

# Annual Report 2013

## OUR VISION»

### “LOGISTIC EXCELLENCE IN THE SILK ROUTE”

Envisioning the future of Sri Lankan Ports, Sri Lanka Ports Authority is shifting its original thought of container hub to global logistic hub, expecting the boom in international trade that opens up a range of opportunities and challenges. Ports Authority expects to strengthen complex logistic approaches with “one touch” information flow of all activities while sustaining the best practices at National and International level in order to improve overall economic conditions in Sri Lanka.

## OUR MISSION»

### “DELIVERY OF WORLD CLASS PORT SERVICES IN A SUSTAINABLE ENVIRONMENT”

Emphasizing on the thought of creating global logistic hub port in Sri Lanka, the Ports Authority is expected to construct multi-dimensional logistic system to integrate logistic functions while opening a deep water sea port with excellent maritime access that enables to receive large vessels and to operate them in modern specialized terminals.

Responding to the expected future growth of the port and the region, a modern port, free of urban restrictions, thus assuring long-term expansion capacity and an industrial and logistics zone of worldwide extent a logistic platform that can receive the main players of port, maritime, industrial and logistic sectors is expected to be devised. While adhering to the highest standard of integrity, the port further assures to present economically efficient and environmentally sound intensive benefits and port services to Port Users and Stakeholders.





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# ASPIRATIONS

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## By 2020 . . . .

1. Centre for Maritime Excellence.
2. 200 Million Tonnage in Cargo Handling.
3. US\$ One Billion in Revenue.
4. US\$ 10 Billion Port Investments (Within the Ports).
5. Leading Contributor to the National Economy.
6. Green Port Operator.

## Strategies to Achieve the Aspirations

1. Develop Infrastructure and Super Structure Facilities in Colombo.
2. Consolidate the Position of Port of Colombo as a Centre of Maritime Excellence.
3. Introduce Sector Specific Marketing and Business Development Programme.
4. Develop Magam Ruhunupura Mahinda Rajapaksa Port (MRMR Port) as an international Service, Industrial and Container Handling Port.
5. Enhance Safety and Security for Cargo and Port Users.
6. Mark Global Presence in Strategic Locations.
7. Organizational Restructuring and Re-Designing Administrative Procedures.
8. Implementation of Advanced Financial Management Systems.
9. Reduce Carbon Footprint.
10. Develop other Regional Ports as per their individual Strengths and Competitive Advantages.
11. Diversification of Business Activities.
12. Provision of Facilities for Oil and Gas.
13. Efficient Vessel Oriented Services.
14. Corporate Social Responsibility (CSR).

# CORPORATE OBJECTIVES

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- ◆ To develop and maintain state of the art facilities in the commercial Ports of Sri Lanka.
- ◆ To maintain effective and efficient Port Services.
- ◆ To provide a competitive edge to importers and exporters by ensuring a cost effective, efficient and reliable service.
- ◆ To ensure the safety and security of ships, cargo, Port users and Port infrastructure.
- ◆ To provide a conducive working and service environment for all stake holders.
- ◆ To contribute to the Consolidated Fund of the General Treasury for current and capital expenditure of the government.
- ◆ To maintain high levels of Productivity in order to ensure speedy turnaround of vessels.
- ◆ To improve maritime related ancillary services thus creating more employment opportunities.
- ◆ To maintain a profitable operation of the Commercial Ports and to develop a good reputations as an efficient and reliable Port operator by providing a high quality customer service.
- ◆ To develop port activities to provide a competitive and quality service for container operations with a view to attracting transshipment activities including relay cargo, entrepot trade and bonded activities.
- ◆ To contribute towards regional development of Sri Lanka by providing necessary Port facilities in order to act as a catalyst in hinterland development.
- ◆ To enhance the administration and organizational aspects of the Sri Lanka Ports Authority including the revision of cadres and assessment of manpower requirements. The practice of staff proceeding on No pay Leave for work overseas will once again be encouraged in view of its benefits to the country's economy. Our Mahapola Training Centre will further train and re-train staff to meet the requirements created by this scheme.
- ◆ To diversify into Port related activities such as offshore services, bunkering, fresh water supply, and container repairs, etc.
- ◆ To implement a management orientated financial reform with higher tax efficiency, better Portfolio management and more aggressive cost control.







# OPERATIONAL HIGHLIGHTS

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## Ship Arrivals (All Ports)

Description	2012	2013	Variance (%)
Port of Colombo	3,870	3,667	-5.2
Port of Trincomalee	161	134	-16.8
Port of Galle	69	36	-47.8
KKS, Myliddy, PP & Karainagar	44	48	9.1
MRMR Port	34	139	308.8
<b>Total</b>	<b>4,178</b>	<b>4,024</b>	<b>-3.7</b>

## Container Throughput (TEUS) of Port of Colombo

Description	2012	2013	Variance (%)
<b>SRI LANKA PORTS AUTHORITY (SLPA)</b>			
Imports	324,509	337,357	4.0
Exports	340,782	339,580	-0.4
Transshipment	1,584,985	1,779,882	12.3
Re-stowing	66,573	45,044	-32.3
<b>Total</b>	<b>2,316,849</b>	<b>2,501,863</b>	<b>8.0</b>
<b>SOUTH ASIA GATEWAY TERMINAL (SAGT)</b>			
Imports	183,537	171,552	-6.5
Exports	171,427	169,958	-0.9
Transshipment	1,479,782	1,385,552	-6.4
Re-stowing	35,525	19,740	-44.4
<b>Total</b>	<b>1,870,271</b>	<b>1,746,802</b>	<b>-6.6</b>
<b>COLOMBO INTERNATIONAL CONTAINER TERMINAL (CICT)</b>			
Imports	0	7,193	-
Exports	0	6,337	-
Transshipment	0	42,683	-
Re-stowing	0	1,328	-
<b>Total</b>	<b>0</b>	<b>57,541</b>	<b>-</b>
<b>PORT OF COLOMBO</b>			
Imports	508,046	516,102	1.6
Exports	512,209	515,875	0.7
Transshipment	3,064,767	3,208,117	4.7
Re-stowing	102,098	66,112	-35.2
<b>Total</b>	<b>4,187,120</b>	<b>4,306,206</b>	<b>2.8</b>

## Cargo Throughput (All Ports)

Description	2012	2013	Variance (%)
Total Cargo Throughput (MT Mn)	65.0	66.3	2.0

## Cargo Discharged in Port of Colombo - SLPA (In Thousand Tonnes)

Description	2012	2013	Variance (%)
Containerized	15,460	16,787	8.6
Break Bulk	608	354	-41.8
Dry Bulk	2,709	2,657	-1.9
Liquid Bulk	4,835	4,084	-15.5
<b>Total</b>	<b>23,612</b>	<b>23,882</b>	<b>1.1</b>

## Cargo Loaded in Port of Colombo - SLPA (In Thousand Tonnes)

Description	2012	2013	Variance (%)
Containerized	13,242	15,113	14.1
Break Bulk	10	10	0.0
Dry Bulk	0	0	-
Liquid Bulk	3	181	5,933.3
<b>Total</b>	<b>13,255</b>	<b>15,304</b>	<b>15.5</b>

## Total Cargo Handled in Port of Colombo -SLPA (In Thousand Tonnes)

Description	2012	2013	Variance (%)
Containerized	28,702	31,900	11.1
Break Bulk	618	364	-41.1
Dry Bulk	2,709	2,657	-1.9
Liquid Bulk	4,838	4,265	-11.8
<b>Total</b>	<b>36,867</b>	<b>39,186</b>	<b>6.3</b>

## Cargo Handled in Port of Trincomalee (In Thousand Tonnes)

Description	2012	2013	Variance (%)
Discharged	2,646	2,276	-14.0
Loaded	213	159	-25.4
<b>Total</b>	<b>2,859</b>	<b>2,435</b>	<b>-14.8</b>



#### Cargo Handled in Port of Galle (In Thousand Tonnes)

Description	2012	2013	Variance (%)
Discharged	422	200	-52.6
Loaded	0	7	-
<b>Total</b>	<b>422</b>	<b>207</b>	<b>-50.9</b>

#### Cargo Handled in Ports of KKS, Myliddy, PP & Karainagar (In Thousand Tonnes)

Description	2012	2013	Variance (%)
Discharged	60	49	-18.3
Loaded	0	0	-
<b>Total</b>	<b>60</b>	<b>49</b>	<b>-18.3</b>

#### Cargo Handled in Magam Ruhunupura Mahinda Rajapaksa Port (in Thousand Tonnes)

Description	2012	2013	Variance (%)
Discharged	17	90	429.4
Loaded	3	29	866.7
<b>Total</b>	<b>20</b>	<b>119</b>	<b>495.0</b>

#### Total Number of Employees

Description	2012	2013	Variance (%)
Port of Colombo	9,373	8,988	-4.1
Port of Trincomalee	436	426	-2.3
Port of Galle	391	378	-3.3
<b>Total</b>	<b>10,200</b>	<b>9,792</b>	<b>-4.0</b>

# FINANCIAL HIGHLIGHTS

## All Ports

(Rs.Mn)

Description	2012 Re - Stated	2013	Variance (%)
<b>Revenue and Expenditure</b>			
Total Revenue	36,408.5	36,177.7	(0.6)
Total Expenditure (Before FEL/FEG & Foreign Loan Interest)	(26,610.3)	(28,166.7)	(5.8)
<b>Profit / (Loss) / Before Foreign Loan Interest &amp; FEL/FEG</b>	<b>9,798.2</b>	<b>8,011.0</b>	<b>(18.2)</b>
Foreign Loan Interest	(1,709.7)	(3,921.4)	(129.4)
Foreign Exchange (Loss)/Gain	(4,566.9)	(2,517.5)	44.9
<b>Profit / Loss Before Tax &amp; After Foreign Exchange Gain / (Loss)</b>	<b>3,521.7</b>	<b>1,572.0</b>	<b>(55.4)</b>
<b>Taxes</b>			
Income Tax	(1,124.7)	1,197.0	(206.4)
Deemed Dividend Tax	(0.6)	(0.8)	(37.2)
<b>Net Profit/Loss After Provision for Taxes</b>	<b>2,396.3</b>	<b>2,768.16</b>	<b>(15.5)</b>
<b>Balance Sheet</b>			
Non-Current Assets	214,264.5	248,628.1	16.0
Current Assets	35,218.3	51,118.6	45.1
Current Liabilities	15,644.2	20,396.0	(30.4)
Equity and Other Capital	7,591.4	7,591.4	(0.0)
Reserves and Provisions	70,252.8	72,488.8	3.2
Non-Current Liabilities	155,994.3	199,270.5	(27.7)
<b>Ratios</b>			
Operating Profit to Revenue	11.4	12.5	
Annual Revenue Growth	17.1	(0.6)	
Return on Capital Employed	5.3	5.7	





His Excellency Mahinda Rajapaksa  
President of Sri Lanka and  
Minister of Highways, Ports and Shipping



Hon. Rohitha Abeygunawardena  
Project Minister of Highways, Ports and Shipping



Hon. Nirmala Kothalawela  
Project Minister of Highways, Ports and Shipping



# CHAIRMAN'S REVIEW







I am privileged to report that 2013 has been an exceptionally successful year for the Sri Lanka Ports Authority (SLPA) in terms of outstanding performance related to Operations, Finance, Infrastructure Development and Human Resource Development. The SLPA has taken all appropriate steps during the year to implement short, medium and long term development programmes pertaining to capacity enhancement and optimum utilization of resources, as set out in the Corporate Plan.

We were able to continue with commitment, dedication and developing innovation during the year under review to reach the business objectives of the Ports Authority by 2020. It was in 2013, we launched a seven year Corporate Plan "Vision 2020" for achieving our aspirations.

- ✦ Centre for Maritime Excellence.
- ✦ 200 Million Tonnage in cargo handling.
- ✦ US\$ One Billion in revenue.
- ✦ US\$ 10 Billion Port investments (within the Ports).
- ✦ Leading Contributor to the National Economy.
- ✦ Green Port Operator.

It was possible to create a culture of quality within the Organization in order to extend the maximum contribution to transform Sri Lanka as a Maritime and Logistics Hub in the region as envisaged in the National Development Programme of "Mahinda Chinthana – Vision for the Future". I am pleased to state that clear precise systems, methods and the excellence leadership are the factors which have contributed to the overall performance of the SLPA.

## Performance

The SLPA achieved an enhanced operational efficiency during the current year. We have taken initiatives to streamline and improve the quality of services by setting up service quality and performance standards. We worked closely with our customers to offer them quality services which have resulted in attracting mainline and feeder line services to the Ports. Terminal Service Agreements entered into during 2013 is an indication of taking right decisions at the right time for the benefit of all stakeholders. Taking initiative for an online project for better connectivity with customers and integration of functional divisions of Operations, Engineering and Navigation have shown effective utilization of resources.

In the year 2013 the SLPA has registered an 8.0% growth in the total container throughput handled in the Container Terminals managed by the SLPA when compared with the previous year. Transshipment Container throughput (including re-stowing) of 1,824,926 TEUs and domestic container throughput of 676,937 TEUs have been handled in 2013 with an increase of 10.5 % and 1.8 % respectively against the throughput handled in year 2012. The throughput of 2,501,863 TEUs handled at the Container Terminals managed by the SLPA has been 58.1 % of the total container throughput handled in the Port of Colombo which has shown a 2.8 % increase when compared with 2012.

## Finance

Introduction of an Advanced Financial Management System has ensured greater efficiency in maintaining a cost effective, efficient and reliable customer service. The SLPA continued with the cost saving steps for further efficiency and effectiveness in customer services during the year 2013 whilst ensuring profitable operation of commercial ports. The revenue of the SLPA has decreased by 0.6% from Rs 36.4 Billion in the year 2012. Laying a strong foundation for the adherence to the Rules, Regulations and Fundamental Principles of Good Governance along with application of the best practices, has resulted in investing in several infrastructure development projects in order to achieve our future growth aspirations.

## Infrastructure Development

The SLPA has to play an extremely important role to achieve the objective of developing Sri Lanka into a strategic Maritime Centre. Hence, appropriate steps were taken during the year under review for the development of infrastructure facilities in all seaports.

The first berth of the South Container Terminal under the Colombo Port Expansion Project was made operational in August 2013. This new terminal is capable of serving triple-E class vessels. The construction work of the balance berths of the Container Terminal which is a public-private partnership, continued during the year. The SLPA has completed construction of 6.8 Km long total breakwater for the South Harbour Project.

The SLPA has undertaken to develop the East Container Terminal with 1200 meter quay wall and a depth of 18 meters and construction



work in Phase - I of the East Container Terminal was continued during the year in order to make the first berth operational during the 2nd half of year 2014.

Over 70% of the work pertaining to widening the internal port roads i.e. 6 lanes was completed during the year to facilitate smooth and effective vehicular movement within the Port of Colombo.

Approximately 80% of the laying of new pipelines from the Port to the Bloemendhal Oil Terminal to maintain efficient transfer of bunker fuel was completed.

Preparatory work in regard to setting up of a cargo village at Peliyagoda was carried out in order to facilitate the Port users on Entrepot activities.

With a view to facilitate handling of any type of cargo and to meet the demand of the investors as one of the leading modern seaports, construction of Phase II of the Magam Ruhunupura Mahinda Rajapaksa Port (MRMR Port) in Hambantota continued in 2013. Several agreements were entered into for the setting up of industries utilizing the facilities in the MRMR Port.

Port of Colombo and MRMR Port were declared as Free Ports under the Finance Act and certain identified commercial activities are permitted within these Free Ports, with various benefits to the port users.

Preparatory work such as reclaiming water area has already commenced for the formation of a Port City as the "Colombo Paradise". The SLPA has undertaken to develop the "Lotus Island" adjoining the MRMR Port with facilities for Yachts and a Cruise Terminal.

### Human Resource Development

The SLPA realized the need to introduce an organizational Structure that encourages creativity of employees. Recognition was given to employees to develop innovative and new ideas with open channels of communication. The employees understood the necessity of commitment and practice of standards of business and contribute towards maintaining higher productivity in Port activities. Officials and employees including Trade Unions co-operated with the

management with team spirit to achieve much required improved efficiency and productivity. Skills development of employees to be capable of multi skilled hi-tech personnel to operate State-of-the Art equipment and handling advanced business practices was continued in 2013. It was possible to steer and guide employees to ensure extraordinary results for the benefit of the SLPA and its Customers.

### Conclusion

On behalf of the Board of Directors of SLPA, I thank His Excellency the President for his guidance, valuable advice and directions to achieve unprecedented results during the year 2013. I also thank Hon. Project Minister of Highways, Ports and Shipping and Secretary to Ministry, Staff of the Ministry, my fellow Officials and employees of the SLPA, Trade Unions and our valued Customers for their support, co-operation and advice extended during the year 2013.

In conclusion, I believe that the key ingredient in corporate effectiveness is leadership which can influence to shape groups-organization's goals, motivate towards the achievement of its vision and mission.

**Dr Priyath B Wickrama**  
**CHAIRMAN**



# BOARD OF DIRECTORS

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1. Dr Priyath B Wickrama
2. Mr Indika Karunajeewa
3. Capt Nihal Keppetipola
4. Dr Sanjaya Sedara Senarath
5. Mr Anuradha Wijekoon
6. Mr R Semasinghe
7. Mr Jagath P Wijeweera





## CHAIRMAN»»

### Dr Priyath B Wickrama

PhD (UK), PG (Dip), B. Sc. Engineering (Hons), CEng, MIE (SL)

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Dr Priyath Bandu Wickrama has been the Chairman of the Sri Lanka Ports Authority since 2008. The Sri Lanka Ports Authority was established in 1979 by an Act of Parliament with objectives to develop, maintain, operate and provide Port and other related services in the sea ports of Sri Lanka. As the Chairman of the Sri Lanka Ports Authority, Dr Wickrama is charged with the responsibility of managing Seaports in Sri Lanka whilst ensuring that each of them is a self-supporting enterprise and conducting the business of the organization, in order to facilitate the enhancement of Sri Lanka's image as a major maritime nation.

Dr Wickrama graduated from the University of Moratuwa, Sri Lanka with B Sc. Honours degree in Mechanical Engineering. He was conferred with a Doctorate in Operations Management by the International University of America in the United Kingdom.

He, in his capacity as the Chairman of the Sri Lanka Ports Authority is spearheading the construction of two Mega Port Development projects in the country. The first being the Greenfield MRMR Port in the Southern region which was made operational on the 18th of November, 2010. The second is the Colombo Port Expansion Project which also commenced its operations from 5th of August, 2013.

Dr Wickrama is the Chairman of the Jaya Container Terminals Ltd., Chairman of the Sri Lanka Port Management & Consultancy Services (Pvt) Ltd., and also functions as Director to several other organizations.

In recognition of his all-round performance in economic accomplishment, he was selected as the most outstanding young person of Sri Lanka in 2010 by the HSBC. His contribution to the development and advancement of the construction industry in Sri Lanka was also recognized, by being selected the Most Outstanding Citizen by the International Association of Lions Club in 2011 and was the winner of the Young Person of the Seatrade Middle East and Indian Sub-Continent award in 2011. At the Seatrade Global Awards Ceremony held in London UK, Dr Wickrama was awarded as the Seatrade Young Person in Shipping award for the year 2013.

Dr Wickrama was unanimously elected 3rd Vice President of International Association of Ports and Harbours (IAPH) for the period 2013 to 2015. He was officially inducted into this position at the IAPH World Conference held in Los Angeles, USA. Dr Wickrama has become the first Sri Lankan to be elected to an IAPH Vice Presidency position.

## VICE CHAIRMAN»»

### Mr Indika Karunajeewa

Solicitor (UK), LLM (Warwick), Attorney-at-Law

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Mr Karunajeewa was appointed as Vice Chairman of the SLPA in June 2010. Mr Karunajeewa is also serving as a Senior Assistant Secretary to His Excellency the President of Sri Lanka.

Mr Karunajeewa completed his early education at Royal College Colombo 07. He completed his legal studies at Sri Lanka Law College and enrolled as an Attorney-at-Law of the Supreme Court of Sri Lanka in the year 2000.

Mr Karunajeewa read for a Masters Degree in Public International Law at the University of Warwick, UK and graduated with honours in 2003. He practiced in the Law Courts of Sri Lanka specializing in Criminal and Intellectual Property Law.

He is also a Solicitor of England and Wales.

Mr Karunajeewa was posted overseas as a Minister Counselor to the Sri Lanka High Commission in the United Kingdom from July 2006 to May 2010.

## MANAGING DIRECTOR»»

**Capt Nihal Keppetipola**  
Master Mariner, MBA, MNI, MCILT

Capt Nihal Keppetipola joined the Ceylon Shipping Corporation as an officer cadet in 1975 where he sailed on various types of ships such as container, general cargo, bulk, oil and gas tankers.

He obtained his Masters in Maritime Science and Navigation in 1985 at Melbourne, Australia. After sailing for several years as a Captain with many shipping lines such as Chepstow & Shipping – UK, V Ships – Monte Carlo, Ahrenkiel – Germany, Pan Ocean – Korea and Ceylon Shipping Corporation, he joined the SLPA as a Harbour Pilot in 1990.

After working as a Pilot in all ports in Sri Lanka, i.e. Colombo, Trincomalee, Galle etc., he rose to the position of Harbour Master of all ports in 1999.

Due to various requests by senior management during different eras, in addition to the portfolio as Harbour Master, he carried out specialized jobs such as handling port operations, harbour security and logistics connected with the supply chain of the maritime industry.

Soon after, he obtained a promotion to Director (Port Operations) in 2005 and then to Additional Managing Director in 2006. Currently he is the Managing Director of the SLPA.

Capt Keppetipola is also a Board Director of Jaya Container Terminals Ltd. (JCT), South Asia Gateway Terminals (SAGT) and the Colombo International Container Terminals Ltd, (CICT) and Magampura Port Management Company (Private) Ltd. He is the Past President of Nautical Institute of UK (Sri Lanka Branch) and also a Member of the Chartered Institute of Logistics & Transport. He was a member of the Board of Directors of the Ceylon Petroleum Corporation during 2007/2010.

Capt Keppetipola is also attached to the Ministry of Highways, Ports & Shipping as an Examiner of Deck Officers.

## EXECUTIVE DIRECTOR»»

**Dr Sanjaya Sedara Senarath**

Initial Education at Rahula College Matara. His journey at school which is the very foundation of the adult life was remarkable because of his achievements as the Head Prefect, President Scout and winner of School Colours and National Colours. This very foundation itself paved the way for him to get to the President position of Old Boys Association of Rahula College Colombo Branch.

After Advance Level examination he has entered the Law College. While studying at the Law College he has been granted a scholarship to People's Friendship University, Moscow, Russia and obtained the Medical Degree and another Degree in "Russian Language Teaching" from the same University.

After the graduation he worked as a Doctor (Medical Officer) in the General Hospital of Matara.

Subsequently He has obtained a Post Graduate Diploma in Business Management and Finance Control from the School of Business Management, Moscow, Russia.

### Other Achievements

Secretary of International Student Council and most outstanding student (Overseas category – 1995) People's Friendship University, Moscow.

He has wide International exposure in Business Management. Instigated several foreign exchange investments in Sri Lanka.

Steered a Group of Companies successfully involved in a number of social welfare projects mainly in the South of Sri Lanka.

In April 2007, he was appointed to the Board of Directors of the SLPA. Thereafter, appointed as an Executive Director of the SLPA. Subsequently he has been actively functioning as Director Observations of the Port of Galle and the Chairman of the Colombo Port Integrated Land Development Project.

Actively engaged in further exploring the opportunities available worldwide in terms of the strategic location of Sri Lanka towards the development of SLPA.

## DIRECTOR»»

### Mr Anuradha Wijekoon

Additional Secretary to the Ministry of  
Highways, Ports and Shipping

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Mr Anuradha Wijekoon graduated from the University of Colombo in 1990 and also a member of Sri Lanka Administrative Service (Class1). He has also obtained a Masters of Business Studies (MBS) in University of Colombo in 2009.

Mr Anuradha Wijekoon has been a Trainer and a Consultant over 15 years in Productivity Improvement, Human Resource Management, Social Mobilization, Participatory Development, Gender and Development, Rural Development, Household Management and Family Development, Leadership Development and Process Re-engineering.

Mr Anuradha Wijekoon was appointed as a Member of the SLPA Board on 01.04.2013.

## DIRECTOR»»

### Mr R Semasinghe

Director General  
Department of Trade and Investment Policy  
Ministry of Finance and Planning

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Mr Semasinghe holds a Bachelor's Degree (Development Studies) from the University of Sri Jayawardhanapura and a MSc Degree in Natural Resource Management (NRM) from Agricultural University of Norway. Also He has followed a four year course in automobile engineering at the Ceylon German Technical Training Institute (CGTTI).

He joined the Sri Lanka Administrative Service in 1984 and has served in middle and senior level positions in different parts of the country. He served as Director General in the Ministry of Finance and Planning and as Additional Director General in the Department of Customs until he was appointed as the Director General, Department of Trade and Investment Policy.

He serves as a member of the board of management in several organizations including Sri Lanka Tourism Development Authority and Coconut Development Board to name a few. He has mastered his expertise in the area of environmental management and therefore he has been appointed as a member of the expert committee on land degradation established by the Ministry of Environment and Renewable Energy (MOE&RE) under the UN Convention to Combat Land Degradation in Sri Lanka.

## DIRECTOR»

**Mr Jagath P Wijeweera**  
Director General of Customs

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Mr Jagath P Wijeweera was appointed as a Director from 2012. Presently he is the Director General of Customs and prior to the present appointment he was the Commissioner General of Registration of Persons.

He holds a special Degree on Fine Arts from the University of Kelaniya and followed that he has obtained two master's degree from University of Colombo on Economics and International Relations.

He was an Additional Secretary to the Ministry of Defense from 2006 to 2010. He is in the Sri Lanka Administrative service since 1987.

## SECRETARY» TO THE BOARD

**Mr Kapila Liyanagamage**  
Legal Consultant – SLPA



# MANAGEMENT TEAM AND AUDIT COMMITTEE

## Management Team

**Dr Priyath B Wickrama**  
Chairman

**Mr Indika Karunajeewa**  
Vice Chairman

**Capt Nihal Keppetipola**  
Managing Director

**Dr Sanjaya Sedara Senarath**  
Executive Director

**Mr J K P Kurukulasuriya**  
Addl. Managing Director

**Mrs Shirani Wanniarachchi**  
Director (Finance)

**Mr A D T Gunasekara**  
Director (Technical)

**Mr D W Atapattu**  
Director (Logistics)

**Major Gen S G Karunarathne**  
Director (Security)

**Mr D U W De Zoysa**  
Director (Port Operations)

**Mr P A A Hewageegana**  
Director (Southern Port Development)

**Mr K A Ansar**  
Chief Training Manager

**Mrs D G I C Lokuhewage**  
Chief Engineer (Contract & Design)

**Capt R A Jayawickrama**  
Harbour Master

**Mr L Premasiri De Silva**  
Chief Internal Auditor

**Dr (Mrs) D Rajakanthan**  
Chief Medical Officer

**Mr L H R Sepala**  
Chief Human Resource Manager

**Mr E A T Edirisuriya**  
Chief Engineer (Mechanical Plant)

**Mr A A S R Abeyesiriwardana**  
Chief Engineer (Planning & Development)

**Mr W N Alson**  
Chief Manager (Welfare & Industrial Relations)

**Mr D A J I Perera**  
Chief Manager (Logistics)

**Mr Upul Jayatissa**  
Chief Manager (Marketing & Business Development)

**Mr R M A S Rathnayake**  
Chief Manager (Administration)

**Mr W M D B Wijekoon**  
Chief Engineer (Electrical - I)

**Mr H A N S Fernando**  
Chief Engineer (Electrical - II)

**Mr H M U B Galagoda**  
Chief Manager (Information System)

**Mr Vijitha Abeyesundera**  
Chief Manager (Supplies & MM)

**Mr P M S Somaratne**  
Chief Engineer (Civil)

**Mr W N Jayatissa**

Actg. Chief Manager (Container Operations)

**Mr G H D Dharmarathne**

Actg. Chief Engineer (Mechanical Works)

**Mr G V T Nanayakkara**

Actg. Chief Engineer (Marine)

**Audit Committee**

**Mr R Semasinghe**

Chairman

**Mr Jagath P Wijeweera**

Member

**Mrs Shirani Wanniarachchi**

Member

**Mr A D T Gunasekara**

Member

**Mr D U W De Zoysa**

Member

**Mr L Premasiri De Silva**

Secretary

# BUSINESS DEVELOPMENT

Activities and the Major achievements of the year 2013 are given below.

Following New Main Line Services were attracted in 2013

## Nine Mainline Services

- ◆ G- 6 Loop 6 Europe Service – APL/MOL/Hyundai/OOCL/NYK/ Hapag Lloyd
- ◆ G- 6 AZX- W/B (Suex Express) – APL/MOL/Hyundai/OOCL/ NYK/Hapag Lloyd
- ◆ IMMA W/B– India Mauritius Madagascar Mozambique Africa Evergreen & UAFL (United Africa Feeder Line)
- ◆ SRS-2 W/B – (Red Sea Service) - Evergreen / CMA-CGM
- ◆ SRS-2 E/B – (Red Sea Service) - Evergreen / CMA-CGM
- ◆ G-6 SVX- E/B (Singapore Vietnam Express)
- ◆ PIL – AMI E/B (Africa Middle East India)
- ◆ IBS –W/B – (India Bangladesh Service) – Evergreen /NYK/ Si- matec
- ◆ IBS –E/B – (India Bangladesh Service) Evergreen/ NYK/ Simatec

One new main line was attracted in 2013 - UAFL (United Africa Feeder Line)

Renewed three Terminal Services Agreements (TSA)

The SLPA Managed Terminals Reported Following Results;

- ◆ Domestic container handling volumes increased by 1.8%.
- ◆ Transshipment container handling volumes increased by 12.3%.
- ◆ The SLPA managed Terminals volumes increased by 8.0%.
- ◆ Increased the SLPA market share to 58.1% (2012- 55.3%).

- ◆ Highest ever SLPA total container handled throughput 2,501,863 TEUs.

## Port of Colombo Reported Following Results;

- ◆ Domestic container handling volumes increased by 1.1%.
- ◆ Transshipment container handling volumes increased by 4.7%.
- ◆ Port of Colombo overall growth increased by 2.8%.

## MRMR Port Reported Following Results;

- ◆ Total Ro-Ro vessels handled -134 ships (2012 - 31 ships).
- ◆ Domestic vehicles handled – 26,458 units (2012 – 6,411 units).
- ◆ Transshipment vehicles handled – 38,064 units (2012 – 4,338 units).
- ◆ Market Share – (Transshipment 59% and Domestic 41%).

# GENERAL ADMINISTRATION

The SLPA was established by the SLPA Act. No. 51 of 1979 on the 1st August 1979 and subsequently amended by Act Nos. 7 and 35 of 1984.

Section 6(1) of the SLPA Act defines its objects and duties as follows.

- ◆ Provision of efficient and regular service for Stevedoring, shipping and transshipping, landing and warehousing, wharfage, the supply of water, fuel and electricity to vessels, for handling petroleum, petroleum products and lubricating oils to and from vessels and between bunkers and depots, for pilotage and mooring of vessels, for diving and underwater ship repairs and any other services incidental thereto.
- ◆ Provision of efficient and regular tally and protective services.
- ◆ Regulation and control of navigation within the limits of and the approaches to the Ports.
- ◆ Maintenance of Port installations and promotion of the use, improvement and development of the specified ports.
- ◆ Co-ordination and regulation of all activities within any specified port excluding the functions of the Customs Department.
- ◆ Establishment and maintenance on and off the coast of Sri Lanka such lights and other means for the guidance and protection of vessels as are necessary for navigation in and out of the specified ports.
- ◆ Performing such other duties as are imposed on the Ports Authority by the Act.
- ◆ Conducting the business of the Ports Authority in such manner and to make in accordance with this Act such charges for services rendered by the Authority will secure that the revenue of the Authority is not less than sufficient for meeting the charges which are proper to be made to the revenue of the Authority, to replace assets, make new investments and to establish and maintain an adequate general reserve and

Endeavour to manage the specified ports and each of them as self-supporting enterprise in accordance with the provisions of the Act. In terms of Section 5 (1) of the SLPA Act, the Ports Authority has a Board of 09 Directors appointed by the Hon. Minister.

The Chairman is the Chief Executive and is in charge of the overall administration of the SLPA.

## Changes in the Senior Management In 2013

**Mr J K P Kurukulasuriya** was appointed as the Addl. Managing Director.

**Mr D U W De Zoysa** was appointed as the Director (Port Operations).

**Mr P A A Hewageegana** was appointed as the Director (Southern Port Development).

**Mr D A J I Perera** was appointed as the Chief Manager (Logistics).

**Mr W N Jayatissa** was appointed as the Actg. Chief Manager (Container Operations).

**Mr G H D Dharmarathne** was appointed as the Actg. Chief Engineer (Mechanical Works).

**Mr G V T Nanayakkara** was appointed as the Actg. Chief Engineer (Marine).

## Retirement in the Senior Management in 2013

**Mr Norman Weeraratne**, Addl. Managing Director retired from the SLPA.

**Mr M P S S Peiris**, Chief Engineer retired from the SLPA.

**Mr H D H Samarasinghe**, Chief Engineer retired from the SLPA.

**Mr P W Waduge**, Chief Engineer (Mechanical Works) retired from the SLPA.

**Mr P R Siriwanasa**, Chief Law Officer resigned from the SLPA.

## CASA

The Ceylon Association of Ships Agents (CASA) held several meetings with the management of the SLPA during the year to discuss Port related matters and issues of concern to their members. These discussions proved fruitful in sorting out problems, maintaining



mutual understanding and cordial relationship with the Port users and thereby to improve the productivity.

### Appeal Panels Against Disciplinary Orders

Twenty five (25) appeals tendered to the Chairman / Board of Directors by the Employees against disciplinary orders imposed on them which were referred to five Appeal Panels duly constituted in terms of the rules and regulations of the SLPA. Out of these appeals, three (03) were granted and twenty one (21) were rejected and one (01) to be finalized.

### Foreign Training and Scholarship Opportunities

During the year under review, a total of eighty (80) Officers holding senior and middle management level posts in the Authority were awarded scholarships and given opportunity to follow training programmes and participate in the conferences and seminars conducted by International Organizations outside Sri Lanka.

In addition to this, thirty three (33) employees of the SLPA traveled to foreign countries to represent Sri Lanka in sports competitions.

### Communication and Public Relations

Communication & Public Relations Division (C&PR) was established in the year 2004 with a view to foster better communication between the Management and the Employees and with the external organizations locally and internationally to boost the image

the major objectives of enhancing better communication between the management and employees. It also serves to identify various talents of employees in a number of spheres of social interest such as sports, aesthetic subjects, and ideology and further makes gate way to make employees aware of timely action and rules and regulations of SLPA towards elevating efficiency and productivity.

C&PR Division also maintains archives library facilities of both print and electronic data records for institutional reference. Computerized data and original hard copies of all matters published related to SLPA in local newspapers and most of the magazines in Sinhalese, Tamil and English are protected at the division, while a state of the art electronic studio protects all video visuals of past and present coverage of SLPA for future reference as well as for the need of production of various video documentaries for SLPA, time to time. A manual and a computerized library of photography is also available at the division which keeps records of all images of coverage done for SLPA.

The SLPA had the opportunity to promote the Port of Colombo, as the leading Hub in South Asia and Sri Lanka as a maritime centre at CHOGM Business Forum 2013 exhibition held in Colombo parallel to the Commonwealth Heads of Government Meeting (CHOGM) 2013 in Sri Lanka which is considered to be one of the premier business events in the world where leading organizations in shipping, logistics, telecommunications, services and industrial sectors take part. The SLPA also participated at the World Port, Trade, Exhibition & Conference of IAPH and Seatrade in Abu Dhabi, UAE in 2013. During the year C&PR Division also represented the SLPA at



of the organization. Every possible steps have been taken to give wide publicity locally and internationally with regard to upcoming development port projects.

Communication and Public Relations Division has successfully continued the "Theertha" monthly newspaper distributed free of charge among employees of Sri Lanka Ports Authority to fulfil one of

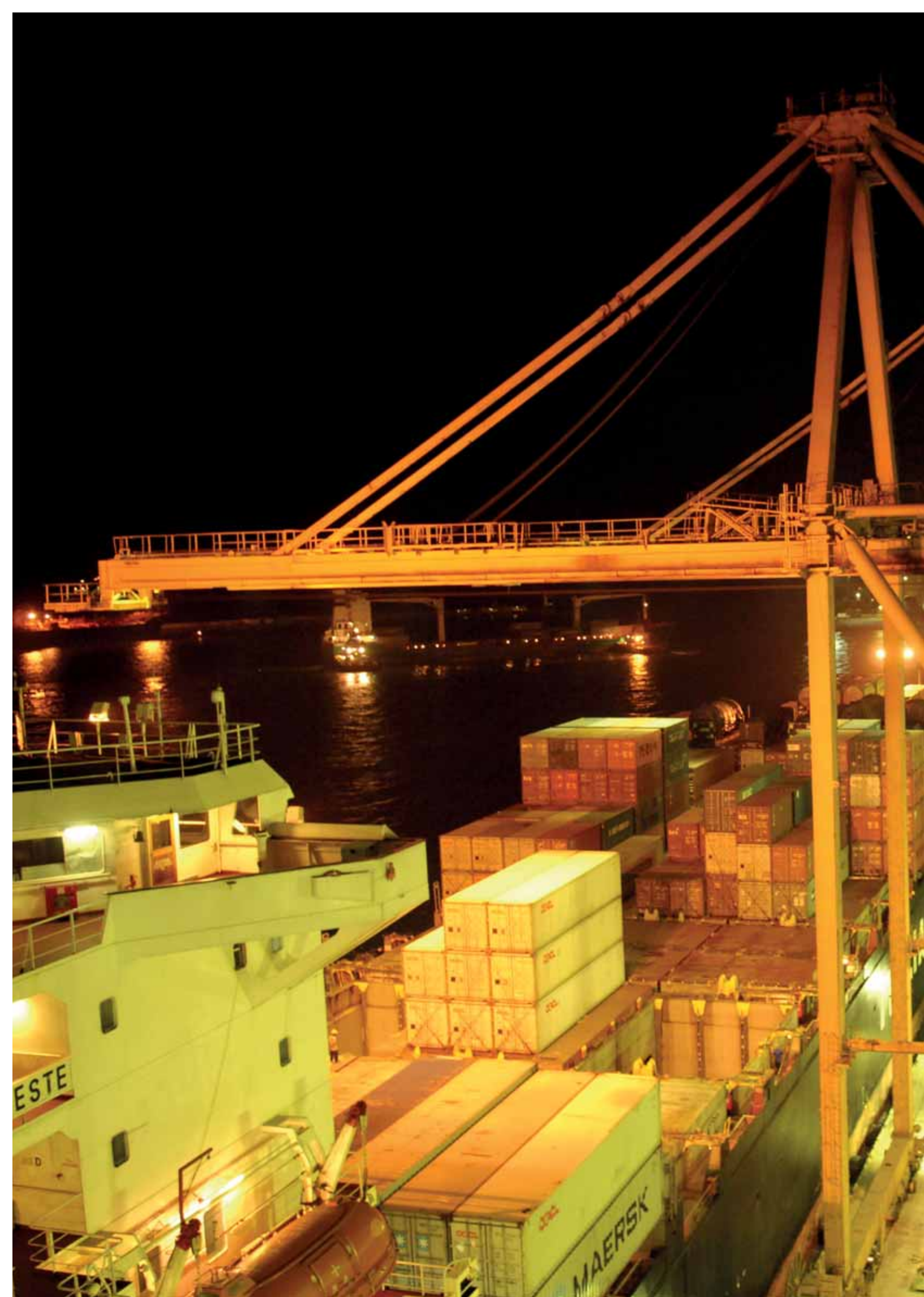
several events and exhibitions of national importance that included TECHNO 2013 National Engineering and Technology Exhibition at the BMICH, 'Gamini Abhiman 2013' at the Gamini Madhya Maha Vidyalaya in Bentota, Sri Lanka Ports Trade and Logistics Conference, Exhibition & Awards at the Hilton Hotel in Colombo, 'X BAN 2013' Educational, Science and Technology Exhibition at the St. Sebastian Central College in Katuneriya, and the National Exhibition "Deyata

Kirula" where we could make aware the school children and the general public of the facilities and services available in the Ports and future development projects. Printing of updated brochures and leaflets were undertaken by this division. Meanwhile the division also successfully carried out the local and international media campaign with regard to the opening of the Colombo Port Expansion Project. C&PR Division played a pivotal role at the launch of the 'Vision 2020' of SLPA.

