



# MOVING THE WORLD

SRI LANKA PORTS AUTHORITY | ANNUAL REPORT 2019





# MOVING THE WORLD

The Sri Lanka Ports Authority (SLPA) is proud to continue in our tradition of exceptional performance with yet another outstanding year. Ranking 22nd in the worldwide Cargo Ports Index for the second time running bears witness to our commitment in providing professional, high quality services across the board. We also recorded the highest numbers of containers and transshipments this year, propelling our vision of establishing SLPA as a global logistics hub. Implementation of advanced technology and developments in operational systems has meant that we have been better able to cater to international markets, further expanding our reach and business opportunities.

This year has solidified SLPA's presence globally, exceeding expectations and enabling us to deliver on our promises, proving our strength as a resilient force in moving the world.



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# Strategic Directions

## Vision

“To be the driving agency of Sri Lanka to achieve the status of a global maritime and logistics hub.”

## Mission

“To provide world-class port facilities and logistics services to all stakeholders and contribute to national economic development.”

# Our Corporate Goals

The SLPA will move forward to achieve following seven (07) goals during the planned period of 2019-2021:

1. Build a Smart Port by improving the capacity of infrastructure and superstructure with modern technology and Information and Communication Technology (ICT) innovations.
2. Uplift the rank of Port of Colombo to be among the top twenty (20) container ports during the next three years.
3. Enhance the competency of human capital to improve productivity, quality and performance of SLPA.
4. Promote co-operation of all port communities, shipping agencies and government organisations to strengthen and build a positive business relationship.
5. Increase the customer base, business volume and the turnover to achieve maximum value at a minimum cost.
6. Develop organisational specific governance framework, systems and procedures.
7. Achieve a Green and Sustainable Status for Port of Colombo adopting United Nations Sustainable Development Goals (UNSDGs).



# Our Corporate Strategies

Our corporate strategies to achieve corporate goals and long-term objectives are:

## Market Penetration Strategy

This strategy seeks to increase market share for existing port services in existing markets through more significant efforts in development, operation and marketing.

This strategy includes

- Transshipment Hub Strategy
- Logistics Hub Strategy
- Green and Sustainable Port Strategy

## Product/Service Development Strategy

This is a strategy for SLPA to increase revenue by improving or by modifying present products and /or port services.

## Related Diversification Strategy

SLPA will expand its operations beyond current markets and services but is still operating within the capabilities of existing value networks.

## Co-operative Strategy

The co-operative strategy is to gain a competitive advantage within the maritime and logistics industry by working with other firms. Following types of co-operative strategies could be used:

- A strategic alliance
- Mutual service consortia
- Public-Private Partnership

## Outsourcing Strategy:

SLPA chooses to outsource its identified functions for the following reasons:

- Cost-effectiveness
- To focus more on its core business
- To provide quality service to customers

SLPA will employ different divisional and operational strategies to achieve short and long-term objectives based on corporate goals and strategies.



# Our Guiding Principles

Guiding principles are the co-values which could apply to unify port activities and maintain consistency in decision making.

## **Sustainability**

Sustainable development is the central focus of all port activities.

## **Green Port**

Environmental stewardship is the lens through which activities in all ports are conducted.

## **Innovation**

Adopt modern business development models to achieve strategic goals.

## **Entrepreneurship**

Seek opportunities to leverage cross-business line benefits.

## **Networking**

Proactively communicate and develop valuable partnerships with multiple stakeholders.

## **Productivity**

Optimise SLPA assets, investment and resources.

## **Informatics**

Relevant and timely information is fundamental for effective stewardship and decision-making at all levels.

## **Performance Management**

All staff is appropriately aligned with strategic goals and experienced professionals are retained, thereby creating a mutually supportive relationship between management and employees.

## **Profitability**

All activities shall incorporate full financial assessment and ensure survival and growth.

## **Aspirations**

Building a high performing organisation with visionary leadership, accountability and teamwork, and promote innovative ideas in all aspects of the ports' business.

## **Integrity**

Conduct ourselves in all situations in an ethical, honest and professional manner to deliver high-quality services at a competitive price.

## **Co-operation**

Strive to create an open and hospitable environment to foster collaborative, productive and personal relationships.



# About The SLPA



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

Section 6(1) of the SLPA Act defines its objects and duties thus:

- 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 of search lights on and off the coast of Sri Lanka and other means for the guidance and protection of vessels as 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 enterprises 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.

