarching goal is to create a mixed-use liveable and accessible city that reduces the urban heat island effect and becomes resource efficient with minimized energy demand.

This is done by defining strategies & sustainable guiding principles for:

URBAN PATTERN

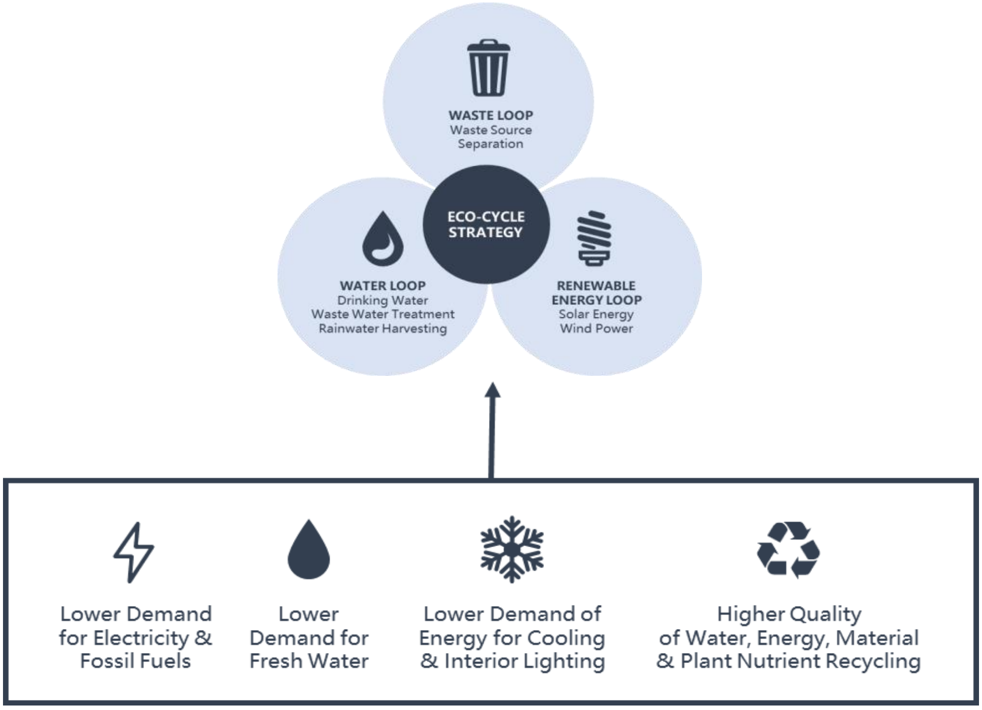
Layout of orientation, continuation, shape & dimension, taking local climate conditions into consideration, promoting resource efficient, convenient micro-climate & attractive urban spaces.

SUSTAINABLE URBAN DESIGN PRINCIPLES

Promoting an open city with continuous green-blue and open spaces, accessible & attractive for all.

LAND-USE, TRAFFIC & TRANSPORT

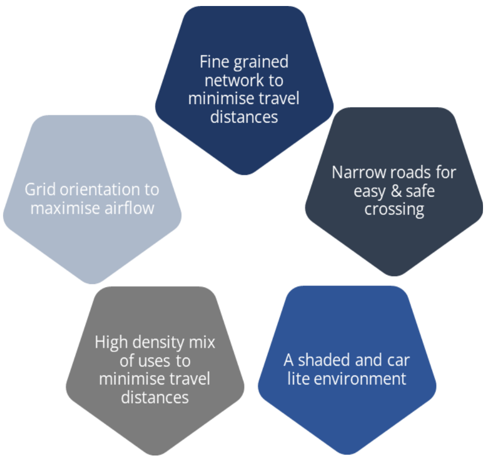
Promoting accessibility through walking, bicycling and efficient public transportation system minimizing car dependency.

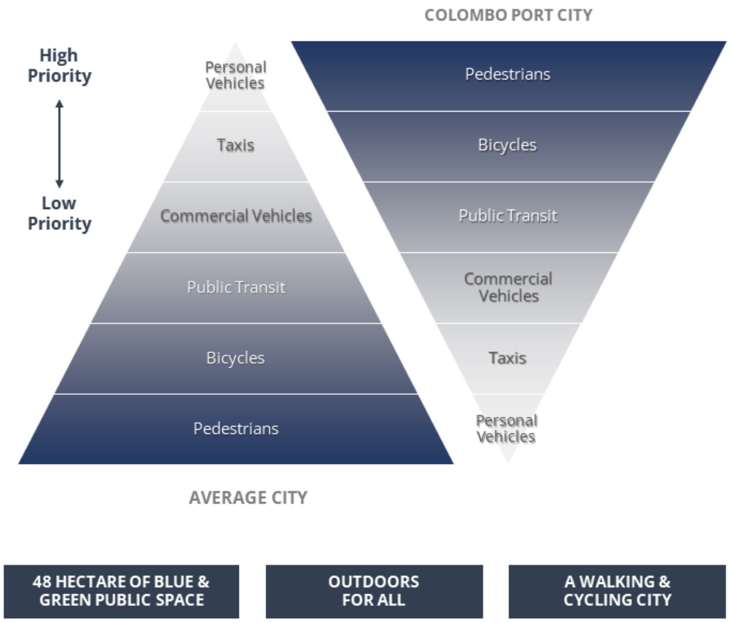


MASTER TRANSPORT STRATEGY OVERVIEW

The Colombo Port City masterplan has been designed to prioritise non-motorised models of transport such as walking and cycling. By inverting the traditional city transport model, large improvements will be seen in air quality and the reduction of the heat island effect contributing to the mission of a liveable city.

To make this a practical reality the masterplan incorporates the following design principles:





GREEN & BLUE STRATEGY

GREEN HIERARCHY: Parks and open spaces play a vital role in the development of Colombo Port City, enabling a high quality of life and promoting a clean and green identity.