C&PR Division played a vital role in organizing the functions and events of the authority. The newspaper supplements which were published to mark the various events were designed and organized by this division.

Steps have been taken to give publicity for all important events which took place during the year under review through electronic and print media and to effectively counter adverse reports published on SLPA in press and electronic media from time to time. Communication and Public Relations Division is the authorized arm of the Sri Lanka Ports Authority to announce and express itself at various press briefings and to issue video and print information and press releases to all outside media institutions for publicity on SLPA towards enhancing its image and productivity.

In line with the tasks vested upon the C&PR Division, to facilitate the communication and public Relations activities to make the programmes and events launched and implemented by SLPA a success, the Division also coordinated with a number of national and other recognized television, radio and press institutions in the country to telecast, broadcast and publish several feature, documentary and interviews that would make the masses well aware of MRMR Port and its benefits to support the future socio-economic development of Sri Lanka. C&PR Division also coordinated a number of workshops to make the regional journalists aware of this mega project that in return received a wider publicity of the success of the project to bring future prosperity to the motherland.







# OPERATIONAL REVIEW





## OPERATIONS

During the year 2013, the SLPA managed JCT and UCT were able to increase the annual container throughput by 8% recording 185,014 TEUs increase compared to corresponding volume in 2012. Domestic volume increased by 11,646 TEUs whilst transshipment volume increased by 173,368 TEUs. In the month of July 2013, highest ever monthly throughput of 235,750 TEUs was recorded and highest ever daily container throughput of 9,884 TEUs could be achieved on 2nd November 2013.

There had been an increase of 1.9% of container vessels called at Port of Colombo from 3,092 (Year 2012) to 3,142 (Year 2013)

Handling of RORO vessels was diverted to MRMR Port facilitating more yard space which enhanced the parking space for vehicles. As a result, the SLPA managed to record a 60% transshipment automobile volume out of total handled 60,721 vehicles.

In year 2013, an increase of 6.3% was recorded in the annual tonnage handled at Port of Colombo under SLPA, from 36.86 Mn tonnes to 39.18 Mn tonnes.

The employees were educated on best working practices in order to optimize the usage of newly procured equipment in 2012 and Navis Sparcs/ Express Container Terminal Operations Management System. As a result, the SLPA managed terminals could maintain the productivity levels of 24 moves per crane hour on main line vessels whilst 20 moves per crane hour on feeder vessels.

More attention was made on training and development of skills, knowledge and attitudes of the employees in the Operations Division in order to improve the productivity, efficiency and quality of services to meet the customers' expectations. During the year 2013, the SLPA managed terminals were able to attract seven new Main Line Services and Two Feeder Lines respectively.

## LOGISTICS

The main function of the Logistics Division is to effect the delivery of all cargo comprising FCL, LCL, Break Bulk, Bags and Motor Vehicles that are discharged to the port and other shipping cargo related services rendered to the customers.

During the year 2013, 294,561 TEUs of FCL containers were directly delivered from the Customer Service Centre by providing round the clock service as practiced earlier. To enhance the services provided to the customers and to minimize the time spent for documentation, action has been taken to implement and operate Cargo Module Navis Programme for FCL containers.

A Total of 24,776 TEUs of LCL container, were handled at the SLPA. Out of which 7,690 TEUs (General/Dangerous Cargo) were handled at Peliyagoda CFS for de-stuffing operation whilst providing the warehouse space inside the port for local, TS, Multi Country Consolidation (MCC) operation and special type cargo. Revenue of Rs. 170.4 Mn has been generated from de-stuffing of LCL containers. Revenue from the MCC operation was Rs. 141.1 Mn. In addition, revenue of Rs. 5.3 Mn has been earned as demurrage on empty containers and charges for change of status of containers.

During the year, 93 new licenses have been issued to the clearing agencies and 881 licenses were renewed making a total of 974 licenses generating revenue of Rs. 14.6 Mn. By issuing and renewing wharf identity cards to wharf clerks of both categories "A" and "B", a total revenue of Rs. 7.1 Mn has been collected. The total "A" passes issued and renewed during the year had been recorded as 2,244 while "B" passes were 305.

With the enhancement of bonding and entrepot cargo warehouse facilities by renovating CFS V warehouse, demand for bonding and entrepot trade was increased and a total revenue of Rs. 38.9 Mn has been collected. The total revenue generated by Logistics Divisions in 2013 from the services rendered amounting to Rs. 377.6 Mn.

By conducting public tenders and auctions to dispose of abandoned cargo a total of Rs. 81.1 Mn was collected whilst generating additional revenue of Rs. 23.5 Mn by disposing of scrap iron, waste oil and used tyres etc. through SLPMCS Ltd. In addition, Rs. 9.3 Mn has been generated by disposing of discarded surplus items of SLPA through public tenders. In addition to that, a revenue of Rs. 1,530,000/= earned from forfeiture of non-clearance of awarded items.

In 2013, 39 applications had been received for waiver of rent from, the consignees through the Ministry of Highways, Ports & Shipping, out of which 19 applications were recommended and 12 were rejected. The balance is pending decisions from the Ministry of Highways, Ports & Shipping.

With the aim of improving the quality of the services rendered by Logistics Division, cargo module delivery system (NAVIS) introduced ensuring efficient and productive services to our customers in 2012 for the delivery of FCL containers and all measures are being taken to implement the same for LCL cargo de-stuffed to the warehouses.

## FINANCE

During the year 2013 the Finance Division was able to achieve many milestones as a division that plays a major role in SLPA. The achievements introduced by the finance division during 2013, are listed below.

Finance Division has a major break-through in mid-July, by initiating e-mailing of invoices directly to Agents. 95% of TMS generated invoices are e-mailed to Agents on a daily basis while eliminating much lamented delays in the process of physical dispatch and delivery.

Action was taken to recover outstanding debts due from shipping agent in significant quantum due to proper debt collection management.

Issuance of export and import FCL container bills and payments via internet has been implemented in the year concern enabling customers to settle their bills through banks.

Significant number of Shipping Agency Accounts and MCC accounts has been newly opened to provide shipping agency services within the year. Further actions have been taken to resolve 1,646 number of dispute applications out of 2,195 number of registered dispute applications.

## NAVIGATION

### Pilotage

Pilotage to all types of vessels calling at the Port of Colombo was provided 24X7 during the year under review.

The Major Highlight of the year under review was the inauguration of the completed Colombo Port Expansion Project on 5th August, 2013 by His Excellency the President of Sri Lanka. The CMA-CGM vessel "CMA CGM Pegasus" was berthed at the CICT on its inaugural call on this day.

The entire Pilot Station along with the Pilots, Sea Traffic Coordinators and the mooring crews moved from the Old buildings at the South West Break water to the new buildings at the secondary breakwater. The Highlight of this shifting being the commencement of operations of the Port Control from the spanning new Control Tower.

The old buildings housing the crews were demolished whilst the Iconic Old Pilot station was spared as a heritage building for refurbishment.

Type of Ship	No. of Ships	Purpose of Call	No. of Ships
Container	3,142	Bunkering	50
Conventional	38	Repairs	36
Dry Bulk	177	Passenger	32
Oil Tanker	133	Other Services	15
Roll on Roll off	28		
Other Cargo	16		
<b>Total</b>		<b>3,667</b>	

### Master of Tugs (CMT) Section

The CMT Section functioned satisfactorily, providing an efficient and continuous tug service for vessel manoeuvres during the year under review. In addition, the following tasks were also performed:-

- ♦ Carrying out deck repairs and maintenance work of tugs.
- ♦ Manufacturing rope mats for tugs with discarded mooring ropes and making canvas awnings for tugs and other sections.

Adequate tugs were operated daily for ship movements and one standby tug was always available for contingency requirements.

### Total Number of Vessels Attended by Tugs

Name of Tug	Total
MT Raja	124
MT Nandimithra (55BP)	3,615
MT Suranimala (65BP)	2,872
MT Gotaimbara (65BP)	3,938
MT Vijayabahu	3,219
MT Barana – II	2,820

### Tugs Stationed at outer Ports

#### Trincomalee

- ♦ M/T. Sinhabahu
- ♦ M/T. Neelamaha

#### Galle

- ♦ M/T. Therapuththabaya
- ♦ M/T. Kanchadewa

#### KKS

- ♦ M/T. Deera

#### MRMR Port

- ♦ M/T. Velusumana

### Sea Voyages

- ♦ M/T. Sinhabahu (From Colombo to Trincomalee)
- ♦ M/T. Mahasen (From Trincomalee to Colombo)
- ♦ M/T. Kanchadewa (from KKS to Galle)

### Training

The officers and crew were encouraged to upgrade their knowledge and follow courses in Advanced Fire Fighting, Advanced English, Basic Fire Fighting, Elementary First Aid, Personal Safety and Social Responsibility, Personal Survival Techniques and Microsoft Office conducted by the Mahapola Training Institute.

### Revenue Earned

Year	Rs. Mn
2012 Actual	350.810
2013 Revised	445.526
2014 Projected	526.787

### Chief Engineering Officer's Section

#### Staff

Adequate staff was available during the year 2013 in keeping with the operational and repair requirements of all tugs and pilot and mooring launches.

Routine maintenance was carried out by staff of the Section in addition to the daily running of required craft for towage and pilotage and operations.

On a recommendation by the management, the Chief Engineering Officer's section is gearing up to attend to more routine maintenance of tugs whilst equipping a workshop.

### Port Fire Brigade (PFB)

An effective emergency service was provided by Port Fire Brigade during the year, 2013 mitigating adverse effects of fire and other emergencies while implementing and maintaining local fire safety standards. The Port Fire Brigade is also the Emergency response team of the SLPA combating incidents of Oil Pollution and accidents related to Hazardous Materials.



The following services were rendered by PFB during the year under review.

Fire Response	14
Emergency Calls	29
Stand By Duties For Oil Tankers	111
Stand By Duties For Gas Tankers	21
Stand By Duties For Hot Works On Vessels	1,309
Stand By Duties For D/C Handling	07
Supplying Water To Wash Piers/Warehouses Etc.	42
Pumping Out Water	12
Oil Pollution Control Work	07
Inspection Visits To Oil Tankers	621
Combined Fire Drills	02

### Fire Safety Activities

Fire Safety Inspection of all the buildings/cranes/vessels/prime movers were carried out at all ports.

### Training

Staff Training Workshops	21
Outsiders Familiarization Visits	04
Coxswain Training Courses	05
Fire Training For Deck Rating Trainees	02
Fire Training For Engine Room Rating Training Program	02
Refresher Fire Training For Fire Brigade Staff	05
Combined Fire Drill With Colombo Oil Bank	02
Combined Fire Drill With Power Barge	02
Recruit Fireman Training For MRMR Port	01
Staff Training Workshop For MRMR Port Employees	11
Recruit Fireman Training Programme For PFB Staff	01

Combined fire drills were carried out with the Fire Units of the Ceylon Petroleum Storage Terminals, Colombo Dock Yard and Colombo Power Plant.

### Revenue

Revenue earned by Port Fire Brigade in 2013 is given below.

Description	US \$	Rs.
Stand By Duties For Oil Tankers	178,148	
Stand By Duties For Gas Tankers	27,520	
Stand By Duties For Dangerous Cargo	37,440	222,250
Charges For Inspection Visits	7,340	
Charges For Hot Work	17,817	
Fire	1,520	590,000
Charges For Oil Pollution Control	1,080	412,500
<b>Total Income</b>	<b>270,865</b>	<b>1,224,750</b>

### Harbour Safety Section

This section keeps track of all types of Hazardous cargo being handled in the port and ensures that safe handling practices are observed at all times.

Several chemical spillages and incidents of fire were controlled with the assistance of the Port Fire Brigade. Inspection of warehouses including dangerous cargo warehouses and containers were carried out periodically.

Site inspection prior to granting hot work permission were carried out and unauthorized hot work incidents were detected and stopped. Inspections of marine pollution were carried out. Investigations and analyzing of accidents involving personnel and marine were carried out.

- ◆ The Port of Colombo handled 278,592.968 MT of dangerous cargo during the year, 2013.
- ◆ 23,911 Nos. of freight containers of transshipment hazardous cargo were handled.
- ◆ Handling, storage and transportation of dangerous cargo in the Port and allied safety aspects were introduced at the course of lectures for employees in Operation Division.
- ◆ 217,510 MT of high explosive (GP/IE) and 9,532.062 MT of explosive nature substances (GP IAE/IIIE) were handled.
- ◆ Personal safety of employees at JCT, and mooring gangs attached to Navigation Division were monitored, specially in using of Personal Protective Equipment with the assistance of Asst. Harbour Safety Inspectors.

One Hundred Eighty Four (184) Petroleum Tankers called at Port of Colombo and discharged cargo as follows:

Types of Cargo	Quantity (MT)
Liquid Petroleum Gas	198,907.416
Gas Oil / Jet Ai / Gasoline / Kerosene	2,192,736.589
Crude Oil	1,660,192.840
Fuel Oil	377,706.612
Base Oil	18,074.968

### Coast Lights Section

Lighthouses along the Southern and Western coast straddling the main international shipping routes were regularly maintained.

### Light Buoys in Channels

Light Buoys were regularly checked and maintained. The alignment of the main South West Channel of the Port of Colombo was changed with the establishment of the Colombo Port Expansion Project and a new buoyage system was also established to demarcate the new approach channels. Mariners were duly warned by way of Circulars to CASA, SLAVO, LASO and the UK Hydrographic Division.



Revenue – 2012/2013 Light Dues

	2011	2012 Estimated	2013 Projected
Combined	319.735	544.877	741.541

Harbour Craft Section

The work of the Harbour Craft Section mainly consists of assisting and providing mooring gangs and crews for pilot launches to facilitate safe mooring/unmooring of vessels which call at Colombo harbour, transporting of various work gangs to island breakwater, South West breakwater, keeping harbour waters clean and handling heavy lifts by floating cranes giraffe. The routine maintenance of pilot launches and mooring launches were also carried out satisfactorily.

Hydrographic Survey Section

Surveyors attended to all land survey works whenever requested made by the relevant Divisions of the port as well as hydrographic surveys of all the SLPA operated ports.

- ◆ Approach Channel and Harbour basin and berth Soundings
- ◆ South Port Land Survey and Soundings
- ◆ Sounding over Port City Area
- ◆ Buoy Position Survey of Approach Channel
- ◆ Colombo Port Map Revision Work
- ◆ Control Point Survey (Continuous)
- ◆ Surveying & Leveling of Port Internal Road Widening Project
- ◆ Central Line setting out and Leveling of Port Access Road Widening
- ◆ Hydrographic and Land Survey at ECT Project
- ◆ Surveys & Plan work for lease agreement

Port of Galle

- ◆ Cross Section and Setting out of Proposed New Road
- ◆ Survey for Encroachment at Rumassala SLPA Land
- ◆ Detail Survey and Setting out work for Yacht Marina Project
- ◆ Galle Plan Updating Surveys
- ◆ Survey and boundary demarcation for court case at Galle Harbour

Port of Trincomalee

- ◆ Land Surveys for Encroachment at Singhapura
- ◆ Hydrographic Surveys over Tokyo Cement Jetty
- ◆ Survey for preparing Leased plan

Port of Oluvil

- ◆ DGPS Control and Detail Survey for Connection to the National Grid
- ◆ Hydrographic Survey over inner and Approach Channel area
- ◆ Surveys & Plan work for Lease agreement

Port of KKS

- ◆ Control Survey Using DGPS for connection to the National Grid

- ◆ Levelling work for established Tide Gauge
- ◆ Join Survey with Indian Dredging Company for KKS Harbour Project
- ◆ Hydrographic Survey over inner and Approach Channel area
- ◆ Joint Hydrographic Survey Prior and Post Dredging with IDC

MRMR Port

- ◆ As an urgent task, plan work and tenement list preparation for Phase I vesting to SLPA under Survey Dept. Supervision
- ◆ Hydrographic Survey over Basin, Entrance, Channel & Setting out Buoy positions
- ◆ Hydrographic Survey before reclamation of the New Artificial Island
- ◆ Surveys for lease plan preparation for Investors Land
- ◆ DGPS Survey at 'Manajiawa' Land for resettlement
- ◆ Survey work under Supervision off Survey Department
- ◆ Survey and Setting out work for new building near admin Complex
- ◆ DGPS Survey at 'Manajiawa' Land for Port Activities
- ◆ Sub Division Survey work at Tank Farm
- ◆ Contour Map Preparation using DGPS over entire area for Port Industrial Zone
- ◆ Other related survey work detailed by project engineers

Nautical Section

The annual registration and issue of licenses to Ship Chandlers, Launch Operators, Marine Surveyors, minor and major repair workshops, oil and oily water garbage reception facilitators, were coordinated by this Section

Name of the License	No. issued	Revenue
Ship Repair License	138	4,273,508.32
Dockyard License	76	1,359,129.76
Survey License	38	789,059.81
Ship Chandlers License	78	2,893,588.19
Boat License	42	1,384,491.83
SAGT & Other License	19	368,353.90
Total		11,068,131.81

PLANNING AND DEVELOPMENT

Colombo South Harbour Development Project

Government of Sri Lanka (GOSL) has identified the Colombo Port Expansion Project (CPEP) to cater the increasing demands of services in the international shipping industry. This project consists two phases as below:

- ◆ Harbour Infrastructure works as construction of Breakwaters, dredging for new harbour basin and navigation channel and rerouting of crude oil pipe line.
- ◆ Construction of Terminals and other related services.

## Harbour Infrastructure Work

The Colombo Port Expansion Project, Harbour infrastructure works was initiated with a total estimated construction cost of US\$ 330 Mn. The Asian Development Bank and the SLPA jointly finance the project of infrastructure works. Asian Development Bank will finance US\$ 300 Mn which is 81.7% of the total cost and remaining 18.3% will be financed by the SLPA.

The Construction work of the CPEP project was officially commenced on 11th April 2008 and scheduled to be completed within 48 months. The main contractor of the CPEP project is M/s Hyundai Engineering Construction and Co. Ltd., and the consultant is M/s Scott Wilson Ltd.,

### Major Items in infrastructure work

- ◆ Main Breakwater Construction.
- ◆ Secondary Breakwater Construction.
- ◆ Dredging of Main Channel.
- ◆ Rerouting of Submarine Crude Oil Pipeline.
- ◆ Construction of Pilot Station and other Ancillary Building.
- ◆ Construction of Road and Services.

### Progress Summary of the Main Items

The project has progressed almost in line with the schedule and completed fulfilling quality, standards, environmental and social issues within the cost and time frames.

### Construction of Terminals

#### East Container Terminal (ECT) Phase - I

In the master plan of Colombo Port Expansion Project, the ECT has a quay length of 1200m which consists of 03 container berths with alongside water depth of 18m. The SLPA proposed to construct a single berth as the first phase of the ECT development plan to cater the shortfall in the capacity of container handling in the Port of Colombo.

### Major Items in infrastructure work

- ◆ Foundation Dredging and reclamation dredging.
- ◆ 440 meter long quay wall construction consist of 30 m rail span, a 20 m wide back-reach area, a two lane road and a free area with revetments and capping beam.
- ◆ side crane rail and beam.
- ◆ Container yard on the reclaimed land – consist of 12 dry stack lanes and one reefer lane, 30m wide yard peripheral roads, terminal tractor parking area.
- ◆ Corner revetments.
- ◆ Services and Utilities – Consist In and Out Gate, a fueling station, electrical substations, sewerage treatment plant, firefighting system. Water storage and distribution network and storm water drainage system are incorporated in the terminal plan.

### Progress as at the end of year 2013

Physical Progress	22.4 %
Financial Progress	17 %

Expected project completion date (Phase - 1) is 31st December 2014.

### South Container Terminal (SCT)

SCT is being constructed under Build, Operate and Transfer (BOT) basis as the first terminal of the Colombo South Harbour.

Developer	CICT
Effective Date	01.12.2011
Terms of BOT Agreement	35 Years
Estimated Project Cost	US\$ 500 Mn
Length of the Quay wall	1200m
No. of Berths	3-4
Water Depth	18m
Capacity	2.4 M TEUs
Signing of B.O.T. Agreement	12.08. 2011
Commencement Date of Construction	16.12. 2011
Commencement of Operations	05.08.2013
The First 600m Quay wall	May 2014
Entire Terminal	Dec 2016





**Present Status**

The Reclamation works, Construction and Placing of Caissons, Construction of the Administration Building are already completed. Six quay cranes are already fixed. Revetment and Construction works of Ch. 600 – 1200m are in progress.

**Proposed Colombo Port City Development**

**Introduction**

Construction of the proposed Port City adjacent to the Port of Colombo has been taken into consideration by the SLPA, proposed Port City will consist of luxury hotels and apartment complexes, shopping malls, space for modern offices for corporate sector, leisure and recreational activities such as yacht marinas, formula tracks etc.

Cost for the Phase I of the project will be borne by the Project Proponent and only a share from the reclaimed land is expected by the Project Proponent for his initial investment and return.

**Project Summary**

**Phase - I**

- ◆ Construction of Breakwater
- ◆ Reclamation of 233 Ha
- ◆ Providing of infrastructure such as Road Network, Water Supply, Sewerage system, Electricity, Telecommunication and Data connection.
- ◆ Project duration 3 years
- ◆ Cost of the Project U\$ 1,337 Mn and Cost of the project will be borne by the Project Proponent

**Phase – II**

Development of the reclaimed land including space for modern high-rise office and residential buildings, hotels, shopping complexes, restaurants and leisure/recreational facilities such as yacht marinas, formula tracks.

**Present Status**

- ◆ Standing Cabinet Appointed Review Committee (SCARC) has given the approval to prepare a Terms of Reference (TOR) and sign a Memorandum of Understanding (MOU) with developer to obtain a detailed project proposal.
- ◆ Environmental Impact Assessment (EIA) is completed with the assistance of University of Moratuwa and approval was granted by Coast Conservation Department (CCD) with conditions.
- ◆ Sand Extraction License

Central Environmental Authority (CEA) issued a TOR to carry out an Initial Environmental Assessment (IEA) for Sand Borrow Pit Area. IEA report was submitted to CEA. Geological Survey and Mines Bureau (GSMB) issued a Sand Exploration License to carry out a Sand Exploration report. Report was submitted to GSMB. IEA committee suggested to obtain an additional borrows pit area and Geological Survey and Mines Bureau agreed to give an additional borrow pit area subject to conditions. Necessary works are underway to obtain the additional borrow pit area.

- ◆ Archeological Department granted approval by doing an Archeological Impact Assessment study of the proposed site.
- ◆ Following authorities were informed about the project and discussions were made to obtain services.  
CEB - Electricity supply  
RDA - Road network and traffic  
NWS and DB – Water supply  
CMC and GCWWMP – Waste disposal method and Sewer
- ◆ Memorandum of Understanding (MOU) was signed between the SLPA and the Project Proponent.
- ◆ Detailed Project Proposal was submitted by the Project Proponent and Technical Evaluation Committee (TEC) evaluated the Detailed Project Proposal. TEC report was submitted to SCARC. As per the TEC report, SCARC instructed to carryout negotiations with the Project Proponent which the areas that could be agreeable with their proposal.



- ◆ TEC held negotiation meetings with the Project Proponent under the categories of technical, commercial and financial and legal aspects. 2nd TEC report was submitted to SCARC and decisions are underway.
- ◆ Final technical requirements and legal requirements are under preparation considering the Detailed Project Proposal.

### **Galle Port Development Project (JICA Fund Loan No. SL-P-85)**

The whole project is to construct breakwaters to dredge an approach channel and a turning basin in front of the terminal. The novation agreement was signed with M/S Oriental Consultant Company (OCC) for the design works. The Construction of break water is being planned with the available JICA Fund and to develop multipurpose berth on Public Private Partnership (PPP) basis in Phase II.

Approved loan amount is JP Yen 14,495 Mn.

#### **Present Status**

M/S OCC has been prepared the draft supplementary Design Report and the bidding documents volume I, II, III and IV based on the final proposal.

#### **Proposed Head Office Building for SLPA**

Construction of Head Office Building to accommodate all the SLPA functions under a single roof. The previously decided location at the Canal Yard has been shifted to new place inside the port premises. Floor area is 31,000m<sup>2</sup>.

#### **Present Status:**

Soil Investigation at the new location has already been commenced and will be completed in January 2014.

Indian Overseas Bank offered funding arrangement and it is under review by SLPA.

#### **Development of Trincomalee Port**

To develop Trincomalee as a metropolitan growth center for North Eastern part of Sri Lanka by strengthening economic and resources base utilizing about 3,000 acres of land belonging to SLPA which was not properly utilized to date.

Budget Allocation - Rs. 40 Mn.

#### **Present Status**

Request for Proposals (RFP) for Industrial zone was completed. Nine proposals were submitted. Only eight proposals were qualified for preliminary evaluation. Preliminary evaluation was completed and 5 proposals were qualified for financial evaluation. Financial evaluation process is in progress.

#### **Proposed Peliyagoda Warehouse and Yard Complex**

Warehouse Complex will be constructed at Peliyagoda to minimize the traffic congestion on roads in Colombo and to offer an efficient service to stake holders.

LCL operations will be shifted to newly proposed warehouse complex while part of LCL operation will also be shifted to Peliyagoda.

A land to the extent of 28 acres located at Peliyagoda has been identified for proposed Warehouse and Yard Complex. This warehouse complex will be linked to the port by a railway track.

#### **Present Status**

Soil Investigation for the above land was commenced on 18th November 2012 and final report on design of soft ground improvement Programme was submitted by Prof. H.S. Thilakasiri, University of Moratuwa. Evaluation process of the final report is in progress.

### **SOUTHERN PORT DEVELOPMENT**

Southern Port Development Division (SPD), having established in the year 2006 has undertaken the implementation of major projects. This includes Phase - I and Phase - II of MRMR Port, Bunkering and Tank Farm Facility Project, and RFP for Business Ventures and Land Acquisition for MRMR Port. While being achieved successful progress in all main projects, MRMR Port constructed under Phase-I currently function as an operational port in the region and the newly constructed administrative complex, named "Sayurupaya" was unveiled by His Excellency the President in this year.

Commencing the construction works in the year 2012, Phase - II of the project has achieved a substantial progress during the year 2013. On completion, 1300m long container Terminal, 460m long Feeder Terminal and 1300m long General Purpose Terminal will be available for port operations. Further, a 42 hectares Artificial Island is proposed to be constructed under Phase-II in view of facilitating the future developments in the vicinity.

Having completed the construction work of Tank Farm and Bunkering Facility in 2012, Pre-Commissioning of the facility was completed in this year. Lease agreement was signed between Litro Gas Terminal Lanka (Pvt) Ltd., and SLPA for the operation of LPG facility and negotiations are being progressed with Ceylon Petroleum Corporation for the operations of Aviation Fuel facility while all arrangements are being done to operate the bunkering facility by the Ports Authority.

SPD division managed the operation and administration works of MRMR Port until the establishment of the new entity. During this time, substantial number of vessels had called in the port including the Ro-Ro vessels. SPD Division also deals with the investors who submitted investment proposals under RFP scheme floated last year in arranging all necessary Clearances / approvals for services. This included 7 investment proposals approved by the Cabinet of Ministers and signed agreements (3 Nos) with the SLPA previously.

By the second RFP scheme floated, 5 investors expected to invest approximately US\$ 1,000 Mn have been selected and approvals have obtained. SPD Division also worked with these investors in arranging all clearances, facilities/services within this year. Contract Agreements with the investors will be signed soon.

CIVIL

Civil Engineering Division is basically striving for maintaining the port infrastructure and premises to a satisfactory level while facilitating a friendly environment to the port users. Civil Engineering Division drives towards these goals and would achieve a satisfactory level by preserving a healthy working environment throughout the year. Apart from the Civil Engineering Division's work purview, some minor development activities are also carried out as per the discretion of SLPA management. Progress of those activities are highly satisfactory and Civil Engineering Division saves a considerable amount of money which otherwise would have been given to outside contractors.

Apart from the above works, Civil Engineering Division undertook some projects under the category of "Corporate Social Responsibility".

Maintenance Works

The scope of work is widely spread from cleaning to maintenance of all port structures except electrical and mechanical works. Generally, daily maintenance is arranged by dedicated staff at South and North Sections by implementing well defined systems and other maintenance activities are carried out by other sections.

Maintenance of marine structures and that of other harbours and all lighthouses is carried out by MCS Section while harbour depths are maintained by Dredging Section. JCT Container Terminal maintenance work is done by Maintenance unit at JCT. Other main structures are maintained by CIW Section. The facilities available at the SLPA Housing Scheme are maintained by the Housing Section.

Minor Development Works

Part of the service corridor of the Port Road Widening Project was done by in-house labour while carrying out maintenance activities continuously. All the shifting of facilities required for the proposed road expansion was carried out by Civil Engineering Division to meet the road Contractor's timely requirement.

Modification required for the proposed New Kitchen at Kochchikade was also done by Civil Engineering Division to international standards.

Apart from maintenance activities, Civil Engineering Division has completed many construction activities within Port of Colombo.

Improvement to the JCT Terminal was one of the main works done by Civil Engineering Division and presently, 25% of the work is completed.

ELECTRICAL AND ELECTRONIC

Electrical and Electronic Engineering Division is responsible for planning, management, implementation and facility maintenance of all engineering projects and facilities in the fields of Electrical Power and Communication Engineering in all Ports within the purview of the SLPA.

A team of highly qualified professional Electrical/Communication Engineers under the direction of a Chief Engineer and two Deputy Chief Engineers are working round the clock to maintain all essential







services related to Electrical Power and Communication fields to achieve more than 95% availability of all services related to Port activities, which is on par with other international hub ports in the world.

Electrical Engineers contribute their experience and knowledge for designing and construction of proposed East Container Terminal.

#### **Areas covered under Electrical Power engineering field.**

- ◆ Distribution of electrical power supply from CEB at 11 kV, total installed capacity of 18 MW.
- ◆ Maintenance of protection systems and switchgears of all LT Power applications.
- ◆ Maintenance of Electrical installations in dredgers, tug boats and other floating crafts.
- ◆ Maintenance of electrical installations in container handling cranes (ship to shore and yard cranes).
- ◆ Maintenance of ship bulk cargo handling cranes.
- ◆ Repairs to electric motors (AC and DC) and other instruments in container cranes.
- ◆ Maintenance of standby power generators of total capacity of 15.5 MW.
- ◆ Installation, maintenance and troubleshooting of 11kV electrical underground cable network.
- ◆ Planning, installation and maintenance of air conditioning systems.
- ◆ Upgrading of 03 nos. 11 kV receiving and distribution of sub stations.

#### **Areas covered under Electronic and Communication Engineering fields.**

- ◆ Planning and maintenance of VHF Radio network (Marine Band)
- ◆ Planning and maintenance of 2.4 GHz Wi Fi data communication network at container terminal.
- ◆ Maintenance of RFID system at container terminal.
- ◆ Planning and maintenance of optical fiber network and data network operation centre.
- ◆ Planning and maintenance of Port telephone PBX system of capacity 2000 lines.
- ◆ Maintenance of navigation system including radars, echo sounder, satellite communication, equipment, DGPS based survey systems etc.
- ◆ Planning and maintenance of CCTV system.
- ◆ Expansion of existing optical fiber network.
- ◆ Enhancement of voice communication facility to accommodate VHF duplex channel.

#### **CONTRACTS AND DESIGNS**

Contracts and Designs Division is mainly responsible for designing of structures and management of Civil Engineering projects implemented by SLPA. Designing of structures, includes port infrastructure such as berths, piers, civil structures, buildings and roads to facilitate the SLPA in its main business. Further Contracts and Designs Division undertakes all design/drawing work for all maintenance and development requirements of all the divisions of SLPA including all regional ports. Management of projects includes tender proceedings, consultancy services, construction supervision, and quality controlling and contract management of such projects.

In addition to the above, Division also undertakes some minor construction projects on direct labour utilizing the employees attached to Stress Bed.

## Major works carried out by the Division during the year 2013 are as follows:

### Renovations to Unity Container Terminal

It has been planned to undertake necessary urgent renovations works to restore the failures incurred in the 127 m long west Quay wall, North Quay wall (20 m portion) and yard rehabilitation approximately 50m from the far west end of the UCT (127m X 50m), to make the Terminal fully functional.

Renovation Works at UCT was awarded to the successful Contractor for a Total Cost of Rs. 372 Mn. Rs. 400 Mn for the project was provided by the Government of Japan under the Non- Project Grant Aid Counterpart Funds. The project was completed in March 2013 at the cost of Rs. 357.2 Mn.

### Widening of Internal Port Road

It has been planned to widen the internal port road to cater to the expected traffic volumes with the completion of Colombo South Harbour Terminals. Designing and Construction of Widening of Port Internal Road and Port Access Road in Port of Colombo are in progress.

Road stretch of 0.6 Km was fully completed with Service Drains, Asphalt Wearing Course, Road Markings etc. and totally 2.0 Km length was completed up to binder course.

### Construction of Yacht Marina at Port of Galle

It has been decided to develop the Port of Galle as a Tourist Port in order to develop the tourist sector in the country as it would add value to existing historical sites in Galle thereby attracting more tourists to the city. Construction of a Yacht Marina within the existing Port premises together with related support services/facilities at Port of Galle has been planned to attract more yachts and to develop the tourism sector in the port. Construction undertaken in stages.

Construction of quay walls and base construction works has been awarded to the successful Contractor at the total cost of Rs. 84 Mn and 60% of the work have been completed.

### Construction of Workshop Building at Port of Galle

Workshop Building is planned to relocate the existing facilities, buildings etc. that are required to be relocated due to the construction of Yacht Marina. The project comprises mainly of a steel structure, and two story building concrete structure. Construction was awarded to the successful Contractor at the total cost of Rs. 52 Mn and 10% of work have been completed.

### Construction of Proposed Fire Brigade Building at Port of Colombo

Under the Internal Port Road Widening Project, existing Fire Brigade Building is required to be relocated at the identified location near

the CFS 01. Construction work was awarded to the successful Contractor at the total cost of Rs. 50 Mn and 40% of work have been completed.

### Widening of Port Access Road

Considering the increased traffic volumes with the recent development of the Port of Colombo and also to cater to the expected traffic increase due to the Colombo South Port Development Project it has been decided to widen the existing Port Access Road. Soil investigations of the Port Access Road have been completed. (Designs, preparation of Tender Documents for soil improvements and widening of Port Access Road are in progress.)

### Widening of Bridge over Bloemendhal Road

It has been identified to widen the existing bridge for 6 lanes parallel with the widening of port access road. Designs were entrusted to Central Engineering Consultancy Bureau (CECB) and designs and tender documents are in progress.

### Completed the following Design Assignments

- ◆ Designs of Widening of Internal Road at Port of Colombo – Phase 05-II, 06-II and 07, Pavement, Services, Drains
- ◆ Design of proposed Building for Port fire Brigade at Port of Colombo and preparation of BOQ and tender documents.
- ◆ Designs for the proposed Replacement of Railway line at Summer Hill area
- ◆ Design of proposed Workshop Building at Port of Galle and preparation of BOQ and tender documents
- ◆ Design of proposed Diversion Road at Port of Galle
- ◆ Design of Sub Administrative building at JCT area
- ◆ Preliminary designs of proposed Multistory Block for Engineering and Supplies Section at Port of Trincomalee
- ◆ Designs of proposed Fire Brigade Building at CFS 01 area
- ◆ Preliminary designs for proposed 3200MT oil storage tank at Colombo Oil Bank and tendering for the soil investigations.
- ◆ Design of CFS I warehouse and rearrangement
- ◆ Construction and supply of precast units/cement blocks and paving slabs for SLPA at Peliyagoda Yard in Colombo

### Premises and Geographic Information System Section

The management of all immovable properties/land and buildings owned by SLPA is the main responsibility of the Premises Section and computerizing and mapping of assets are done by the Geographic Information System.

Altogether there are nearly 8000 Acres of land belonging to SLPA around the island and 500 acres of them are situated in and around the Port of Colombo. 75 premises are leased to outside parties/institutions out of which the SLPA was able to earn a sum of Rs. 508.4 Mn as lease rental during the year 2013.

Premises Section has taken steps to secure the properties of SLPA by entering into 10 fresh lease agreements with increased leased rentals. Meanwhile allocation of vacant SLPA houses for the employees was implemented according to the system introduced by the new circular in 2012.



## MARINE

The Marine Engineering Division is mainly responsible for the maintenance and repairs to all Floating Crafts of the SLPA and to ensure that the adequate number of floating crafts are available for the Navigation, Operations, Civil Engineering maintenance and Security Divisions to conclude their operational activities fruitfully. The maintenance of outboard motors used by the said divisions is also the responsibility of the Marine Engineering Division.

The division is responsible for providing material handling gear requirement for handling of bulk cargo to Operations Division too. Further, the maintenance of kitchen equipment of SLPA such as gas burners, rice boilers, aluminum saucepans and other utensils is done by the Marine Engineering Division. Maintenance of the SLPA slipways is also carried out by this division.

This division consists of two sections and their achievements during the year are as follows.

### Marine - I Section

#### Refit Engineering Section

Refit Engineering Section that comes under Marine –I section is mainly responsible for the co-ordination of maintenance and repairs to all Harbour Berthing Tugs, Fire float “Mega”, Passenger Launch “Seruwila”, the dredgers of the SLPA and all out board motors. The section was able to meet the operational requirement of five berthing tugs for Colombo, two berthing tugs for Trincomalee, one berthing tug for Galle, one berthing tug for KKS and one berthing tug for MRMR Port, whilst carrying out the machinery repairs including Lloyds Register classification Survey requirements of these floating crafts.

The section maintained the dredgers namely Trailing Suction Dredger “Hansakawa” and Grab Hopper Dredger “Diyakowula” in good operational condition during the year. Dredger Diyakowula was dry-docked for cleaning and underwater repairs. The section also carried out the routine repair and maintenance of all the outboard motors used by Security, Navigation and Civil Engineering Divisions of the SLPA.