# Operational Highlights

## Ship Arrivals (All Ports)

Description	2018	2019	Variance (%)
Port of Colombo	4,331	4,198	-3.1
Port of Galle	84	43	-48.8
Port of Trincomalee	189	142	-24.9
KKS, Myliddy, PP & Karainagar	59	11	-81.4
Port of Hambantota	270	314	16.3
<b>Total</b>	<b>4,933</b>	<b>4,708</b>	<b>-4.6</b>

## Container Throughput (TEUs) of Port of Colombo

Description	2018	2019	Variance (%)
Sri Lanka Ports Authority (SLPA)			
Imports	174,671	147,738	-15.4
Exports	154,142	126,996	-17.6
Transshipment	1,965,987	1,999,598	1.7
Re-stowing	9,734	8,286	-14.9
<b>Total</b>	<b>2,304,534</b>	<b>2,282,618</b>	<b>-1.0</b>

## South Asia Gateway Terminals (SAGT)

Imports	190,018	189,868	-0.1
Exports	189,921	211,313	11.3
Transshipment	1,644,336	1,593,234	-3.1
Re-stowing	42,483	57,738	35.9
<b>Total</b>	<b>2,066,758</b>	<b>2,052,153</b>	<b>-0.7</b>

## Colombo International Container Terminal (CICT)

Description	2018	2019	Variance (%)
Imports	303,713	298,604	-1.7
Exports	330,784	298,813	-9.7
Transshipment	1,992,035	2,209,228	10.9
Re-stowing	49,662	86,921	75.0
<b>Total</b>	<b>2,676,194</b>	<b>2,893,566</b>	<b>8.1</b>

## Port of Colombo

Imports	668,402	636,210	-4.8
Exports	674,847	637,122	-5.6
Transshipment	5,602,358	5,802,060	3.6
Re-stowing	101,879	152,945	50.1
<b>Total</b>	<b>7,047,486</b>	<b>7,228,337</b>	<b>2.6</b>

## Cargo Throughput (All Ports)

Description	2018	2019	Variance (%)
<b>Total Cargo Throughput (MT Mn)</b>	<b>105.0</b>	<b>107.0</b>	<b>1.9</b>

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

Description	2018	2019	Variance (%)
Containerised	15,533	15,942	2.6
Break Bulk	679	659	-2.9
Dry Bulk	2,826	2,527	-10.6
Liquid Bulk	5,929	5,770	-2.7
<b>Total</b>	<b>24,967</b>	<b>24,898</b>	<b>-0.3</b>

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

Description	2018	2019	Variance (%)
Containerised	13,547	12,851	-5.1
Break Bulk	13	9	-30.8
Dry Bulk	0	0	-
Liquid Bulk	690	564	-18.3
<b>Total</b>	<b>14,250</b>	<b>13,424</b>	<b>-5.8</b>

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

Description	2018	2019	Variance (%)
Containerised	29,080	28,793	-1.0
Break Bulk	692	668	-3.5
Dry Bulk	2,825	2,527	-10.5
Liquid Bulk	6,619	6,334	-4.3
<b>Total</b>	<b>39,216</b>	<b>38,322</b>	<b>-2.3</b>

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

Description	2018	2019	Variance (%)
Discharged	2,951	2,881	-2.4
Loaded	609	423	-30.5
<b>Total</b>	<b>3,560</b>	<b>3,304</b>	<b>-7.2</b>

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

Description	2018	2019	Variance (%)
Discharged	729	510	-30.0
Loaded	0	0	-
<b>Total</b>	<b>729</b>	<b>510</b>	<b>-30.0</b>

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

Description	2018	2019	Variance (%)
Discharged	18	3	-83.3
Loaded	0	0	-
<b>Total</b>	<b>18</b>	<b>3</b>	<b>-83.3</b>

Port of Hambantota (In Thousand Tonnes)

Description	2018	2019	Variance (%)
Discharged	344	803	133.4
Loaded	150	436	190.7
<b>Total</b>	<b>494</b>	<b>1,239</b>	<b>150.8</b>

Total Number of Employees

Description	2018	2019	Variance (%)
Port of Colombo	8,948	8,975	0.3
Port of Trincomalee	400	400	0.0
Port of Galle	362	384	6.1
<b>Total</b>	<b>9,710</b>	<b>9,759</b>	<b>0.5</b>

Ship Arrivals

4,708

4,933 - 2018

All Ports

Container Throughput (TEUs)

7,228,337

7,047,486 - 2018

Port of Colombo

Total Revenue (Rs. Million)