The following hierarchy will be delivered at the city level and is intended to meet and exceed the Urban Development Authorities' Public Open Recreation Space (PORS) standard while responding to international best practices for liveable cities.

BLUE ENGAGEMENT: As a key maritime location the design of Colombo Port City, offers activities and experiences that have a close relationship with water. A waterfront promenade connects the historic city with a modern outlook, providing continuous pedestrian access from which to experience everything from the bustling Colombo Business District and the Marina to the tranquil and neighbourly beach within Island Living.

The unique relationship with the water, provides opportunities for water experiences, offering activities such as Canoeing and Paddle Boarding along with boat piers, offering a water taxi service.

A NETWORK OF PEDESTRIAN & PARK CONNECTORS

Facilitating public access across the city through a series of lush, shaded walking paths. Highlights include :

- Pedestrian Mall
- Boulevard Green
- Green Buffer

PRIMARY SYSTEM

The largest green bodies within Colombo Port City.

- Theme Park
- Central Park
- Linear Park
- Primary Green Connection

SECONDARY SYSTEM

Medium sized areas Including community park, secondary green connector & waterfront promenade.

- Community Park
- Secondary Green Connectors
- Waterfront Promenade

LOCAL OPEN SPACE SYSTEM

Smaller pockets and connectors including estate parks (serving development parcels), shared streets & Channel buffers.

- Estate Parks
- Shared Streets
- Channel Buffer

WATER EDGE STRATEGY

- Water Experiences
- Water Boat Pier & Taxi Stations

OPEN SPACES

- The Channel
- The Marina
- The Beach

TECHNOLOGY

The Commission's technology Vision is to be one of the most technologically advanced, Special Economic Zones in the world. The Commission has formulated a technology roadmap for the Colombo Port City Special Economic Zone (SEZ) which outlines the technologies and initiatives that are planned and desired for implementation within the SEZ, to support and enhance economic development. The technology roadmap for Colombo Port City has taken into consideration the current and future touch points of businesses, operating within the SEZ.

The Commission focuses on four key areas in the technology roadmap, to achieve the technology vision.

1. **Digital infrastructure**: This includes initiatives to improve connectivity and broadband access within the SEZ, as well as the deployment of smart city technologies such as smart lighting and traffic management systems.
2. **Industry 4.0 technologies**: The Commission plans to adopt and integrate Industry 4.0 technologies such as artificial intelligence, the Internet of Things, and Automation to improve efficiency and productivity within businesses operating in Colombo Port City.
3. **Environmental sustainability**: Initiatives to promote environmental sustainability, such as the adoption of renewable energy technologies and the implementation of waste reduction and management strategies.
4. **Talent development**: Retention and attracting a skilled workforce to the SEZ is an area the Commission is working towards drafting rules and regulations to operate in and from the SEZ. Prominence has been given to bring in an internationally reputed school and a university for education and training programs.

COLOMBO PORT CITY

A Special Economic Zone

Colombo Port City is a 269 hectares extension of the Central Business District, overlooking the Indian Ocean. Port City is Sri Lanka's first master-planned township, developed in consultation with Surbana Jurong (Singapore) and SWECO (Sweden). The masterplan envisages a gross floor area of 6.3 million sqm across the marketable land extent of 178 Hectares upon completion of development across commercial, residential, retail, hospitality, and other uses. Any industrial activities are not permitted within the city.

The total investment commitment for the project is approx.US$ 1.4 billion. The reclamation and all internal infrastructure such as roads, parks, waterways, the beach etc., development is done by CHEC Port City Colombo (Pvt) Limited (Project Company), which is a subsidiary of China Communication Construction Company (CCCC) - a Fortune Global 500 Company, listed in Hong Kong and Shanghai.

Colombo Port City is a planned city and the total reclaimed land area of 269 hectares has been divided into five distinct areas identified as Island living, Central Park Living, International Island, Financial District and the Marina.

DISTINCT PRECINCT PERSONALITIES

ISLAND LIVING

Everyday is a staycation with the sand and sea at your doorstep.

- Medium Density
- City Beach
- Harbour Quay Park
- Cinnamon Park
- Lotus Boulevard
- Villa Living

CENTRAL PARK LIVING

Enjoy nature in the heart of the city. Cycle, run, stroll and picnic in a lush oasis.

- Medium High Density
- The Channel
- Central Park
- Pavilions
- Green Heart
- Open Blocks

INTERNATIONAL ISLAND

Enjoy a wide variety of options for business and leisure.

- Medium Density
- Integrated Resort
- Convention & Exhibition Centre
- International School
- Healthcare Facility
- Entertainment Hub

FINANCIAL DISTRICT

Business and pleasure come together in a world class commercial district.

- High Density
- Grade-A Office Buildings
- Commercial Boulevard
- Linear Park
- CBD Plaza
- Retail Destination

THE MARINA

Promenade among yachts and dine alfresco in the serenity of The Marina.

- Low Density
- Marina Promontory
- Marina Park
- Luxury Residences
- Entertainment and Luxury Retail

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. ENR/A/CPCEC/AR/2021 | ඔබේ අංකය / உமது இல. / Your No. | දිනය / திகதி / Date 17 January 2023

His Excellency the President

Report of the Auditor General on the Financial Statements of the Colombo Port City Economic Commission for the period from 27 May 2021 to 31 December 2021 in terms of section 15 of the Colombo Port City Economic Commission Act, No. 11 of 2021.

Financial Statements

Opinion

The audit of the financial statements of Colombo Port City Economic Commission (" the Commission") for the period from 27 May 2021 to 31 December 2021, ("the period") comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Colombo Port City Economic Commission Act, No. 11 of 2021. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of International Chartered Accountants in Public Practice.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2021, and of its financial Performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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.