Major repairs including dry docking of the tugs “Suranimala” and “Barana” were done during the year. Also in water surveys in lieu of Docking survey were carried out for the tugs “M/T Gotaimbara”, M/T Suranimala, M/T Nandimithra, and “M/T Vijayabahu” and all required maintenance repairs of their machinery were done.

Major repairs to fire float “Mega” including blast cleaning and complete painting that carried out on Patent Slipway, (instead of in dry dock) was successfully completed and kept the vessel ready for attractive water display during the ceremonial opening of South Port.

Long overdue repairs to both M/T Sinhabahu and M/T Irawana was successfully carried out with the use of SLPA staff and put in for operations.

#### Engineer Harbour Craft Section

This section is mainly responsible for repair and maintenance of pilot launches, mooring launches and other general purpose launches etc. and were able to meet the operational requirements for the Navigation Division.

The Pilot launches ‘Pilot 15’, ‘Pilot 12’, mooring launch “mooring1” were refurbished during the year by the Engineer Harbour Craft

section. New engine and propulsion system was fitted to “Asoka”, while attending the routine maintenance and repairs of all pilot, mooring and other launches of SLPA.

Classification surveys successfully carried out on Pilot Launches 10, 11, 12, 13, 14, 15, and Mooring Launches 2, and Echo 3.

**Marine -II Section**

**Shipwright Section**

Shipwright Section mainly responsible for all wooden repair work and fiberglass repair work of floating crafts of the SLPA. Further they carried out the fender repairs woodwork and wooden hull repairs and maintenance work of the launches and the diving boats of the SLPA. They were also able to attend to all fiberglass covering repair work of all GRP boats and of wooden hull launches. The shipwright section also carried out repairs to wooden furniture, paneling work and the timber fender repair work of the berthing tugs used by the Navigation Division.

During the year five slipping/un-slipping operations were carried out at the 600 ton patent Slipway and 04 slipping operations were done in the slipway 03 and 02. Major repairs to 04 berthing tugs and 05 launches were carried out by the section during the year, while carrying out other maintenance and repair work to 02 pilot launches, 04 mooring launches, and several small crafts.

**Cargo Craft Section**

Above yard is responsible for the repair and maintenance to Towing Tugs, Motor Launches, Water Barges, Deck Barges used by the Operations Division and carrying out girt blasting and painting

work of these crafts. The yard was able to meet the operational requirements of above mentioned crafts used by the operations division.

During the year, this section manufactured and supplied different sizes of steel wire rope slings (394 nos.), different sized of curtains (189 nos.), different sized canvas cover awnings (22 nos.) and 10 nos. tent clothes required by the Operation, Navigation, Security and Engineering Divisions, Ports of Galle and Trincomalee and also to the other outside institutions.

Carts of various types such as hand carts (07 nos.) garbage carts and wheel barrows were repaired and several pipe manufacturing and repair works were carried out by the yard in addition to manufacturing and repairs done to kitchen utensils, aluminum products and hand tools required by various divisions of SLPA.

This section which maintain and operates six slipways of Port of Colombo, carried out 14 slipping operations during the year for attending to repair of crafts (12 crafts of the SLPA and 02 crafts from the private sector.) The section was able to earn revenue of Rs. 5,112,871.67 for the SLPA by hiring out slipways and providing wire rope slings to private parties.

**Beira Yard**

The yard is mainly responsible for the maintenance and repairs to the steel cargo lighters used by the operations division. Steel repair and maintenance to cargo lighters and water barges were attended during the year. 05 nos. JCT trailers were blasted and painted during the year. Grit blasting and painting of Chaithya Bridge was completed and handover to the respective division.





## New Development

Shifting of refit section together with the other navigation staff is in progress. Building of new workshop and staff facility for the refit and EHC section in the South Port near SBH is underway. Beira boat yard also being shifted to the inner harbor leaving that area for any other useful work. Acquiring of new berthing tugs and new pilot launches to cater the South Port and MRMR port is under consideration.

Marine Engineering Division has provided required services successfully to all other divisions who are in anticipation of such services. Due to the commitment made by all the staff and workers, along with the limited amount of available resources this division was able to meet all operational requirements of Floating Crafts of the SLPA and we further note that this was a successful year of achievements.

## MECHANICAL PLANT

The main responsibility of the Mechanical Plant Engineering Division is to plan and carry out proper maintenance programmes on the fleets of cargo handling equipment, vehicles, construction equipment, operation of bulk oil installation of the SLPA, along with other supportive and ancillary services related to plant, equipment and vehicles, in order that functions of SLPA operate smoothly.

Out of seven (07) maintenance sections under the purview of division, four sections are exclusively assigned the maintenance of cargo handling equipment, focusing on provision of smooth, uninterrupted inbound/outbound logistical operations including both containerized and conventional cargo.

As the supportive services to the main function, the Division engages largely in inventory management, condemnation of equipment, purchasing new equipment, annual verification surveys, project management, technical consultancy to other divisions, and other State organizations.

Reviewing, modifications, upgrading of equipment fleets, and maintenance systems as a continuous process has been adopted and integrated to the divisional policy, in line with vision and mission of SLPA.

The fleet of cargo handling equipment of the SLPA comprising the following was maintained satisfactorily by the division during the year 2013 by carrying out a planned Preventive Maintenance Programme in combination with a Quick Response Strategy to attend to sudden or accidental breakdown of equipment.

- ◆ 23 Nos. Ship to shore Container Cranes (STS)
- ◆ 67 Nos. Rubber Tyred Gantry Cranes (RTG)
- ◆ 04 Nos. Rail Mounted Gantry Cranes (RMG)
- ◆ 20 Nos. Container Handling Top/Fork Lift Trucks
- ◆ 112 Nos. Fork Lift Trucks (2.5 Ton to 10 Ton)
- ◆ 185 Nos. Prime Movers
- ◆ 204 Nos. Trailers
- ◆ 07 Nos. Draw Bar Tractors
- ◆ 71 Nos. Mobile, Wharf Electric, Floating and Overhead Cranes and Elevators
- ◆ 08 Nos. Standby Generators rewired for un-interrupted power supply for the cargo handling operations.

- ◆ 03 Nos. Shunting Locomotives
- ◆ 692 Motor Vehicles (Buses, Lorries, Vans Double cabs, Cars, Three Wheelers and Motor Cycles)

SLPA was able to handle a total of over 2.5 Mn TEUs, and 3.08 Mn Tons of Dry/Break bulk cargo during the year and one of the reasons for reaching this level of performance is the equipment availability rate of over 90% which is a direct result of the programme of planned equipment maintenance, which minimizes unanticipated failures, and makes operational planning reliable and successful.

By the JCT workshops alone, 7,114 Nos. of jobs were carried out as a part of the planned preventive maintenance programme, 25,677 Nos. Jobs were carried out as running repairs, and 146 accident were surveyed and handled, for the container handling equipment of Terminals, thereby making the total to 32,937 jobs.

Apart from above, another three (03) workshops in the Division which take care of other cargo handling equipment comprising Fork Lift Trucks, Construction Machinery, Manlifters, Trailers and all sorts of Cranes, Motor Garage carried out total No. of 6,279 jobs during the year.

In addition, Motor Garage which maintains the largest fleet of automobiles and Diesel and Locomotive workshops, provided 8,692 No. of jobs in total. As an expended wing of Motor Garage, Transport Section that comes under the Division, performed an immense role in Meal distribution, Welfare bus service in collaboration with Welfare Division of SLPA.

Grand total of the jobs handled by all maintenance section that come under Division is 47,908.

Under the supervision of the Division, all functions of the Bulk Oil Installation at Summer Hill area were satisfactorily executed, resulting in earning a sum of approximately Rs. 24.82 Mn as the lease rental, during the year.

In addition to routine work, professionals in the division have been involved in a number of consultancy services both from internal and external departments by way of serving in TEC's consultancy for OOG (Out of gauge) cargo handling, and testing services etc.

Division has taken initiatives on the following projects:

- ◆ Preparation of work norms in line with 3M concept
- ◆ Preparation of software for costing system in line with Work Norms, and in collaboration with IT division
- ◆ Purchase of 40 Nos. yard tractors
- ◆ Major structural repairs of container cranes
- ◆ Completion of replacement plans for all equipment including container cranes.

In addition Division completed the purchase of 02 Nos. Top Lift Trucks (40 MT), and 12 Nos. Fork Lift Trucks (2.5 MT) during the year.

With well-defined annual plans for 2014, the Division has embarked on gradual but continuous Service Improvement programme, with view to achieve divisional goals set out in harmony with "Vision 2020" of SLPA.

## MECHANICAL WORKS

Mechanical Works Engineering Division is responsible for all steel fabrication works of SLPA. This Division plays a crucial role in providing services for steel repairs to berthing tugs, Pilot launches, Dredgers and all structural repairs of container handling cranes, container semi-trailers attached to JCT and UCT and repairs and new construction of other steel structures of SLPA. This division also engages in machining and fabricating, new spare parts required for cargo handling equipment and marine crafts this Division also responsible for testing of chains and shackles and maintaining grabs for operational requirements. Development projects at Colombo Oil Bank are entrusted with the Division. Accordingly, Project of laying a new petroleum oil pipe line system is designed to replace the existing of old oil lines from Port of Colombo to Colombo Oil Bank. The new pipe line system includes 2 lines of 12" diameter and one of 10" diameter line, with an objective of transferring more tonnage of Petroleum product at high pressure. 85% of project work is completed.

Apart from the above, this Division has completed the following major works during the year.

- ◆ Renovation of 10 Nos. warehouse doors of BQ.
- ◆ Major Hull repairs were completed on F/F Megha during the year.
- ◆ Constructed a 575 m long fence for Ro-Ro vehicle yard and 80 m long fence for Tank Farm at MRMR Port.
- ◆ Steel repairs of Gantry cranes J-17, J-12, J-04, J-14, J-03, J-17, J-18, J-20, and J-11.
- ◆ Bridge and Gates repairs of Sambuddha Jayantha Temple.
- ◆ Arrangements were made to provide fresh milk for employees by setting up a NLDB fresh milk outlet in the premises of the Division as a welfare measure.
- ◆ Fabrication and Installation of camera posts at MRMR Port.
- ◆ 200 Nos. steel gratings were fabricated and galvanized for JCT.
- ◆ Rehabilitate fire lines at JCT and rehabilitate fresh water ship supply line at UCT.
- ◆ 800 different fittings works were carried out for various divisions in SLPA.
- ◆ 02 Nos. fire pumps and fire pumps of fire trend were overhauled for SLPA fire brigade.
- ◆ 200 Major jobs and 950 minor jobs were carried out for the various divisions in SLPA.
- ◆ 45 Nos. of foundry works were done for various divisions in SLPA.

## HUMAN RESOURCE DEVELOPMENT

Human Resource Division assists the management of the SLPA in maintaining a satisfied work force by efficiently administrating and implementing the new Human Resource Management Plan and maintaining a good employer – employee relationship.

The Human Resource Management Plan of SLPA is the most important document which assists the human resource to achieve organizational objectives effectively and efficiently. In terms of the Human Resource Management Plan, most of the vacancies were filled by calling applications from qualified and eligible candidates within the organization as per the approved Schemes of Recruitment (SOR). However, if suitable candidates were not found, action was taken to call applications externally after obtaining the relevant approvals.

The approved cadre of the SLPA is 9,990 which was approved by the Department of Management Services. The permanent cadre of the SLPA was 9,792 as at 31st December 2013, which includes Executive, Non-Executive, Technical and Non-Technical grades employees. The total strength at the Port of Colombo was 8,988 whilst at the Ports of Galle and Trincomalee were 378 and 426 respectively.

The total number of exit employees in year 2013 was 404 and out of which 338 on retirement, 32 on voluntary retirement, 13 on resignation, 02 on medical grounds, 04 on vacation of post, 02 on termination, 04 on dismissal, and 09 on death.

During the year 2013 ninety four employees were recruited and out of them 20 were Executive grades and 74 were Non-Executive grades.

Most employees were placed on their immediate higher salary scale based on the performance, attendance and behavior in terms of the guidelines stipulated in new SOR of Non-Executive grades. Further, applications were called internally for the posts of Executive, Non-Executive and Technical grades and qualified applicants were promoted to relevant designations based on their merits and some were kept in the waiting lists for future requirements as per the approved cadre.

In year 2013, more employees were re-categorized as management assistant, works assistant and multi-skilled technician by amalgamating some equivalent designations to achieve maximum labour utilization.

More awareness programmes were conducted to introduce the National Vocational Qualification (NVQ) based on the new SOR of Non-executive categories and steps are being taken to commence courses in different streams at MPTI to issue competency certificates compatible to NVQ standards with the help of the expertise in all division.

Total number of accidents for the year was 98 and the accident leave was granted only for 68 employees based on the damage caused to them.

Action has been taken to centralize administrative activities in some division by eradicating repeated activities. The same steps were taken to stream line leave and attendance procedures to curtail discrepancies amongst the divisions. Salary anomaly committee meetings are being held to rectify anomalies of employees and to curtail employees' unrest.

Further, action is being taken to revise existing circulars considering the current and future requirements of the organization and some amendments to be manual of procedure has been discussed with the committee comprising external and internal members.

## LEGAL

The Law Officers are the Legal Advisors to the specified Ports declared under the SLPA Act No. 51 of 1979 i.e., Ports of Colombo, Galle, Trincomalee, MRMR Port and KKS/PPD Ports and also render advices to the Board of Directors, Directors, Heads of Divisions and other Sections of the SLPA.

## Advices

During the year 2013 more than 236 advices have been given to the Management. In addition, drafting execution and attending to other matters pertaining to Contracts, Agreements Bonds, Deeds (transfers, leases, declarations, mortgages etc.) which the SLPA is a party to, also comes under the purview of the Legal Division.

## Contracts, Agreements, Bonds and Deeds

During the year 2013, 13 give on Deeds of Leases, 01 take on Deed of Leases, 05 Agreements/Contracts, 01 Addendum to a Lease and 01 Deed of Discharge of Mortgage have been executed by the Legal Division. In addition to those Instruments, following Agreements and Bonds have been executed:

- ◆ Four Addendums to the signed Bonds/Agreements
- ◆ Eight Agreements and Bonds in respect of No-Pay Leave for Employment and Abroad.
- ◆ Thirteen Agreements and Bonds in respect of Training and Education in Sri Lanka and Abroad.
- ◆ Forty four Agreements/Bonds have been signed in respect of the employees who follow the English Diploma.
- ◆ One Agreement for Indemnity with regard to Guinness World Record.

All matters pertaining to Court Cases, to which SLPA is a party to, are also handled by the Legal Division with the assistance of the Attorney General and Counsels from Unofficial Bar.

By end of December 2012, altogether 276 cases/complaints/applications were pending before Supreme Court, Court of Appeal, High Courts, District Courts, Labour Tribunal, Magistrate Courts, Labour Department, Human Rights Commission, Ombudsman, Labour Courts, and Commissioner for Workmen's Compensation and Arbitration Centers.

During the year 2013, 50 new cases/complaints/applications have been filed against SLPA (i.e. before Supreme Court, Court of Appeal, High Court, District Court, Labour Tribunal, Magistrate Court, Human Rights Commission, Labour Commissioner, Labour Department, Arbitrators and Workmen's Compensation Tribunals out of which 06 cases were filed by SLPA, while rest of them were filed against the SLPA. From the total 326 cases, 42 cases have been concluded during the year 2013. 19 cases were decided in favour of SLPA while 06 cases were not decided in favour of SLPA, 12 cases were settled and other 05 cases have been withdrawn by the parties.

As at 31.12.2013, 282 cases/complaints/applications were pending before the said Forums.

## Supreme Courts Cases

At the end of year 2012, 10 cases were pending. During the year 2013, 04 new cases have been filed. Out of all 14 cases, 02 cases were concluded during the year 2013 out of which 01 case was decided in favour of SLPA and 01 case was settled. As at 31.12.2013, 12 cases were pending before the Supreme Court.

## Court of Appeal Cases

14 cases were pending as at 31.12.2012, during the year 2013, 04 new cases have been filed against SLPA. Out of total 18 cases, 03 cases were concluded. 01 case was decided in favour of SLPA while 02 cases were withdrawn by the parties. As at 31.12.2013, there were 15 cases pending before the Court of Appeal.

## High Court Cases

As at 31st December, 2012, 12 cases were pending at the High Court. 03 new cases have been filed during the year 2013. Out of total 15 cases, 05 cases were concluded. As at 31.12.2013, there were 10 cases pending before the High Court.

## District Court Cases

Nine cases were pending as at 31.12.2012. During the year 2013, 04 new cases have been filed against the SLPA. Out of total 13 cases, 02 cases were concluded during the year 2013. 01 case was decided in favour of SLPA and 01 was withdrawn by the parties. As at 31.12.2013 there were 11 cases pending before the District Court.

## Magistrate Court Cases

As at 31.12.2012, 06 cases were pending at Magistrate Courts (MC). During the year 2013, 05 new cases have been filed in MC to eject the unlawful occupants from SLPA quarters under the Government Quarters (Recovery of Possession) Act and the said applications have been filed under the State Lands (Recovery of Possession) Act. 05 cases were concluded during the year 2013. In addition to the said MC cases, Legal Division attends MC cases as and when receiving summons from MC in various parts of the country where SLPA employees are a party. As at 31.12.2013 there were 06 cases pending before the MC.

## Labour Tribunal Cases

As at 31.12.2012, 34 cases were pending in Labour Tribunals (LT). During the year 2013, 03 new cases have been filed against SLPA out of total 37 LT cases, 11 were concluded. 03 were decided in favour of SLPA while 01 was decided in favour of Applicant and balance 07 cases were settled. As at 31.12.2013 there were 26 cases pending before the LT.

## Applications made in Human Rights Commission, Complaints made to the Labour Department regarding Labour Disputes (Conciliation cases), Complaints made to the OMBUDSMAN and Applications made to the Commissioner for Workmen Compensation

As at 31.12.2012, 131 Human Rights Commission (HRC) Applications, 37 Complaints of Conciliations before Labour Commissioner, 17 Complaints before Ombudsman and 01 case before Commissioner for Workmen's Compensation were pending. During the year 2013, 05 new Applications were made to the HRC, 20 new Conciliation Complaints were made to the Labour Commissioner, and 01 Complaint was made to the Commissioner for Workmen's Compensation. Two HRC Applications, 12 Conciliation Complaints and 02 workmen's compensation cases were concluded during the year 2013.

Accordingly, as at 31.12.2013, 134 HRC Applications, 45 Conciliation complaints and 17 Complaints before Ombudsman were pending.

### Arbitrations

As at 31.12.2012, 02 Commercial Arbitration matters and 03 Industrial Arbitration matters were pending. During the year 2013, 01 Commercial Arbitration was concluded. 02 new Industrial Arbitrations were filed against SLPA. Accordingly as at 31.12.2013, 04 Industrial Arbitrations and 02 Commercial Arbitrations were pending (although two commercial arbitrations were concluded in the arbitral Tribunals, these are considered as pending since appeals are pending)

### INFORMATION SYSTEMS

The SLPA is one of the pioneer IT users in Sri Lanka and its IT objectives are now well aligned with SLPA's overall business goals. The strong congruence between IT and the port business has made SLPA consider IT as a major underpinning and also a great catalyst for organizational growth. This immense potential for IT in spurring port business can place SLPA in the forefront of its competition with the rival ports in the region. Whilst emphasizing this proposition, the SLPA's strategic plan "VISION 2020" states inter-alia that the new systems will integrate all of the functions of the SLPA to a common platform of seamless connectivity in a paperless world and ensure a totally transparent environment with increased accountability, manageability etc.

The IS Division is charged with the responsibility of implementing IT systems in the port and has always been the architect in deploying state-of-the-art IT systems to its business functions. The tasks undertaken by the IS Division in the year 2013 are detailed under the headings of existing application systems to which they were relevant.

### Container Terminal Management System (CTMS) – JCT/UCT

After the implementation of the Navis Terminal Management System, many of the problems that cropped up subsequently due to new/ changing business requirements were fixed to ensure the integrity of the application. Steps were taken to spread the Web Access Module facility to a more number of users. With the completion of this feature, the requirement for port visits by the Agents could be minimized to a greater extent, thus speeding up the information transfer and reducing the volume of paper work. An impending barrier to the system was the ever increasing data volume which was likely to use up a major portion of the available storage with regard to the EXPRESS database.

A Purging Module for getting rid of outdated and discontinued data was implemented to overcome this issue and it has now been incorporated into the production system.

### EDI System

Through the CTMS the following EDI facilities were implemented.

These facilities are currently fully operational and are available for the Shipping Lines/Agents.

### CODECO-Container Gate in/Gate out Report

According to the UN EDIFACT message format, a report is sent out to agents daily at 8:00 hrs.

### COARRI-Container Discharging/ Loading Report

According to the UN EDIFACT message format, a report is sent out to agents daily at 8.15 hrs.





## **BAPLIE Bay plan / Stowage Structure – Occupied and Empty Location Message**

The CTMS combines the inward BAPLIE with the TDR (Terminal Departure Report) containing the containers to be discharged at Colombo, and prepares the outward BAPLIE. The outward BAPLIE, which contains the updated stowage structure of the departing vessel, is provided to the Vessel Agent.

### **Web Access Module**

The Web Access Module of the CTMS was fully implemented. The Shipping Lines/Agents from outside can now access the SLPA system for the following inquiry options.

- ◆ Ship Schedule Inquiry
- ◆ Container Discharge List
- ◆ Container Loading List
- ◆ EDI Upload
- ◆ Container Availability Inquiry
- ◆ Find Equipment (Container, Truck etc.)

### **Cargo Management System**

Cargo Module of the CTMS was purchased in 2011 in order to provide an efficient service to SLPA customers. Among the many advantages that accrue to the cargo clearing industry are initiating service requests from the client's office, generation of draft invoices at SLPA, facility to make payments through cash over the counter at any BOC branch or through internet money transfer for BOC account holders and payment using internet payment gateway with credit/debit cards of any bank.

The Export Module was implemented in the previous year and the Import Module for FCL containers was implemented in January 2013. It has been planned to implement an Import Module for LCL containers in early 2014.

### **Facilities supported by the module through EDI - Export**

- ◆ Service request submission via Web from exporter's Office
- ◆ Bill preparation by SLPA Finance and sending it to exporter via Web for verification. If error reflects, exporter can reject it then and there thus helping avoid disputes and delays
- ◆ Facility to make Payments through online e-banking from their office or in cash by BOC branches island-wide updating CTMS System real time
- ◆ Transfer of verified container stuffing information electronically from office through Web Access
- ◆ Modernized and expedited Gate function with customer providing information through Web
- ◆ Expeditious physical document checking at export office with online information portal with payment etc
- ◆ Link with CTMS via pre advising of containers through Web
- ◆ Customs Department verification supported by correct cusdec numbers
- ◆ Reduction of total processing time to a maximum of 45 minutes by minimizing human intervention
- ◆ Automation of checking leading to maximization of accuracy and removal of malpractices

## **ORACLE Finance System**

Targeting improved performance, the Oracle Finance system, which had been running on a low end server, was migrated to a new high end server having the General Ledger, Accounts Receivable and Cash Management modules in the year 2011. After the implementation, most of the manual functions were automated and procedures in the Finance Division were simplified and streamlined, thus bringing in efficiency and accuracy to its activities. The capacities of the new server made way for the Inventory and Procurement Management Module of the e-Business suite to be implemented on top of the Oracle Finance system on the same machine. The Inventory and Procurement module was implemented in November 2013 and it has been planned to implement the Accounts Payable module in the first quarter of 2014.

### **New Payroll System**

After passing through the stages of requirements gathering, system study, analysis and development, the implementation stage was commenced in the latter part of 2011 and completed in 2012. The system will mainly cater to the requirements of the Finance Division and in the final stages it will be connected to all the administration sections of SLPA.

The new payroll system will be integrated with the HR system and once the system is fully implemented, it will be possible to automate leave/overtime maintenance and online loan processing. Currently it is being tested with the existing Payroll System for accuracy. Using the new system, pay slips were printed and distributed among the employees along with the payslip of the existing system for November and December months of the year under review. Responses thus received from employees are currently being examined to rectify errors and inaccuracies.

### **Employees Healthcare Management System (EHMS) - Medical System**

Development of a system for the computerization of the data processing functions of the Medical Division was completed in the year 2012. An IBM server x 3850 M2 with four (4) 146 GB hard disks was purchased and Linux Red Hat Operating system was installed.

The EHMS was developed by the IS Division using VB.NET with Oracle 10g database support under Linux Operating System. It caters to the Medical Division's record keeping functions of its activities such as patient registration, treatments, drug issues, patients' medical examination reports, indoor and outdoor admissions, lab tests, ECG, x-ray, counseling and other related functions. The system has now entered the testing and parallel run phase.

### **Biometric Time Attendance and Physical Access Control System (TAPACS)**

The Biometric Time Attendance and Physical Access Control System was deployed in the year 2009 and is now in operation in Ports of Colombo, Galle and MRMR Port.

It was a great success and during the year 2009, the smart-card technology-based ID badges were printed for all the SLPA employees, by the new system using the existing printers and distributed among

them. The application software especially developed for SLPA requirements was introduced at all administrative units where T and A machines were installed, and the system is now in its 5th year in operation. The reporting features became very useful to the users who handle the attendance subject. The data will be used by other applications in areas such as Security, Payroll and Human Resource Management.

In the year 2013, printing was completed of Photo Identity Badges a new to replace those that have expired after five years since initial issuing.

Some faulty machines were replaced and printing of Regular Port User (RPU) passes for the MRMR Port was initiated.

### **Mahapola Training Institute**

A facility (link) was added to the SLPA website to enable Mahapola course participants to view their results at the end of their individual courses by entering relevant details.

### **Maintenance of Existing Systems**

Once application systems have been commissioned, maintenance of its software and supporting hardware becomes the foremost responsibility of the IS Division. System maintenance which amounts to almost 60% of total efforts of any IS installation, is the longest on-going phase in the systems development life cycle. The maintenance phase ends when the system is decommissioned. The Maintenance work load thus entrusted upon the IS division deserves special attention as it is the responsibility of the IS Division to keep its systems up and running. Prompt action taken by the IS Division by bringing about timely maintenance on hardware and software, has helped SLPA to ensure an uninterrupted operation of its IT systems.

The maintenance work of the following systems was undertaken by the IS Division in the year under review.

### **FCL/LCL/Landing and Delivery System**

The above systems are running in the IBM mainframe (ES9000) machine and steps were taken to ensure the smooth running of the systems by taking necessary precautionary measure to provide an uninterrupted service to the customers. The L and D system at BOI, Katunayake, and the Pettah Documentation Center still depend on the mainframe machine.

However, in anticipation of the ES9000 machine being decommissioned one day in the future, as a result of the fact that it had not been under any maintenance cover, the IS division developed and implemented two complete Contingency Systems to cover up the LCL Cargo Delivery and FCL Delivery to SAGT/CICT systems which were running on the said machine. These contingency systems can be used until the Navis Cargo Management System's LCL module is implemented, if the need be.

### **CFS/Peliyagoda**

System Support and Training were provided. Requests for Ad-hoc reports were fulfilled. Server maintenance and data backup procedures were monitored and implemented successfully.

### **Security Control and Permit Issue System**

System Support, Training and Ad-hoc reports were provided to users. Server maintenance and data backup procedures were monitored and implemented successfully.

## **WELFARE AND INDUSTRIAL RELATIONS**

Many financial and non-financial facilities have been provided to the employees of the SLPA by the Welfare and Industrial Relations Division. These facilities have been modified and improved for the benefit of the employees, and, the welfare facilities provided by 2013 were at a high level. The welfare facilities provided are comprehensively listed below.

### **Meals supplied free of charge to the Staff**

The SLPA provides lunch/dinner as well as tea and snacks free of charge for its employees who work on shift duty and lunch for the office staff as well. Rs. 596.66 Mn was spent for the supply of food.

### **Accidents and Insurance Scheme for the Employees**

The Medical scheme, which was in use prior to 2011 was halted with effect from 31.08.2011. Thereafter a new medical scheme with more benefits was introduced from 1st September 2011. The SLPA employees are entitled to have more facilities than the facilities received earlier, up to Rs. one Mn is granted in the event of an accidental death while Rs. 100,000/= is granted for a natural death. In addition, Rs. 7,500/= is reimbursed for outdoor treatments. In case of hospitalization, the employee is entitled to receive up to Rs.100,000/=. A special feature of this scheme is that the employees are able to include the names of their family members voluntarily to obtain the facilities of this scheme, the employee has to pay Rs.1500/= and Rs. 720/= annually for spouse and child respectively. The above insurance scheme is being implemented with the Sri Lanka Insurance with effect from 01st September 2012. This insurance scheme was also implemented for 2013/14 with the Sri Lanka Insurance and a sum of Rs. 99,507,044/= has been paid as the first installment.

### **Insurance Scheme for Pilots**

In addition to the Insurance Scheme mentioned above, a special insurance scheme has also been introduced for all the pilots employed in the Navigation Division of the SLPA. Steps have been taken to incorporate this insurance scheme with the above mentioned scheme from 2013/14.

The pilots have contributed Rs. 52,755/= for this scheme and the Authority will contribute the rest.

### **Housing Loan Scheme**

A loan scheme programme is being implemented, with the assistance of the State Mortgage and Investment Bank (SMIB) under which employees of the Authority are eligible to obtain a housing loan up to Rs. 500,000/= either to purchase or construct a house or annex, and also to purchase a plot of land to construct a house. A concessionary rate of interest (6%) is levied and a sum of Rs. 50,000,000/= is allocated under the programme. A total sum

of Rs. 14,975,000/= has been released to the SMIB during the year 2013, under this programme.

### Scholarship Scheme

Two categories of scholarships are being awarded to the children of the employees of the SLPA for the university education and to study for the GCE (A/L) examination.

In accordance with this scheme, scholarships are being awarded for GCE (A/L) studies for a period of 24 months at the rate of Rs.750/= per month. During the year under review, a sum of Rs. 3,276,000/= has been granted to students under this programme.

Applications have been received from 261 children who sat for GCE (O/L) examination in 2012 to study for GCE (A/L) examination and required measures are underway to grant the related scholarship to those students.

The children of the employees of the Authority who have been selected for the University education are being awarded Rs.25,000/= for maximum period of 05 years per annum depending on their duration of studies. Under this scholarship scheme, a sum of Rs.3,002,500/= has been awarded to students in the year 2013.

A significant feature of this scholarship awarding was the rapid increase in the number of scholarship holders. Even this year this feature is visible. Moreover, steps have been taken to grant bursaries to scholarship holders directly through the bank accounts from this year.

### Welfare Buses

Buses are provided on concessionary rates to the employees of the Authority and their family members for pilgrimages and Trips. This facility is also being provided free of charge to the employees to participate at a funeral of an employee subject to a specific period of time. If this facility cannot be provided on such an occasion, expenditure incurred will be reimbursed subject to a maximum of Rs.6,500/=. Furthermore, free bus service has been in operation continuously for the employees to travel within the port during the period under review for the continuous use of the employees to travel within the port premises.

During the year 2013, the Authority has earned an income of Rs.3,495,502/= by providing transport through welfare buses. Besides, action has been taken in 2013 to reimburse the balance sum, if any, including the expenditure incurred on fuel in case of welfare buses to the members who organized the tour to their monthly salary, when the tour was over.

### Payments for Special Leave Entitlement

When an employee has exhausted all his leave, he is given leave with approved pay for a maximum period of 06 months in case of illness or an accident until he becomes fit for duty on the medical advice. During the year 2013, 85 such applications have been considered and approval was granted to award leave for 3,018 days and leave with no pay for 190 days.

### Welfare Canteens

Fifteen canteens are being operated within the port premises to meet the requirements of the employees of the Authority as well as the port users. These canteens provide meals at concessionary rates. Lessees are selected by calling for tenders annually and total revenue collected was Rs.8,976,589/= in the year 2013.

### Awarding Gifts to the Employees

All the employees, who have completed 30 years of service in the Authority, are being awarded a valuable gift. During the year 2013, 135 employees who had completed 30 years of service and 02 employees who had completed 40 years of service have been presented gifts under this scheme. In 2013, a new scheme to award gifts to employees was introduced. Under this scheme, employees are being awarded cash, tea sets, oil lamps or any other valuable present at the time of retirement.

### Maritime Museum

The replicas and variety of plaques showcasing the historical evolution of the Port and navigation field and the items that had been used in the old Port premises are being exhibited in the Maritime Museum. This has become extremely popular among the school children and a useful centre for those who are interested in the port and navigational activities. During the year 2011, special exhibition boards have been installed with the collaboration of the Department of National Museum. It is opened from 10.00 am to 07.00 pm and no entry fee is charged. Rs.113,510/= was earned by selling publications, books, booklets and picture cards.

### Welfare and Sport Pavilion Facilities

Each welfare center has been provided with a pavilion by the Authority. In addition, the maximum amount of Rs. 712,000/= is being granted annually to the Sport Association of the SLPA for the purpose of development of sports activities.

### Library Facilities

The maximum of Rs. 45,000/=. is being granted annually to every library established within the SLPA which are being maintained by members of the society in order to develop the reading habit of the employees. There are 19 such libraries presently in operation within the port premises. During the year 2013, a sum of Rs.200,000/= has been granted to 19 libraries, for the purchase of books.

### The Crèche and the Pre-school

The crèche and the pre-school maintained by the Seva Vanitha Unit of the SLPA for the benefit of the children of the employees were brought under the administration of Welfare and Industrial Relations Division during this year. Further, free lunch for the children in the crèche is being provided as done in the past years and other required facilities are being provided, when necessary.

### Supply of Equipment

TV sets and other equipment are being provided to the employees as required in order to spend their leisure time usefully.

## MEDICAL

The success or failure in any endeavor of an individual significantly depends on his/her "HEALTH", apart from other allied factors. Likewise, "Good Health" in a work-force directly play a major-share to achieve targeted visions of any enterprise.

Keeping this basic important "Health- Factor" in mind, the "Team SLPA Medical" does its part, day and night, to maximize efficiency and productivity, through a healthy contented work-force.

During the year 2013 the Medical Division had the services of a Chief Medical Officer, Deputy Chief Medical Officer, two Medical Officers, two Locum Medical Officers, Dental Surgeon, para-medical staff and Administration staff.

- ◆ Accidents and Emergencies and medical conditions are treated promptly.
- ◆ Those with lifestyle diseases were monitored regularly with each having got to discuss his/her ailment on a one to one basis with the dedicated and experienced panel of doctors who along with their medical team maintained a 24 hour service.
- ◆ X-ray and ECG facility and laboratory facility have been upgraded. A 24 hour Ambulance service is also available.
- ◆ Dental treatments were provided by way of extractions, scaling, permanent fillings, root canal therapy and other treatments.
- ◆ Patients who requested for general medical check-ups from major hospitals, were able to obtain special discounts on specific packages.
- ◆ Weekly checking for dengue breeding sites is being carried out within the Port premises by the dengue control team attached to each division, under the supervision of the divisional head and the committee member of the divisional dengue prevention committee for SLPA.
- ◆ A monthly report from each division is sent to the Chief Medical Officer, who in-turn forwards these reports to the Secretary, Ministry of Highways, Ports and Shipping through the Addl. Managing Director SLPA.
- ◆ SLPA dengue prevention committee meetings are held to discuss difficulties encountered and to take corrective measures.
- ◆ The regular counseling by doctors on alcohol and smoking and the Breathalyzer testing also contributed to their well-being and helped to minimize accidents whilst on duty.
- ◆ Special TB, Welfare and Accident leave facility for the needy employees were granted.
- ◆ Medical examination for good handlers in the Central Kitchen was carried out.
- ◆ As done in the year 2012, sterilization and vaccination programme for free roaming dogs within the SLPA premises was carried out from 4th to 8th November 2013, by Blue Paw Trust. A sum of Rs. 167,500/- was spent on this programme.
- ◆ As usual usage of resources of Medical Division was managed in an optimum manner.
- ◆ Computerization of the division is underway in association with the Information Systems Division.

Continuous upgrading and enhancing of all resources, services and facilities in furtherance of the vision of the division was carried out.

## INTERNAL AUDIT

The activities of the Internal Audit Division were guided by the Annual Audit Programme and it is recommended by the Audit Committee Meeting and approved by the Board of Directors.

Internal checks and normal Internal Audit functions had been carried out in the Assets/Liabilities and Revenue/ Expenditure areas of the Authority.

### Internal Checks Attendance

Surprise check of the attendance of both labour and non labour grades were carried out regularly by the Flying Squad during the day shift and night shift. Employees detected being away from work places were reported for disciplinary action. This resulted in improved attendance of employees at their work places.

### Cash

Surprise checks of cash and petty cash imprest were carried out from time to time and discrepancies were reported.

### Audit of Revenue

Audit of revenue collections for the year was carried out as per Audit Programme as special assignments enabling to detection of under recoveries of Port charges. After pre-audit were carried out overpayment were refunded.

The debtors Accounts, Disputed Bills and Dishonored cheques were examined and the discrepancies reported. Regular checks were carried out at the Landing and Delivery Units too.

### Audit of Expenditure

Test checks were carried out in respect of capital and recurrent expenditure and also on stores payments vouchers. Vehicle running charts and vehicle authorization forms were checked and shortcomings pointed out. A regular check on preparation of wages and salaries were carried out and discrepancies detected were reported.

### Physical Verification of Stores

Continuous verification of stores was carried out in Colombo Port and assistance was also given for the annual stock verification in other Ports. During the continuous verification of main stores, the non-moving stock items lying in the stores were identified and referred to Supplies Division for suitable action.

### Investigations

Special investigations on the request of the Chairman/Managing Director were carried out during the year.

### Final Accounts

The Division is also made attention for examining the final accounts of the authority with a view to ensuring the financial statements are prepared conforming to the Sri Lanka Accounting Standards.



## Pre-Audit

During the period under review Pre-Audit of refunds of deposits and waivers of Port Charges were undertaken.

## MAHAPOLA TRAINING INSTITUTE

### General

The nerve centre of the SLPA, the Mahapola Training Institute (MPTI) is committed to its main objective of providing training opportunities to the Port employees, Port users and others especially in the Maritime Sector. The Institute conducted training programmes in 2013 as per its annual training calendar focusing series of lectures, seminars, workshops and practical training programmes training programmes to enhance knowledge, skills and attitude of the targeted groups. Several workshops on productivity improvement, team building, upgrading technical skills, customer services and quality improvements were conducted for the Port employees during the year 2013. MPTI provides a structured pathway for Port employees to upgrade their competency level and to specialize in selected areas of Port Operations through courses that lead on to recognized certificates.

During the year 2013, MPTI has trained 7,099 candidates (without the on-the-job training) covering up to 739,387 Man-hours. This is 27% increase when compared with the previous year. In addition, MPTI has provided on the job training for University Undergraduates, Students of Technical Colleges and other similar Vocational Training Institutes for 287 candidates.

### Overall Training Performance during the Year 2013

Stream	No. of Candidates Trained	Total Man Hours
Equipment Operations	2,722	20,208
Cargo Operations	54	814
Management	1,675	569,350
Information Systems	433	44,119
Technical	289	26,904
Fire, Safety & Occupational Health	993	47,908
Maritime & Seamanship	933	30,084
NAITA Apprentices, VTA & Technical Colleges	222	226,080
University Undergraduates	65	93,600
<b>Total (With On the Job Training)</b>	<b>7,386</b>	<b>1,059,067</b>
<b>Total (Without on the Job Training)</b>	<b>7,099</b>	<b>739,387</b>

### Provision of eligibility qualification to employees of SLPA in terms of new scheme of promotions

It was observed that several Port employees are stagnated without any promotional prospects due to not having the basic qualification of G.C.E. (O/L). To avoid this situation MPTI has designed a structured bridge training programme to exempt this qualification. During the year 2013 two such programmes were conducted for 153 candidates.

Moreover for the benefit of Executive Officer Diploma programmes in Advanced English and Port Security were conducted during the year 2013. A training programme for Diploma in Management Information System was developed during the year 2013. In addition to this a new programme was conducted to enhance competency of shipwright divers of SLPA.

### Enhancing overall port productivity

MPTI conducts several skills development Training Programmes on various discipline of port activities to enhance the overall port productivity such as,

- ◆ Port Finance
- ◆ Auditing
- ◆ Procurement & Stores Management
- ◆ Clerical Skills Development and Administration
- ◆ HR Management
- ◆ Positive Thinking
- ◆ Health & Safety Aspects
- ◆ Strategic Port Management
- ◆ UNCTAD Modern Port Management
- ◆ Engineering Drawing for Supervisors & Technicians
- ◆ Motor Control Circuits
- ◆ Electronics for Electricians
- ◆ Welding Course

During the year 2013, 71 such programmes were conducted for 2,259 participants. Moreover a series of 17 safety awareness programmes were conducted for 2,460 private truck drivers to enhance the safety of human lives and equipment at container terminals. This programme resulted in reduced Truck Turnaround time and improved safety of the terminal activities noticeably.

### Supports to Maritime Industry

MPTI makes a significant contribution to the Global Maritime Industry by providing Maritime related Training Programmes. Thousands of Sri Lankan youths, most of them are unemployed and under privileged, seek employment from international shipping lines through these programmes. During the year 2013, 44 such programmes were conducted for 1,264 candidates. Moreover a training programme was conducted for Royal Oman Navy on rigging and Winch Operations.

### ISO 9001: 2008 Certification

MPTI is the pioneer educational institution in Sri Lanka that was offered ISO 9001:2008 Certification for its Quality Management System which is a mandatory requirement to conduct IMO/STCW training programme for seafarers. It has conducted three Management Reviews and four Internal Audits during the year 2013. MPTI has its own standard procedures to handle customer complaints. Employees of MPTI are educated from time to time for the continual improvement of the Institution.

### Use of Modern Technology

MPTI has upgraded the quality of its training programmes by introducing modern technology in to its activities.



- ◆ There were 46 candidates trained with the use of its own established Techtronic Laboratory.
- ◆ A new Data Base Development Package was utilized to train 33 HR staff for the effective utilization of newly introduced HRIS System.
- ◆ Container Simulator is also being used to train 71 Gantry Crane & Transfer Crane Operators for the port.
- ◆ 31 Executive Officers were trained as per UNCTAD – Modern Port Management on Capacity Building.
- ◆ 08 selected trainers were provided special training on Advanced PLC

#### Potential Work Force

MPTI is in the process of maintaining a pool of skilled workers to fulfill the future requirement and to cope with newly developed ports. For this purpose, during the year 2013 about 148 port equipment operators were trained. Moreover MPTI had concluded training of 336 youths in Multi Skills for the newly built MRMR Port.

#### Enhancing Language and IT Skills

As customer satisfaction is a vital factor for a Global Business, the SLPA is highly concerned to improve the language skills of its employees and to empower them with IT skills and knowledge to enhance customer satisfaction. MPTI shoulder the responsibility to make it possible and during the Year 2013 it has conducted various IT programmes and trained 433 employees. Moreover language programmes including Sinhala, Tamil and English were conducted for 114 selected candidates.

#### Providing Industrial Support

The SLPA is in the process of supporting the state Universities, Technical Colleges and Vocational Training Agencies by providing industrial training to their students to complete their courses of studies. During the year 2013, sixty five (65) undergraduates from various universities, 37 Diploma Holders and 120 Craftsmen were given opportunities at SLPA to complete their training part.

#### Revenue Earned

During the year 2013, MPTI earned a total sum of Rs. 13,552,931/= as revenue from fee levying programmes conducted for outsiders. The revenue earned from various divisions of SLPA by conducting training to their employees to improve the overall efficiency of port operations was Rs. 12,106,395/=. Therefore total revenue earned by MPTI during the year 2013 was Rs. 25,659,326/=. In addition, the revenue earned from Maritime Training Institute (Oluvil) was Rs. 1,609,513/=. Total expenses for courses conducted at MPTI (Colombo) and the MPTI (Oluvil) was Rs. 5,310,193/= during the year 2013.

#### SUPPLIES AND MATERIAL MANAGEMENT

##### Functions

Functions of this division included purchasing (Foreign and Local), Storage and Issuance of Fuel, Machinery and Equipment, Spare parts and other items required by the SLPA for operations and maintenance of all commercial ports in Sri Lanka.

A new automated procurement and inventory Management System (ORACLE) was purchased and implemented from November 2013.

#### Number of Tenders Approved During the Year under Review

Description	No. of Tender Board Meeting	No. of Tender Board Approvals
Cabinet Appointed Tender Board (Approval limit over 100 Mn)	Nil	Nil
Board of Directors (Departmental Tender Board No. 1) (Rs. 20 Mn to 100 Mn)	12	10
Central Tender Board (Departmental Tender Board No. 2) (Rs. 250,000/= to 20 Mn)	51	1,528
*B* Tender Board (Departmental Tender Board No. 3) (Approval limit less than Rs. 250,000/=)	48	3,594

#### Total Expenditure Incurred during the Year 2013 on Local Purchases

Capital Items	Rs. 143,792,790/=
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#### Total Expenditure Incurred during the year 2013 on Foreign Purchases (C & F Value)

Non Capital Items	Rs. 413,275,437/=
Capital Items	Rs. 165,276,477/=

No. of Letter of Credit opened (Including D/A and D/P)	142
No. of Telegraphic Transfers orders opened	36

#### Details of the Goods Cleared by the Wharf Section in 2013

Sea Freight	81
Air Freight	79
Parcel Post	13

**Value of Stock as at 31.12.2013**      **Rs. 1, 797,862,553/=**

#### Main Stores and Stock Control

Value of Goods received at Stores during the year 2013 (Capital & Non Capital)	Rs. 15,231,802,169/=
Value of Goods issued to User Section (Capital & Non Capital)	Rs. 14,257,685,945/=

#### SECURITY

The responsibility concerning the security of all commercial ports which fall within the purview of SLPA is entrusted to the Security Division. In order to provide this service, the security Division is maintaining an efficient security service round the clock. The Security Division in order to reach this objective is dedicated to provide a commendable service, utilizing innovative measures new technological apparatus and strategies with a view to protect properties and human lives as Colombo Port is located within a High Security Zone.





**The following incidents occurred in 2013 at Security Division, Units/Sections Control, Terminals and Warehouses;**

S/N	Description	Numbers		
		Port	Other	Total
01	Vehicle Accidents (inside the JCT/UCT Premises)	56	36	92
02	Vehicle Accidents (Outside the Terminals)	29	59	88
03	Robberies	07	17	24
04	Consumption or Liquor/ Possession	30	07	37
05	Attempting to take bribes, taking bribes/giving bribes complaints	01	-	01
06	Misconduct	33	18	51
07	Entering the Port without License/Violation of License Regulations	03	20	23
08	Individual Accidents	10	14	24
09	Vehicle Control Cases	-	86	86
10	Other	40	58	98
	<b>Total</b>	<b>209</b>	<b>315</b>	<b>524</b>

DHM's bungalow, Welfare office, Wages & Salaries office, Security Office at Security control and Ashraf Jetty (Carpentry work in Vessels, Moulding Launches, Vehicles and Buildings were executed).

**Mechanical Engineering**

- ◆ Body Tinkering, Painting works, Replacing Spares, Engine Overhaul works, and other repair works have been done in various kinds of vehicles and water Barge No. II.
- ◆ Wiring works have been carried out in Forklift and Ceylon Jetty Quarters (Tyre Fenders have been fixed in Tannac and Pipeline repairing and Maintenance works were done in Berthing Tugs, and Buoys were fabricated and repaired).

**Security**

As done in past, the demonstration class for firefighting course was conducted by Officers who came from Port of Colombo.

**PORT OF GALLE**

Commodity	No. of Vessels	Discharged (MT)	Loaded (MT)
Clinker	19	153,193	-
Bulk Cement	02	8,503	-
Bag Cement	02	2,739	-
Gypsum	04	35,954	-
TS Cargo	02	344	6,722
<b>Total</b>	<b>29</b>	<b>200,733</b>	<b>6,722</b>
Total Tonnage Handled			207,455MT
Total Cargo Vessels			29
Other Vessels (Passenger, Naval, Bunkering, Repairs etc.)			64
Total Vessels Berthed in 2013			93
Anchorage			68
Off Port Limit Vessels (OPL)			10,661
Sailing Yacht			31

**PORT OF TRINCOMALEE**

**Civil Engineering**

- ◆ Renovation work at No. 08 – Riffle Green Quarters, Pilot Office at TTA, Ceylon Jetty Quarters were executed, and the renovation of C.B.I. –(VIP) Orr's Hill (as per Tender Board approval), and Engineering Officers' accommodation rooms at TTA are in progress, will be completed in year 2014.
- ◆ Provided Aluminum Partition at entrance of Finance Division.
- ◆ Constructed a Security Hut at TTA – Entrance and a Store Room for Transport Section, and Concrete Road-way to Ware House No. 07 at Burma Camp.
- ◆ Painting/Maintenance and repair works were carried-out at



The background of the slide is a photograph of a port at night. Several large container ships are docked at a pier, illuminated by bright yellow lights. The lights reflect on the dark, rippling water in the foreground. The sky is dark. The text 'FINANCIAL REVIEW' is overlaid on the upper right portion of the image.

# FINANCIAL REVIEW

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# FINANCIAL REVIEW

## Revenue (All Ports)

(Port Activity Break-up)  
(Rs. Mn)

Description	2013	2012 Re - Stated	Description	2013	2012 Re - Stated
Revenue from Port Activities	31,963	32,354	Navigation	4,967	4,860
Other Revenue	4,215	4,055	Stevedoring	19,741	19,433
			Wharf Handling	3,633	3,634
			Port Facilities	2,851	3,682
			Other Service Operations	771	746
<b>Total Revenue</b>	<b>36,178</b>	<b>36,409</b>	<b>Sub Total</b>	<b>31,963</b>	<b>32,354</b>

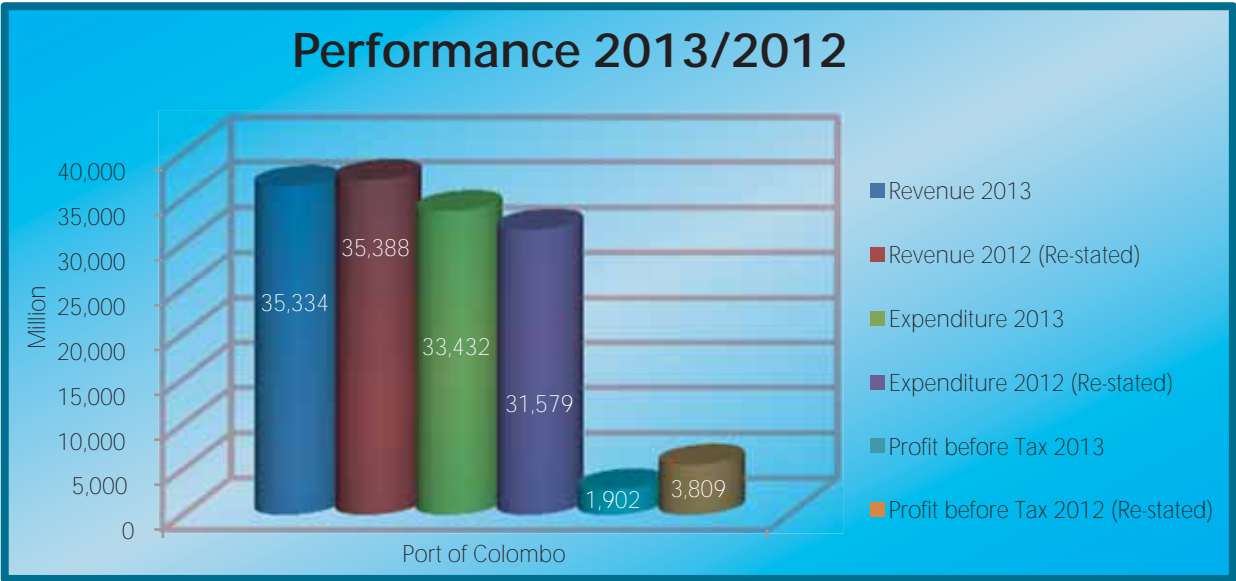
## Operating and Other Expenses (All Ports)

Description	2013 Expenditure	2012 Expenditure Re - Stated	(Increase)/ Decrease	%
Payment for Volume Rebate	1,454	1,466	12	1
Maintenance of Assets	1,284	1,274	(10)	(1)
Fuel, Electricity	3,703	2,103	(1,600)	(76)
Interest on Foreign Loan	3,921	1,710	(2,211)	(129)
Overtime	3,274	3,260	(14)	(0)
Depreciation	6,418	5,196	(1,222)	(24)
Wages, Salaries and Allowances	9,870	10,521	651	6
Others	2,163	2,190	(26)	1
<b>Total Expenditure before FEL / FEG &amp; VRS</b>	<b>32,088</b>	<b>27,720</b>	<b>(4,369)</b>	<b>(16)</b>
Foreign Exchange (Loss)/Gain	2,518	4,567	2,049	45
VRS Expenses	-	600	600	-
<b>Total Expenditure Including FEL &amp; VRS</b>	<b>34,606</b>	<b>32,887</b>	<b>(1,719)</b>	<b>(5)</b>

Portwise Performance

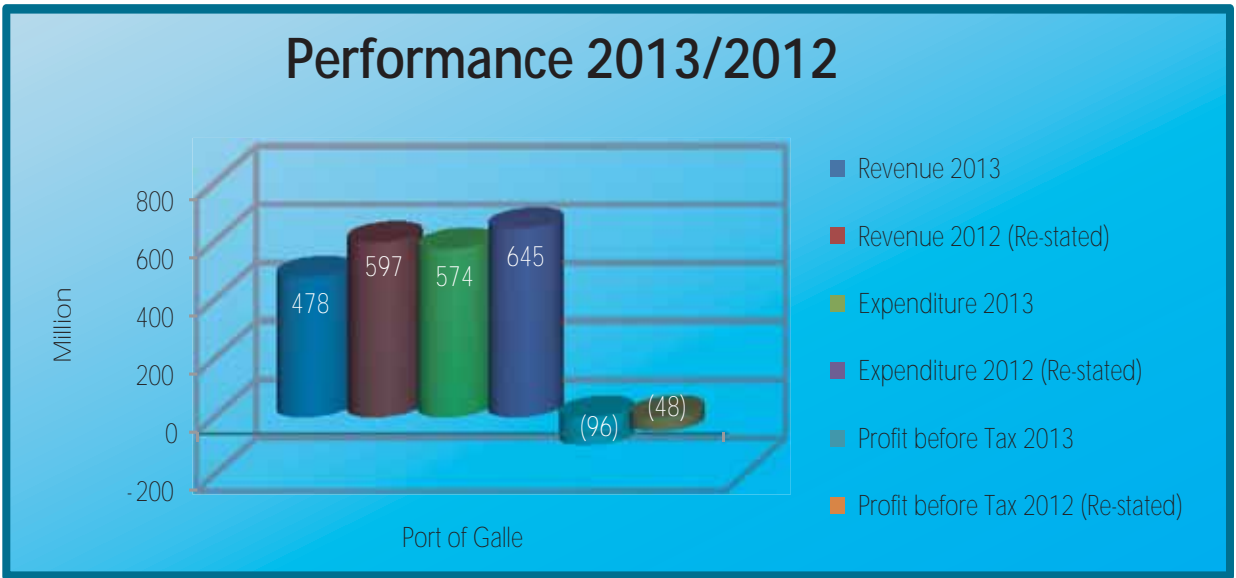
Port of Colombo

The Port of Colombo generated Operating Profit of Rs. 4,885 Mn in the year 2013. The Gross revenue of 2013 was Rs.35,334 Mn as compared to Rs 35,388 Mn in 2012 which is a decrease of Rs 54 Mn. Total expenditure before Tax remained at Rs. 33,432 Mn whereas 2012 expenditure was Rs. 31,579 Mn which is an increase of 6%.



Port of Galle

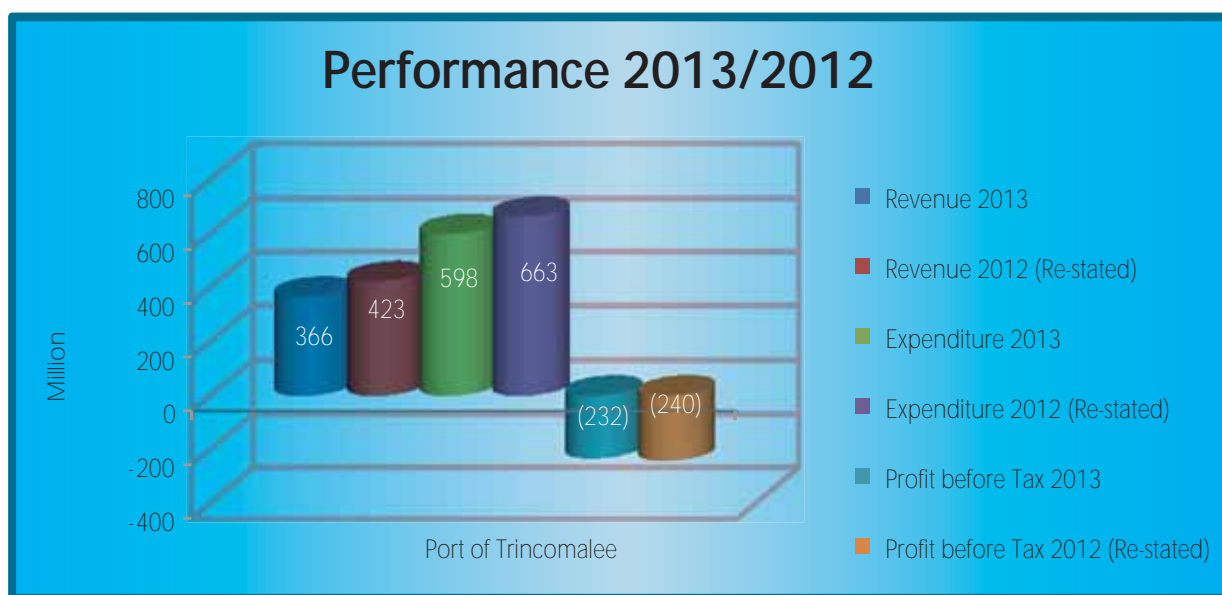
The Port of Galle recorded a Pre Tax loss of Rs. 96 Mn in the year 2013. The gross revenue of 2013 was Rs. 478 Mn as compared to Rs. 597 Mn in 2012 which is a decrease of Rs. 120 Mn. Total expenditure before tax remained at Rs. 574 Mn whereas 2012 expenditure was Rs. 645 Mn and a decrease of 11%.





### Port of Trincomalee

The Port of Trincomalee recorded a Pre Tax loss of Rs. 232 Mn in the year 2013. The gross revenue of 2013 was Rs. 366 Mn as compared to Rs. 423 Mn in 2012 which is a decrease of Rs. 57Mn. Total expenditure before tax remained at Rs. 598 Mn whereas 2012 expenditure was Rs. 663 Mn and a decrease of 10%.



# CORPORATE SOCIAL RESPONSIBILITY»»

During the year under review, the SLPA has continued its Corporate Social Responsibility.

- ◆ Awarding of Scholarships for the children of the Port employees who have excelled in GCE (O/L) and GCE (A/L) Examinations.
- ◆ A fully fledged crèche is managed by the SLPA for well-being of the children of the Port employees.
- ◆ SLPA has participated at several exhibitions in including "Deyata Kirula National Exhibition" giving an opportunity to the school children and general public to be familiarized with the existing Port facilities and activities in addition to the Port Development Projects undertaken by the SLPA.
- ◆ The fully equipped Fire Brigade has assisted the Colombo Municipal Council in firefighting as well as other emergencies within Colombo and suburbs.
- ◆ Maintenance of a Ward at the Mental Hospital in Mulleriyawa.





# HUMAN CAPITAL»

Human Capital can be identified as the set of skills which an employee acquires on the job through training and experience and which increase that employee's value in the marketplace. In an organizational context, human capital refers to the collective value of the organization's intellectual capital which is competencies, knowledge, and skills of employees.

The total workforce of the SLPA was 9,792 as at 31st December 2013, which includes Executive, Non-Executive, Technical and Non-technical grades employees. They have different skills, knowledge, attitudes and experience. It is required to achieve our vision, mission, goals and objectives using all these intellectual capital. Hence, enhancement of knowledge, skills and attitudes of the existing employees is a continuous requirement to compete with other regional ports. Human Resource Division, MPTI and Welfare Division directly involve enhancing human capital of the SLPA employees.

The Mahapola Training Institute, the knowledge centre of the SLPA conducts series of lectures, seminars, workshops, practical training and on the job training annually to enhance knowledge, skills, and attitudes of employees with the assistance of external and internal resource personal.

In year 2013, more employees had been trained in different streams such as Equipment operations, Cargo operations, Management, Information Systems, Technical, Fire, Safety & Occupational Health and Maritime & Seamanship to enhance human capital of existing employees.

New schemes of recruitments lead to enhance human capital of the existing employees due to encompassing of advanced educational and professional qualifications. As the same NVQ is the nationally and internationally accepted qualification and it gives value addition to the employees to achieve their career advancements. Further, new schemes of recruitments help to curtail stagnation of employees and also they can skip to another category easily by achieving qualifications in different streams.

More awareness programs on NVQ were held in year 2013 and steps are being taken to commence courses in different streams at MPTI to issue competency certificates compatible to NVQ standards with the help of the experts having the idea of enhancing human capital of the existing employees.

The new categorization of employees such as multi-skilled technician, Management assistant is a good advantage not only to

organization but also employees because it gives more chances to enhance employee skills in different streams and this leads to avert job monotony and finally it helps to increase productivity of the organization.

As per the new human resource plan, it has been decided to centralize all the administration functions to Human Resource Division by utilizing human resource at optimum level. At this juncture, it was required to introduce more advanced computer technology for smooth functioning of day to day activities and maintain accuracy. As a result of introducing new technology, the employees got a chance to enhance their computer literacy and technical knowledge.

When comparing past years, in year 2013 the employees have achieved more qualifications such as diplomas, degrees, post graduate diplomas, post graduate degrees and other memberships in their relevant fields.

Employees' performance evaluation is the most important function in human resource management to identify strengths and weaknesses of employees. Based on the outcome of evaluations special training programmes, seminars, workshops etc, were conducted to enhance human capital of the existing employees as done in the past. It is being planned to modify performance evaluation formats to be compatible to the current requirements and to achieve optimum output.

As done in the past, welfare facilities that were planned for employees of the SLPA were conducted by the Welfare & Industrial Relations division and out of which the library facilities are the most important to enhance knowledge of employees in different fields and it leads to enhance employees reading interests. Nineteen libraries are maintained in SLPA by the SLPA by the employees societies and they are given maximum Rs. 45,000/= each annually to purchase reading materials on their requests. In year 2013, Rs. 200,000/= was contributed to libraries based on their requests.

Several programmes of professional study were sponsored annually by the SLPA for employees to continue higher studies in outside organizations and to become competent managers.

Finally all these activities lead to improve productivity of the organization.

# CORPORATE GOVERNANCE REPORT

Corporate Governance is the total system by which organizations establish a mechanism for the effective utilization of resources, direction and control of the organization in the best interest of all categories of stakeholders. The primary responsibility for Good Governance lies with the Chairman and the Board of Directors of the Authority. In order to achieve the primary objectives of the organization they have to ensure that processes and controls are in place and effective which are to be facilitated through the career officials who in turn are responsible for respective functional areas. In this exercise, Internal Auditors have to play a vital role in the examination of the performance and report whether there are variations from the approved procedure. If any deviation to recommend as to how they should be revised to meet the expected performance specially in respect of the operational and financial functions and thus contribute towards Good Governance.

The quality and frequency of financial and other operational reporting, the extent to which the Board of Directors exercises its fiduciary duties, the quality of information shared by the management with the Board and their commitment to manage a transparent organization that maximizes value is of primary importance. The Authority has continued its commitment to maintain high standards of Corporate Governance.

The Board of Directors is also responsible for the governance of the Authority. The Authority continues to place considerable emphasis on developing rules and regulations, structures and processes to ensure good practices. The Authority has consistently refined its structures of Corporate Governance.

The methods by which the Authority has applied the principles of good Corporate Governance practices during the financial year are enumerated under the following headings:

- ◆ Board of Directors and Board Sub-Committees
- ◆ Internal Controls
- ◆ Internal Audits
- ◆ Rules of Discipline
- ◆ Relationship with the General Treasury and the Ministry of Highways, Ports and Shipping
- ◆ Compliance with Statutory and Legal requirements
- ◆ Public Enterprises Guidelines for Good Governance

Following the Cabinet decision to grant approval for recommendations made jointly by the Minister of Ports and

Highways and Minister of Finance and Planning to deviate from certain identified clauses of the Public Enterprises Guidelines for Good Governance issued by the Director General, Dept. of Public Enterprises of the Ministry of Finance, the SLPA has drafted a "Code of Governance" to be re-adopted by the Authority to ensure adequate flexibility and independence required to be highly competitive and a viable Public Sector Institution in the industry.

## BOARD OF DIRECTORS AND BOARD SUB-COMMITTEES

The Board consists of a Chairman, Vice Chairman and 07 Directors. Members of the Board of Directors should have the highest professional and personal ethics and values coupled with their experience in the industry in which the Authority operates.

The members to the Board are appointed in the following manner;

- ◆ The Chairman and 4 other Directors are appointed by the Minister from among persons who appear to the Minister to have wide experience in and who have shown capacity in Port development or Port operations or legal or financial matters or shipping, commercial or engineering activities or administration or labour relations.
- ◆ The Managing Director is appointed by the Minister in terms of Section 13:1 of the Act.
- ◆ A representative of the General Treasury is nominated by the Minister in charge of the subject of Finance.
- ◆ The Director General of Customs and a representative of the Ministry, in charge of the Minister to whom the subject of Fisheries has been assigned, nominated by such Minister.

The Hon. Minister may appoint one of the Directors appointed under Sub-Section (1) (a) or Sub-Section (1) (c), other than the Chairman to be the Vice Chairman of the Ports Authority.

The function of the Chairman, Vice Chairman and Managing Directors are clearly separated and defined. All the Non-Executive Directors provide a considerable depth of knowledge and experience. The names of the Directors of the Authority who held offices as at the dates of this statement and their profiles are given from pages 16 to 21.

The main functions/ responsibilities of the Board of Directors are:

- ◆ Setting directions through establishment of strategic objectives, policies, goals and targets.



- ◆ Monitor performance against goals and objectives.
- ◆ Ensure that adequate internal controls and the highest ethical standards are maintained.
- ◆ Formulating Guidelines and ensuring their effectiveness to achieve objectives.
- ◆ Ensure that all key business risks are identified and appropriate and adequate controls, monitoring and reporting mechanism are in place to address them in a timely manner.

The Board meets regularly and during the year under review the Board met on twelve (12) occasions. The Board has timely access to information it needs to carry out its duties. The Secretary to the Board sets the agenda for the Board Meeting in consultation with the Chairman and all Board Directors receive a detailed report of information prior to each Board meeting. The matters discussed at the Board meetings include among other items reviews of operational and financial performance indicators, approval of major capital expenditure projects and proposals within its limits.

The Board has, subject to its final approval of all recommendations, delegated certain of its responsibilities to a number of sub-committees, mainly the Management Committee and the Audit Committee.

### MANAGEMENT COMMITTEE

Four (04) members of the Board of Directors including the Chairman, Vice Chairman, Managing Director and Executive Director and seven (07) other full time Directors and Harbour Master served as members of the Management Committee.

In decision making of day today administration, establishment and operational matters, the Management Committee undertook to look into various aspects such as optimum use of resources including human resources enhancement of productivity to improve the quality of services to the Port users and the interest of other stake holders as a socially responsible Corporate Public Sector institution while being a commercially viable organization.

The Management Committee at its meetings carefully perused all policy matters and also implementation of decisions taken before they were referred to the Board of Directors for approval and concurrence. To enable this process and to avoid any delays, Management Committee meets twice a month and decisions were taken.

The Management Committee had seven (07) meetings during the year.

### AUDIT COMMITTEE

The Audit Committee consists of the representative of the General Treasury who is on the Board of Directors and two (02) other Directors of the Board. The Audit Committee was re-appointed on 13.12.2012.

The Audit Committee reviews policies and procedures of internal control, ascertains the efficiency of such policies and procedures, review of Internal Auditors' reports and letters of Government Audit and follow up of their recommendations are taken action through the Board and complied with by the Divisional Heads. It also ensures that with the guidance from the Board that the Authority has

processes and mechanisms in place to identify risks both financial and operational and such risks are managed and addressed through a well-defined action plan.

The Committee is responsible and report to the Board regularly to strengthen the present systems and procedures in relation to financial and operational activities in order to improve the efficiency and to enhance the productivity of resources for the benefit of employees and other stake holders.

### INTERNAL CONTROLS

An effective internal control system is an essential part of the efficient management of an organization. The Board has overall responsibility for the Authority's system of internal control and for reviewing the effectiveness of these controls. The Authority has established a comprehensive framework of policies and procedures, which are regularly reviewed and updated. The framework is designed to manage risks that may hamper the achievement of business objectives. Therefore, it provides reasonable assurance for safeguarding the Authority assets against unauthorized using or disposition, maintenance of proper records and the reliability of information generated.

The system of internal controls is supported by the Authority commitment to competence, integrity, ethical values and communication of a control conscious environment, through its established policies and guidelines.

### INTERNAL AUDITORS

Internal Audit Division is headed by a qualified Chartered Accountant. The Division is independent and directly reports to the Chairman and the Audit Committee.

The scope of work is set in consultation with the Chairman and the Audit Committee and is reviewed regularly to amend the scope, if necessary. Primarily, the overall internal control system is monitored by the Internal Audit Division and supported by the Audit Committee. Internal Audit provides an objective view of the efficiency and effectiveness of the internal control procedures and assesses the action plans in dealing with the internal control issues.

### RULES OF DISCIPLINE

The rules of Discipline are in place to guide all employees on acceptable conduct. The Authority requires that all Directors, Divisional Heads and employees maintain the highest standards of integrity and honesty in the day to day performance of their duties and in any situation where their actions could affect the Authority reputation and image.

The key elements of the Rules of Discipline are:-

- ◆ Fairness, honesty and impartiality in all actions
- ◆ Being aware of the law and obeying it
- ◆ Confidentiality for all matters dealt with
- ◆ Avoiding conduct that is likely to reflect or affect badly on the Authority

## **COMPLIANCE FRAMEWORK AND COMPLIANCE WITH STATUTORY AND LEGAL REQUIREMENTS**

The Authority has recognized the importance of compliance with all legal and statutory requirements. For this purpose, the Finance Division and the Internal Audit Division make every endeavor and work in tandem to ensure that the authority complies with all statutory and legal requirements. In addition, the Legal Division also ensures that the business and the other affairs of the Authority comply with laws and regulations.

## **RELATIONSHIP WITH MINISTRY OF HIGHWAYS, PORTS & SHIPPING AND THE GENERAL TREASURY OF THE MINISTRY OF FINANCE**

The Authority has regular dialogue with the Hon. Minister and the Secretary, Ministry of Highways, Ports and Shipping and Strategic Enterprise Management Agency (SEMA) who guide the Board to set clear directions and strategic objectives to be achieved. In addition as required by the General Treasury of the Ministry of Finance, the Authority forwarded a Business Plan for a three year period and complete sets of reports on a quarterly basis which includes Financial Reports and other Operational Performance Reports.

## **RELATED PARTY DISCLOSURES**

The Directors of the Board confirm and certify that they have no personal interest or relationships with any parties who have transactions with the SLPA.

## **ACCOUNTABILITY**

The Directors of the Board are of the view that the financial statements of the Ports Authority reflect a true and fair view of the state of affairs and have been prepared in conformity with accepted requirements.

## **FUTURE**

The Authority believes that the real value of Corporate Governance lies not in blindly following code of best practice, policies and principles but rather in actually securing the confidence from the all stakeholders and thereby conducting its business with utmost integrity and fairness in a transparent manner so that they too support our strategies.

A large container ship is docked at a port at night. The ship's deck is covered with numerous stacked shipping containers in various colors, including blue, red, and green. Some containers have the 'EVERGREEN' logo. A large gantry crane with multiple legs and cables is positioned over the ship, illuminated by bright yellow lights. The ship's hull is dark, and the word 'STE' is visible on the side. The background is dark, and the overall scene is lit by the port's artificial lights.

# PORTS STATISTICS

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## PORT OF COLOMBO

### Port Dimensions

#### Harbour Area

Harbour Basin Area	184.6 Hectares
Length of North-West Breakwater	810 Meters
Length of North-East Breakwater	330 Meters
Western Entrance	230Meters X 16Meters
North Entrance	190Meters X 13Meters

### Working Hours

The Port of Colombo works on a 24 hours basis every day of the year.

Cargo Throughput by Type of Handling in 2013	
Containerized	88.5%
Break Bulk	0.6%
Dry Bulk	4.2%
Liquid Bulk	6.7%

## NEW COLOMBO SOUTH PORT

### Harbour Area

Harbour Basin Area	192.0 Hectares
Length of South-West Breakwater	5,140 Meters
Length of North-West Breakwater	1,550 Meters
Main Entrance	570 M X 18 M



PORT OF GALLE

Port Dimensions

Harbour Area

Water Area	15.3593 Hectares
Entrance Channel	140 Meters
Land Area	16.414 Hectares
Permitted LOA	130 Meters
Permitted Draught	7.3 Meters

Working Hours

The Port of Galle works on a 24 hours basis every day of the year except on May Day with only day light navigation

Deviation Time

From Main East-West Route None

Berthing Facilities

Total Number of Alongside Berths 05

Berth	Total Length (M)	Alongside Draught (M)
Closenburg Jetty	420	8.9
New Pier	162	8.9
New Pier/Cross	84	8.9

Warehouse Facilities

Name	Average Height (Ft.)	Area (Sq. Ft)	Capacity (Cu. Ft.)	Staking Height (Ft.)
No. 01	23	13,333	306,667	10 High
No. 02	23	40,000	920,000	10 High



## PORT OF TRINCOMALEE

### Port Dimensions

#### Harbour Area

Water Area	1630 Hectares
Entrance Channel (Width (minimum))	500 Meters
Land Area	2254 Hectares

### Working Hours

The Port of Trincomalee works on a 24 hours basis every day of the year except on May Day with only day light navigation.

### Berthing Facilities

#### SLPA Berths

Berth	Total Length (M)	Alongside Draught (M)
Ashraf Jetty	250	12.5
Side Berth-Ashraf Jetty	90 X 2	8.5
Jetty at Mudcove	45	3.5
Jetty at TTA	190	2.0-4.0
Ceylon Jetty	50	2.5
Town Jetty	50	2.5
VSO Jetty	25	1.5
Old Town Jetty	60	2.0

### Other Berths

Berth	Total Length (M)	Alongside Draught (M)
Prima Jetty (Inner)	122	5.9
Prima Jetty (Outer)	227	13
Prima Jetty (Multi-Purpose)	179	10
Tokyo Cement Jetty	155	9.3
Oil Jetty (Petroleum)	200	9.75

### Details of Warehouse – TTA

Warehouse	Dimension (Ft)	Average Height (Ft)	Area in SQ (Ft.)	Stacking Height (Ft.)	Capacity (Cu. Ft.)
No. 02 & 03	90 X 70	15	6,300	12	75,600
No. 04	190 X 95	19	18,050	14	252,700
No 05 A	150 X 110	25	16,500	15	247,500
No. 05 B	150 X 80	15	12,000	12	144,000
No. 06	300 X 110	20	24,000	15	360,000



MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT  
- PHASE I

Port Dimensions

Harbour Area

Basin Area	55.5 Hectares
Length of the West Breakwater	988 Meters
Length of East Breakwater	312 Meters
Approach Channel	210 Meter 16 Meters
Turning Circle	600 Meters

Quay Lengths

General Cargo - Quay	600 Meter
Service Quay	105 Meters
Oil Quay	610 Meters

Depth of Basin	17 Meters
Design Vessel	100,000 DWT



# MILESTONES

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## 1505

Colombo became known to the Western World after Portuguese commenced using it as a Naval Base/ Harbour.

## 1875

9th Dec. King Edward VII laid the foundation Stone for the South West Break Water.

## 1882

Harbour Board created to administer the Port of Colombo.

## 1885

Completion of the 1285 meter South West Break water.

## 1898

Completion of the 335 meter North East Break water.

## 1899

Commencement of the construction of the Dry Docks.

## 1906

Completion of the 814 meter Island Break water.

## 1906

Completion of the Dry Dock.

## 1909

Completion of the 250 meter long Guide pier for the Dry Docks. (The First deep water alongside berth)

## 1912

Completion of 18 coaling jetties at the present Jaya Container Terminal site.

## 1912

Completion of the 550 meter extension arm of the South West Break water.

## 1913

Colombo Port Commission created to develop and maintain the Port.

## 1922

Completion of Petroleum oil facilities.

## 1950

Commencement of construction of fifteen alongside berths of 9-11 meters draught and two coaster berths of 7.5 meter draught and 55,800 sq. meter of adjacent transit sheds and warehouse accommodation.

## 1954

Inauguration by Her Majesty Queen Elizabeth II of the completion of construction of the alongside berths at the South West Break water and naming it "Queen Elizabeth Quay" – The Royal Yacht, "Gothic" – the first vessel to berth at Queen Elizabeth Quay.

## 1956

Completion of 17 alongside berths, transit sheds and warehouses.

## 1958

Cargo handling activities of the Port of Colombo nationalized and the Port (Cargo) Corporation established.

## 1964

Cargo handling activities of the Port of Galle nationalized.

## 1967

Port Tally and Protective Services Corporation established.

## 1967

Cargo handling activities of the Port of Trincomalee nationalized.

## 1979

The Sri Lanka Ports Authority formed by unifying the Colombo Port Commission, the Port (Cargo) Corporation and the Port Tally and Protective Services Corporation.

## 1980

Master plan for the Port of Colombo established with assistance from the Government of Japan.

## 1980

Inauguration of the New Terminal at Queen Elizabeth Quay.

## 1982

Commissioning of the first Gantry Crane – TANGO 80.

## 1982

Contract for the construction of the New Container Terminal signed with M/s. Penta Ocean Wakachiku Joint Venture of Japan.

## 1983

Inauguration of the Construction of Stage I of the fully equipped container Terminal.

## 1984

Inauguration of the Construction of Stage II of the fully equipped container Terminal.

## 1984

Commissioning of four Hitachi Transfer Cranes at Queen Elizabeth Quay Container Berth.