Emphasis of Matter

I draw attention to Note 2.3.3 of the financial statements, which discusses the Commission's position on the applicability of income tax on the Commission. My opinion is not modified in respect of this matter.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව | இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. | No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
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Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

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

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

As per Section 16(1) of the Colombo Port City Economic Commission Act, No. 11 of 2021, the Commission shall maintain books, registers and records of minutes, accounts, cash securities, vouchers and other documents in compliance with the applicable International Financial Reporting Standards.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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.

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NAOSL

- 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 Commission's 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 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 Commission'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 the Commission 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.

W.P.C. Wickramaratne
Auditor General

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST DECEMBER 2021

	Note	Period from 27th May 2021 to 31st December 2021 Rs.
Incoming Resources	3	48,771,584
Direct expenses		-
Gross surplus		48,771,584
Administration expenses		(38,168,906)
Promotional and marketing expenses		(1,582,192)
Finance expenses	4	(157,742)
		(39,908,840)
Surplus for the period	5	8,862,744
Other comprehensive income		-
Total comprehensive income		8,862,744

Figures in brackets indicate deductions.

The accounting policies and notes on pages 35 to 43 form an integral part of these financial statements.

Colombo
13th January 2023

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021

	Note	As at 31.12.2021 Rs.
ASSETS		
Non-current assets		
Property, plant and equipment	6	7,813,821
Capital work-in-progress	7	160,808,037,740
Right to use assets	8	4,419,896
Total non-current assets		160,820,271,457
Current assets		
Other receivables	9	2,648,358
Cash and cash equivalents	10	49,253
Total current assets		2,697,611
Total assets		160,822,969,068
EQUITY AND LIABILITIES		
Accumulated surplus		8,862,744
Government contribution		160,808,037,740
Total equity		160,816,900,484
Non-current liabilities		-
Current liabilities		
Other payable		1,607,050
Lease liability	11	4,461,534
Total current liabilities		6,068,584
Total liabilities		6,068,584
Total equity and liabilities		160,822,969,068

Figures in brackets indicate deductions.

The accounting policies and notes on pages 35 to 43 form an integral part of these financial statements.

These financial statements are in compliance with the requirements of the Colombo Port City Economic Commission Act No. 11 of 2021.

....
Mr. Ruwan S. Karunaratne
Director - Finance

The Commission is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Commission.

....
Mr. Rohan De Silva
Commissioner

....
Dr. Priyath Bandu Wickrama
Commissioner

Colombo

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST DECEMBER 2021

	Accumulated surplus Rs.	Government contribution Rs.	Total Rs.
Balance at the beginning of the period	-	-	-
Net surplus for the period	8,862,744	-	8,862,744
Contribution from the Government (Note 7)	-	160,808,037,740	160,808,037,740
Balance as at 31st December 2021	8,862,744	160,808,037,740	160,816,900,484

Figures in brackets indicate deductions.

The accounting policies and notes on pages 35 to 43 form an integral part of these

Colombo
13th January 2023

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST DECEMBER 2021

	Period from 27th May 2021 to 31st December 2021 Rs.
Cash flows from operating activities	
Surplus for the period	8,862,744
Adjustments for:	
Depreciation on property, plant and equipment	419,713
Amortisation of right-of-use assets	4,419,896
Interest on lease	157,742
Operating surplus before working capital changes	13,860,095
Increase in other receivables	(2,648,357)
Increase in other payables	1,607,050
Cash generated from operations	12,818,788
Net cash from operating activities	12,818,788
Cash flow from investing activities	
Purchase of property, plant and equipment	(8,233,535)
Net cash used in investing activities	(8,233,535)
Cash flow from financing activities	
Repayment of lease creditors	(4,536,000)
Net cash used in financing activities	(4,536,000)
Net increase in cash and cash equivalents	49,253
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (Note A)	49,253
Cash and cash equivalents at the end of the period	**Note A**
Cash balance	49,253
	49,253

Figures in brackets indicate deductions.

The accounting policies and notes on pages 35 to 43 form an integral part of these

Colombo
13th January 2023

1. CORPORATE INFORMATION

1.1 General

Colombo Port City Economic Commission ("the Commission") is a commission established under the Colombo Port City Economic Commission Act No. 11 of 2021 ("the Act") and domiciled in Sri Lanka. The registered office of the Commission and principal place of business is situated at Unit 901, One Galle Face Tower, 1A, Centre Road, Colombo 02.

1.2 Principal activities and nature of operations

During the period, the principal activities of the Commission were granting registrations, licenses, authorizations and other approvals to carry on businesses and other activities in and from the Colombo Port City and facilitate businesses and investments in terms of the Act.

1.3 Date of authorization for issue

The financial statements of the Commission for the period ended 31st December 2021 were authorized for issue by the Commission on 13th January 2023.

1.4 Responsibility for financial statements

The Commission is responsible for the preparation and presentation of the financial statements of the Commission as per the provisions of the Act and in accordance with International Financial Reporting Standards issued by the IFRS Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General accounting policies

2.1.1 Statement of compliance

The financial statements which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with significant accounting policies and notes ("financial statements") of the Commission as at 31st December 2021 and for the period from 27th May 2021 to 31st December 2021, have been prepared and presented in accordance with International Financial Reporting Standards and the requirements of the Act.

2.1.2 Basis of measurement

The financial statements of the Commission have been prepared under the historical cost convention.

2.1.3 Functional and presentation currency

Items included in the financial statements of the Commission are measured using the currency of the primary economic environment in which it operates (the functional currency). These financial statements are presented in Sri Lanka Rupees, the Commission's functional and presentation currency. There was no change in the Commission's presentation and functional currency during the period under review.

2.1.4 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by the International Financial Reporting Standards.

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless it is required or permitted by any accounting standard or interpretation as specifically disclosed in the accounting policies.

2.1.5 New accounting standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but are not yet effective, up to the date of issuance of the Commission's financial statements are disclosed below.

The Commission intends to adopt these amended standards and interpretations, if applicable, when they become effective.