## 1985

Ceremonial Opening of Stage I of the "Jaya" Container Terminal.

## 1987

Inauguration of SLPA – Mahapola Training Institute.

## 1987

Inauguration of Stage II of the "Jaya" Container Terminal.

## 1988

Commissioning of the off-shore installation of the Single Point Buoy Mooring.

## 1994

Completion of new Port Access Road.

## 1995

Inauguration of Stage III of the "Jaya" Container Terminal.

## 1996

Inauguration of Stage IV of the "Jaya" Container Terminal.

## 1998

Inauguration of the Unity Container Terminal.

## 1998

Symposium of Affiliate Ports.

## 1999

Commissioning of the Oluvil Light House in the East Coast and opening of the Oluvil Maritime Training Institute.

## 1999

Commencement of the Development of the South Asia Gateway Terminal QCT.

## 1999

Commencement of construction of Alongside Berth Project in Trincomalee.

## 2000

Commencement of Colombo South Harbour Feasibility Study.

## 2000

Commencement of a new Berth in Port of Galle.

## 2000

Inauguration of Peliyagoda Container Freight Station.

## 2000

Submission of Final Report for development of the Port of Galle as a Regional Port.

## 2000

Commencement of North Pier development phase II.

## 2000

Inauguration of the One – Stop Documentation Centre.

## 2001

Inauguration of the New Jetty in Port of Galle.

## 2003

Inauguration of construction of Oluvil Port Access Road.

## 2003

Inauguration of Customer Service Centre for LCL and break-bulk cargo.

## 2003

Opening of the SLPA Maritime Museum.

## 2003

Ceremonial inauguration of Unity Container Terminal with the completion of the civil works.

## 2004

Ceremonial inauguration of Container Handling Operations at Unity Container Terminal.

## 2004

25th Anniversary celebrations of the SLPA.

## 2004

National Productivity Award in large scale service sector was won by JCT.

## 2004

Handling of 2 million containers at the Port of Colombo.

## 2005

Commencement of construction of the Port and Housing Scheme in Oluvil.

## 2005

A certificate of merit was awarded to the SLPA Mahapola Training Institute under Medium Category /Service Sector by the National productivity Secretariat.

## 2006

Commissioning of Container Security Initiative and Megaport Initiative in the Port of Colombo.

## 2006

Signing of MOU for the proposed Colombo Port Expansion Project to construct the Colombo South Harbour.

## 2006

Signing of MOU concerning detailed design works of Hambantota Port Development Project (Phase I).

**2007**

Commencement of construction work and Signing of the Financial Agreement of the Hambantota Port Development Project

**2008**

Commencement of construction work of Oluvil Port Project.

**2008**

Commencement of construction work of Colombo Port Expansion Project.

**2008**

Signing of Contract Agreement for construction of Bunkering facility and Tank farm at Hambantota.

**2009**

Laying of Foundation Stones for the Bunkering Facility and Tank Farm Project and Administration Building at Hambantota.

**2009**

The JCT Terminal Management System upgrade to "NAVIS".

**2010**

Ceremony of Sea Water Filling to the Harbour Basin of Magam Ruhunupura Mahinda Rajapaksa Port (MRMRP) - 15.08.2010.

**2010**

Ceremonial inauguration of (MRMRP) - 18.11.2010.

**2010**

Handling of 02 Million Containers at the JCT.

**2010**

Handling of 04 Million Containers at the Port of Colombo.

**2011**

Arrival of 06 Nos. New Gantry Cranes and 30 Nos. Transfer Cranes.

**2011**

Capacity enhancement at Colombo Oil Terminal of the SLPA.

**2011**

Arrival of 50 Nos. Terminal Tractors.

**2011**

Signing of Agreement for the South Container Terminal under the Colombo Port Expansion Project.

**2011**

Ground Breaking Ceremony at the MRMRP to open new business ventures.

**2011**

Ground Breaking Ceremony for commencement of construction work of the South Container Terminal.

**2012**

Commencement of handling RO-RO Vessels at Magam Ruhunupura Mahinda Rajapaksa Port.

**2012**

Replacing the dilapidated existing bunker fuel pipe line from the Bloemendhal Oil Terminal to the Port of Colombo.

**2013**

**Ceremonial Inauguration of the Colombo Port Expansion Project with monumental breakwater of 6.8 Km and the South Container Terminal.**

**2013**

**Ceremonial Inauguration of the Port of Oluvil.**

**2013**

**Implementation of Import FCL Module of Cargo Management System.**

**2013**

**Ceremonial Inauguration of Administration Building at MRMR Port.**

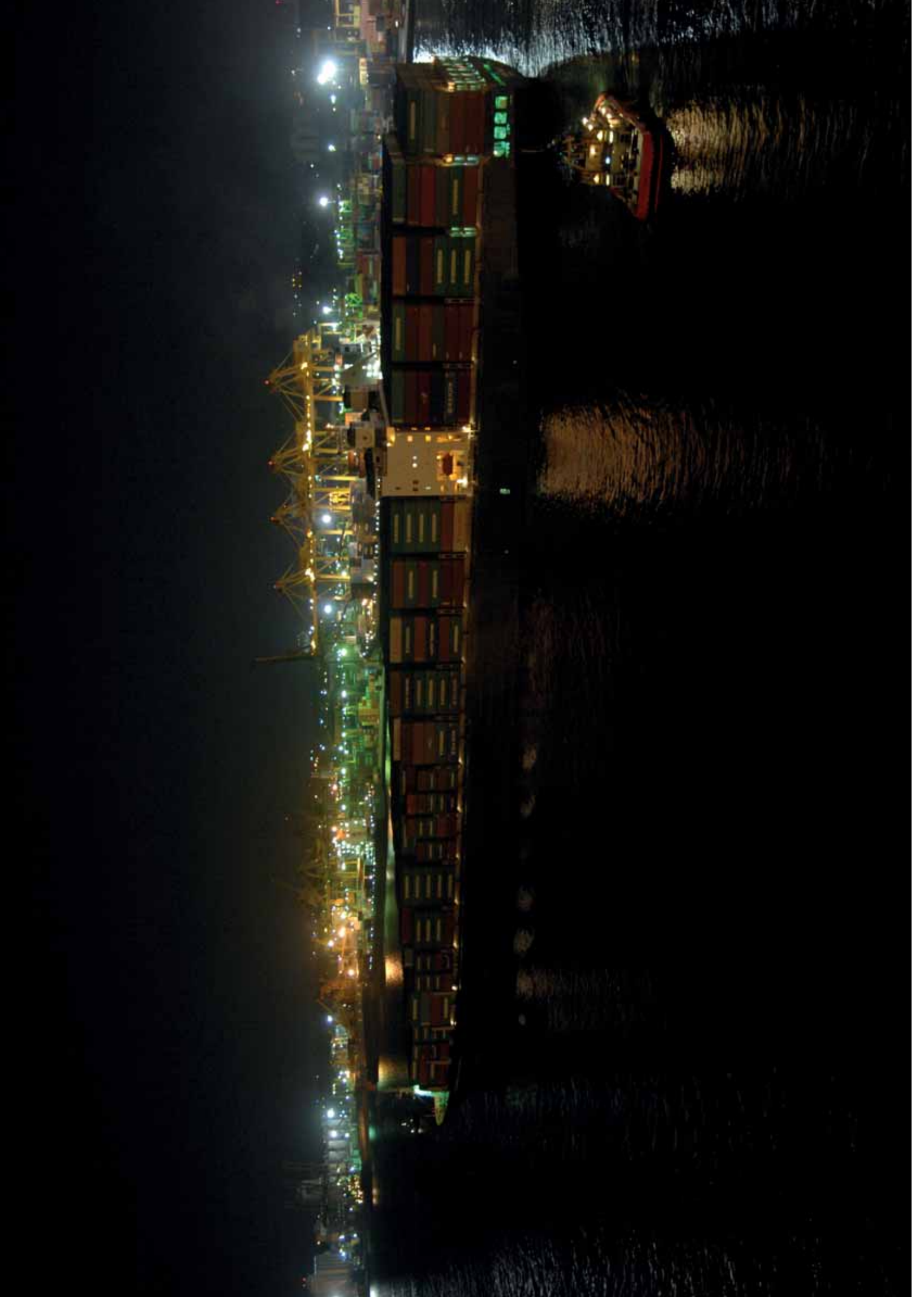






# FINANCIAL STATEMENTS

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# REPORT OF THE BOARD OF DIRECTORS»»

The Board of the Directors of the Sri Lanka Ports Authority as at 31.12.2013 are as follows.

**Dr Priyath B Wickrama**  
Chairman

**Mr Indika Karunajeewa**  
Vice Chairman

**Capt Nihal Keppetipola**  
Managing Director

**Dr Sanjaya Sedara Senarath**  
Executive Director

**Mr Anuradha Wijekoon**  
Director

**Mr R Semasinghe**  
Director

**Mr Jagath P Wijeweera**  
Director

The Board had twelve (12) meetings during the year under review.

The Management Committee which functioned as a Sub-Committee of the Board of Directors had seven (07) meetings during the year 2013. The other Sub-Committee of the Board of Directors, viz. the Audit Committee had four (04) meetings during the year 2013. The following Directors of the Board functioned as members of the Audit Committee :-

**Mr R Semasinghe**  
**Mr Jagath P Wijeweera**

- ◆ The Port of Colombo reported the highest ever container handling of 4,306,206 TEUs and total tonnage of 63.5 Mn tonnes in 2013. The total container and tonnage handled increased by 2.8% and 2.9% respectively.
- ◆ The SLPA reported the highest ever container handling of 2.5 Mn TEUs with a 58.1% market share (in 2012- 55.3%). The SLPA volume increased by 8.0% compared to SAGT's negative growth of 6.6%.

- ◆ The container handling throughput of the Port of Colombo had increased from 4,187,120 TEUs in 2012 to 4,306,206 TEUs in 2013 (increased of 119,086 TEUs or 2.8%).
- ◆ The domestic container handling throughput of the Port of Colombo increased by 1.1% in 2013 when compared with the year 2012.(increased of 11,722 TEUs)
- ◆ The Transshipment container handling throughput of the Port of Colombo increased by 4.7% when compared with the year 2012(increased of 143,350 TEUs).
- ◆ Overall tonnage handled of the Port of Colombo increased from 61.6 Mn tonnes in 2012 to 63.5 Mn tonnes in 2013 (increased by 2.9%).
- ◆ Overall Domestic automobile import volumes reported a drop in 2013 by 26.9% by handling 33,109 units when compared with 45,297 units in 2012.
- ◆ Overall automobile transshipment volumes reported a growth in 2013 by 752.2% by handling 38,530 units compared with 4,521 units handled in 2012 due to part of the vehicles handling shifted to MRMR Port.

A comparison of ship arrivals in the Port of Colombo during the year 2013 with the year 2012 reflects a decrease from 3,870 to 3,667 by 5.2%. Number of container ships had increased from 3,092 in 2012 to 3,142 having recorded an increase of 1.6%.

The Board of Directors approved several market strategies in order to attract additional container throughput to Jaya Container Terminal and Terminal Service Agreements were signed with leading Shipping Lines were renewed.

The Shipping Lines that have Terminal Service Agreements with the SLPA contributed immensely for the volume increase by introducing new shipping services. Formation of G 6 with APL as the lead line managed to attract SAGT operated three shipping lines and their volumes. JCT managed to attract nine new Main Line Services during the year 2013.

Aggressive marketing, operational performance, human resources, added capacity and upgrading of the Terminal Management System by the management have contributed immensely to the above mentioned achievements.

Despite a 4.0% overall volume drop at Indian Major Container handling ports, the Port of Colombo recorded a 2.8% growth. With the commencement of operations by CICT, the Port of Colombo is able to handle any Ultra Large Container Ships (ULCS) thereby managed to retain the current volumes and services.

The revenue of the SLPA in the year 2013 has been Rs. 36,177.7 Mn, which is a decrease of 0.6% when compared with the year 2012. Operating Profit of the SLPA in 2013 has been decreased to Rs. 8,011.0 Mn from Rs. 9,798.2 Mn in 2012 which is a decrease of 18.2%.



# DIRECTORS'»» RESPONSIBILITY FOR FINANCIAL REPORTING

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Under section (12) & (13.6) of the Finance Act No 38 of 1971, Directors of the Authority have responsibility for ensuring that the SLPA keeps proper books of accounts of all the transactions and prepare Financial statements that give a true and fair view of the state of affairs and of the profit /loss for the year.

Accordingly, the Directors have directed the Authority to maintain proper books of accounts and reviewed the financial reporting system at their regular meetings and through the Audit Committee.

In preparing the financial statements exhibited in this booklet, Directors have considered adopting appropriate Accounting Policies on a consistent basis and supporting by reasonable and prudent judgments and estimates.

The Directors have taken such steps as are reasonably open to them to safeguard the assets of the Authority and to prevent and detect frauds and other irregularities. In this respect the Directors have instituted an effective and comprehensive system of internal controls comprising of internal check, internal audit and financial and other controls required to carry out the business of the SLPA in an orderly manner to safeguard its assets and secure as far as practicable the accuracy and reliability of our records.

By order of the Board



**Kapila Liyanagamage**  
Secretary to the Board

# AUDIT» COMMITTEE REPORT

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The Audit Committee is responsible to assist the Board of Directors in implementing its oversight responsibility. In fulfilling this, the Committee's main responsibilities are as follows:

- ◆ Ensuring effective internal controls and internal audit functions.
- ◆ Reviewing and monitoring the integrity of the financial statements, financial reporting and audit process.
- ◆ Ensuring compliance with statutory and regulatory requirements.
- ◆ Reviewing the systems for ensuring operational efficiency and cost control.

The Audit Committee is headed by the Treasury Representative/ Director SLPA and the year under review and carried out several important activities which help the Authority to improve its governance.

As an important initial internal control measure the Committee adopted the internal Plan under review several important activities were carried out with a view to help the authority to improve its governance

As an important initial internal control measure the Committee adopted the internal Plan and the Audit Programme for the year 2013 and reviewed regularly the effectiveness of its implementation by obtaining monthly progress reports. Auditor General's draft report to the Parliament on the accounts of the Authority for the year ended 31st December 2012 was reviewed together with the responses of the Management thereto. Quarterly Financial Statements of the Authority and the Financial Statements for the year ended 31st December 2012 were reviewed and recommendations were made on the corrective measures. Internal Control Systems were reviewed continuously with the Audit reviews and follow up action was taken on the directions of the Board. Salient issues highlighted at the committee meetings were brought to the notice of the Board of Directors with the recommendations of the Audit Committee. During the year under review, the Audit Committee had four meeting.

The Audit Committee is of the view that necessary "Checks & Balance" are in place to provide reasonable assurance that the Authority's assets are safeguarded and that the financial position

and the results disclosed in the audited accounts are free from any material mis-statements. During the year, the committee made a significant contribution to the improve the governance and to help the Authority to carry out its activities in a transparent manner.



**R Semasinghe**  
**Chairman – Audit Committee**

# STATUTORY» COMPLIANCE STATEMENT

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The status of compliance on statutory requirements is detailed below.

## **Employees Provident Fund – Authority & Employee contributions**

The SLPA contribution of 15% and the employee contribution of 10% on all permanent employees are to be remitted to the Department of Labour before the last date of the succeeding month.

All monies deducted from employees and the respective Authority contribution for employees has been remitted on or before the stipulated date.

## **Employees Trust Fund**

The Authority's monthly contribution of 3% has been remitted on or before the stipulated date.

## **PAYE (Pay As You Earn)**

PAYE Tax has been remitted to the Department of Inland Revenue before the stipulated date.

## **Income Tax**

Income tax payments in relation to income earned have been made quarterly on the due dates whenever there is a taxable income, in terms of Section 113 of the Inland Revenue Act No. 10 of 2006.

## **The Annual Return**

Annual Return in respect of Income Tax of the Authority has been filed annually with the Department of Inland Revenue up to Year ending 31st December 2013. These have been completed and handed over before the due date of November 30, each year.

## **Annual Reporting**

Annual Budget, Accounts & Annual Report have been submitted to the Parliament of Sri Lanka, General Treasury & Ministry.

## OPERATIONAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2013

	COLOMBO	TRINCOMALEE	GALLE	MRMRP	2013	2012 Re_Stated
<b>NUMBER OF SHIPS CALLED (NO)</b>						
Cargo Ships	3,582	113	31	136	3,862	4,003
Other Ships	133	21	5	3	162	175
Other Vessels	650	42	59	24	775	753
	<b>4,365</b>	<b>176</b>	<b>95</b>	<b>163</b>	<b>4,799</b>	<b>4,931</b>
<b>TROUGHPUT</b>						
<b>CONTAINER TEU's (SLPA)</b>						
Transhipment	1,779,882	-	-	-	1,779,882	1,584,985
Domestic	676,937	-	-	-	676,937	665,291
Re-Stowing	45,044	-	-	-	45,044	66,573
<b>TOTAL TEU's</b>	<b>2,501,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,501,863</b>	<b>2,316,849</b>
<b>CONTAINER TEU's (SAGT)</b>						
Transhipment	1,385,552	-	-	-	1,385,552	1,479,782
Domestic	341,510	-	-	-	341,510	354,964
Re-Stowing	19,740	-	-	-	19,740	35,525
<b>TOTAL TEU's</b>	<b>1,746,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,746,802</b>	<b>1,870,271</b>
<b>CONTAINER TEU's (CICT)</b>						
Transhipment	42,683	-	-	-	42,683	-
Domestic	13,530	-	-	-	13,530	-
Re-Stowing	1,328	-	-	-	1,328	-
<b>TOTAL TEU's</b>	<b>57,541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,541</b>	<b>-</b>
<b>CONTAINER TEU's (PORT OF COLOMBO)</b>						
Transhipment	3,208,117	-	-	-	3,208,117	3,064,767
Domestic	1,031,977	-	-	-	1,031,977	1,020,255
Re-Stowing	66,112	-	-	-	66,112	102,098
<b>TOTAL TEU's</b>	<b>4,306,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,306,206</b>	<b>4,187,120</b>
Conventional M/T	3,070,471	2,268,678	206,540	118,579	5,664,268	6,507,805
Liquid M/T	4,265,368	166,576	-	-	4,431,944	5,017,812
	7,335,839	2,435,254	206,540	118,579	10,096,212	11,525,617
<b>EQU (M/T) - SLPA</b>						
Containerised Cargo	31,899,028	-	-	-	31,899,028	28,702,088
Conventional Cargo	3,070,471	2,268,678	206,540	118,579	5,664,268	6,507,805
Liquid	4,265,368	166,576	-	-	4,431,944	5,017,812
<b>TOTAL EQU (M/T)</b>	<b>39,234,867</b>	<b>2,435,254</b>	<b>206,540</b>	<b>118,579</b>	<b>41,995,240</b>	<b>40,227,705</b>
<b>EQU (M/T) - SAGT</b>						
Containerised Cargo	23,551,366	-	-	-	23,551,366	24,802,379
Conventional Cargo	-	-	-	-	-	-
Liquid	-	-	-	-	-	-
<b>TOTAL EQU (M/T)</b>	<b>23,551,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,551,366</b>	<b>24,802,379</b>
<b>EQU (M/T) - CICT</b>						
Containerised Cargo	745,066	-	-	-	745,066	-
Conventional Cargo	-	-	-	-	-	-
Liquid	-	-	-	-	-	-
	745,066	-	-	-	745,066	-
<b>EQU (M/T) - PORT OF COLOMBO</b>						
Containerised Cargo	56,195,460	-	-	-	56,195,460	53,504,467
Conventional Cargo	3,070,471	2,268,678	206,540	118,579	5,664,268	6,507,805
Liquid	4,265,368	166,576	-	-	4,431,944	5,017,812
<b>TOTAL EQU (M/T)</b>	<b>63,531,299</b>	<b>2,435,254</b>	<b>206,540</b>	<b>118,579</b>	<b>66,291,672</b>	<b>65,030,084</b>
<b>GROSS TONNAGE HANDLED (SLPA)</b>						
Containerised Cargo	78,955,671	-	-	-	78,955,671	72,640,931
Conventional Cargo	6,195,458	1,729,045	163,353	5,625,786	13,713,642	11,735,595
Others	2,535,045	501,489	36,630	28,338	3,101,502	3,107,547
<b>TOTAL TONNAGE</b>	<b>87,686,174</b>	<b>2,230,534</b>	<b>199,983</b>	<b>5,654,124</b>	<b>95,770,815</b>	<b>87,484,073</b>
<b>GROSS TONNAGE HANDLED (SAGT)</b>						
Containerised Cargo	37,828,217	-	-	-	37,828,217	43,653,456
Conventional Cargo	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>TOTAL TONNAGE</b>	<b>37,828,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,828,217</b>	<b>43,653,456</b>
<b>GROSS TONNAGE HANDLED (CICT)</b>						
Containerised Cargo	2,694,010	-	-	-	2,694,010	-
Conventional Cargo	35,568	-	-	-	35,568	-
Others	294,257	-	-	-	294,257	-
<b>TOTAL TONNAGE</b>	<b>3,023,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,023,835</b>	<b>-</b>
<b>GROSS TONNAGE HANDLED (PORT OF COLOMBO)</b>						
Containerised Cargo	119,477,898	-	-	-	119,477,898	116,294,387
Conventional Cargo	6,231,026	1,729,045	163,353	5,625,786	13,749,210	11,735,595
Others	2,829,302	501,489	36,630	28,338	3,395,759	3,107,547
<b>TOTAL TONNAGE</b>	<b>128,538,226</b>	<b>2,230,534</b>	<b>199,983</b>	<b>5,654,124</b>	<b>136,622,867</b>	<b>131,137,529</b>
<b>PERSONNEL</b>						
Number of Employees	8,971	426	378	17	9,792	10,102



**STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2013

	Note	Group		SLPA	
		2013	2012 Re_Styled	2013	2012 Re_Styled
<b>ASSETS</b>					
Non-Current Assets					
Property, Plant & Equipment	3	235,190,790,253	200,639,857,841	234,974,864,660	200,411,741,199
Intangible Assets	4	167,167,427	342,602,203	166,934,094	342,602,203
Investment Properties	5	7,339,019,292	7,330,326,998	7,538,824,542	7,547,907,162
Investment in Subsidiaries	6	-	-	76,000,000	1,000,000
Investment in Associates	7	56,629,628	46,898,710	40,030	40,030
Available-for-Sale (AFS) Financial Assets	9	3,853,787,818	3,924,081,397	3,853,787,818	3,924,081,397
Held-to-Maturity Investment (HTM)	10	1,789,194,520	1,789,068,223	1,789,194,520	1,789,068,223
Amount Due From State Mortgage Bank	12.2	228,491,994	247,992,855	228,491,994	247,992,855
<b>Total Non-Current Assets</b>		<b>248,625,080,932</b>	<b>214,320,828,226</b>	<b>248,628,137,657</b>	<b>214,264,433,069</b>
Current Assets					
Inventories	11	1,839,045,110	1,819,751,295	1,839,045,110	1,819,751,295
Trade and Other Receivables	12	2,704,709,190	2,272,036,153	2,674,320,549	2,221,885,683
Deposits and Advances	13	32,446,897,450	18,587,195,596	32,446,711,047	18,587,009,193
Prepaid Expenses		164,242,116	133,356,007	164,242,116	133,356,007
Employee Loans	14	4,368,462,593	4,006,504,978	4,368,462,593	4,006,504,978
Other Financial Assets	15	8,892,310,524	7,975,269,179	8,892,310,524	7,975,269,179
Cash and Cash Equivalents	16	1,039,029,021	668,542,170	733,480,662	474,476,983
Total Current Assets		51,454,696,004	35,462,655,378	51,118,572,601	35,218,253,318
<b>TOTAL ASSETS</b>		<b>300,079,776,937</b>	<b>249,783,483,604</b>	<b>299,746,710,258</b>	<b>249,482,686,387</b>
<b>EQUITY &amp; LIABILITIES</b>					
Equity					
Capital Employed	17	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
Capital Reserve	18	712,038,233	712,038,233	712,038,233	712,038,233
Other Reserves	40	1,764,457,331	1,817,891,617	1,764,457,331	1,817,891,617
Loan Redemption Reserve	19	3,828,973,373	3,828,973,373	3,828,973,373	3,828,973,373
Revaluation Reserve	20	74,122,062,469	74,728,281,137	74,122,062,469	74,728,281,137
Available-for-Sale Financial Assets Reserve		395,616,663	470,821,634	395,616,664	470,821,634
Retained Earnings (at debit)		(8,000,031,771)	(11,025,748,493)	(8,334,323,480)	(11,305,196,864)
<b>Total Equity</b>		<b>80,414,496,084</b>	<b>78,123,637,286</b>	<b>80,080,204,375</b>	<b>77,844,188,915</b>
<b>Non-Current Liabilities</b>					
Borrowings - Government of Sri Lanka	21.1	176,489,531,501	134,887,281,927	176,489,531,501	134,887,281,927
Borrowings - Financial Institutions	22.1	5,496,655,307	3,825,841,399	5,496,655,307	3,825,094,300
Government Grants	23	2,314,371,146	2,364,704,279	2,314,371,146	2,364,704,279
Deferred Tax Liabilities	24	12,114,566,119	12,114,566,119	12,114,566,119	12,114,566,119
Retirement Benefits Obligation	25	2,858,833,878	2,804,986,927	2,855,399,263	2,802,613,916
<b>Total Non-Current Liabilities</b>		<b>199,273,957,951</b>	<b>155,997,380,651</b>	<b>199,270,523,335</b>	<b>155,994,260,541</b>
<b>Current Liabilities</b>					
Trade and Other Creditors	26	1,184,871,332	1,161,128,806	1,184,871,332	1,161,128,806
Borrowings - Government of Sri Lanka	21.2	12,135,994,848	6,477,929,305	12,135,994,848	6,477,929,305
Borrowings - Financial Institutions	22.2	1,654,574,656	1,611,478,501	1,654,574,656	1,610,566,021
Deposits and Advances Received	27	3,682,746,397	3,306,704,386	3,682,746,397	3,306,704,386
Current Tax Payable	28	57,869,969	1,350,275,077	50,144,790	1,342,396,169
Provisions and Accrued Expenses	29	1,675,265,699	1,754,949,591	1,687,650,523	1,745,512,244
<b>Total Current Liabilities</b>		<b>20,391,322,902</b>	<b>15,662,465,665</b>	<b>20,395,982,547</b>	<b>15,644,236,931</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>300,079,776,937</b>	<b>249,783,483,604</b>	<b>299,746,710,258</b>	<b>249,482,686,387</b>

The Board of Directors are responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. These Financial statements were approved by the Board Of Directors and signed on their behalf.

Dr Priyath B Wickrama  
CHAIRMAN

Capt. Nihal Keppetipola  
MANAGING DIRECTOR

Mrs Shirani Wanniarachchi  
DIRECTOR (FINANCE)

Notes to the Financial Statements on Pages 87 to 109 form an integral part of these Financial Statements.

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		SLPA	
		2013	2012 Re_ Stated	2013	2012 Re_ Stated
Revenue	30	32,156,382,564	32,674,751,483	31,962,948,264	32,354,138,127
Direct Expenses	31	(20,400,268,749)	(18,209,072,826)	(20,320,481,344)	(18,118,623,148)
<b>Gross Profit</b>		<b>11,756,113,815</b>	<b>14,465,678,658</b>	<b>11,642,466,920</b>	<b>14,235,514,979</b>
Other Operating Income	32	3,073,403,890	2,843,486,478	3,237,207,894	2,948,964,427
Administrative Expenses	33	(10,272,056,509)	(13,096,042,160)	(10,344,406,980)	(13,034,490,364)
<b>Operating Profit</b>		<b>4,557,461,196</b>	<b>4,213,122,976</b>	<b>4,535,267,835</b>	<b>4,149,989,043</b>
Net Finance Cost	34	(2,942,600,412)	(607,867,880)	(2,963,224,837)	(628,336,853)
Share of Profit of Associate	7.1	10,487,485	7,378,463	-	-
<b>Profit Before Tax</b>		<b>1,625,348,269</b>	<b>3,612,633,558</b>	<b>1,572,042,997</b>	<b>3,521,652,189</b>
Income Tax Expenses	35	1,197,936,382	(1,134,676,066)	1,196,114,255	(1,125,346,740)
<b>Profit for the Year</b>		<b>2,823,284,651</b>	<b>2,477,957,493</b>	<b>2,768,157,253</b>	<b>2,396,305,449</b>
<b>Attributable to - Equity holders of the Parent</b>		<b>2,823,284,651</b>	<b>2,477,957,493</b>	<b>2,768,157,253</b>	<b>2,396,305,449</b>
<b>Other Comprehensive Income</b>					
Profit for the Year		2,823,284,651	2,477,957,493	2,768,157,253	2,396,305,449
Change in Value of Available-for-Sale (AFS) Financial Assets	9.1	(75,204,970)	(7,495,592)	(75,204,970)	(7,495,592)
Provision for Impairment on Unlisted Shares	9.2	-	-	-	-
<b>Total Comprehensive Income for the Year</b>		<b>2,748,079,681</b>	<b>2,470,461,901</b>	<b>2,692,952,282</b>	<b>2,388,809,857</b>
<b>Attributable to - Equity holders of the Parent</b>		<b>2,748,079,681</b>	<b>2,470,461,901</b>	<b>2,692,952,282</b>	<b>2,388,809,857</b>

Notes to the Financial Statements on Pages 87 to 109 form an integral part of these Financial Statements.

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Capital Employed	Capital Reserve	Other Reserve	Loan Redemption Reserve	Revaluation Reserve	Available-for-Sale Reserve	Retained Earnings (at debit)	Total
<b>Balance as at 01 January 2012</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,125,903</b>	<b>3,828,973,373</b>	<b>76,429,013,944</b>	<b>478,317,226</b>	<b>(13,736,508,239)</b>	<b>75,304,340,225</b>
Profit for the Year	-	-	-	-	-	-	2,477,957,493	2,477,957,493
Other Comprehensive Income	-	-	-	-	-	(7,495,592)	-	(7,495,592)
Total Comprehensive Income	-	-	-	-	-	-	-	-
Adjustment on Revaluation Surplus	-	-	-	-	(1,532,350,000)	-	-	2,470,461,901
Adjustment on Disposals	-	-	-	-	(168,382,807)	-	-	(1,532,350,000)
Adjustment on CPC pipe line	-	-	-	-	-	-	168,382,807	-
Adjustment on upfront fee paid by CICT	-	-	1,816,765,714	-	-	-	64,419,445	64,419,445
<b>Balance as at 31 December 2012_Restated</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,817,891,617</b>	<b>3,828,973,373</b>	<b>74,728,281,137</b>	<b>470,821,634</b>	<b>(11,025,748,493)</b>	<b>78,123,637,286</b>
Profit for the Year	-	-	-	-	-	-	2,823,284,651	2,823,284,651
Other Comprehensive Income	-	-	-	-	-	(75,204,970)	(284,062)	(75,489,032)
Total Comprehensive Income	-	-	-	-	-	-	-	2,747,795,619
Adjustment on Revaluation Surplus	-	-	-	-	(403,502,536)	-	-	(403,502,536)
Adjustment on Disposals	-	-	-	-	(202,716,131)	-	202,716,131	-
Adjustment on upfront fee paid by CICT	-	-	(53,434,286)	-	-	-	-	(53,434,286)
<b>Balance as at 31 December 2013</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,764,457,331</b>	<b>3,828,973,373</b>	<b>74,122,062,469</b>	<b>395,616,663</b>	<b>(8,000,031,771)</b>	<b>80,414,496,084</b>
<b>SLPA</b>								
<b>Balance as at 01 January 2012</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,125,903</b>	<b>3,828,973,373</b>	<b>76,429,013,944</b>	<b>478,317,226</b>	<b>(13,934,304,565)</b>	<b>75,106,543,899</b>
Profit for the Year	-	-	-	-	-	-	2,396,305,449	2,396,305,449
Other Comprehensive Income	-	-	-	-	-	(7,495,592)	-	(7,495,592)
Total Comprehensive Income	-	-	-	-	-	-	-	2,388,809,857
Adjustment on Revaluation Surplus	-	-	-	-	(1,532,350,000)	-	-	(1,532,350,000)
Adjustment on Disposals	-	-	-	-	(168,382,807)	-	-	-
Adjustment on CPC pipe line	-	-	-	-	-	-	168,382,807	-
Adjustment on upfront fee paid by CICT	-	-	1,816,765,714	-	-	-	64,419,445	64,419,445
<b>Balance as at 31 December 2012_ Re Stated</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,817,891,617</b>	<b>3,828,973,373</b>	<b>74,728,281,137</b>	<b>470,821,634</b>	<b>(11,305,196,864)</b>	<b>77,844,188,915</b>
Profit for the Year	-	-	-	-	-	-	2,768,157,253	2,768,157,253
Other Comprehensive Income	-	-	-	-	-	(75,204,970)	-	(75,204,970)
Total Comprehensive Income	-	-	-	-	-	-	-	2,692,952,283
Adjustment on Revaluation Surplus	-	-	-	-	(403,502,536)	-	-	(403,502,536)
Adjustment on Disposals	-	-	-	-	(202,716,131)	-	202,716,131	-
Adjustment on upfront fee paid by CICT	-	-	(53,434,286)	-	-	-	-	(53,434,286)
<b>Balance as at 31 December 2013</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,764,457,331</b>	<b>3,828,973,373</b>	<b>74,122,062,469</b>	<b>395,616,664</b>	<b>(8,334,323,480)</b>	<b>80,080,204,375</b>

Notes to the Financial Statements on Pages 87 to 109 form an integral part of these Financial Statements.

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
<b>Profit Before Tax</b>	<b>1,625,348,269</b>	<b>3,612,633,558</b>	<b>1,572,042,997</b>	<b>3,521,652,189</b>
Adjustments for				
Share of Profit of Associate (Net of Dividends)	9,730,918	6,603,882	-	-
Prior Year Adjustments	-	64,419,449	-	64,419,449
Depreciation	6,422,729,350	5,199,900,508	6,419,483,961	5,196,724,975
Amotisation of Intangible Assets	178,082,813	179,400,955	178,016,146	179,400,955
Gratuity Charge for the Year and related costs	376,346,298	888,840,509	375,397,180	888,495,160
Dividend Income	(940,342,851)	(852,175,057)	(949,506,418)	(859,082,637)
Interest Income	(998,683,295)	(1,126,199,977)	(977,580,280)	(1,105,420,995)
Interest Expenses	3,941,283,707	1,734,067,858	3,940,805,117	1,733,757,848
Profit on Disposals of Fixed Assets	50,130,817	6,069,268	51,995,210	6,069,268
Amotisation of Government Grants	(56,533,133)	(39,874,475)	(56,533,133)	(39,874,475)
Net Exchange Loss	2,517,525,036	4,566,871,693	2,517,525,036	4,566,871,693
Upfront fees by CICT		1,870,200,000		1,870,200,000
Amortised during the year CICT	(53,434,286)	(53,434,286)	(53,434,286)	(53,434,286)
<b>Operating Profit Before Working Capital Changes</b>	<b>13,072,183,645</b>	<b>16,057,323,886</b>	<b>13,018,211,532</b>	<b>15,969,779,144</b>
<b>Changes in working Capital</b>				
Inventories	(19,293,815)	(125,165,347)	(19,293,815)	(125,165,347)
Trade and Other Receivables	(452,591,441)	(272,523,388)	(452,434,867)	(147,864,131)
Deposits and Advances	(13,859,701,854)	(17,636,616,532)	(13,859,701,854)	(17,636,430,129)
Prepaid Expenses	(30,886,109)	(24,952,758)	(30,886,109)	(24,952,758)
Employee Loans / Others	(361,957,615)	(247,686,438)	(361,957,615)	(276,160,284)
Amount Due From State Mortgage Bank	19,500,861	14,808,236	19,500,861	14,808,236
Trade and Other Creditors	23,742,526	445,315,646	23,742,526	428,057,595
Deposits and Advances	376,042,011	(2,116,388,490)	376,042,011	(2,130,383,471)
Provisions and Accrued Expenses	(79,683,892)	158,107,984	(57,861,721)	152,980,345
<b>Cash Generated from Operations</b>	<b>(1,312,645,682)</b>	<b>(3,747,777,202)</b>	<b>(1,344,639,051)</b>	<b>(3,775,330,800)</b>
Interest Paid	(1,003,003,724)	(1,734,067,858)	(1,002,525,134)	(1,733,757,848)
Gratuity Paid	(322,783,409)	(521,280,713)	(322,611,832)	(521,280,713)
Taxes Paid	(94,468,727)	(134,326,274)	(96,137,123)	(127,196,411)
<b>Net Cash from Operating Activities</b>	<b>(2,732,901,541)</b>	<b>(6,137,452,048)</b>	<b>(2,765,913,140)</b>	<b>(6,157,565,772)</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant and Equipment	121,783,601	(184,998,684)	132,493,107	(183,749,200)
Proceeds from Disposal of Fixed Assets	15,445,006	7,655,636	12,000,363	7,655,636
Investment in Subsidiaries	-	-	(75,000,000)	-
Capital Work-in-Progress	(41,205,031,689)	(10,737,980,271)	(41,205,031,689)	(10,737,980,271)
Acquisition of Intangible Assets	(2,648,052)	(10,080)	(2,348,052)	(10,080)
Dividend Received	941,099,418	852,949,637	949,506,418	859,082,637
Interest Received	998,556,998	1,127,124,239	977,453,983	1,106,345,256
Net Proceeds from Other Financial Assets	(917,041,345)	(905,764,873)	(917,041,345)	(905,764,873)
Investment in Available-for-Sale Financial Assets	(4,911,391)	(2,866,551,000)	(4,911,391)	(2,866,551,000)
<b>Net Cash from (used in) investing activities</b>	<b>(40,052,747,455)</b>	<b>(12,707,575,396)</b>	<b>(40,132,878,607)</b>	<b>(12,720,971,894)</b>
<b>Cash Flows from Financing Activities</b>				
Borrowings from Government of Sri Lanka	48,245,506,176	26,446,607,821	48,245,506,176	26,446,607,821
Borrowings from Financial Institution	3,194,916,268	-	3,194,916,268	-
Repayment of Borrowings to Government of Sri Lanka	(6,642,159,296)	(6,477,814,731)	(6,642,159,296)	(6,477,814,731)
Repayment of Borrowings to Financial Institution	(1,642,127,301)	(1,627,928,997)	(1,640,467,722)	(1,624,902,168)
Government Grants Received	-	320,000,000	-	320,000,000
<b>Net Cash From (used in) Financing Activities</b>	<b>43,156,135,846</b>	<b>18,660,864,094</b>	<b>43,157,795,425</b>	<b>18,663,890,923</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>	<b>370,486,850</b>	<b>(184,163,350)</b>	<b>259,003,679</b>	<b>(214,646,743)</b>
<b>Cash &amp; cash Equivalents at Beginning of the year</b>	<b>668,542,170</b>	<b>852,705,518</b>	<b>474,476,983</b>	<b>689,123,726</b>
<b>Cash &amp; Cash Equivalents at End of the Year (Note 16)</b>	<b>1,039,029,021</b>	<b>668,542,170</b>	<b>733,480,662</b>	<b>474,476,983</b>

Notes to the Financial Statements on Pages 87 to 109 form an integral part of these Financial Statements.



# NOTES TO THE» FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

### 1.1 GENERAL

Sri Lanka Ports Authority was established by the Sri Lanka Ports Authority Act No. 51 of 1979 on 01st August 1979 and subsequently amended by Act Nos. 7 & 35 of 1984.

### 1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

Provision of efficient and regular services for stevedoring shipping, and transshipping, landing and warehousing; wharfage, the supply of water, fuel and electricity to vessel for handling petroleum, petroleum products and lubricating oils to and from vessels and between bunkers and depots for pilotage and mooring of vessels for diving and underwater ship repairs and any other services included thereto.

### 1.3 FINANCIAL YEAR

The Authority's financial reporting period ends on 31st December.

### 1.4 REGISTERED OFFICE

Registered office of the Authority is at No. 19, Chaitiya Road, Colombo 01, P.O. Box 595.

### 1.5 NUMBER OF EMPLOYEES

The number of employees of the Authority as at 31 December 2013 was 9,792 (2012-10,102)

### 1.6 DATE OF AUTHORIZATION FOR ISSUE

The financial statements of the Authority for the year ended 31 December 2013 were authorized for issue in accordance with a resolution of the board of directors dated 26 February 2014.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The consolidated financial statements of the Authority have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The consolidated financial statements have been prepared under the historical cost convention, as modified by the fair value of financial assets available-for-sale. The preparation of financial statements, in conformity with Sri Lanka Accounting Standards (SLFRSs), requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies.

## 2.2 Consolidation

### 2.2.1 Subsidiary

Subsidiary is an entity over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiary is fully consolidated from the date on which control is transferred to the group. It is excluded from consolidation from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred to the subsidiary forms fair values of the assets transferred and the liabilities incurred to form the subsidiary. The group does not recognize any non-controlling interest in the acquiree as the subsidiary is wholly-owned by the Authority.

Inter-entity transactions, balances, income and expenses on transactions between group entities are eliminated. Profits and losses resulting from Inter-entity transactions that are recognized in assets are also eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

### 2.2.2 Associate

Associate is an entity over which the group has significant influence but not control, generally accompanying a shareholding directly or indirectly 20 per cent or more of the voting rights. An investment in associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The group's share of post-acquisition profit or loss is recognized in the statement of comprehensive income and its share of post-acquisition movements in the investee's other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of

profit/(loss) of associates in the statement of comprehensive income.

2.3 Foreign Currency Translation

2.3.1 Functional and Presentation Currency

Transaction and balances included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Sri Lanka Rupees (LKR), which is the group's presentation currency.

2.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences related to changes in amortized cost are recognized in the statement of comprehensive income.

2.4.1 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

property, plant and equipment are stated at deemed cost less accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated, depreciation on other assets is calculated using the straight-line method to allocate their cost or deemed cost over their estimated useful lives, as follows:

Assets Category		Rates
Operational Buildings & Structures	5 -50 Years	1% -20%
Floating Equipment	2 -15 Years	6.7% - 50%
Handling Equipment	2 -20 Years	5% - 50%
Plant and Machinery	2 -20 Years	5% -50%
Office and Welfare Buildings	2 -75 Years	1.3% - 50%
Computer Hardware	2 – 5 Years	20% - 50%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.4.2 Intangible Assets

Acquired computer software and operating systems are capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives, as follows:

Computer Software	2 – 5 Years	20% - 50%
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Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

2.4.3 Investment Properties

Investment property held to earn rentals is measured initially at its cost.

Investment properties were carried at revalued amount in the statement of financial position prepared in accordance with SLAS prior to 31 December 2011. The Authority has considered revalued amounts of the Investment properties as deemed cost at the date of the revaluation as the sale values of Investment properties were broadly comparable to fair value. Accordingly, the Investment properties are stated at deemed cost less accumulated depreciation and amounts arising any accumulated impairment losses. Other Investment properties are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Land is not depreciated, depreciation on buildings is calculated using the straight-line method to allocate their cost or deemed cost over their estimated useful lives, as follows:

Investment Properties	15 -35 Years	2.9% - 6.7%
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2.4.4 Impairment of Non-Financial Assets

At each end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties and intangible assets to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the cash-generating unit and estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

## 2.5 Financial Assets

**2.5.1** The group determines the classification of its financial assets at initial recognition and the group classifies its financial assets as follows:

- a) Held-to-maturity investment ( HTM)
- b) Loans and receivables
- c) Available for sale (AFS)

### a) Held-to-Maturity Investment ( HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the positive intention and ability to hold them until maturity. HTM investments are included in non-current assets unless the investment matures. The Group currently holds quoted debentures designated into this category.

### b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The group's loans and receivables comprise trade and other receivables, repurchase government securities, fixed deposits prepayments, advances, deposits, loans to employee and cash and cash equivalents in the end of reporting period.

### c) Available for sale (AFS)

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available for sale financial assets comprise of long term quoted equity investments and unquoted equity investments.

## 2.5.2 Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the group originates the transaction. Other financial assets are recognized on the trade-date on which the group becomes a party to the contractual provisions of the financial instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership of the financial assets.

## 2.5.3 Subsequent Measurement

### a) Held-to-Maturity Investment ( HTM)

HTM investments are measured subsequently at amortized cost using

the effective interest method less any impairment losses. Amortized cost is computed taking into account of discount or premium on acquisition and transaction costs.

### b) Loans and receivables

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

### c) Available for sale (AFS)

After initial recognition, quoted equity investment classified as AFS financial asset is measured at fair value. Changes in the fair value of AFS financial asset are recognized in other comprehensive income and presented as available for sale reserve in the statement of changes in equity. Unquoted equity investments, which are group's strategic investments are measured at cost less any impairment losses, as currently its fair value cannot be estimated reliably.

## 2.5.4 Impairment of Financial Assets

### a) Assets carried at amortized cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables and held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

### b) Available-for-Sale (AFS)

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For quoted equity investments, a significant or prolonged decline in the fair value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the quoted investments, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are reversed through profit or loss. The amount of reversal is recognized in the other comprehensive income.

For unquoted equity investments, a significant or prolonged decline in the value of the investments below its cost is also evidence that

the assets are impaired. If any such evidence exists for the unquoted investments, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.6 Inventories

Inventories are stated at cost. Cost is determined using the first-in, first-out (FIFO) method. Inventories comprise of spare parts and consumables for vessels and cargo handling equipment and fuel and lubricants. Inventories are for consumption not for re-sale.

2.7 Trade Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Collection is expected in the normal operating cycle of the business and they are classified as current assets. Trade receivables are recognized initially at fair value, which is the invoice amount and subsequently measured at the original invoice amount less provision for impairment as they are expected to be received within short period, such that the time value of money is not significant.

The group assesses at the end of each reporting period whether there is objective evidence that trade receivables is impaired. Objective evidence of impairment for trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the receivable past the maximum credit period of 28 days. Trade receivables are impaired and impairment losses are incurred, only if there is objective evidence of impairment. Significant trade receivables are assessed individually for impairment and Non- significant trade receivables are assessed for impairment on collective basis.

The model and basis used to assess the trade receivables for impairment as follows:

(a) Individual Evaluation Model: Following types of trade receivables are reviewed individually to measure the impairment loss.

	Basis	
i) Sri Lanka Forces	Up to 12 Months	No Provision
	After 12 Months	50%
ii) Government Institutions	Up to 12 Months	No Provision
	After 12 Months	100%
iii) Shipping Agents Under Litigation		100%
iv) Shipping Agents - Suspended and Non-operating		100%
v) Shipping Agents - Significant Customers	Up to 12 Months	No Provisions
	After 12 Months	1%

(b) Collective Evaluation Model: Following types of trade receivables are reviewed collectively to measure the impairment loss.

Shipping Agents - Non-Significant Customers		
	Up to 12 Months	No Provisions
	After 12 Months	1%

2.8 Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.9 Capital Employed

Capital represents that all movable and immovable properties including money in the funds and all debts, liabilities and obligations in connection with or appertaining to such properties transferred and vested to Sri Lanka Ports Authority from Colombo Port commission, Port Cargo Corporation and Port Tally and Protective Services Corporation.

2.10 Financial Liabilities

The group classifies financial liabilities into other financial liabilities. The Group's other financial liabilities include borrowings, trade and other payables. The other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.11 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities as in the normal operating cycle of the business.

Trade and other payables are recognized initially at fair value, which is the transaction price and subsequently measured at the original invoice amount as they are expected to be paid within a short period, such that the time value of money is not significant.

2.12 Borrowings

The Group's borrowings include ports development loans borrowed from the Government of Sri Lanka and financial institutions. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method. Floating rate borrowings are measured in each subsequent period at amortized cost using floating interest rate (effective interest rate) prevailing at the end of the reporting period.

Loan arrangement fee, structuring fee, processing fee and management paid on the establishment of borrowing facilities are recognized as transaction costs of the borrowings.

Foreign exchange gains and losses arising from measurement of carrying value of loans at amortized cost at each reporting period end are recognized in the statement of comprehensive income.

2.13 Borrowing Cost

Borrowing costs directly attributable to acquisition, construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.



All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

## 2.14 Government Grants

Grants from the government including non-monetary grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

Non-monetary grants are measured at fair value of the non-monetary asset and account for both grant and asset at the fair value.

## 2.15 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting period end applicable for the Authority its subsidiaries operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

## 2.16 Employee Benefits

The group has both defined benefit and defined contribution plans.

### a) Defined Contribution plan

A defined contribution plan is a post employment benefit plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further

contributions. The contributions are recognized as employee benefit expense when they are due.

The group contributes 15% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

### b) Defined benefit plan

The group obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income in the period in which they arise.

The retirement benefit obligation is not externally funded.

### c) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employee.

## 2.17 Provisions and Contingent Liabilities

Provisions for volume rebates, legal claim and other expenses are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

## 2.18 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of rebates and value added taxes and Nation Building Tax (NBT). The group recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the group.

The Group applies the revenue recognition criteria set out below to each identifiable major types of services rendered.

### a) Landing and Delivery Services

The group renders services such as loading, discharging cargo and stores renting in respect of import and export cargo operations. For these sales of services, revenue is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

## **b) Navigation and Related Services**

Revenue from light dues, entering dues and over-hour dues and pilotage are recognized at the point in which dues become receivable, which is the point of vessel arrival. Revenue arises from navigation and related services is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

## **c) Stevedoring Services**

Revenue from stevedoring services in respect of container operation and conventional cargo operation is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

## **d) Royalty Income**

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties from South Asia Gateway Terminals Ltd (SAGT) determined on the basis that "Total Annual Throughputs" are paid by agreed "TEU Fee" over the period of the agreement.

## **e) Interest Income**

Interest income is recognized using the effective interest method.

## **f) Dividend Income**

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

## **g) Lease and Rental Income**

Lease and rental income from investment properties is recognized on an accrual basis over the term of lease.

## **h) Gain and Losses on Disposal of Property, Plant and Equipment**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

## **2.19 Expenses**

All expenditure incurred in the running of the operation has been charged to income in arriving at the profit for the reporting period.

## **2.20 Events Occurring after the Reporting Period**

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

## **2.21 Commitments**

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

## **2.22 Significant Accounting Estimates and Judgments**

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**2.22.1** The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

## **(a) Recognition of Deferred Tax Assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**2.22.2** Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

## **(a) Useful life time of Depreciable Assets**

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

## **(b) Defined benefit plan**

The present value of the defined benefit plan obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

3. Property, Plant & Equipment	As At 01 January 2013	Additions	(Disposals)	Transferred to Investment Property	As At 31 December 2013
<b>Group</b>					
<b>3.1 At Cost</b>					
Land	49,830,987,871	24,374,959	(400,000,000)	(7,176,561)	49,448,186,269
Operational Buildings & Structures	92,472,385,070	59,917,064,872	(69,630,391)	-	152,319,819,550
Floating Equipment	7,279,942,205	137,260	(3,000,000)	-	7,277,079,465
Handling Equipment	22,204,866,784	46,743,291	(59,001,077)	-	22,192,608,997
Plant & Machinery	491,221,850	65,118,284	(4,737,041)	-	551,603,094
Office & Welfare Buildings	844,365,712	-	(6,411,630)	(5,203,125)	832,750,956
Staff Quarters and Other Buildings	483,088,258	-	(504,900)	-	482,583,358
Computer Hardware	353,356,763	15,829,750	(3,515,212)	-	365,671,301
Electric & Electronic Equipment	1,923,976,083	32,707,386	(5,534,636)	-	1,951,148,833
Office Furniture & Equipment	137,257,005	13,031,360	(35,268,341)	-	115,020,023
Motor Vehicles	818,576,927	62,886,165	(16,887,344)	-	864,575,748
Other Assets	315,178,885	24,262,768	(21,995,561)	-	317,446,092
	<b>177,155,203,412</b>	<b>60,202,156,094</b>	<b>(626,486,134)</b>	<b>(12,379,686)</b>	<b>236,718,493,686</b>
<b>3.1.1 Depreciation</b>	<b>As At</b>	<b>Charge for the</b>	<b>(Disposals)</b>		<b>As At</b>
	<b>01 January 2013</b>	<b>Year</b>			<b>31 December 2013</b>
Operational Buildings & Structures	16,010,180,813	3,945,253,935	(16,347,505)	-	19,939,087,243
Floating Equipment	4,574,578,041	619,346,199	-	-	5,193,924,239
Handling Equipment	8,431,913,166	1,392,765,409	(58,942,076)	-	9,765,736,499
Plant & Machinery	372,843,772	59,262,654	(4,686,346)	-	427,420,079
Office & Welfare Buildings	189,918,797	27,210,593	(3,947,245)	(5,203,073)	207,979,072
Staff Quarters and Other Buildings	143,139,007	19,562,470	(357,971)	-	162,343,506
Computer Hardware	301,572,160	19,417,717	(3,508,867)	-	317,481,010
Electric & Electronic Equipment	1,419,381,607	230,581,120	(5,456,703)	-	1,644,506,025
Office Furniture & Equipment	102,723,305	11,211,517	(31,051,346)	-	82,883,475
Motor Vehicles	712,845,473	51,750,668	(15,296,528)	-	749,299,613
Other Assets	210,410,059	47,882,750	(21,315,725)	-	236,977,085
	<b>32,469,506,199</b>	<b>6,424,245,031</b>	<b>(160,910,312)</b>	<b>(5,203,073)</b>	<b>38,727,637,846</b>
<b>3.1.2 Net Carrying Values</b>				<b>As At</b>	<b>As At</b>
				<b>31 December 2013</b>	<b>31 December 2012 Re_Stated</b>
<b>Property, Plant &amp; Equipment</b>					
Land				49,448,186,269	49,830,987,871
Operational Buildings & Structures				132,380,732,307	76,462,204,257
Floating Equipment				2,083,155,225	2,705,364,164
Handling Equipment				12,426,872,498	13,772,953,618
Plant & Machinery				124,183,014	118,378,078
Office & Welfare Buildings				624,771,885	654,446,915
Staff Quarters and Other Buildings				320,239,852	339,949,251
Computer Hardware				48,190,291	51,784,603
Electric & Electronic Equipment				306,642,809	504,594,477
Office Furniture & Equipment				32,136,548	34,533,700
Motor Vehicles				115,276,134	105,731,454
Other Assets				80,469,007	104,768,826
				<b>197,990,855,841</b>	<b>144,685,697,213</b>
<b>Capital Work-in-Progress</b>	<b>(Note 3.2)</b>			37,199,934,412	55,954,160,627
				<b>235,190,790,253</b>	<b>200,639,857,841</b>

The group has capitalised borrowing costs on qualifying assets stated in work-in-progress amounting to Rs 395,556,214/- in the reporting period 2013. Negative pledge was made to Bank of Ceylon when obtaining the loan to purchase container handling equipment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

3. Property, Plant & Equipment Group	As At 01 January 2013	Additions	(Disposals)	Transferred to Investment Property	As At 31 December 2013
<b>3.1 At Cost</b>					
Land	49,830,987,871	24,374,959	(400,000,000)	(7,176,561)	49,448,186,269
Operational Buildings & Structures	92,322,540,649	59,917,064,872	(69,630,391)	-	152,169,975,130
Floating Equipment	7,279,942,205	137,260	(3,000,000)	-	7,277,079,465
Handling Equipment	22,204,866,784	46,743,291	(59,001,077)	-	22,192,608,997
Plant & Machinery	483,054,312	65,012,390	(4,737,041)	-	543,329,661
Office & Welfare Buildings	740,242,133	-	(6,411,630)	(5,203,125)	728,627,377
Staff Quarters and Other Buildings	482,056,258	-	(504,900)	-	481,551,358
Computer Hardware	351,838,079	15,513,300	(3,515,212)	-	363,836,166
Electric & Electronic Equipment	1,923,976,083	32,707,386	(5,534,636)	-	1,951,148,833
Office Furniture & Equipment	135,591,827	12,900,885	(35,268,341)	-	113,224,371
Motor Vehicles	810,529,542	53,109,378	(10,566,344)	-	853,072,576
Other Assets	315,178,885	24,182,868	(21,995,561)	-	317,366,192
	<b>176,880,804,627</b>	<b>60,191,746,588</b>	<b>(620,165,134)</b>	<b>(12,379,686)</b>	<b>236,440,006,395</b>
<b>3.1.1 Depreciation</b>	<b>As At 01 January 2013</b>	<b>Charge for the Year</b>	<b>(Disposals)</b>		<b>As At 31 December 2013</b>
Operational Buildings & Structures	15,972,760,976	3,927,479,021	(16,347,505)	-	19,883,892,492
Floating Equipment	4,574,578,041	619,346,199	-	-	5,193,924,239
Handling Equipment	8,431,913,167	1,392,765,409	(58,942,076)	-	9,765,736,500
Plant & Machinery	370,594,872	58,238,265	(4,686,346)	-	424,146,791
Office & Welfare Buildings	189,918,798	27,210,593	(3,947,245)	(5,203,073)	207,979,072
Staff Quarters and Other Buildings	143,139,006	19,562,470	(357,971)	-	162,343,505
Computer Hardware	300,340,941	19,125,028	(3,508,867)	-	315,957,102
Electric & Electronic Equipment	1,419,381,607	230,581,120	(5,456,703)	-	1,644,506,025
Office Furniture & Equipment	101,972,358	10,870,869	(31,051,346)	-	81,791,880
Motor Vehicles	708,214,230	50,163,005	(10,555,778)	-	747,821,458
Other Assets	210,410,059	47,882,750	(21,315,725)	-	236,977,085
	<b>32,423,224,055</b>	<b>6,403,224,728</b>	<b>(156,169,562)</b>	<b>(5,203,073)</b>	<b>38,665,076,148</b>
<b>3.1.2 Net Carrying Values</b>				<b>As At 31 December 2013</b>	<b>As At 31 December 2012 Re_ Stated</b>
<b>Property, Plant &amp; Equipment</b>					
Land				49,448,186,269	49,830,987,871
Operational Buildings & Structures				132,286,082,638	76,349,779,673
Floating Equipment				2,083,155,225	2,705,364,164
Handling Equipment				12,426,872,497	13,772,953,617
Plant & Machinery				119,182,870	112,459,439
Office & Welfare Buildings				520,648,305	550,323,335
Staff Quarters and Other Buildings				319,207,853	338,917,252
Computer Hardware				47,879,064	51,497,138
Electric & Electronic Equipment				306,642,809	504,594,476
Office Furniture & Equipment				31,432,490	33,619,469
Motor Vehicles				105,251,119	102,315,312
Other Assets				80,389,108	104,768,826
				<b>197,774,930,248</b>	<b>144,457,580,572</b>
<b>Capital Work-in-Progress</b>	<b>(Note 3.2)</b>			37,199,934,412	55,954,160,627
				<b>234,974,864,660</b>	<b>200,411,741,199</b>

The authority has capitalised borrowing costs on qualifying assets stated in work-in-progress amounting to Rs. 395,556,214/- in the reporting period 2013. Negative pledge was made to Bank of Ceylon when obtaining the loan to purchase container handling equipment.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 3.2 Capital Work-in-Progress

Group / SLPA	As At 01 January 2013	Incurred During the Year	Transferred	As At 31 December 2013
Colombo South Harbour	44,320,012,658	2,968,366,371	(47,288,379,029)	-
Colombo Port Development	471,523,956	442,092,516	-	913,616,472
Oluvil Port	443,993,344	-	-	443,993,344
MRMRP	1,287,631,785	11,950,181,902	(1,107,258,520)	12,130,555,166
Galle Port	66,588,622	28,669,251	-	95,257,873
Galle Development Project	-	369,847,780	-	369,847,780
Trincomalee Port	46,731	606,089	-	652,821
Plant & Machinery	3,391,471	7,114,182	-	10,505,653
Terminal Management System	50,392,551	1,591,520	-	51,984,071
Port City Development	2,339,285	584,821	-	2,924,106
Purchasing of Capital Assets (Local)	45,235,586	13,459,067	-	58,694,653
Construction 01 No Petroleum Oil Tank	559,392	92,091	-	651,483
Laying New Oil Pipe System	41,283,678	694,100	-	41,977,778
Bunkering Project_ Hambantota	8,299,566,498	2,713,811,096	(11,007,007,076)	6,370,518
Port Development Projects Phase II- Hambantota	-	23,015,648,834	-	23,015,648,834
Upgrading & Expansion of wireless Data Net Work	-	2,223,600	-	2,223,600
Construction Administration Building -Hambantota	921,595,070	55,030,260	(921,595,070)	55,030,260
	<b>55,954,160,627</b>	<b>41,570,013,480</b>	<b>(60,324,239,695)</b>	<b>37,199,934,412</b>

Group / SLPA	As At 01 January 2013	Transferred	Additions /	(Disposals)	As At 31 December 2013
4.1 At Cost					
Computer Software	836,805,281		2,648,052	(15,000)	839,438,333
<b>Total</b>	<b>836,805,281</b>		<b>2,648,052</b>	<b>(15,000)</b>	<b>839,438,333</b>
	<b>As At 01 January 2013</b>		<b>Charge for the Year</b>		<b>As At 31 December 2013</b>
4.2 Amotisation					
Computer Software	494,203,078		178,082,813	(14,985)	672,270,907
<b>Total</b>	<b>494,203,078</b>		<b>178,082,813</b>	<b>(14,985)</b>	<b>672,270,907</b>
<b>4.3 Net Carrying Values</b>				<b>As At 31 December 2013</b>	<b>As At 31 December 2012 Re_ Stated</b>
Computer Software				167,167,427	342,602,203
<b>Intangible Assets SLPA</b>	<b>As At 01 January 2013</b>	<b>Transferred</b>	<b>Additions</b>	<b>(Disposals)</b>	<b>As At 31 December 2013</b>
4.1 At Cost					
Computer Software	836,805,281		2,348,052	(15,000)	839,138,333
<b>Total</b>	<b>836,805,281</b>		<b>2,348,052</b>	<b>(15,000)</b>	<b>839,138,333</b>
	<b>As At 01 January 2013</b>		<b>Charge for the Year</b>		<b>As At 31 December 2013</b>
4.2 Amotisation					
Computer Software	494,203,078		178,016,146	(14,985)	672,204,240
<b>Total</b>	<b>494,203,078</b>		<b>178,016,146</b>	<b>(14,985)</b>	<b>672,204,240</b>
<b>4.3 Net Carrying Values</b>				<b>As At 31 December 2013</b>	<b>As At 31 December 2012 Re_ Stated</b>
Computer Software				166,934,094	342,602,203
<b>Investment Properties</b>					
<b>Group</b>	<b>As At 01 January 2013</b>	<b>Transferred to Investment Property</b>	<b>Additins /</b>	<b>(Disposals)</b>	<b>As At 31 December 2013</b>
5.1 At Cost					
Land	7,249,956,000	7,176,561			7,257,132,561
Buildings	129,097,129	5,203,125			134,300,254
<b>Total</b>	<b>7,379,053,129</b>	<b>12,379,686</b>	<b>-</b>		<b>7,391,432,815</b>
	<b>As At 01 January 2013</b>	<b>Transferred to Investment Property</b>	<b>Charge for the Year</b>	<b>(Disposals)</b>	<b>As At 31 December 2013</b>
5.1.1 Depreciation					
Buildings	48,726,131	5,203,073	(1,515,681)		52,413,523
<b>Total</b>	<b>48,726,131</b>	<b>5,203,073</b>	<b>(1,515,681)</b>		<b>52,413,523</b>
				<b>As At 31 December 2013</b>	<b>As At 31 December 2012 Re_ Stated</b>
5.1.2 Net Carrying Values					
Land				7,257,132,561	7,249,956,000
Buildings				81,886,731	80,370,998
				<b>7,339,019,292</b>	<b>7,330,326,998</b>

Most properties of the Authority are leased out on operating leases. Rental income derived by properties owned by the Authority during the current period amounts to Rs. 129,851,874/- (2012 : 498,252,482.48/-).

Most properties of the Authority are leased out on operating leases. Rental income derived by properties owned by the Authority during the current period amounts to Rs 131,851,874/- (2012: 516,624,482/-)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**
**8. Categories of Financial Assets and Financial Liabilities**

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Group Financial Assets	Available-For- Sale		Held-To- Maturity		Loans and Receivables	
	2013	2012 Re_Styled	2013	2012 Re_Styled	2013	2012 Re_Styled
Listed Investments	414,501,814	489,706,784				
Unlisted Investments	3,439,286,004	3,434,374,613				
Investment in Quoted Debentures			1,789,194,520	1,789,068,223		
Trade and Other Receivables					2,933,201,185	2,520,029,008
Deposits and Advances					32,446,897,450	18,587,195,596
Employee Loans					4,368,462,593	4,006,504,978
Investment in Government Securities and Fixed Deposits						7,975,269,179
					8,892,310,524	
Cash and Cash Equivalents					1,039,029,021	668,542,170
<b>Total</b>	<b>3,853,787,818</b>	<b>3,924,081,397</b>	<b>1,789,194,520</b>	<b>1,789,068,223</b>	<b>49,679,900,773</b>	<b>33,757,540,931</b>
<b>Authority</b>						
Listed Investments	414,501,814	489,706,784				
Unlisted Investments	3,439,286,004	3,434,374,613				
Investment in Quoted Debentures			1,789,194,520	1,789,068,223		
Trade and Other Receivables					2,902,812,544	2,469,878,538
Deposits and Advances					32,446,711,047	18,587,009,193
Employee Loans					4,368,462,593	4,006,504,978
Investment in Government Securities and Fixed Deposits						
					8,892,310,524	7,975,269,179
Cash and Cash Equivalents					733,480,662	474,476,983
<b>Total</b>	<b>3,853,787,818</b>	<b>3,924,081,397</b>	<b>1,789,194,520</b>	<b>1,789,068,223</b>	<b>49,343,777,369</b>	<b>33,513,138,871</b>

Financial Liabilities	Group		SLPA	
	2013	2012 Re_Styled	2013	2012 Re_Styled
<b>Other Financial Liabilities</b>				
Non-Current Borrowings				
Government of Sri Lanka	176,489,531,501	134,887,281,927	176,489,531,501	134,887,281,927
Financial Institution	5,496,655,307	3,825,841,399	5,496,655,307	3,825,094,300
Current Borrowings				
Government of Sri Lanka	12,135,994,848	6,477,929,305	12,135,994,848	6,477,929,305
Financial Institution	1,654,574,656	1,611,478,501	1,654,574,656	1,610,566,021
Trade and Other Creditors	1,184,871,332	1,161,128,806	1,184,871,332	1,161,128,806
Deposits and Advances Received	3,682,746,397	3,306,704,386	3,682,746,397	3,306,704,386
<b>Total</b>	<b>200,644,374,042</b>	<b>151,270,364,324</b>	<b>200,644,374,042</b>	<b>151,268,704,745</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

				Group / SLPA	
				2013	2012 Re_Stated
<b>9. Available-for-Sale (AFS) Financial Assets</b>					
Listed Investments		(Note 9.1)		414,501,814	489,706,784
Unlisted Investments		(Note 9.2)		3,439,286,004	3,434,374,613
				<b>3,853,787,818</b>	<b>3,924,081,397</b>
<b>9.1 Listed Investment</b>					
<b>Balance at 01 January</b>					
Net Gains / (Losses) Transfer to AFS Reserve				489,706,784	497,202,376
				(75,204,970)	(7,495,592)
<b>Balance at 31 December</b>				<b>414,501,814</b>	<b>489,706,784</b>

### 9.2 Unlisted Investments

AFS Unlisted investments comprise group's strategic investments which are measured at cost less impairment charges since, its fair value cannot be reliably measured.

				Group / SLPA	
				2013	2012 Re_Stated
				No. of Shares	
EDI Network Services Ltd.			50,000	-	500,000
Lanka Coal Company			200,000	2,000,000	2,000,000
Colombo International Container Terminal Ltd			28,456,515	2,859,913,891	2,855,002,500
South Asian Gateway Terminals Limited (SAGT)				577,372,113	577,372,113
				3,439,286,004	3,434,874,613
Provision for Impairment				-	(500,000)
				<b>3,439,286,004</b>	<b>3,434,374,613</b>

### 10. Held-to-Maturity Investment (HTM)

HTM investment comprises quoted debenture invested in Urban Development Authority with fixed interest rates at 11%. The investment mature in 2015. The debenture is quoted in debt market of the Colombo stock exchange however, quoted price is not considered as fair value for disclosure as the debt market is not active.

#### Carrying Amount at Amortized Cost

				Group / SLPA	
				2013	2012 Re_Stated
<b>Balance at 01 January</b>					
Interest Received				1,789,068,223	1,788,143,962
Adjustment on Effective Interest				(46,098,223)	(45,173,962)
				46,224,519	46,098,223
<b>Balance at 31 December</b>				<b>1,789,194,520</b>	<b>1,789,068,223</b>

The investment in debenture has been pledged as a part of security against bank borrowings for the value of USD 20,879,037.

### 11. Inventories

				Group / SLPA	
				2013	2012 Re_Stated
Goods in Stock				1,812,424,958	1,807,999,396
Stock in Hand - Admiralty Kitchen				5,995,630	4,882,172
Sawmill - New Beira				10,658,107	5,211,897
Stock in Medical Stores				807,692	817,818
Obsolete & Slow Moving Stock				586,716	840,012
Inventory receiving clearing accounts				8,572,008	-
				<b>1,839,045,110</b>	<b>1,819,751,295</b>

Provision to write-down has not been made for slow moving stocks as the inventories are usable.

### 12. Trade and Other Receivables

		Group		SLPA	
		2013	2012 Re_Stated	2013	2012 Re_Stated
Trade Receivable		2,000,073,512	1,356,088,439	1,997,594,392	1,322,438,611
Shipping Agents Dispute		35,748,294	18,678,966	35,748,294	18,678,966
Agent Revenue		551,267,744	677,738,164	551,267,744	677,738,164
Consignee Receivables		9,288,517	225,094,133	9,288,517	225,094,133
Other Receivable	(Note 12.1)	533,809,089	455,756,661	503,878,531	436,428,984
		3,130,187,156	2,733,356,363	3,097,777,478	2,680,378,858
Provision for Impairment		(425,477,966)	(461,320,210)	(423,456,929)	(458,493,175)
		<b>2,704,709,190</b>	<b>2,272,036,153</b>	<b>2,674,320,549</b>	<b>2,221,885,683</b>

Trade and other receivables comprise following receivables from related parties.

		Group		SLPA	
		2013	2012 Re_Stated	2013	2012 Re_Stated
Receivables from Related Parties	Trade	54,871,090	97,283,993	54,871,090	97,283,993
	Others	227,669,981	241,660,838	247,006,922	256,112,351
		<b>282,541,071</b>	<b>338,944,831</b>	<b>301,878,013</b>	<b>353,396,344</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

As at 31 December 2013, the Authority's trade receivables amounts to Rs.820,339,367 (2012:779,293,679) were past due but not impaired. These relate to a number of significant customers including shipping agents, who are individually reviewed for impairment and for whom there are no reliable evidence for recovery in the reporting year. The age analysis of these trade receivables is as follows:

Ageing of Trade Receivable	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
Up to 6 Months	815,886,129	755,141,770	815,886,129	721,491,942
6 to 12 Months	4,691,062	57,801,737	4,453,238	57,801,737
	<b>820,577,191</b>	<b>812,943,507</b>	<b>820,339,367</b>	<b>779,293,679</b>

Trade receivables have been reviewed for impairment. Certain trade receivables are found to be impaired and provision for impairment has been made on the basis as stated in note 2.12. The impaired trade receivables are mostly due from Sri Lanka Forces, Government institutions and the shipping agents who are under litigation.

The Details of Provision for Impairment of the Trade Receivables.	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
Shipping Agents Under Litigation	364,092,010	354,700,236	364,092,010	354,700,236
Sri Lanka Forces	9,210,943	49,939,127	9,210,943	49,939,127
Government Institutions	47,796,576	52,215,674	47,796,576	52,215,674
Shipping Agents	2,322,036	1,607,608	2,322,036	1,607,608
Others	2,056,400	2,857,566	35,363	30,531
	<b>425,477,966</b>	<b>461,320,210</b>	<b>423,456,929</b>	<b>458,493,175</b>

### 12.1 Other Receivable

Royalty_SAGT		58,652,358	65,780,970	58,652,358	65,780,970
Royalty_CICT		14,965,170		14,965,170	
Lease Rent-SAGT		27,384,679	26,246,924	27,384,679	26,246,924
Receivable Revenue		10,707,867	-	10,707,867	-
Mahapola Training		-	980	-	980
From Welfare Buses		116,388	-	116,388	-
Rent & Electricity	(Note 12.4)	-	143,204,335	-	143,204,335
Receivables from the Ministry		359,240	1,805,671	359,240	1,805,671
Supply of Fuel to Ministry		(5,016,594)	2,218,812	(5,016,594)	2,218,812
Meals & Tea Supplied to Outside Parties		9,685,160	6,162,508	9,685,160	6,162,508
Receivables from Government Institution		-	25,566,522	-	25,566,522
Jaya Container Terminals Limited		23,239,742	8,000,000	19,336,941	22,451,513
Electricity for SLPA Employees		420,099	-	420,099	-
Rent Debtors	(Note 12.4)	81,006,554	-	81,006,554	-
Electricity Debtors	(Note 12.4)	138,639,760	-	138,639,760	-
Supply of Fuel to SLMPCS		24,829	-	24,829	-
Valuation Fees Recoverable		-	453,540	-	453,540
Prepaid Staff Benefit		4,564,240	6,060,328	-	-
Shares Receivable - SAGT	(Note 12.3)	141,632,944	141,632,944	141,632,944	141,632,944
Other Receivables		22,926,658	28,623,127	1,463,141	904,265
Advance payment for Nidahas Sevaka Sanga-maya		4,499,996	-	4,499,996	-
		<b>533,809,089</b>	<b>455,756,661</b>	<b>503,878,531</b>	<b>436,428,984</b>

### 12.2 Amount Due from State Mortgage Bank

The balance represents the amount transferred to State Mortgage and Investment Bank to grant housing loan to SLPA employees less recoveries of principal re-payments received from the bank.

### 12.3 Share Receivable - SAGT

shares issued for in-kind contribution. However, SAGT has resolved on 14 May 2010 that the SLPA will be entitled to be issued an additional "in kind" shares in SAGT to the extent of USD 2,424,285 equivalent to Rs.141,632,943.84 only in the event of further capital call for the phase 1 facilities. No provision for impairment has been made for the receivable since, the Ministry of Finance and Planning has instructed the Authority to show the balance USD 2,424,285 equivalent to Rs.141,632,943.84 as share receivable from SAGT in the financial statements.

### 12.4 Rent and Electricity

Figures shown in 2012 as Rent & Electricity are separated as Rent Debtors and Electricity Debtors in year 2013

13. Deposits and Advances	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
Government Deposits	65,909,952	64,258,446	65,909,952	64,258,446
Corporation Deposits	100,837,650	100,706,150	100,837,650	100,706,150
Company Deposits	25,816,540	25,815,940	25,630,137	25,629,537
Advances for Capital Expenditure & Consumables	505,435,313	233,282,731	505,435,313	233,282,731
Advance to Suppliers	6,998,966	8,049,963	6,998,966	8,049,963
Advance to Contractors - Capital Expenditure	31,832,852,100	18,220,058,416	31,832,852,100	18,220,058,416
	32,537,850,521	18,652,171,646	32,537,664,118	18,651,985,243
Provision for Impairment	(90,953,071)	(64,976,050)	(90,953,071)	(64,976,050)
	<b>32,446,897,450</b>	<b>18,587,195,596</b>	<b>32,446,711,047</b>	<b>18,587,009,193</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
<b>14. Employee Loans</b>				
Advances	27,376,811	30,617,092	27,376,811	30,617,092
Receivables from Employees	1,706,013	2,963,935	1,706,013	2,963,935
Vehicle Loan	1,137,785,900	778,626,600	1,137,785,900	778,626,600
Loans	3,190,187,590	3,181,515,350	3,190,187,590	3,181,515,350
Mis. Loans Given to Employees	11,406,280	12,782,002	11,406,280	12,782,002
	<b>4,368,462,593</b>	<b>4,006,504,978</b>	<b>4,368,462,593</b>	<b>4,006,504,978</b>
<b>15. Other Financial Assets</b>			Group / SLPA	
			2013	2012 Re_Stated
REPO's			916,276,500	697,934,488
Fixed Deposits - Local			5,652,776,363	4,417,405,818
Fixed Deposits - Foreign			2,320,041,732	2,855,421,824
Call Deposits			2,584,845	3,738,740
Savings			631,084	768,308
			<b>8,892,310,524</b>	<b>7,975,269,179</b>

Fixed deposit placed in National Saving Bank represents the fines collected from employees who are charged for misconduct. The deposit is maintained separately as required by No 51 Sri Lanka Ports Authority Act; for rewarding employees.

	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
<b>16. Cash and Cash Equivalents</b>				
<b>16.1 Favourable Balances</b>				
Cash and Bank Balances - LKR	1,036,383,578	674,642,782	730,835,218	471,985,810
Bank Balances - Foreign Currency	2,645,444	2,491,173	2,645,444	2,491,173
	1,039,029,021	677,133,955	733,480,662	474,476,983
<b>16.2 Unfavourable Balances</b>				
Bank Overdraft	-	(8,591,785)	-	-
	-	(8,591,785)	-	-
<b>Cash &amp; Cash Equivalents for the Purpose of Cash Flow Statement</b>	<b>1,039,029,021</b>	<b>668,542,170</b>	<b>733,480,662</b>	<b>474,476,983</b>

### 17. Capital Employed

Capital represents all movable and immovable properties including money in the funds and all debts, liabilities and obligations in connection with or appertaining to such properties transferred and vested to Sri Lanka Ports Authority from Colombo Port commission, Port Cargo Corporation and Port Tally and Protective Services Corporation.

### 18. Capital Reserve

This represents the value of the capital assets transferred from Lanka Marine Services Ltd and other institutions.

### 19. Loan Redemption Reserve

Loan Redemption Reserve has been created according to Finance Act Section 10(d) which requires the Authority to transfer to this reserve, when there is cumulative retained earnings

	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
<b>Cash and Cash Equivalents</b>				
<b>40.1 Other Reserves</b>	1,125,903	1,125,903	1,125,903	1,125,903
<b>40.2 Upfront Fee Paid by CICT Balance at 01 January</b>	1,816,765,714	1,870,200,000	1,816,765,714	1,870,200,000
<b>Amortized During the year</b>	(53,434,286)	(53,434,286)	(53,434,286)	(53,434,286)
<b>Balance at 31 December</b>	<b>1,763,331,429</b>	<b>1,816,765,714</b>	<b>1,763,331,429</b>	<b>1,816,765,714</b>

### 20. Revaluation Reserve

The revaluation reserve relates to the revaluation surplus of property, plant and equipment, once the respective revalued assets have been disposed, portion of revalued surplus is transferred to retained earnings.