Accounting Standard	Description	Effective Date
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Amendment specifies the costs that an entity needs to include when assessing whether a contract is onerous or loss-making.	1st January 2022
IAS 16 - Property, Plant and Equipment	Amendment prohibits entities from deducting any proceeds from selling items produced, while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management, from the cost of an item of property, plant and equipment.	1st January 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases.	1 January 2023
Annual improvements to IFRS 2018 - 2020	Annual improvements to IFRS	1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 and SLFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023

The adoption of these amendments and interpretations does not have any material impact on the financial statements of the Commission.

2.1.6 Significant accounting judgments, estimates and assumptions

a) Judgements

In the process of applying the accounting policies, the Commission has made judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of financial position, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

2.1.7 Going concern

In preparing these financial statements, based on available information, the Commission has assessed the appropriateness of the use of the going concern basis. The Commission satisfied that the Commission has adequate resources to continue the business affairs to a foreseeable future and justify the adoption of the going concern basis in preparing these financial statements as empowered by Colombo Port City Economic Commission Act No. 11 of 2021.

2.1.8 Foreign currency transactions

All foreign exchange transactions are coverted into the functional currency at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupee using the period end spot exchange rates and the resulting gains or losses are accounted in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the Statement of comprehensive income.

2.2 Assets, liabilities and bases of their valuation

2.2.1 Property, plant and equipment

a) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost.

Subsequent to initial recognition, property, plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the surplus or deficit as incurred.

b) Useful lives of property, plant and equipment

The Commission reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgment made by management based on the professional expertise exercised in the estimation of these values, rates and methods.

c) Depreciation

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The economic useful lives of property, plant and equipment are as follows:

	Years
Furniture and fittings	05
Office equipment	05
Computer and equipment	04

Depreciation of assets begins when it is available for use and ceases at the earlier of the date when the asset is classified as held for sale and the date when that asset is de-recognized.

d) Restoration costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

e) Derecognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount is included in the statement of comprehensive income in the year the asset is de-recognized.

f) Capital work-in-progress

Capital work-in-progress represents costs incurred to date by the Project Company for the execution and completion of the reclamation works which includes the breakwater, whole reclamation of the seabed and development of associated works. The cost of the reclamation works include all the cost incurred by the Project Company as of the reporting date excluding proportionate cost allocated to marketable land area which Project Company has rights to enjoy all the economic benefits until cessation of such rights.

Upon receiving the completion certificate of reclamation works, capital work in progress is capitalized under respective asset classes of property, plant & equipment as required by IAS 16 - Property, Plant & Equipment.

2.2.2 Leases

The Commission assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) Commission as a lessee

The Commission applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Commission recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

b) Right-of-use assets

The Commission recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

The Commission's right to use assets and related disclosures are given in Note 8 to the financial statements.

2.2.3 Impairment of non-financial assets

The Commission assesses at each reporting date to ascertain whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required, the Commission makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risk specific to the asset.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

2.2.4 Financial assets

Financial assets within the scope of IFRS 9 – Financial Instruments are classified as amortised cost, fair value through other comprehensive income (FVOCI) and fair value through surplus or deficit.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Commission's business model for managing them. This assessment is referred to as the SPPI test and is performed at instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Except for trade receivables that do not contain a significant financing component or for which the Commission has applied the practical expedient, others are measured at transaction price.

The financial assets of the Commission included cash and cash equivalents and other receivables. Those financial assets are classified as financial assets at amortized cost.

Financial assets at amortised cost

These assets arise principally from the provision of goods and services to customers (trade and other receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely the payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

2.2.4.1 De-recognition

The Commission derecognises a financial asset when, and only when:

a) the contractual rights to the cash flows from the financial asset expire, or
b) it transfers the financial asset and the transfer qualifies for derecognition.

The Commission transfers a financial asset if, and only if, it either transfers the contractual rights to receive the cash flows of the financial asset or retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipient in an arrangement.

When the Commission transfers a financial asset, the Commission evaluates the extent to which it retains the risks and rewards of the ownership of the financial asset. In this case:

a) if the Commission transfers substantially all the risks and rewards of ownership of the financial asset, the Commission derecognises the financial asset and recognises separately as assets or liability any rights and obligations created or retained in the transfer.
b) if the Commission retains substantially all the risks and rewards of ownership of the financial asset, the Commission continues to recognise the financial asset.
c) if the Commission neither transfer nor retains substantially all the risks and rewards of ownership of the financial asset, the Commission determines whether it has retained control of the financial asset.

2.2.5 Financial liabilities

Classification of financial liabilities

The financial liabilities of the Commission include lease liability and other payables which are classified as financial liabilities at amortized cost.

Financial liabilities measured at amortized cost

A financial liability other than those measured at fair value through surplus or deficit is classified as a financial liability measured at amortized cost. A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortized cost based on the effective interest rate method.

2.2.5.1 De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

2.2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.2.7 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

2.2.8 Other receivables

Other receivables are recognized at the amounts they are estimated to realize net of allowance for impairment. The amount of the allowance is recognized in the statement of comprehensive income.

2.2.9 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and cash at bank which are highly liquid investments and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cash at bank and highly liquid interest-bearing securities of three months or less and net of outstanding bank overdrafts.

The cash flow statement is reported based on the indirect method.

2.3 Liabilities and provisions

2.3.1. Other payables

Other payables are obligations to pay for services that have been received in the ordinary course of business. These are classified as current liabilities where payment is due within one year or less, if not, they are presented as non-current liabilities.

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount since the effect of discounting is immaterial.

2.3.2. Employee benefit

a) **Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Commission contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

2.3.3. Income tax

The Colombo Port City is a Special Economic Zone (SEZ) identified by the Colombo Port City Economic Commission Act No. 11 of 2021 ("the Act") and will have a significant impact on the national economy in terms of Foreign Direct Investments, Employment Generation, Government Revenue, Gross Domestic Product contribution and balance of payment. The principal activity of the Commission is granting registrations, licenses, authorizations and other approvals to carry on businesses and other activities in and from the Colombo Port City and facilitate businesses and investments in terms of the Act, therefore, no income earning motive is existed.