	Group / SLPA	
	2013	2012 Re_Stated
<b>21. Borrowings - Government of Sri Lanka</b>		
<b>Carrying Amount at Amortized Cost</b>		
<b>21.1 Settlement Fall Due More than One Year</b>		
Colombo Port Development Project	27,161,075,324	36,593,970,014
Colombo Port Expansion - (South Harbor)	37,952,537,763	36,159,815,248
Hambanthota Port Develop. - ( Phase I)	36,902,014,737	34,540,637,216
Hambanthota Port Develop. - ( Phase II)	54,053,026,157	17,802,893,974
Hambanthota Port Tank Farm Project	7,979,090,611	6,640,423,267
Terminal Tractors- (EXIM Bank of Malaysia)	238,212,000	515,280,000
Acquisition of Handling Equipments	1,389,570,000	2,634,262,208
Ancillary works & Supply of Equipment Proj- Phase I HPDP	10,814,004,907	
	<b>176,489,531,501</b>	<b>134,887,281,927</b>
<b>21.2 Settlement Fall Due Within One Year</b>		
Colombo Port Development Project	3,936,213,134	4,947,049,014
Colombo Port Expansion - (Southern Harbor)	919,002,488	624,708,731
Hambanthota Port Develop. - ( Phase I)	6,214,740,319	3,710,700
Hambanthota Port Tank Farm Project	-	720,860
Terminal Tractors- (EXIM Bank of Malaysia)	107,574,508	-
Acquisition of Handling Equipment	958,464,399	901,740,000
	12,135,994,848	6,477,929,305
	<b>188,625,526,349</b>	<b>141,365,211,232</b>

The above borrowings were provided by the Government of Sri Lanka for ports expansion projects and development projects under subsidiary loan agreement. The loan granted to procurement of Handling Equipment, Colombo Port Expansion, Terminal Tractors -(EXIM Bank of Malaysia) carries floating rate of interest and others are at fixed rates of interest.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

		Group / SLPA	
		2013	2012 Re_Styled
The carrying amounts of the borrowings are denominated in the following currencies:			
Japan Yen		31,097,288,458	41,541,019,028
United States Dollars		157,528,237,890	99,824,192,204
		188,625,526,349	141,365,211,232
21.3 Movement of the Loans			
Balance at 01 January		141,365,211,233	116,836,514,946
Obtained During the Year		48,245,506,176	26,446,607,821
Paid During the Year		(6,642,159,296)	(6,477,814,731)
Exchange (Gain) / Loss on Translation		2,718,688,253	4,559,903,19
Accrued interest under Short Term		2,938,279,983	
Balance at 31 December		188,625,526,348	141,365,211,233
Borrowings - Financial Institutions		Group	SLPA
	2013	2012 Re_Styled	2013 2012 Re_Styled
Carrying Amount at Amortized Cost			
22.1 Settlement Fall Due More than One Year			
Bank of Ceylon- Handling Equipment	3,053,306,837	3,825,094,300	3,053,306,837 3,825,094,300
Bank of Ceylon -Bunkering Facility	2,443,348,471	-	2,443,348,471 -
Others	-	747,099	- -
	5,496,655,307	3,825,841,399	5,496,655,307 3,825,094,300
22.2 Settlement Fall Due Within One Year			
Bank of Ceylon	1,654,574,656	1,610,566,021	1,654,574,656 1,610,566,021
Others	-	912,480	- -
	1,654,574,656	1,611,478,501	1,654,574,656 1,610,566,021
	7,151,229,964	5,437,319,900	7,151,229,964 5,435,660,321
The above bank borrowings are secured by container handling equipment owned by the Authority. It carries a floating interest rate of LIBOR+4%			
The carrying amounts of the borrowings are denominated in the following currency.			
United States Dollars	7,151,229,964	5,437,319,900	7,151,229,964 5,435,660,321
	Group	SLPA	
	2013	2012 Re_Styled	2013 2012 Re_Styled
22.3 Movement of the Loans			
Balance at 01 January	5,437,319,900	6,288,419,386	5,435,660,320 6,283,732,978
Obtained During the Year	3,194,916,268	-	3,194,916,268 -
Paid During the Year	(1,642,127,301)	(1,627,928,997)	(1,640,467,722) (1,624,902,168)
Exchange (Gain) / Loss on Translation	161,121,097	776,829,510	161,121,097 776,829,510
Balance at 31 December	7,151,229,963	5,437,319,900	7,151,229,963 5,435,660,320
Government Grants			
Balance at 01 January	2,364,704,279	1,870,543,774	2,364,704,279 1,870,543,774
Grants Received During the Yaer	6,200,000	534,034,979	6,200,000 534,034,979
Amotisation of Government Grants	(56,533,133)	(39,874,475)	(56,533,133) (39,874,475)
Balance at 31 December (Not23.1)	2,314,371,146	2,364,704,279	2,314,371,146 2,364,704,279
23.1 The Carrying Values			
Mega Port Project	155,438,564	172,475,460	155,438,564 172,475,460
Kankasanturai Break Water Project	35,808,000	36,046,650	35,808,000 36,046,650
Hambanthota Port Development Project	111,432,910	116,277,819	111,432,910 116,277,819
Oluvil Port Development Project	19,990,000	19,990,000	19,990,000 19,990,000
Colombo Port Expansion Project	1,591,133,356	1,618,101,718	1,591,133,356 1,618,101,718
Hambantota Bunkering and Tank	2,630,187	2,644,881	2,630,187 2,644,881
Renovation project of UCT Terminal	388,266,667	395,520,000	388,266,667 395,520,000
Motor Vehicle Received as Grant	6,096,666	-	6,096,666 -
Galle Yatch Marina Development	3,574,795	3,647,751	3,574,795 3,647,751
	2,314,371,146	2,364,704,279	2,314,371,146 2,364,704,279
The above grants received from the Government of Sri Lanka and International Governemnt Agencies for the development of ports and other constructions. The amounts spent have been capitalised either work-in-progress or under the relevent class of property, plant and equipment respectively. The corresponding grant is being amortised over the useful life of the related assets.			
Part of the grant received for Galle Yatch Marina Development Project amounts to Rs.3,574,795 and Kankasanturai Break Water Project amounts to Rs.25,000,000 have not been utilised during the reporting period.			
Deferred Tax Liabilities		Group / SLPA	
		2013	2012 Re_Styled
Balance at 01 January		12,114,566,119	12,114,566,119
Recognised in Profit or Loss		-	-
Recognised in Equity		-	-
Balance at 31 December		12,114,566,119	12,114,566,119

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

				Group / SLPA	
				2013	2012 Re_Stated
<b>24.1 The Analysis of Deferred Tax Assets and Liabilities</b>					
<b>Deferred Tax Assets</b>					
From Provision for Gratuity				1,671,754,423	1,671,754,423
From Accounting Provisions				527,808,101	527,808,101
From Brought Forward Tax Losses				1,912,449,846	1,912,449,846
				<b>4,112,012,370</b>	<b>4,112,012,370</b>
Deferred Tax Liability					
From Accelerating Depreciation				(16,226,578,489)	(16,226,578,489)
				(16,226,578,489)	(16,226,578,489)
<b>Net Deferred Tax Liability</b>				<b>(12,114,566,120)</b>	<b>(12,114,566,120)</b>

\*Deferred tax assets are recognized for brought-forward tax losses, accounting provision and provision for defined benefits obligation to the extent that the realization of the related tax benefits through future taxable profits are probable. However, the SLPA did not recognize deferred tax assets for the reporting periods 2012 and 2013 on the basis that there is related tax benefit from future taxable profit due to exemption elected by the SLPA under section 13 (YYYY) and 13 (YYYYY) of the Inland Revenue Act No.10 of 2006.

Deferred income tax liabilities have not been recognized for accelerating depreciation for the reporting periods 2012 and 2013 due to the said exemption elected by the Authority.

The Subsidiary did not make a provision for deferred tax assets and liabilities due to insignificance of taxable temporary differences.

Retirement Benefits Obligation		Group		SLPA	
		2013	2012 Re_Stated	2013	2012 Re_Stated
<b>Balance at 01 January</b>		2,804,986,927	2,437,427,131	2,802,613,915	2,435,399,469
Expense Recognised in the Statement of Comprehensive Income	Note 25.1)	376,630,360	888,840,509	375,397,180	888,495,160
Benefit Paid During the Year		(322,783,409)	(521,280,713)	(322,611,832)	(521,280,713)
<b>Balance at 31 December</b>		<b>2,858,833,878</b>	<b>2,804,986,927</b>	<b>2,855,399,263</b>	<b>2,802,613,916</b>
<b>25.1 Expense Recognised in the statement of comprehensive income</b>					
Interest Cost		308,524,832	267,691,176	308,287,531	267,893,942
Current Service Cost		137,020,116	136,924,968	136,308,299	136,308,299
Actuarial (Gain) / Loss on Obligation		(68,914,588)	484,224,365	(69,198,650)	484,292,919
		<b>376,630,360</b>	<b>888,840,509</b>	<b>375,397,180</b>	<b>888,495,160</b>

These assumptions are developed by independent actuarial consultant is based on the management's best estimates of variables used to measure the retirement benefits obligation

The principal actuarial assumptions used are as follows						
For group, assumptios are expressed as range						
Discount rate [%]	10 - 11	11 - 13	11 - 13	11	11	11
Future Salary Increases - Salary [%]	1.2 - 6	1.2 - 6	1.2 - 6	6	6	6
- Allowances [%]	5	5	5	5	5	5
Staff Turnover Factor - Up to age 50 Yrs [%]	0.5 - 4	0.5 - 5.8	0.5 - 5.8	0.5	0.5	0.5
- after 50 Yrs	0	0	0	0	0	0
Retirement age [Yrs]	57 - 60	57 - 60	57 - 60	60	60	60

Discount rate is determined by examining the market rates of interest on short-term corporate bonds/ government bond and the anticipated long-term rate of inflation. Other assumptions such as mortality, staff turnover, disability and promotion are used by the actuarial consultants are based on management's historical experience.

Trade and Other Creditors		Group		SLPA	
		2013	2012 Re_Stated	2013	2012 Re_Stated
Trade Creditors		242,185,054	848,010,823	242,185,054	848,010,823
Other Creditors		13,377,135	16,536,372	13,377,135	16,536,372
Shipping Agents - Credit Balance		875,518,154	243,467,613	875,518,154	243,467,613
Compensation Payments		3,794,000	3,794,000	3,794,000	3,794,000
Salary Abatements		44,345,339	43,961,404	44,345,339	43,961,404
Unclaimed Wages		5,651,651	5,358,594	5,651,651	5,358,594
		<b>1,184,871,332</b>	<b>1,161,128,806</b>	<b>1,184,871,332</b>	<b>1,161,128,806</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		SLPA	
		2013	2012 Re_ Stated	2013	2012 Re_ Stated
Deposits and Advances Received					
Deposits - Shipping Agents		98,302,341	2,789,543	98,302,341	2,789,543
Deposits for Shipping Charges		4,587,322	7,407,367	4,587,322	7,407,367
Deposit for Landing & Delivery		37,874,728	65,601,402	37,874,728	65,601,402
Bonding Deposits		12,372,412	14,758,683	12,372,412	14,758,683
Shipping Agents Advance		478,585,990	381,566,070	478,585,990	381,566,070
Deposit from customers		1,384,223	1,335,458	1,384,223	1,335,458
Employers Fidelity Deposits		785,298	811,118	785,298	811,118
Rent Deposit		69,603,219	37,667,863	69,603,219	37,667,863
Trading deposits		268,090,365	401,841,390	268,090,365	401,841,390
Contractor deposits		2,635,696,790	2,320,022,683	2,635,696,790	2,320,022,683
Special Deposits		3,477,157	968,100	3,477,157	968,100
Miscellaneous Deposits		71,986,552	71,934,709	71,986,552	71,934,709
		<b>3,682,746,397</b>	<b>3,306,704,386</b>	<b>3,682,746,397</b>	<b>3,306,704,386</b>
<b>28. Current Tax Payable</b>					
<b>Summary of current tax payable is as follow:</b>					
Corporate Tax	(Note 28.1)	6,397,110	1,295,221,226	-	1,287,842,690
Value Added Tax		34,137,691	37,366,641	32,809,622	36,866,269
Withholding Tax		6,058,452	6,058,452	6,058,452	6,058,452
Nation Building Tax		11,037,754	11,321,556	11,037,754	11,321,556
Construction Levy (CIGFL)		238,962	307,202	238,962	307,202
		<b>57,869,969</b>	<b>1,350,275,077</b>	<b>50,144,790</b>	<b>1,342,396,169</b>
<b>28.1 Corporate Tax</b>					
Balance at 01 January		1,295,221,226	258,583,530	1,287,842,690	255,454,157
Provision for the Period		-	158,029,087	-	163,109,250
Charge for the Period		(1,197,936,382)	1,298,577,654	(1,196,954,955)	1,288,455,990
Set-off Against the Tax Credits / Paid		(90,887,735)	(256,067,457)	(90,887,735)	(256,067,457)
Adjustments on Under / (Over) Provision		-	(163,901,588)	-	(163,109,250)
<b>Balance at 31 December</b>		<b>6,397,110</b>	<b>1,295,221,226</b>	<b>-</b>	<b>1,287,842,690</b>
<b>29. Provisions and Accrued Expenses</b>					
Provision for Volume Rebate		837,966,000	1,044,240,000	837,966,000	1,044,240,000
Accrued Expenditure		724,729,385	675,346,202	737,114,208	665,908,855
Provision for Claims		112,570,315	35,363,389	112,570,315	35,363,389
		<b>1,675,265,699</b>	<b>1,754,949,591</b>	<b>1,687,650,523</b>	<b>1,745,512,244</b>
<b>30. Revenue</b>					
		Group		SLPA	
		2013	2012 Re_ Stated	2013	2012 Re_ Stated
Navigation		4,966,776,689	4,859,563,511	4,966,776,689	4,859,563,511
Stevedoring		19,740,987,408	19,433,327,226	19,740,987,408	19,433,327,226
Wharf Handling		3,632,809,311	3,633,697,463	3,632,809,311	3,633,697,463
Port Facilities		2,851,382,915	3,681,536,097	2,851,382,915	3,681,536,097
Other Service Operations		964,426,241	1,066,627,186	770,991,941	746,013,830
		<b>32,156,382,564</b>	<b>32,674,751,483</b>	<b>31,962,948,264</b>	<b>32,354,138,127</b>
<b>31. Direct Expenses</b>					
<b>Operational Expenses</b>					
Salaries wages & Allowances		4,353,104,666	4,549,450,417	4,300,444,329	4,492,984,552
Overtime		1,639,332,451	1,633,227,682	1,639,332,451	1,633,227,682
Traveling Subsistence & Fuel Allowance		2,846,141	1,961,602	2,846,141	1,961,602
Fuel Electricity & Other Expenses		3,383,510,531	1,809,361,792	3,367,061,274	1,784,643,656
Cost of Water		47,437,472	54,775,648	47,144,929	54,222,649
External Hire Charges / Contracts		624,254,482	845,816,121	624,254,482	845,816,121
Contract works for Rep. & Main.		185,978,813	129,381,241	185,978,813	129,381,241
Insurance & License		230,913	234,895	230,913	234,895
Material Issued for Operational activities		1,098,875	7,429,227	1,098,875	7,429,227
Depreciation		5,953,081,693	4,718,671,871	5,952,057,304	4,717,703,092
		<b>16,190,876,037</b>	<b>13,750,310,497</b>	<b>16,120,449,511</b>	<b>13,667,604,717</b>
<b>Repair and Maintenances Expenses</b>					
Salaries Wages & Allowances		2,213,380,696	2,410,157,832	2,213,380,696	2,410,157,832
Overtime		893,862,559	884,133,589	893,862,559	884,133,589
Travelling, Subsistence & Fuel Allowances		4,554,939	6,027,902	4,554,939	6,027,902
Fuel Electricity & Other Expenses		72,285,599	79,430,722	62,924,720	71,686,824
External Hire Charges/ Contracts		278,925	1,700	278,925	1,700
Contract works for Rep. & Main.		13,637,500	50,904,574	13,637,500	50,904,574
Insurance & License		5,600	360,952	5,600	360,952
Material Issued for Operational Activities		953,148,629	974,829,480	953,148,629	974,829,480
Depreciation		58,238,265	52,915,578	58,238,265	52,915,578
		<b>4,209,392,712</b>	<b>4,458,762,329</b>	<b>4,200,031,833</b>	<b>4,451,018,431</b>
		<b>20,400,268,749</b>	<b>18,209,072,826</b>	<b>20,320,481,344</b>	<b>18,118,623,148</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		SLPA	
	2013	2012 Re_Stated	2013	2012 Re_Stated
<b>32. Other Operating Income</b>				
<b>Other Services - Non Operational</b>				
Hire of Equip. & Floating Craft other than Cargo Handling	16,922,693	20,767,686	16,922,693	20,767,686
Supply of water for local consumption	673,832	791,850	673,832	791,850
Supply of electricity for local consumption	48,172,448	34,009,612	48,172,448	34,009,612
Telephone calls and medical facilities	14,802	24,351	14,802	24,351
Training fees	57,413	17,232	57,413	17,232
Special Jobs done for outside parties	4,015,415	3,210,160	4,015,415	3,210,160
Income from specialized Activities	10,397,539	5,907,922	10,397,539	5,907,922
	<b>80,254,142</b>	<b>64,728,812</b>	<b>80,254,142</b>	<b>64,728,812</b>
<b>Port Estate</b>				
Lease out lands	528,951,202	561,281,406	528,951,202	561,281,406
Royalty	783,467,089	798,786,198	783,467,089	798,786,198
Rent on housing scheme	2,625,934	2,243,941	2,625,934	2,243,941
Revenue from circuit bungalows	1,165,859	1,097,874	1,165,859	1,097,874
Rent / lease out buildings / warehouse	86,732,296	82,204,470	86,732,296	101,283,327
Miscellaneous	325,500	4,105,167	325,500	4,105,167
Debit note issued by Ledger & Credit Control	17,484	189,623	17,484	189,623
Auditorium & class room hiring charges	38,675	154,044	38,675	154,044
	<b>1,403,324,040</b>	<b>1,450,062,723</b>	<b>1,403,324,040</b>	<b>1,469,141,580</b>
<b>Miscellaneous</b>				
Dividend Received	940,342,851	852,175,057	949,506,418	859,082,637
Penalty and surcharge on L & D Bills/ Stevedore Billing	75,047,023	134,871,027	75,047,023	134,871,027
Surcharge on overdue bills	26,355,981	3,875,824	26,355,981	3,875,824
Tender sales revenue	29,235,235	9,588,715	29,235,235	9,588,715
Surcharges on employees	7,271	428,581	7,271	428,581
Charges on dishonored bonds items & debtors balances	1,167,432	730,376	1,167,432	730,376
Fines & Insurance Commission	55,527	129,272	55,527	129,272
Administration charges from CICT	3,712,673	-	3,712,673	-
	<b>1,075,923,992</b>	<b>1,001,798,853</b>	<b>1,085,087,559</b>	<b>1,008,706,433</b>
<b>Central Division</b>				
Port entry permits	2,362,225	2,485,647	2,362,225	2,485,647
Temporary port permit charges	86,593,457	83,396,251	86,593,457	83,396,251
Annual vehicle permits & casual vehicle permits	2,085,965	1,800,315	2,085,965	1,800,315
Fees on chandler's license & survey fees	11,033,355	9,463,897	11,033,355	9,463,897
Licensing of wharf clearing agencies in three ports	19,276,915	17,934,708	19,276,915	17,934,708
Licensing of harbour craft	14,966	173,817	14,966	173,817
Profit on Disposals of Fixed Assets	(50,130,817)	(6,069,268)	(51,995,210)	(6,069,268)
Proceeds on hire of welfare buses	1,701,820	3,802,555	1,701,820	3,802,555
Miscellaneous	241,797,659	87,600,751	237,914,346	87,130,879
Sale of Books & Publications	916,463	1,127,598	916,463	1,127,598
Compensation receipts	5,430,324	7,621,477	5,430,324	7,621,477
Galle face green collection	8,464,970	7,369,582	8,464,970	7,369,582
Grant Income	56,533,133	39,874,475	56,533,133	39,874,475
Administration & Infrastructure Fee	73,672,291	-	234,060,434	79,961,384
Donation / Contribution for IAPH Conference	-	16,880,000	-	16,880,000
Upfront fee paid by CICT	53,434,286	53,434,286	53,434,286	53,434,286
Admission/Monthly/Term fees for SLPA creche	714,703	-	714,703	-
	<b>513,901,716</b>	<b>326,896,090</b>	<b>668,542,153</b>	<b>406,387,602</b>
	<b>3,073,403,890</b>	<b>2,843,486,478</b>	<b>3,237,207,894</b>	<b>2,948,964,427</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		SLPA	
		2013	2012 Re_Stated	2013	2012 Re_Stated
<b>33. Administrative Expenses</b>					
Salaries Wages & Allowances		3,408,965,539	3,649,430,947	3,356,406,294	3,617,852,070
Overtime		740,572,261	742,554,969	740,572,261	742,554,969
Traveling Subsistence & Fuel Allowance		1,307,611	1,464,588	1,305,772	1,464,588
Fuel / Electricity & Other Expenses		275,211,847	249,790,828	272,954,295	246,937,047
Cost of Water		119,829,178	117,592,220	119,715,405	117,249,744
External Hire Chargers / Contracts		14,237,511	12,029,951	21,625,514	18,955,801
Contract Works for Rep. & Main.		130,460,608	111,631,608	130,460,608	111,631,608
Communication Expenses		39,896,330	33,211,734	39,311,272	32,430,352
Rent on Premises / Rates & Taxes		40,853,283	61,108,544	40,428,870	39,253,069
Insurance & License Fees / Legal Fees		26,227,693	52,061,305	23,394,853	50,335,958
Office Requisites / Security Charges		79,163,670	87,176,855	65,474,887	75,827,605
Training Expenses		77,441,773	45,866,244	76,772,323	45,866,244
Welfare Expenses		168,441,922	171,891,193	165,117,748	165,911,069
Publicity & Public Relations		123,637,347	77,732,849	123,362,347	77,732,849
Sundry Expenses		235,501,693	102,860,806	234,699,569	115,569,925
Depreciation		409,857,048	427,331,645	407,636,048	425,124,892
Amotisation of Intangible Assets		178,082,813	179,400,955	178,016,146	179,400,955
Business Promtion / Other Charges		30,161,413	8,765,057	29,626,122	6,429,857
Miscellaneous Balance A/C Written Off		1,477,418	228,818	1,477,418	228,818
Bad & Doubtful Debt		(9,865,223)	133,892,068	(9,059,225)	133,892,068
Expenses on VAT		43,687,499	42,601,552	43,687,499	42,601,552
Stamp Duty		1,108,050	806,750	708,125	769,650
NBT Payments		130,235,031	140,097,100	130,235,031	140,097,100
Audit Fees		1,893,620	1,666,612	1,673,320	1,525,612
Unabsorbed Kitchen Expenses		32,271,266	10,772,058	32,271,266	10,772,058
Gain/Loss on the disposal of a Revalued Assets		(232,709)	-	(232,709)	-
Corporate Social Responsibility Projects		-	-	-	-
Volume Rebate		1,454,106,590	1,466,292,040	1,454,106,590	1,466,292,040
Net Exchange Loss		2,517,525,036	4,566,871,693	2,517,525,036	4,566,871,693
VRS Expenses		-	600,410,196	-	600,410,196
Cents Adjustment from Debt Collection		391	976	391	976
Admin & Infrastructure Fees paid to JCT Ltd		-	-	116,145,953	-
Non Inventory Expense Account		-	-	-	-
Management Fees paid to MPMC		-	-	28,987,950	-
Expenses on Impairment		-	500,000	-	500,000
		<b>10,272,056,509</b>	<b>13,096,042,160</b>	<b>10,344,406,980</b>	<b>13,034,490,364</b>
<b>34. Net Finance Cost</b>					
<b>Interest Income</b>					
Interest on treasury bills & call deposits		589,010,881	644,522,669	569,229,774	625,866,640
Interest on securities / investments		228,096,127	296,133,779	228,096,127	296,133,779
Interest on loans given to outside parties		2,758,905	786,847	2,758,905	786,847
Interest on loans to employees		178,817,382	184,756,682	177,495,474	182,633,728
		<b>998,683,295</b>	<b>1,126,199,977</b>	<b>977,580,280</b>	<b>1,105,420,995</b>
<b>Interest Expenses</b>					
Interest on Loans		(3,921,613,361)	(1,709,970,835)	(3,921,431,960)	(1,709,660,825)
Other Finance Charges		(19,670,346)	(24,097,023)	(19,373,157)	(24,097,023)
		<b>(3,941,283,707)</b>	<b>(1,734,067,858)</b>	<b>(3,940,805,117)</b>	<b>(1,733,757,848)</b>
		<b>(2,942,600,412)</b>	<b>(607,867,881)</b>	<b>(2,963,224,837)</b>	<b>(628,336,853)</b>
<b>35. Income Tax Expenses</b>					
The Authority's operational profits arising from port operations are considered as exempt profits as per the exemption given under section 13 (YYYY) and 13(YYYYY) of the Inland Revenue Act No.10 of 2006 from the year of assessment 2011/2012. Accordingly, Provision has been made on other sources of income using the current applicable tax rate at 28%. The subsidiary company is liable for the tax at the rate of 10 % on its taxable income.					
<b>Major components of income tax are as follows:</b>		Group		SLPA	
		2013	2012 Re_Stated	2013	2012 Re_Stated
Current Tax Expense for the Year	(Note 35.1)	(1,188,314,680)	10,121,664	(1,196,954,955)	-
Tax on Distributable Profits		-	1,287,842,690	-	1,287,842,690
Dividend Tax		840,700	613,300	840,700	613,300
Income Tax Over Provision in Previous Year		(10,462,402)	(163,901,588)	-	(163,109,250)
		<b>(1,197,936,382)</b>	<b>1,134,676,066</b>	<b>(1,196,114,255)</b>	<b>1,125,346,740</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		SLPA	
		2013	2012 Re_Stated	2013	2012 Re_Stated
35.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.					
Accounting Profit Before Taxation - Exempt		1,625,348,269	5,302,418,342	1,572,042,997	5,211,436,974
Other Income Liable for Tax - Interest Income		-	438,801,780	-	-
Taxable Profit Subsidiary		51,981,354	91,581,102	-	-
Statutory Income		51,981,354	530,382,882	-	-
Tax Losses Utilized		-	-	-	-
Assessable Income / Taxable Income		51,981,354	530,382,882	-	-
Tax Charged at Statutory Tax Rate of 28%		8,640,276	10,121,664	-	-
Current Tax on Ordinary Activities for the Year		8,640,276	10,121,664	-	-
Tax Losses					
Loss Brought Forward		6,281,269,069	6,281,269,069	6,281,269,069	6,281,269,069
Loss Incurred		-	-	-	-
Loss Utilised		-	-	-	-
Loss Carried forward		6,281,269,069	6,281,269,069	6,281,269,069	6,281,269,069

An income tax assessment has been issued for the year of assessment 2007/08 disputing the claimability of foreign exchange loss incurred by the Authority. Upon the determination of the Commissioner General of Inland Revenue holding the position that the relevant foreign exchange loss is not deductible, Authority appealed to the Tax Appeals Commission. The Tax Appeals Commission upheld the determination of the Commissioner General, as a result, the Authority intends to appeal to the Court of Appeal on the grounds of applicable questions of law.

### 36. Capital and Other Commitments

There were no material capital expenditure or other financial commitments approved by the Board of Directors as at the reporting period end.

### 37. Events Occurring after Reporting Period

There were no events occurred, which required adjustments or disclosure in these financial statements between the 31 December reporting date and the date of authorisation, other than the following.

The Authority appealed to the Tax Appeals Commission on the assessment issued for the year of assessment 2007/08 in relation to claim of foreign exchange loss incurred. The Tax Appeals Commission upheld the determination of the Commissioner General in January 2013. as a result, the Authority has decided to appeal to the Court of Appeal on the grounds of applicable questions of law.

### 37. Contingent liabilities

The Authority has contingent liabilities in respect of legal claims arising in the ordinary course of business. Unless recognised as a provision (Note 29), management considers these claims to be unjustified and possibility of an outflow of resources for their settlement is remote. This evaluation is consistent with legal advices of the Authority's legal division. Accordingly, no provision has been made for legal claims of the following cases.

Case No:	Plaintiff/Petitioner	Claim Amount (Rs.)
D.C.47064/MR	Swift Shipping & Trading (Pvt) Ltd	4,050,000
D.M.R 623/13	L.G.Godakanda, Vendol Ayurvedic Healing Resort (Pvt) Ltd	30,000,000
DC.Col 30944/MR	Lloyed Trestine Navigation S.P.A	183,254,950
S.C(FR) 523/09	S.R.Vithana	150,000



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

### 38. Related Party Disclosures

The Authority's related parties includes Treasury of Sri Lanka, Government related institutions, subsidiary, associate and key management personnel.

#### 38.1 Transactions with Key Management Personnel

According to the Sri Lanka Accounting Standards LKAS.24 "Related Party disclosures" key Management personnel are those having responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors including executive and Non-Executive Directors have been classified as key management personnel.

Transactions with Key Management Personnel are given below.	2013	2012 Re_Stated
Remuneration and Other Short-Term Employee Benefits	21,423,015	16,604,300
Loan and Advances granted during the period	-	271,440
<b>Balance Outstanding - Loans and Advances</b>	<b>1,666,400</b>	<b>699,940</b>

#### 38. Related Party Transactions

Details of significant related party transactions that Authority carries out are as follows:

Name of the Institution	Relationship	Name of Directors / Representatives	Nature of Transactions	Transaction Value	Balance (Due to)/Due from
Treasury of Sri Lanka	Capital Contributor	Mr R.Semesinghe	Loan granted	899,556,411	-
			Loan repaid	6,316,514,267	
			Interest paid	1,374,103,434	
Government Related Institutions	Related Entities	Mr Jagath P Wijeweera	Services rendered	223,423,543	
			Settlement for services rendered	210,852,761	314,931,438
			Placement of Security Deposit	60,739,961	60,739,961
Sri Lanka Port Management & Consultancy Services (Pvt) Ltd	Associate Company	Dr.R.M.P.B Wikrama	Payment for Janitorial Services received	1,397,760	
			Payment for expenses incurred on behalf of the Authority	814,279	43,126
			Payment of Salaries	109,141,397	
			Reimbursement of wages for Janitorial Services	2,365,440	197,120
			Advertisement	1,943,200	
			Payment for services received	165,760,793	
			Dividend received	756,567	
			Discarded Items sold on behalf of the authority	23,488,097	
			Supply of fuel	24,828.78	
Jeya Container Terminal Ltd	Subsidiary Company	Dr.R.M.P.B Wikrama	Rent received	3,126,857	
		Mr. Indika Karunajeewa	Administrative & Infrastructure fee received	44,242,190	
		Capt. Nihal Keppetipola	Dividend received	7,566,300	
		Mrs.Shirani Wanniarachchi	Reimbursement of wages for Janitorial Services	1,982,171	173,143
			Supply of fuel	1,669,259	19,336,941
			Insurance of Medicines	100,000	51,843.47
South Asia Gateway Terminal (Pvt) Ltd	Related Company	Capt. Nihal Keppetipola	Rent received	365,562,482	27,384,679
		Dr. Sanjaya Sedara Senerath	Royalties received	768,501,919	58,652,358
			Dividend received	924,577,134	
Lanka Coal Company (Pvt) Ltd	Related Company	Capt.RA Jeyawickrama	No Transactions are made during the year		-
Colombo International Container Terminal Ltd	Related Company	Dr.R.M.P.B Wikrama	Shares purchased	2,859,913,891	-
		Capt. Nihal Keppetipola	Hire of Handled Vessels	128,050,383.76	
			Rent Received	361,224.49	
Magampura Port Management Company		Dr. Priyath B Wickrama	Shares purchased	75,000,000	
		Mr. Indika Karunajeewa	Administration Fees Payable	28,987,950	
		Capt. Nihal Keppetipola			
		Mrs. Shirani Wanniarachchi			
		Mr. Upali de Soysa			

NOTES TO THE FINANCIAL STATEMENTS

Risk Management

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

- 1. Credit Risk
- 2. Liquidity Risk
- 3. Market Risk (Currency Risk and Interest Rate Risk)

The financial instruments of the Authority comprise of equity investments (listed and unlisted), investment in debenture, term deposits, money market investments, and cash. The main purpose of investment in term deposits, money market investments are to raise and maintain liquidity for the operations. Investments in equity and debenture securities are strategic investments and the Authority has other financial instruments such as trade & other receivables and trade & other payables which arise directly from its business activities. Further, the Authority has interest bearing borrowings which were borrowed from the Government of Sri Lanka and financial institutions for ports expansion and development projects.

1. Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer fails to meet its contractual Obligations, and arises principally from the receivables from customers including Sri Lanka forces, other Government institutions and investment securities.

Trade Receivables

The Authority trades mainly with shipping agents and Government institutions. The management assesses the credit quality of the shipping agents based on the past experience and other factors such as financial guarantees from shipping agents. In addition, outstanding balances are monitored on an ongoing basis in the Management Committee and the Board.

The Authority establishes policy for provision for impairment (Refer the note 2.11 to the financial statements) that represents the estimate of incurred losses in respect of trade receivables. The main components of provisions are individual impairment loss that relates to assessing significant customers individually and collective impairment loss for non-significant customers. The collective impairment loss is determined based on historical data of payment behavior. According to the impairment policy established, Sri Lanka forces, other Government institutions, shipping agents under litigation and significant shipping agents are reviewed individually to measure the impairment loss. Others are reviewed collectively. Please refer note 12 to the financial statements relating to trade receivables and details of provision for impairment losses.

Other Financial Assets

Credit risk arising from other financial assets of the Authority comprises term deposits, cash and cash equivalents and investment in debentures. The authority's exposure to credit risk arises from default in meeting contractual obligation of contractual parties, with a maximum exposure equal to the carrying amount of these financial instruments. The Authority manages its credit risks with regard to these financial instruments by mainly placing its fund with state financial institutions and other government institutions.

2. Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and unexpected conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Forecasting of operational cash flows (Recurring Budgets) and Capital Budgets are prepared annually. The finance division monitors the both capital and recurring budgets and liquidity requirements to ensure the Authority has sufficient cash to meet operational needs. At the end of the reporting period, the Authority held term deposits, short-term government securities and other liquid assets amounting to Rs9,625,791,186). (2012: Rs. 8,449,746,162).

The following table depicts the Authority's financial liabilities maturity analysis based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial Liabilities	31 December 2013			31 December 2012		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 year	Total
<b>Borrowings - Government</b>	12,135,994,848	176,489,531,501	188,625,526,349	6,477,929,305	134,887,281,927	141,365,211,232
<b>Borrowings - Financial Institutions</b>	1,654,574,656	5,496,655,307	7,151,229,964	1,610,566,021	3,825,094,300	5,435,660,321
<b>Trade and Other Creditors</b>	1,184,875,130	-	1,184,875,130	1,161,128,806	-	1,161,128,806
<b>Total</b>	<b>14,975,444,634</b>	<b>181,986,186,808</b>	<b>196,961,631,443</b>	<b>9,249,624,132</b>	<b>138,712,376,227</b>	<b>147,962,000,359</b>

### 3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Authority's income or the carrying value of holdings of financial instruments.

#### 3.1 Currency Risk

The Authority's exposure to currency risk arising from fluctuations in the value of US Dollar (USD) against the Sri Lankan Rupee after Central Bank of Sri Lanka allowed the Sri Lanka Rupees to freely float against US Dollar during the reporting period. The Company's functional currency is Sri Lanka Rupees in which most of the transactions are denominated. However, Interest bearing borrowings in relating to ports expansion and development projects and certain bank balances and a shipping agent receivables (\*APL Lanka (Pvt) Ltd\*) are denominated in foreign currencies (Japan Yen and US Dollars).

As a result of the free floating of US Dollar, depreciation of the Sri Lanka Rupees against the USD had an impact on the operating results for the reporting period 2013 which amounts to Rs.2,517,525,036 arising from re-payment of borrowings and invoicing of services rendered to shipping agent \*APL Lanka (Pvt) Ltd\*. However, the Authority in order to mitigate the impact of currency movement for repayment of borrowings, uses the same currency for repaying through bank deposits maintained in the same currency.

Please refer the note 21 and 22 of the financial statements relating to interest bearing borrowings and details of the borrowings denominated in foreign currencies.

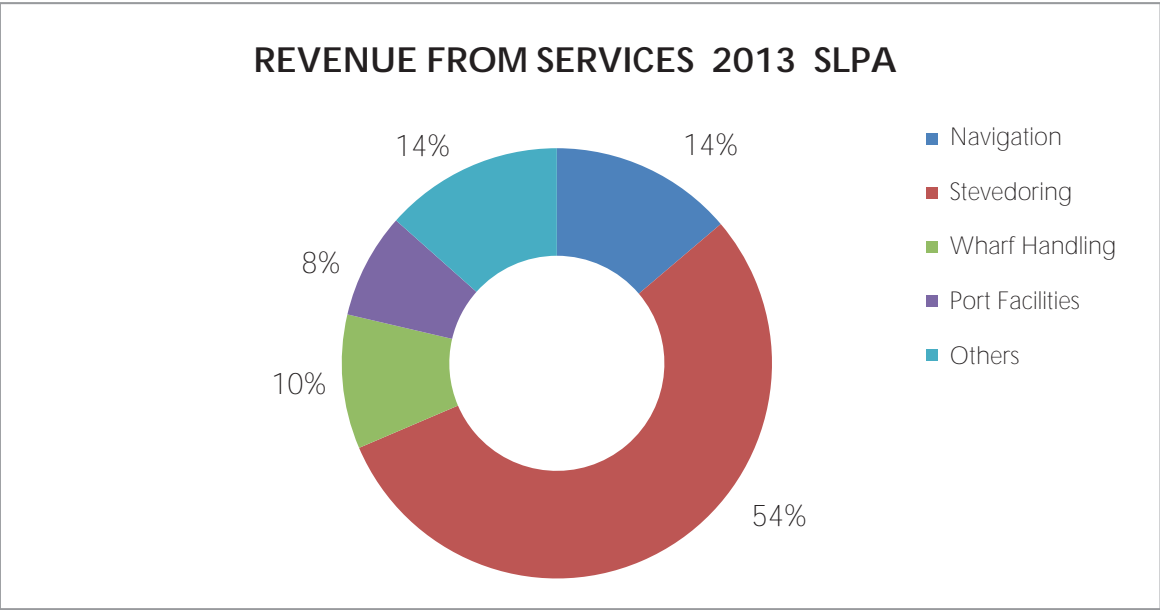
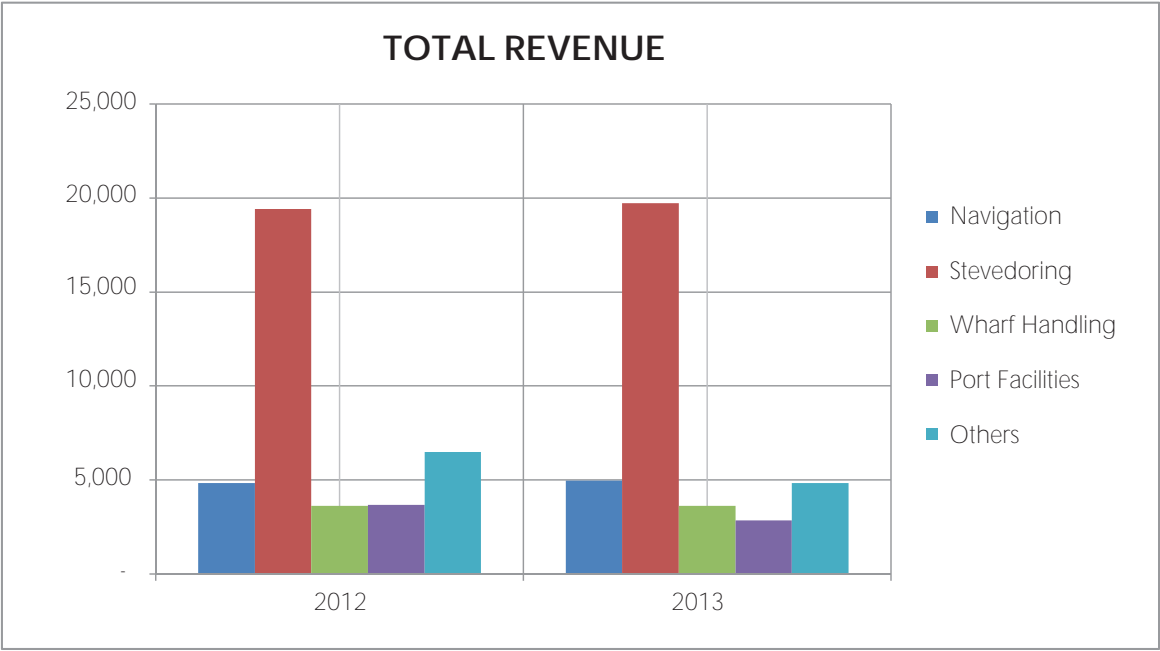
#### 3.2 Interest Risk

The Authority's exposure to interest risk is the changes in market interest rates relate to the interest bearing borrowings with a fixed and floating interest rate and bank deposits and Government securities.

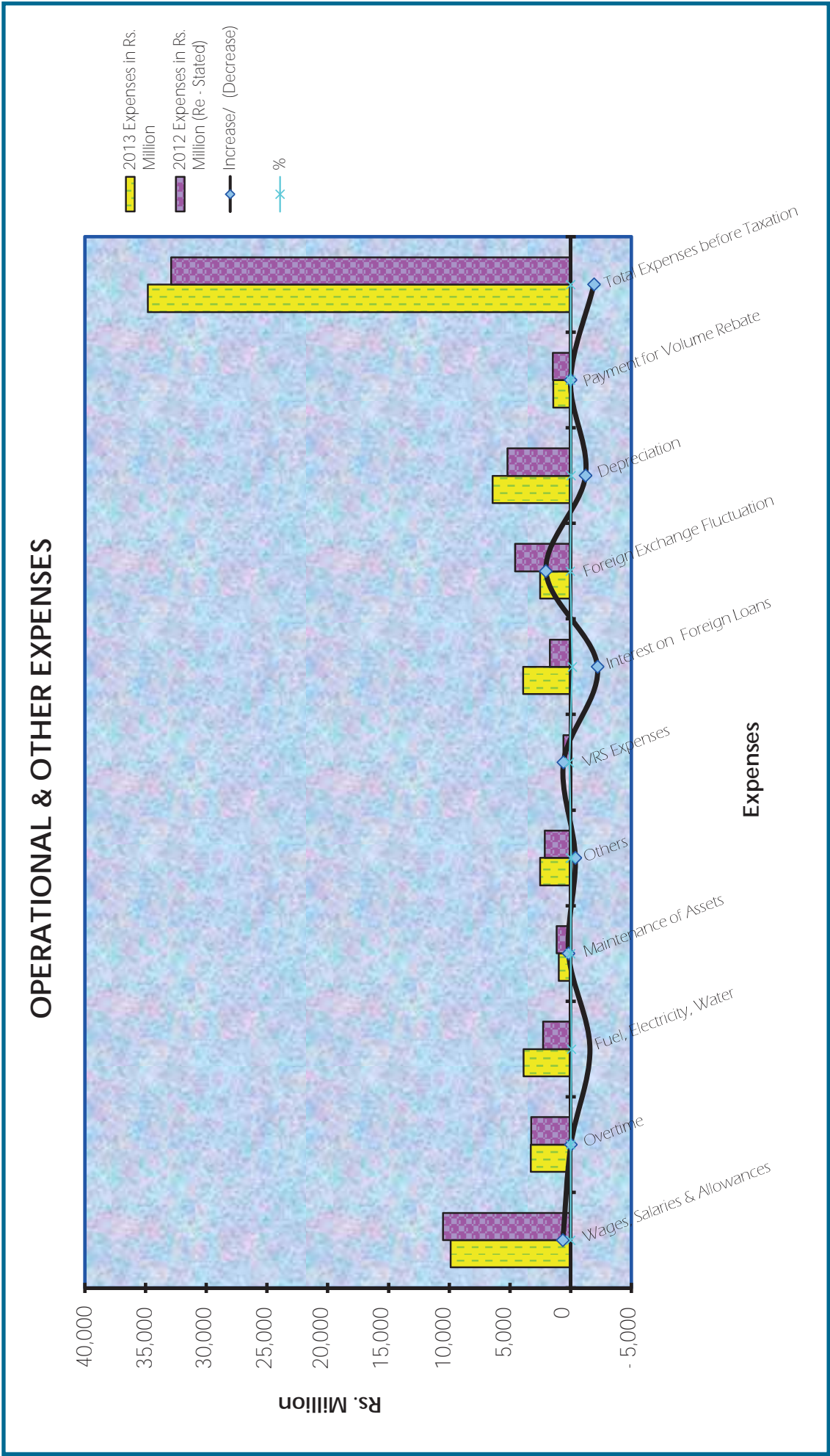
Rs.9,499,264,363 (2012: Rs. 8,971,662,529) of the Authority's interest bearing loans and borrowings carried interest at floating rates others amounts to Rs.186,277,491,950 ( 2012: Rs. 137,829,209,024) carried interest at fixed rates.

The Authority has cash and bank balances including deposits placed with the Government and state banks. The Authority monitors interest rate risk by actively monitoring interest rate movements.

# GRAPHICAL REVIEW

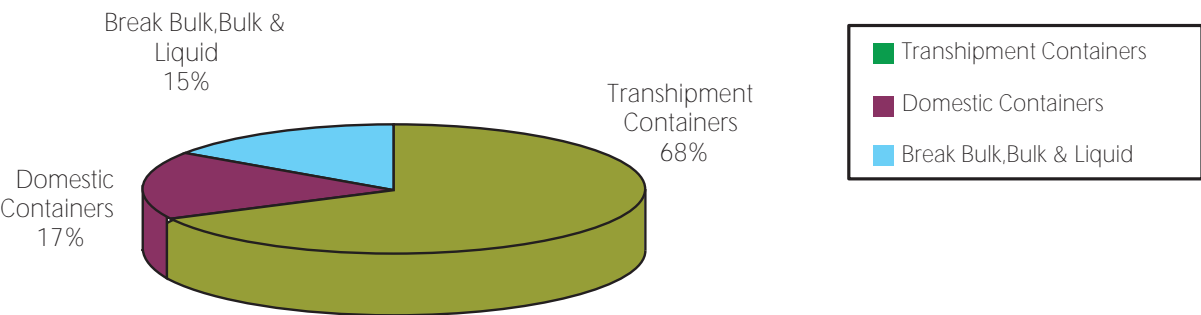




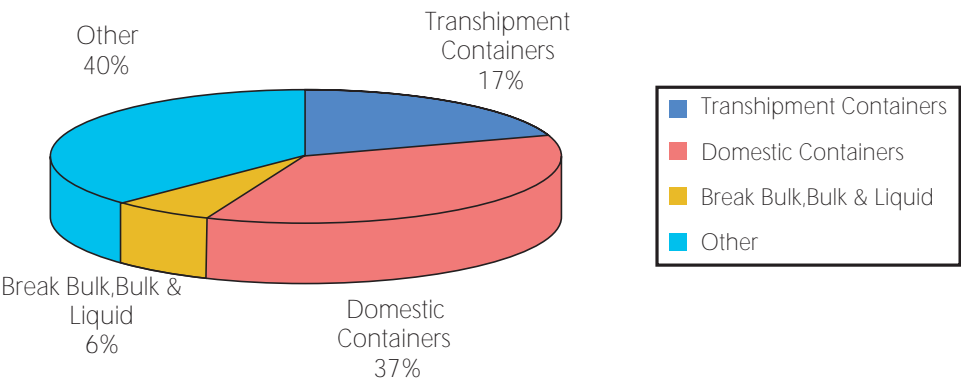


All Ports

Analysis of Cargo Throughput [M/T]  
Port of Colombo (SLPA + SAGT)



Analysis of Operational Revenue  
All three Ports



# AUDITOR GENERAL 'S'» REPORT

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TC/B/SLPA/FA/2013

08<sup>th</sup> April, 2015

**The Chairman**  
**Sri Lanka Ports Authority**

## **Report of the Auditor General on the Financial Statements of the Sri Lanka Ports Authority and Its Subsidiary Companies for the year ended 31 December 2013 in terms of the Section 14 (2) (c) of the Finance Act, No. 38 of 1971**

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The audit of financial statements of the Sri Lanka Ports Authority and Its Subsidiary Companies for the year ended 31 December 2013 comprising the financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 33 of the Sri Lanka Ports Authority Act, No. 51 of 1979. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7)(a) of the Finance Act was furnished to the Chairman of the Authority on 01 October 2014.

### **1.2 Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

### **1.3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## 1.4 Subsidiary and Associate Companies

The Jaya Container Terminal Company Ltd., and the Magampura Port Management with 100 per cent ownership as Subsidiary Companies and the Port Management Company and Consultancy Services Company Ltd., with 39.97 per cent ownership as an Associate Company functioned under the Sri Lanka Ports Authority. The audit of these three companies had been done by Firms of Chartered Accountants engaged in public accountancy profession.

## 1.5 Basis for Qualified Opinion

My Opinion is qualified based on the matters described in paragraph 2.2 of this report.

## 2. Financial Statements

### 2.1 Qualified Opinion

#### Qualified Opinion - Group

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Ports Authority and its Subsidiary Companies as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Qualified Opinion – Authority

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Ports Authority as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### 2.2 Comments on Financial Statements

#### 2.2.1 Sri Lanka Accounting Standards

Instances of non-compliance with the following Sri Lanka Accounting Standards were observed.

- (a) Even though capitalization of a sum of Rs. 1,112.75 million as the borrowing cost of the Colombo Port Expansion Project was revealed during the course of audit test checks, the percentages of the borrowing cost and the loan interest had not been disclosed in terms of the Sri Lanka Accounting Standards No. 23.
- (b) Even though the annual operating results of the Galle and Trincomalee Ports had been separately computed in terms of the Sri Lanka Accounting Standard No. 1, the accounts had not been maintained in a manner to facilitate separate identification of the income and expenditure of the Hambantota and Olivil Ports.

#### 2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Operating buildings and the electrical and electronic equipment with insured value amounting to Rs. 597,854,000 and Rs. 1,646,000 respectively had been handed over to the Ports Authority by Lanka Marine (Private) Service Company in July 2008. Those assets had been brought to account at the insured value without carrying out a revaluation through a recognized Valuer.
- (b) A motor vehicle valued at Rs. 2 million given for the use of the staff of the Deputy Minister of the Line Ministry 5 ½ years ago had been rendered unusable due to an accident. Action had not been taken to obtain reimbursement of the loss on the motor vehicle from the insurers and dispose of from the books.
- (c) Even though goods and services valued at Rs. 1,590,058 had been obtained from supplier advances, those had been shown as advance over a period of 04 years instead of being brought to account as expenditure.
- (d) The balances of the Ministry of Ports and Aviation Services which amounted to Rs. 2,218,812 as a debtor at the beginning of the year, had been shown in the accounts as a creditors balance of Rs. 5,016,594 as at the end of the year under review. A further examination in this connection, revealed that the non-recording of fuel valued at Rs. 7,235,406 in the relevant Stores Account had been the reason thereto. Accordingly it was observed that an erroneous creditors balance of Rs. 5,016,594 had been shown in the financial statements.



- (e) Exemption from tax for a period of 05 years had been granted for the profits earned from port operations and neglecting that, a provision of Rs. 1,196,144,225 had been made as the tax liability of the preceding year. Even though action for the rectification of the error had been taken in the year under review, the after tax profit of the preceding year had been understated by a sum of Rs. 1,196,144,225 due to the failure to make adjustments with retrospective effect and the after tax profit for the year under review had been overstated by that amount.

#### 2.2.4 Accounts Receivable and Payable

According to the financial statements, the balances receivable to and payable by the Authority as at 31 December 2013 amounted to Rs. 2,669,820,553 and Rs. 4,867,617,729 respectively. The following observations are made in that connection.

- (a) The balances receivable as at 31 December 2013 from the Defense Services Sector included recoverable balances amounting to Rs. 10,383,625 older than one year.
- (b) The balances receivable as at 31 December 2013, from Shipping Agent debtors referred for legal action included recoverable balances amounting to Rs. 339,119,108 older than one year.
- (c) The balance receivable as at 31 December 2013 from the Government Institutions included recoverable balance amounting to Rs. 2,815,143 old between 01 year to 04 years and recoverable balances amounting to Rs. 38,173,938 older than 05 years.
- (d) Even though advances granted should be settled as early as possible, out of the advances granted to contractors for capital expenditure, the unsettled balance older than 05 years as at 31 December 2013 amounted to Rs. 1,732,070.
- (e) The balance receivable as at 31 December 2013 amounting to Rs. 136,443,949 receivable on account of the electricity consumption of premises given by the Authority for the maintenance of properties and welfare canteens shown under the Non-trade Debtors included a balance of Rs. 3,165,872 older than 05 years.
- (f) The balance receivable as at 31 December 2013 from the lease and rent income from the premises of the Authority given on lease or rent, shown under the non-trade debtors included a recoverable balance of Rs. 48,732,576 older than 05 years.
- (g) The value of the unclaimed goods of the Auction Account not settled as at 31 December 2013 amounted to Rs. 7,132,052 older than 02 years, Rs. 32,510,865 older than 3 years and Rs. 2,254,000 older than 4 years.
- (h) The recoveries of Port damages amounting to Rs. 113,372,891 old between 2 to 4 years and Rs. 276,612,781 older than 5 years had not been settled.

According to the above matters, the debt recovery and debt payment process of the Authority had been at a very weak level. As such, the possibility of the situation would not adversely affect the liquidity of the Authority cannot be ruled out.

#### 2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with the following laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules, Regulations, etc.,		Non – compliance	
(a)	Inland Revenue Act, No. 38 of 2000 – Section III (a)		Even though the Pay As You Earn Tax on the salaries and other earnings of the Officers of the Sri Lanka Ports Authority should be paid from their personal salaries, the Pay As You Earn Taxes of 6 years from the year 2008 to the year 2013 totaling Rs. 2,395 million had been paid from the Fund of Authority.
(b)	Public Administration Circular No. 14/2008 of 26 June 2008	(i)	A monthly advances at the rate of Rs. 40,000 had been paid contrary to the circular to 32 officers who are not entitled to official motor vehicles. The total allowance so paid up to the end of the year under review amounted to Rs. 15,360,000.
		(ii)	Instead of the monthly allowance of Rs 30,000 an allowance of Rs. 40,000 per officer had been paid contrary to the circular to 5 officers who are entitled to official motor vehicles. The overpayment amounted to Rs. 600,000.

		(iii)	Fuel ranging from 150 to 180 litres had been supplied contrary to the circular for the private motor vehicles of 20 officers who are not entitled to official motor vehicles. The value of fuel supplied during the year under review alone amounted to Rs. 13,487,480.
		(iv)	Even though fuel had been supplied for the private motor vehicle of an officer of the Sri Lanka Ports Authority, she had used pool motor vehicles for traveling between the office to the private residence.

### 3. Financial Review

#### 3.1 Financial Results

According to the financial statements presented the operations of the Group for the year under review had resulted in a pre-tax net profit of Rs. 1,625.3 million as compared with the corresponding pre-tax net profit of Rs. 3,612.6 million from the operations of the preceding year. Accordingly, the pre-tax net profit for the year under review as compared with the preceding year had deteriorated by a sum of Rs. 1,987.3 million.

#### 3.2 Analytical Financial Review

The statistical information of the Group for the year under review and the three preceding years is given below.

	Year			
	2013	2012	2011	2010
Net Profit per Metric Tonne Rs.	67.22	61.59	3.13	(28.48)
Total Income Rs. Million	35,240	35,526	31,287	28,506
Total Expenditure Rs. Million	33,615	31,913	30,965	29,702
Pre-tax Profit / (Los) Rs. Million	1,625	3,613	329	(1,196)
Income Tax Rs. Million	1,198	(1,185)	(207)	157
After Tax Rs. Million Net Profit / (Loss)	2,823	2,478	122	(1,032)

Several material ratios and percentages of the Group for the year under review and the three preceding years are given below.

	Year			
	2013	2012	2011	2010
After Tax Profit/(Loss) to Turnover – Percentage	7.59	11.16	0.39	(3.62)
Equity Capital to Long Term Borrowings- Percentage	2.29	1.79	1.55	1.33
Turnover to Non-current Assets - Ratio	0.12	0.15	0.14	0.14
Working Capital Ratio	1:2.48	1:2.25	1:1.19	1:1.34
Quick Ratio	1:2.39	1:1.06	1:0.78	1:1.13
Borrowings Equity Ratio	1:2.46	1:1.89	1:1.64	1:1.21

Even though the Working Capital and Quick Ratios had been at the optimum level, Borrowings Equity Ratio had deteriorated gradually.

### 4. Operating Review

#### 4.1 Performance

Matters observed during the course of an analysis of the statistics and reports on operating activities furnished by the Authority are given below.

## Port of Colombo

### (a) Arrival of Vessels (Number of Vessels)

	Year			Percentage of Increase/ (Decrease) in the year 2013 as compared with the year 2012	Percentage of Increase / (Decrease) in the year 2012 as compared with the year 2011
	2013	2012	2011		
	Number of Vessels				
Container	3,142	3,092	3,187	1.61	(2.9)
Conventional	38	52	68	(26.92)	(23.5)
Other	487	726	869	(32.92)	(16.4)
	<b>3,667</b>	<b>3,870</b>	<b>4,124</b>	<b>(5.24)</b>	<b>(6.2)</b>

The arrival of vessels in the Port of Colombo during the year under review, as compared with the year 2012 had decreased by 5.24 per cent.

### (b) Arrival of Container Vessels

	Year			Percentage of Increase/ (Decrease) in the year 2013 as compared with the year 2012	Percentage of Increase / (Decrease) in the year 2012 as compared with the year 2011
	2013	2012	2011		
	Number of Vessels				
Sri Lanka Ports Authority	2,084	1,972	2,103	5.67	6.23
South Asia Gateway Terminal Company	1,011	1,120	1,084	(9.73)	3.32
Colombo International Con- tainer Terminal Company	47	-	-	-	-
	3,142	3,092	3,187	1.62	(2.98)

The arrival of container vessels to the Ports Authority during the year under review as compared with the year 2012 had increased by 112 or 5.67 per cent. As compared with that the arrival of vessels to the private company operating as a competitor in the Port of Colombo had decreased by 9.73 percent or 109 vessels.

### (c) Container Handling (Twenty Equivalent Units)

	Year			Percentage of Increase/ (Decrease) in the year 2013 as compared with the year 2012		Percentage of Increase /(Decrease) in the year 2012 as compared with the year 2011	
	2013	2012	2011				
	Number of containers			Quantity	Percentage	Quantity	Percentage
<b>Port of Colombo</b>							
Local	1,031,977	1,020,255	1,046,886	11,722	1.15	(26,631)	(2.54)
Reshipment and Repackaging	3,274,229	3,166,865	3,216,001	107,364	3.39	(49,136)	(1.52)
	<b>4,306,206</b>	<b>4,187,120</b>	<b>4,262,887</b>	<b>119,086</b>	<b>2.84</b>	<b>(75,767)</b>	<b>(1.77)</b>

The total container and goods handling of the Port of Colombo in the year under review as compared with year 2012, had increased by 2.84 per cent.

	Year			Percentage of Increase / (Decrease) in the year 2013 as compared with the year 2012	Percentage of Increase / (Decrease) in the year 2012 as compared with the year 2011
	2013	2012	2011		
	Number of Containers				
Sri Lanka Ports Authority					
Local	676,937	665,291	647,482	1.75	2.75
Re-export	1,779,882	1,584,985	1,583,195	12.29	0.11
Other	45,044	66,573	68,769	(32.34)	(3.19)
Total	2,501,863	2,316,849	2,299,446	7.98	0.75
South Asia Gateway Terminal					
Local	341,510	354,964	399,404	(3.79)	(11.12)
Re-export	1,385,552	1,479,782	1,540,633	(6.36)	(3.94)
Other	19,740	35,525	23,404	(44.43)	51.79
Total	1,746,802	1,870,271	1,963,441	(6.60)	(4.74)
Colombo International Container Terminal					
Local	13,530	-	-	-	-
Re-export	42,683	-	-	-	-
Other	1,328	-	-	-	-
Total	57,541	-	-	-	-
Grand Total	4,306,206	4,187,120	4,262,887		

- (i) According to a comparison of the containers and goods handed by the Sri Lanka Ports Authority in the Port of Colombo, an improvement of 0.75 percent had been achieved in the year 2012 as compared with the year 2011 while an improvement of 7.9 per cent had been achieved in the year 2013 as compared with the year 2012. The competitive private institution had reported deterioration of 4.74 percent in the year 2012 as compared with the year 2011 and 6.6 percent in the year 2013 as compared with the year 2012. Nevertheless, that institution had handled nearly 40 percent of the total container handling in the Port of Colombo.
- (ii) Sri Lanka Ports Authority receives a higher income from the port charges collected on resh Shipments and repackaging and as such greater attention should be paid further to get a much larger share of resh Shipment handling by the Sri Lanka Ports Authority.

**(d) Cargo Handling (Metric Tonnes)**

Type of vessel	2013 Metric Tonnes	2012 Metric Tonnes	2011 Metric Tonnes	Percentage of Increase/(Decrease) in the Year 2013 as compared with the year 2012	Percentage of Increase/(Decrease) in the year 2012 as compared with the year 2011
Container	56,195,460	53,504,467	54,108,976	5.0	(1.11)
Other	7,286,492	8,165,087	7,906,369	(10.7)	3.27
<b>Total</b>	<b>63,481,952</b>	<b>61,669,554</b>	<b>62,015,345</b>	<b>2.93</b>	<b>(.55)</b>
<b>According to Institutions</b>					
Sri Lanka Ports Authority	35,013,312	32,128,290	31,587,516	8.97	1.71
South Asia Gateway Terminal Company	23,551,366	24,802,379	25,996,790	(5.04)	(4.59)
Ceylon Petroleum Corporation	4,172,208	4,738,885	4,431,039	(11.95)	6.9
Colombo International Container Terminal Company	745,066	-	-	-	-
<b>Total</b>	<b>63,481,952</b>	<b>61,669,554</b>	<b>62,015,345</b>	<b>2.93</b>	<b>(.55)</b>

Comparison of cargo handling in metric tonnes indicates that the Sri Lanka Ports Authority had achieved an improvement of 1.7 percent in the year 2012 as compared with the year 2011 and an improvement of 8.97 per cent in the year 2013 as compared with the year 2012. Nevertheless, a private company had reported deterioration of 4.59 percent in the year 2012 as compared with the year 2011 and 5.04 percent in the year 2013 as compared with the year 2012.



**(e) Containerized Gross Tonnage Handled average per vessel**

	2013	2012	2011
Sri Lanka Ports Authority	37,887	36,836	33,994
South Asia Gateway Terminal Company	37,417	38,976	37,643
Colombo International Container Terminal Company	57,319	-	-

The containerized cargo handled per vessel by the Sri Lanka Ports Authority during the year under review had been 37,887 gross tonnes and the cargo handled per vessel by a private company had been 37,417 tonnes. Accordingly, the cargo handled per vessel by the private company had been lesser than that of the Authority by an average of 470 tonnes. Nevertheless, the private company had made a force competition to the Authority. Similarly, another private company had handled 57,319 tonnes of cargo per vessel and the container handling of vessels with higher capacity arriving in the Port of Colombo had been referred to that company.

**(f) Average Handling of Cargo per Vessel (Twenty Equivalent Units)**

	2013	2012	2011
Sri Lanka Ports Authority	1,200	1,175	1,093
South Asia Gateway Terminal Company	1,728	1,670	1,811
Colombo International Container Terminal Company	1,224	-	-

The number of containers per vessel handled by the Sri Lanka Ports Authority (twenty equivalent units) during the year under review had been 1,200 while the number of containers per vessel handled by the private company (twenty equivalent units) had been 1,728. Accordingly, the handling of containers of the vessels with higher capacity arriving in the Port of Colombo had been referred to a private company.

**Port of Trincomalee****(a) Arrival of Vessels**

	Year			Percentage of Increase / (Decrease) in the year 2013 as compared with the year 2012	Percentage of Increase / (Decrease) in the year 2012 as compared with the year 2011
	2013	2012	2011		
	Number				
Cargo vessels	113	139	114	(18.70)	21.92
Other vessels	21	22	12	(4.5)	5.9
<b>Total</b>	<b>134</b>	<b>161</b>	<b>126</b>	<b>(16.77)</b>	<b>27.77</b>

The arrival of cargo vessels in the year 2013 had decreased by 18.70 percent and the other vessels by 4.5 percent in the year 2013 as compared with the year 2012.

**(b) Cargo Handling (Tonnes)**

	Year			Percentage of Increase / (Decrease) in the year 2013 as compared with the year 2012	Percentage of Increase / (Decrease) in the year 2012 as compared with the year 2011
	2013	2012	2011		
	Number				
Total Unloadings	2,275,794	2,645,965	2,336,672	(13.99)	13.23
Total Loadings	159,460	213,362	236,979	(25.26)	(9.96)
<b>Total</b>	<b>2,435,254</b>	<b>2,859,327</b>	<b>2,573,651</b>	<b>(14.83)</b>	<b>11.10</b>

Even though the unloading of cargo in the year 2012 had increased by 13.23 per cent as compared with the year 2011, loading of cargo had deteriorated by 9.96 percent. The unloading and loading in the year 2013 as compared with the year 2012 had deteriorated by 13.99 percent and 25.26 percent respectively.

## Port of Galle

### Arrival of Vessels and Cargo Handling

	Year			Percentage of Increase / (Decrease) in the year 2013 as compared with the year 2012	Percentage of Increase / (Decrease) in the year 2012 as compared with the year 2011
	2013	2012	2011		
	Number				
Arrival of vessels	36	69	73	(47.8)	(5.47)
Cargo Handling(Tonnes)					
Unloading	199,848	421,665	463,519	(52.6)	(9.02)
Loading	6,692	8	253	-	(96.83)
<b>Total</b>	<b>206,540</b>	<b>421,673</b>	<b>463,772</b>	<b>(51)</b>	<b>(9.07)</b>

The arrival of vessels and the handling of cargo in the year 2013 as compared with the year 2012 had decreased by 47.8 percent and 52.6 percent respectively.

### Magampura Mahinda Rajapaksa Port

#### Vessel Arrivals 2013

Cargo vessels	136
Yachts	03
<b>Total</b>	<b>139</b>

According to the information furnished to audit, 136 cargo vessels and 03 yachts totaling 139 vessels had arrived up to the end of the year under review. A very small number of vessels had arrived at this port over a period exceeding 2 years since the opening of the Port in the year 2010 and as such urgent attention should be paid for taking effective action for attracting vessel arrivals at this port. Even though the Gantry Cranes should be installed expeditiously for speeding up the operations of the port, cranes had not been installed even up to the end of the year under review.

### All Ports

The increase of gross cargo handling of all ports in the year 2011 as compared with the year 2010 had been 3,667,471 metric tonnes and that represented 4.3 percent improvement. The increase of gross cargo handling in the year 2012 as compared with the year 2011 had been 1,631,416 metric tonnes and that represented 1.8 percent improvement.

## 4.2 Management Inefficiencies

The following observations are made.

- The Authority had not included a condition in the lease agreement for the payment of rates by the lessee on the land leased out to a private company on the Build, Operator and Transfer basis and as such the Authority had paid a sum of Rs. 6,776,000 as the rates on the land leased out and the equipment installed on the land in respect of the years 2012 and 2013.
- Even though a sum of Rs. 4,715,000 had been paid to the Maga Neguma Institution for carrying out repairs to the breakwater of the Kankasanthurai Port, no construction work had been done
- Even though the Colombo Port Expansion Project had been scheduled for completion on 31 October 2010, the project implementation period had been expended in two instances since that date. Even though a loan of Rs. 110.78 million obtained from the Asian Development Bank had not been utilized, interest thereon at 1.2 percent had been paid as Commitment Charges and that expenditure had to be spent due to the failure to complete the project within the targeted period.
- Provision for bad and doubtful debts amounting to Rs. 9,827,479 representing 31 percent of the sum of Rs. 31,686,580 receivable as at the end of the year under review from the Shipping Agents of the Port of Trincomalee had been made due to the supply of services without causing prompt recovery of money from the Shipping Agents. Nevertheless, 100 percent provision for bad and doubtful had been made for the receivable from the following Shipping Agents.

Category		Amount Receivable Rs.	Percentage of provisions for bad and doubtful debts	Provision for bad and doubtful debts
01	Shipping Agents not in Operation at present	2,322,036	100	2,322,036
02	Shipping Agents referred for Legal Action	586,981	100	586,981
03	Receivable from Government Departments and Institutions	6,892,826	100	6,892,826
				<b>9,801,843</b>

Provision of Rs. 9,801,843 had been made for bad and doubtful debts but adequate action for the recovery of the money had not been taken.

### 4.3 Operating Inefficiencies

The following observations are made.

- (a) The total container handling capacity of the Authority in the Port of Colombo from the year 2001 to the end of the year 2013 had decreased rapidly from 86 percent to 59 percent. Nevertheless, the container handling capacity of a private company operating as a competitor had achieved rapid increases during that period. The container handling operation of the Authority had gradually decrease as follows in the past 12 years.

Year	Private Company handling Containers in the Port of Colombo	Percentage	Authority	Percentage	Total
2001	229,670	19	1,396,946	81	1,726,616
2002	558,025	32	1,206,694	68	1,764,717
2003	624,439	32	1,334,900	68	1,959,339
2004	899,720	41	1,320,845	59	2,220,565
2005	931,526	38	1,523,794	62	2,455,300
2006	1,335,411	43	1,743,669	57	3,079,078
2007	1,546,497	46	1,834,734	54	3,381,231
2008	1,739,668	47	1,747,670	53	3,687,338
2009	1,749,809	51	1,714,488	49	3,464,297
2010	1,970,268	48	2,167,173	52	4,137,441
2011	1,963,441	46	2,299,446	54	4,262,887
2012	1,870,271	45	2,316,849	55	4,187,120
2013	1,746,802	41	2,501,863	59	4,248,655

Accordingly, the share of the container handling operations, which is a main operation of a port, had ranged between 49 percent to 59 percent during the preceding 05 years. This situation had arisen as a result of the release of more than 06 best deep quays of the Port of Colombo to two private companies on the Build, Operate and Transfer basis for a period of 35 years.

- (b) The number of containers handled per container yard in the Port of Colombo had been 416,976 while the South Asia Gateway Terminal had handled 582,267 containers. That represented 165,291 per terminal over that of the Port of Colombo and amounted to 40 percent of the number handled by the Port of Colombo.
- (c) The average number of containers handled per Gantry Crane had been 108,776 in respect of the Sri Lanka Ports Authority while the units in respect of the South Asia Gateway Terminal Company had been 145,576. Accordingly, each Gantry Crane of the South Asia Gateway Terminal Company had handled 36,791 containers more than the Ports Authority. That represented 34 percent excess over the average of handling done by the Authority.
- (d) The continuous losses incurred by the Ports of Trincomalee and Galle had been due to the very poor level of handling operations and the lesser number of vessel arrivals. Even though the losses incurred in the past years had been decrease to Rs. 47 million in the year 2012 it had increased to Rs. 96 million in the year under review.

Year	Loss Rupees Million	
	Port of Trincomalee	Port of Galle
2007	405	275
2008	379	279
2009	319	399
2010	383	345
2011	318	147
2012	240	47
2013	232	96

- (e) The construction of the Magampura Mahinda Rajapaksa Port had commenced in the year 2008 and the First Stage thereof had been completed in November 2010. A sum of Rs. 105,109 million including a loan of Rs. 98,079 million from the Exim Bank of the People's Republic of China had been spent on the First and Second stages of the construction of the Port. As the Gantry Cranes had not been installed in the port constructed, containers could not be handled and due to that reason, the arrivals at the Port had been mostly limited to the vessels transporting motor vehicle. It was not possible to ascertain whether an adequate income had been earned from the operations of the Port.

But sums of Rs. 2,208 million at Rs. 2,479 million had been paid in the year 2012 and the year under review respectively as the interest on the above loans.

- (f) Even though the Oluvil Port constructed from a loan of Rs. 6,029 million obtained from a Danish Lending Institutions and a sum of Rs. 444 million contributed by the Sri Lanka Ports Authority had been opened in the latter half of the year under review, not even a single vessel had arrived at the port up to the date of issuing this report. The reason for that is only the small vessels that can be berthed up to a depth of 8 meters. However, the operating expenses of the Oluvil Port for the year under review amounted to Rs. 72,342,554.

#### 4.4 Transactions of Contentious Nature

The following observations are made.

- (a) The services of the Authority had been executed through Sri Lanka Ports Management and Consultancy Services Company deviating from the Procurement Procedure. An additional expenditure of Rs. 22,594,876 had been incurred as the commission.
- (b) The Authority together with the Asian Development Bank had spent a sum of Rs. 1,199 million on a Consultancy Service Contract for the Colombo Port Efficiency and Expansion Project under Asian Development Bank Aid. The implementation of the proposal had been abandoned after spending a sum of Rs. 399 million out of that on the improvement of the efficiency of the Colombo Port.
- (c) The shares valued at Rs. 141,632,944 receivable for the cranes transferred to the South Asia Gateway Terminals Company had not been received and that had been brought to account as shares receivable.
- (d) Out of the advances of Rs. 5,000,000 granted to a Trade Union affiliated to a political party, the unsettled balance as at the end of the year under review amounting to Rs. 4,499,996 had been disclosed as advances for capital constructions.
- (e) Even though the transport/exchange of containers among the terminals had been given to a private container transport company, the Sri Lanka Ports Management and Consultancy Company had with the consent of the Sri Lanka Ports Authority, entered into an agreement with another private company of container transport for the transport of containers. As the opportunity provides for the transport of containers had been deprived of contrary to the agreement the risk of paying compensation had arisen as the former company contracted by the Sri Lanka Ports Authority had filed a case in District Court. In such circumstances a provision of Rs. 276 million for compensation payable had been made in the accounts of the Sri Lanka Ports Authority.

#### 4.5 Uneconomic Transactions

The following observations are made.

- (a) Even though a sum of Rs. 71,197,529 had been spent in the year under review for the maintenance of the fully equipped Oluvil Nautical Institute, no courses whatsoever had been conducted by the Institute.
- (b) Even though a sum of Rs. 2,000,000 had been invested in the year 2008 on 200,000 shares of Lanka Coal Company, no return whatsoever had been received by the Authority even up to the year under review.
- (c) The Authority had incurred gross losses amounting to Rs. 18,720,471 and Rs. 35,700,092 in the years 2012 and 2013 from the sale of scrap iron below the market value through the Sri Lanka Ports Management and Consultancy Company without calling for bids.



#### 4.6 Identified Losses

The following observations are made.

- (a) Even though a sum of Rs. 67,233,290 should have been recovered as stores/ground rent according to the Ports Tariff for the retention of 04 boats of 3,515 Cubic meter brought in by Shipping Agents for reshipment for 112 days inside the Port of Colombo, the Authority had incurred a financial loss of Rs. 55,213,465 as the Senior Executive Officers of the Port Operations Division had under computed the charges erroneously.
- (b) In view of the weaknesses in the recovery of charges due to the Authority, a sum of Rs. 105,491,135 that remained receivable in respect of the years 2006 to 2009 had been written off from the accounts without the approval of the Treasury.
- (c) The total sum of Rs. 5,659,734 receivable in respect of the years 2007 to 2009 for the services supplied by the Authority for a vessel maintained on commercial basis by the Defense Services had been written off against income without the approval of the Treasury.

#### 4.7 Idle and Underutilized Assets

Even though the Authority had purchased 02 Level Luffing Portal Cranes at a cost of Rs. 444,008,467 in the year 2008 and those cranes had been idling without being used as the rails to operate the cranes had not been laid. Even though the rails were laid for the track after this matter was pointed out in audit, cranes had not been operated for handling nautical goods. The Authority had not carried out a feasibility study on the need for these cranes.

### 5. Accountability and Good Governance

#### 5.1 Corporate Plan

The following observations are made.

- (a) According to the Vision of the Authority it had been stated that the Port will be made the best ship handling port in Asia by the year 2015. Nevertheless, a comparison of the data on the financial position of the Authority, Handling of container operations and arrival of Vessels with the preceding years indicates that adequate steps had not been taken for enhancing the efficiency.
- (b) Even though the development of the Port of Galle as a regional port and the development as an alternative port for the handling of commercial cargo handled by the Port of Colombo had been shown under the objectives of the Authority, according to the data of the years 2008 to the year under review, the port of Galle had been incurring losses continuously due to the decrease in the arrival of vessels at the Port.

### 6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following arrears of control.

- (a) Accounting
- (b) Debtors / Creditors Control
- (c) Investment
- (d) Stock Control
- (e) Assets Control



W P C Wickramaratne  
Acting Auditor General

# CORPORATE» INFORMATION

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**Name**

Sri Lanka Ports Authority

**Statutory Status**

The SLPA was established on the 1st August, 1979 with the amalgamation of the Colombo Port Commission, the Port (Cargo) Corporation, the Port Tally and Protective Services Corporation under the provisions of Parliament Act No. 51 of 1979.

**Our Corporate Values**

The SLPA is one of the major contributors to the economy of Sri Lanka. As a key revenue earning and service providing agency, the role of the SLPA is linked directly to the excellence of its delivery services. In this regard, the value system of the Authority is the basis for the success of its operational relationship with the stakeholders. These values could be categorized under the following.

- Dependability
- Timeliness & Accuracy
- Accountability for Achievement
- Team Spirit
- Commitment
- Reward & Recognition
- Performance with integrity

It will be the responsibility of the Chairman/Chief Executive Officer, the Managing Director and other Senior Management staff to inculcate the above values at all levels of the Authority.

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People's Bank  
Hatton National Bank

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