As per Section 23 (2) (c) of the Act, all sums of money received from any lease of Government Marketable Land and Project Company Marketable Land situated within the Area of Authority of the Colombo Port City, should be credited to the Colombo Port City Economic Commission Fund ("Fund"), and should be remitted to the consolidated fund as stipulated in Section 23 to the Colombo Port City Economic Commission Act, simultaneous to the execution of the respective indentures of the lease, after deducting expenditure as allowed in the Act. Further, as per Section 23 (2) (d) all sums of money may be received by the Fund by way of local assessment rates and any other levies imposed by the Commission at such rates as prescribed within the Area of Authority of the Colombo Port City, which sums shall be credited to the Consolidated Fund on a quarterly basis and will form part of Government Revenue.

Therefore, the Fund is maintained on behalf of the government as the custodian to collect all the sums of money received and receivable in providing investment facilitator services as permitted in the Act and Commission is allowed to draw funds from the Commission Fund only to defray expenses.

In line with the above, the Commission is of the view that The Colombo Port City Economic Commission is not liable to pay income tax since the collections form part of Government Revenue and it goes to the Consolidated Fund.

2.3.4. Lease liabilities

At the commencement date of the lease, the Commission recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Commission uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments). The Commission's lease liabilities and related disclosures are given in Note 12 to the financial statements.

2.3.5. Provisions

Provisions are recognized when the Commission has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.3.6. Commitments

All material commitments as at the reporting date have been identified and disclosed in the notes to the financial statements.

2.4. Statement of comprehensive income

2.4.1.1. Incoming resources

Incoming resources represent funds received from Colombo Port City Economic Commission Fund to manage the affairs of the Commission as stipulated under Section 23 (3) of the Act.

2.4.2. Expenditure

a) The expenditure is recognized on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency have been recognized in arriving at the result for the period.

b) Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose and are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

c) For the presentation of the statement of comprehensive income, the executive committee is the opinion that the function of the expense method presents fairly the element of the Commission's performance, and hence, such presentation method is adopted.

2.5. Events after the reporting period

All material events occurring after the reporting date have been considered and where necessary, adjustments to, or disclosures, have been made in the respective notes to the financial statements.

	Period from 27th May 2021 to 31st December 2021 Rs.
3. INCOMING RESOURCES	
Transferred from the fund	48,771,584
	48,771,584
4. FINANCE EXPENSES	
Interest on lease	157,742
	157,742

5. SURPLUS FOR THE PERIOD

Surplus for the period is stated after charging all expenses including the following:

Auditor's remuneration - audit services	262,040
Professional fee	4,366,150
Commissioners remuneration	9,800,000
Accounting fee	1,210,680
Depreciation on property, plant and equipment	419,713
Amortization of right-of-use assets	4,419,896
Legal fees	1,460,000

6 PROPERTY, PLANT AND EQUIPMENT

Description of assets	COST			DEPRECIATION			W.D.V.
	Balance as at 27.05.2021 Rs.	Addition during the period Rs.	Balance as at 31.12.2021 Rs.	Balance as at 27.05.2021 Rs.	For the period Rs.	Balance as at 31.12.2021 Rs.	Balance as at 31.12.2021 Rs.
Furniture and fittings	-	903,175	903,175	-	226,255	226,255	676,920
Office Equipment	-	5,591,571	5,591,571	-	52,733	52,733	5,538,838
Computer equipment	-	1,738,789	1,738,789	-	140,726	140,726	1,598,063
	-	8,233,535	8,233,535	-	419,714	419,714	7,813,821

	As at 31.12.2021 Rs.
7. CAPITAL WORK-IN-PROGRESS	
Land reclamation works	160,808,037,740
	160,808,037,740

As specified in Section 65 (3) of the Colombo Port City Economic Commission Act No. 11 of 2021, His Excellency the President of the Democratic Socialist Republic of Sri Lanka, on 12th August 2021 issued a Presidential Grant under Section 6 of the State Lands Ordinance (Chapter 454) to vest the reclaimed area of 446.09 hectares. with the Commission. The extent of the reclaimed area consists of 269 hectares. of marketable land and remaining 177.09 hectares. consist of waterways, the seabed, and other common areas.

The 269 hectares of marketable land reclaimed by the Project Company at no consideration payable by the Government of Sri Lanka (GOSL). To recover the investment made by the Project Company, GOSL agreed by the Tri-Party Agreement (TPA) to allocate on long-term lease 116.1 hectares (46 plots) of reclaimed marketable land to the Project Company leaving a balance extent of 329.99 hectares. comprising marketable lands, common areas and others.

As at 31st December 2021, the Project Company has incurred US$ 1.0845 billion for the infrastructure development and the reclamation works are still in progress.

The costs being incurred on such assets cannot be recognized as an operating asset until they qualify as a ready-to-use assets. Therefore, all costs incurred on land reclamation and infrastructure development are recorded as “Capital work-in-progress (CWIP)".The Commission has recognized US$ 802.3 million (Rs.160,808,037,740/-) as Capital work-in-progress eliminating infrastructure cost related to 116.1 hectares (46 plots) on the basis that the Commission has no rights to generate any economic benefits from the marketable land allocated to the Project Company until such time the project Company ceases its rights to enjoy economic benefits from those marketable land slots allocated to them.

		As at 31.12.2021 Rs.
8.	**RIGHT-OF-USE ASSETS**	
	Cost	
	On adoption of application of IFRS 16	8,839,792
	Balance at the end of the period	8,839,792
	Amoritization	
	Charge for the period	4,419,896
	Balance at the end of the period	4,419,896
	Net carrying value	4,419,896
9.	OTHER RECEIVABLES	
	Trade receivables	-
	Accrued income	-
	Interest receivable on fixed deposit	-
	Prepayments and advances	2,333,358
	Other receivables	315,000
		2,648,358
10.	CASH AND CASH EQUIVALENTS	
	Cash at bank	-
	Fixed deposits	-
	Cash at bank	49,253
	Cash balance	49,253

		As at 31.12.2021 Rs.
11.	**LEASE LIABILITY**	
11.1	**Lease liability on right-of-use assets**	
	Gross lease liability	
	On adoption of application of IFRS 16	9,078,000
	Repayment made during the period	(4,536,000)
	Balance at the end of the period	4,542,000
	Interest in suspense	
	On adoption of application of IFRS 16	232,208
	Interest charge for the period	(157,742)
	Balance at the end of the period	74,466
	Net lease liability	4,616,466
	Repayable after one year	-
	Repayable within one year	4,461,534

12. CONTRACTUAL COMMITMENTS

12.1 Financial commitments

There were no material financial commitments as at the reporting date.

12.2 Capital commitments

There were no material capital commitments as at the reporting date.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent assets or contingent liability as at the reporting date.

14. EVENTS OCCURRING AFTER THE REPORTING DATE

Sri Lanka is currently experiencing an economic crisis due to depletion of foreign currency reserves and balance of payments issues. As a result, similar to other entities, the Commission faces challenges for future operations. However, the Commission is confident that the Commission will be able to successfully navigate through the crisis due to sufficient funding and the prudent decision making process which has ensured the stringent cost management of the Commission. The strength and the experience of Commission and the management team are an added comfort to the Commission, which will ensure continuous support during this challenging period. Therefore, no adjustment is required to the balances reported in these financial statements.

Other than the above, no circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements.

15. FINANCIAL RISK MANAGEMENT

i. Overview

The Commission has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Commission's exposure to each of the above risks, the Commssion's objectives, policies and processes for measuring and managing risk, and the Commission's management of

ii. Risk management framework

The executive committee has overall responsibility for the establishment and oversight of the Commission's risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a party fails to meet its contractual obligations. Credit risk mainly arises from other receivables and cash at bank.

	Carrying amount
	As at 31.12.2021 Rs.
Cash and cash equivalents	49,253
Other receivables	2,648,358
	2,697,611

15. FINANCIAL RISK MANAGEMENT (CONTD…)

ii. Risk management framework (Contd….)

(b) Liquidity risk

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

The following are the contractual maturities of financial liabilities as at the period end.

31st December 2021	**Carrying Amount Rs.**	**0-6 Months Rs.**	**6-12 Months Rs.**
Lease liability	4,461,534	2,230,767	2,230,767
Other payables	1,607,050	1,607,050	-
	6,068,584	3,837,817	2,230,767

(c) Market risk

Market risk is the risk that changes in market factors, such as foreign exchange rates and interest rates that will affect the Commission's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

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His Excellency the President

Report of the Auditor General on the Financial Statements of the Colombo Port City Economic Commission Fund for the period from 27 May 2021 to 31 December 2021 in terms of section 23 (5) of the Colombo Port City Economic Commission Act, No. 11 of 2021.

Financial Statements

Opinion

The audit of the financial statements of Colombo Port City Economic Commission Fund (" the Fund") for the period from 27 May 2021 to 31 December 2021, ("the period") comprising the statement of financial position as at 31 December 2021 and the statement of income & expenditure, the statement of accumulated fund and the statement of cash flows for the period 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 of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Colombo Port City Economic Commission Act, No. 11 of 2021. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in Public Practice.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial Performance and its cash flows for the period then ended in accordance with the Sri Lanka Accounting Standards.

Basis for Opinion

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.

Emphasis of Matter

I draw attention to Note 2.3.2 of the financial statements, which discusses the Commission's position on the applicability of income tax on the Fund. My opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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- Conclude on the appropriateness of the management 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 Fund'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 the Fund 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.

W.P.C. Wickramaratne
Auditor General

STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD ENDED 31ST DECEMBER 2021

	Note	Period from 27th May 2021 to 31st December 2021 Rs.
Fee and income	3	405,074,726
Direct expenses		-
Gross surplus		405,074,726
Other income	4	10,007,017
Administration and other expenses	5	(63,859)
Surplus for the period		415,017,884
Other comprehensive income		-
Total comprehensive income		415,017,884

Figures in brackets indicate deductions.

The accounting policies and notes on pages 56 to 59 form an integral part of these financial statements.

Colombo
13th January 2023

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021

	Note	As at 31.12.2021 Rs.
ASSETS		
Current assets		
Trade and other receivables	6	13,992,534
Cash and cash equivalents	7	353,583,046
Total current assets		367,575,580
Total assets		367,575,580
EQUITY AND LIABILITIES		
Accumulated Fund		366,246,300
Total equity		366,246,300
Non-current liabilities		-
Current liabilities		
Other payable		42,250
Bank overdraft	8	1,287,030
Total current liabilities		1,329,280
Total liabilities		1,329,280
Total equity and liabilities		367,575,580

Figures in brackets indicate deductions.

The accounting policies and notes on pages 56 to 59 form an integral part of these financial statements.

These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards.

....
Mr. Ruwan S. Karunaratne
Director - Finance

The Commission of the Fund is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Commission of the Fund.

....
Mr. Rohan De Silva
Commissioner

....
Dr. Priyath Bandu Wickrama
Commissioner

Colombo
13th January 2023
SR/dm

STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE PERIOD ENDED 31ST DECEMBER 2021

	Accumulated Fund Rs.	Total Rs.
Balance at the beginning of the period	-	-
Initial contribution	400,000,000	400,000,000
Current year surplus	415,017,884	415,017,884
Settlement of initial contribution (Note 11)	(400,000,000)	(400,000,000)
Fund transferred to the Commission	(48,771,584)	(48,771,584)
Balance as at 31st December 2021	366,246,300	366,246,300

Figures in brackets indicate deductions.

The accounting policies and notes on pages 56 to 59 form an integral part of these financial statements.

Colombo
13th January 2023

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST DECEMBER 2021

	Period from 27th May 2021 to 31st December 2021 Rs.
Cash flows from commission activities	
Surplus for the period	415,017,884
Adjustments for:	
Interest income on fixed deposits	(10,007,017)
Operating surplus before working capital changes	405,010,867
Increase in trade and other receivables	(5,074,726)
Increase in other payables	42,250
Cash generated from operations	399,978,391
Interest income received	1,089,209
Funds transferred for Commission's activities	(48,771,584)
Net cash from operating activities	352,296,016
Cash flow from investing activities	-
Net cash from investing activities	-
Cash flow from financing activities	-
Net cash from financing activities	-
Net increase in cash and cash equivalents	352,296,016
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (Note A)	352,296,016

Cash and cash equivalents at the end of the period	**Note A**
Fixed deposits	350,000,000
Cash at bank	3,583,046
Bank overdraft	(1,287,030)
	352,296,016

Figures in brackets indicate deductions.

The accounting policies and notes on pages 56 to 59 form an integral part of these financial statements.

Colombo
13th January 2023

1. CORPORATE INFORMATION

1.1 General
Colombo Port City Economic Commission Fund ("the Fund") is a fund established under Section 23 of the Colombo Port City Economic Commission Act No. 11 of 2021 ("the Act") and domiciled in Sri Lanka. The registered office of the Fund and principal place of operations is situated at Unit 901, One Galle Face Tower, 1A, Centre Road, Colombo 02.

1.2 Principal activities and nature of operations
During the period, the principal activities of the Fund were generating funds through initial contributions and facilitation fees, funding of the Commission for its operational activities and investing excess funds as permitted by the Act.

1.3 Date of authorization for issue
The financial statements of the Fund for the period ended 31st December 2021 were authorized for issue by the Commission on 13th January 2023.

1.4 Responsibility for financial statements
The Commission is responsible for the preparation and presentation of the financial statements of the Fund as per the provisions of the Colombo Port City Economic Commission Act No. 11 of 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General accounting policies

2.1.1 Statement of compliance
The financial statements which comprise the statement of financial position, statement of income & expenditure, statement of changes in accumulated fund and statement of cash flows, together with significant accounting policies and notes ("financial statements") of the Fund as at 31st December 2021 and for the period from 27th May 2021 to 31st December 2021, have been prepared and presented in accordance with Sri Lanka Accounting Standards.

2.1.2 Basis of measurement
The financial statements of the Fund have been prepared under the historical cost convention.

2.1.3 Functional and presentation currency
Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which it operates (the functional currency). These financial statements are presented in Sri Lanka Rupees, the Fund's functional and presentation currency. There was no change in the Fund's presentation and functional currency during the period under review.

2.1.4 Materiality and aggregation
Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of income & expenditure unless it is required or permitted as specifically disclosed in the accounting policies.

2.1.5 Significant accounting judgments, estimates and assumptions

a) Judgements

In the process of applying the accounting policies, the Commission has made judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of financial position, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

2.1.6 Going concern

In preparing these financial statements, based on available information, the Commission has assessed the appropriateness of the use of the going concern basis. The Commission is satisfied that the Fund has adequate resources to continue the business affairs to the foreseeable future and justifies the adoption of the going concern basis in preparing these financial statements as empowered by Colombo Port City Economic Commission Act No. 11 of 2021.

2.1.7 Foreign currency transactions

All foreign exchange transactions are converted into functional currency, at the exchange rates prevailing when the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupee using the period-end spot exchange rates and the resulting gains or losses are accounted for in the statement of income & expenditure.

Non-monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of income & expenditure.

2.2 Assets, liabilities and bases of their valuation

2.2.1 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, with less allowance for impairment.

Other receivables are recognized at the amounts they are estimated to realize net of allowance for impairment. The amount of the allowance is recognized in the statement of income & expenditure.

2.2.2 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and cash at banks which are highly liquid investments and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cash at the bank and highly liquid interest-bearing securities of three months or less and net of outstanding bank overdrafts.

The cash flow statement is reported based on the indirect method.

2.3 Liabilities and provisions

2.3.1. Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business. These are classified as current liabilities where payment is due within one year or less, if not, they are presented as non-current liabilities.

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoiced amount since the effect of discounting is immaterial.

2.3.2. Income tax

The Colombo Port City is a Special Economic Zone (SEZ) identified by the Colombo Port City Economic Commission Act No. 11 of 2021 ("the Act") and will have a significant impact on the national economy in terms of Foreign Direct Investments, Employment Generation, Government Revenue, Gross Domestic Product contribution and balance of payment. In order to attract quality primary and secondary investors into this SEZ, the Act provides 13 enactments from, or under, which exemptions or incentives may be granted and 7 enactments which shall have no application within the area of authority of the Colombo Port City.

As per Section 23 (2) (c) of the Act, all sums of money received from any lease of Government Marketable Land and Project Company Marketable Land situated within the Area of Authority of the Colombo Port City should be credited to the Colombo Port City Economic Commission Fund ("Fund") and should be remitted to the consolidated fund, as stipulated in Section 23 to the Act, simultaneous to the execution of the respective indentures of the lease, after deducting expenditure as allowed in the Act. Further, as per Section 23 (2) (d) all sums of money may be received by the Fund by way of local assessment rates and any other levies imposed by the Commission at such rates as prescribed within the Area of Authority of the Colombo Port City, which sums shall be credited to the Consolidated Fund on a quarterly basis and will form part of Government Revenue.

Therefore, the Fund is maintained on behalf of the government as the custodian to collect all the sums of money received and receivable in providing investment facilitator services as permitted in the Act and the Commission is allowed to draw funds from the Commission Fund only to defray expenses.

In line with the above, the Fund is of the view that The Colombo Port City Economic Commission Fund is not liable to pay income tax.

2.3.3. Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.3.4. Commitments

All material commitments as at the reporting date have been identified and disclosed in the notes to the financial statements.

2.4. Statement of income & expenditure

2.4.1. Income recognition

2.4.1.1. Facilitation fee

In terms of Section 23(2)(b) of the Act, the Fund is entitled to receive from the Project Company a sum of money equivalent to one per centum (1%) from all sums received from any lease of the project land from the date of commencement of this Act and ending on 30th June 2028.

The facilitation fee is recognised on an accrual basis.

2.4.1.2. Interest income

Interest income and expense are recognised in surplus or deficit using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

2.4.1.3. Other income

Other income is recognized on an accrual basis.

2.4.2. Expenditure

a) The expenditure is recognized on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency have been charged against the income in arriving at the result for the period.

b) Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose and are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

c) For the presentation of the statement of income & expenditure, the Commission is of the opinion that the function of the expense method presents fairly the element of the Fund's performance, and hence, such presentation method is adopted.

2.5. Events after the reporting period

All material events occurring after the reporting date have been considered and where necessary, adjustments to, or disclosures, have been made in the respective notes to the financial statements.

		Period from 27th May 2021 to 31st December 2021 Rs.
3.	**FEE AND INCOME**	
	Facilitation fee	405,074,726
		405,074,726
4.	**OTHER INCOME**	
	Interest income on fixed deposits	10,007,017
		10,007,017
5.	**ADMINISTRATION AND OTHER EXPENSES**	
	Bank charges	17,215
	Interest on bank overdraft	4,394
	Audit fee	42,250
		63,859

		As at 31.12.2021 Rs.
6.	**TRADE AND OTHER RECEIVABLES**	
	Trade receivables	5,074,726
	Interest receivable on fixed deposit	8,917,808
		13,992,534
7.	**CASH AND CASH EQUIVALENTS**	
	Fixed deposits	350,000,000
	Cash at bank	3,583,046
		353,583,046
8.	**BANK OVERDRAFT**	
	Bank of Ceylon - C/A	1,287,030
		1,287,030

9. CONTRACTUAL COMMITMENTS

9.1 Financial commitments

There were no material financial commitments as at the reporting date.

9.2 Capital commitments

There were no material capital commitments as at the reporting date.

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent assets or contingent liabilities as at the reporting date.

11. AMOUNTS PAYABLE TO THE PROJECT COMPANY

As per Section 23 (2) (a) of the Colombo Port City Economic Commission Act No. 11 of 2021 ("Act"), "a sum of Sri Lanka Rupees four hundred million (Rs.400,000,000/-) being the initial contribution payable by the Project Company to the Fund of the Commission, on account of the Commission discharging inter alia, the functions of the investment facilitator of the Colombo Port City, which sum shall be used by the Commission to defray initial setting up and operational expenditure of the Commission, including international promotional expenditure of the Colombo Port City and Sri Lanka and such other expenses as may be incurred by the Commission in terms of this Act;" was paid to the Commission during the period.

Subsequent to the receipt of initial contribution, during the period, the Commission has entered into a "Set off agreement" with the Project Company to set off initial contribution against facilitation fee receivable from the Project Company amounting to Rs.405,074,726/- which represents the 1% of sums entitled by the Fund on lease of each plot of marketable land. This set off arrangement has been entered with the Project Company to fulfil the requirements of Section 23 (2) (b) of the Act.

According to Section 23 (2) (b), "all sums of money equivalent to one percentum (1%) of all sums received from any lease of Project Company Marketable Land situated within the Area of Authority of the Colombo Port City, on account of the Commission discharging inter alia, the functions of the investment facilitator in relation to Marketable Land situated within the Area of Authority of the Colombo Port City, executed from the date of commencement of this Act and ending on 30th June 2028, after deducting therefrom, the initial contribution made by the Project Company in terms of paragraph 23 (2) (a) above and any taxes as may be payable thereon which- sum shall be used by the Commission to defray expenditure incurred by the Commission in terms of this Act.

12. EVENTS OCCURRING AFTER THE REPORTING DATE

Sri Lanka is currently experiencing an economic crisis due to depletion of foreign currency reserves and balance of payments issues. As a result, similar to other entities, the Fund face challenges for future operations. However, the Commission is confident that the Fund will be able to successfully navigate through the crisis due to sufficient funding and the prudent decision making process which has ensured the stringent cost management of the Fund. The strength and the experience of the Commission and the management team are an added comfort to the Fund, which will ensure continuous support during this challenging period. Therefore, no adjustment is required to the balances reported in these financial statements.

Other than the above, no circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements.

CORPORATE INFORMATION

LEGAL STATUS

A Body Corporate established by the Colombo Port City Economic Commission Act No. 11 of 2021

REGISTERED ADDRESS

The Colombo Port City Economic Commission
Unit 901, 9th Floor
One Galle Face Tower
1A Centre Road
Colombo 02
Sri Lanka

BANKERS

Bank of Ceylon
Peoples Bank

SECRETARIES

Corporate Advisory Services (Pvt) Ltd

AUDITORS

National Audit Office

LINE MINISTRY

Ministry of Investment Promotion

MINISTER

President Ranil Wickramasinghe

STATE MINISTER

Hon. Minister Dilum Amunugama

DESIGN & DEVELOPED IN-HOUSE BY THE COLOMBO PORT CITY ECONOMIC COMMISSION.

CONTACT US

Colombo Port City Economic Commission is the **Single Window Investment Facilitator**, to assist investors, businesses, and residents to conduct their activities seamlessly and efficiently in Colombo Port City - A prestigious location in the heart of South Asia. An oasis, providing the highest quality in commercial, entertainment, medical, education and lifestyle opportunities.

COLOMBO PORT CITY
ECONOMIC COMMISSION

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