54,635.9

52,282.9 - 2018

Sri Lanka Ports Authority



Container Throughput (TEUs) - Port of Colombo

2.6%



Total Revenue - SLPA

4.5%



# Financial Highlights

## All PORTS

Description	2018 (Rs. Million)	2019 (Rs. Million)	Variance (%)
<b>Revenue and Expenditure</b>			
<b>Total Revenue</b>	52,282.9	54,635.9	4.5
<b>Expenditure</b>	(30,013.4)	(37,467.6)	(24.8)
Profit/(Loss) before Foreign Loan Interest and Foreign Exchange Gain /(Loss)	<b>22,269.5</b>	<b>17,168.3</b>	<b>(22.9)</b>
<b>Foreign Loan Interest</b>	(2,256.6)	(2,371.6)	(5.1)
<b>Foreign Exchange Gain/(Loss)</b>	(11,316.8)	1,358.6	112.0
Profit/(Loss) Before Tax & After Foreign Exchange Gain /(Loss)	<b>8,696.1</b>	<b>16,155.4</b>	<b>85.8</b>
<b>Taxes</b>			
Income Tax	-	(3,485.8)	(100.0)
Deemed Dividend Tax	-	-	-
Differed Tax	(4,448.9)	(423.3)	90.5
Contribution to Consolidated Fund	-	(600.0)	(100.0)
Net Profit/(Loss) After Provision for Taxes	<b>4,247.2</b>	<b>11,646.3</b>	<b>174.2</b>
<b>Balance Sheet</b>			
Non-Current Assets	383,737.3	388,789.4	1.3
Current Assets	57,639.5	68,744.9	19.3
Current Liabilities	17,519.2	27,760.1	(47.0)
Equity and Other Capital	7,591.4	7,591.4	-
Reserves and Provisions	302,629.6	318,369.5	5.2
Non-Current Liabilities	113,636.6	105,813.4	6.9
<b>Ratios</b>			
Operating Profit to Revenue	38.5	28.0	
Annual Revenue Growth	18.9	4.5	
Return on Capital Employed	6.4	4.5	

## Our Ministers



**Johnston Fernando**  
Hon. Minister of Ports and Shipping



**Kanaka Herath**  
Hon. State Minister of Ports Development Affairs

# Chairman's Review



General R M D Ratnayake  
Chairman

In 2019 we recorded the highest-ever annual container throughput at the Port of Colombo, reaching 7.2 million TEUs which is slightly higher than the previous year. Indeed, our firm and intense efforts have not gone unrecognised.

## Overview

I am pleased to present the Annual Report and the Financial Statements of SLPA for the year 2019. It has been a challenging year and yet we achieved some important milestones. The Port of Colombo was ranked 22nd globally in terms of annual container throughput, as measured by Alphaliner magazine. In 2019 we recorded the highest-ever annual container throughput at the Port of Colombo, reaching 7.2 million TEUs which is slightly higher than the previous year. Indeed, our firm and intense efforts have not gone unrecognised. We were humbled by the commendations we received from the Global Ports Forum (GPF) presenting us two awards in 2019: 'Port Infrastructure Developer of the Year' and 'Ports Authority of the Year'.

SLPA has recorded an Operating Profit of Rs.15 billion in the year 2019 compared to Rs.20 billion in the year 2018. The gross revenue of 2019 was Rs.55 billion as compared to Rs.52 billion in 2018.

#### Financial Performance for the year 2019

SLPA has recorded an Operating Profit of Rs.15 billion in the year 2019 compared to Rs.20 billion in the year 2018. The gross revenue of 2019 was Rs.55 billion as compared to Rs.52 billion in 2018 - an increase of Rs.3 billion. Total expenditure before tax, foreign loan interest and foreign exchange gain/loss remained at Rs. 37 billion in 2019, whereas in 2018 expenditure stood at Rs.30 billion, reporting an increase of 23%. During the year 2019, the cost of foreign loan interest has been increased by 5.10% compared to the previous year. Foreign exchange gain for the year 2019 was indicated as Rs.1 billion compared to a foreign exchange loss of Rs. 11 billion in 2018. Net profit after provision for taxes is Rs. 11.6 billion compared to Rs.4.2 billion in the year 2018.

#### Port Operations and Logistics Performance

The Port of Colombo recorded the highest-ever container throughput in the year 2019, with contributions from JCT, SAGT and CICT of 2.28 million TEUs, 2 million TEUs and 2.89 million TEUs respectively. Notably, 374 container ships exceeding the draught of 14.25m have called at Port of Colombo in the year 2019 and considering the importance of this development, the Management has taken measures to speed up the commencement of the operations at East Container Terminal (ECT) to ensure that no opportunity is missed.

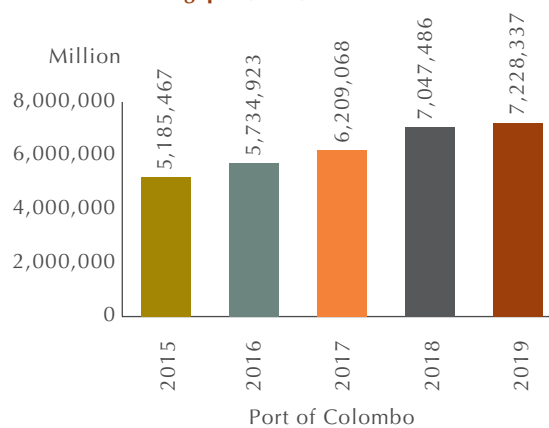
A comparison of ship arrivals in 2019 against 2018 indicates a decrease of 3.1%, while conventional cargo ship arrivals increased by 51.0%. Ships calling for other services such as bunkering, repairs, ship chandelling etc. have increased by 17.1%, giving indications of the requirements to facilitate the activities as a service hub at the Port of Colombo.

During the year 2019, 128,337 TEUs of FCL container were directly delivered and 28,580 TEUs of LCL Containers and 919 TEUs of full transshipment containers (Total 29,499 TEUs) were handled at SLPA. De-stuffing all LCL containers within 48 hours is the main Key Performance Indicator (KPI) in the Logistics Division and it was maintained within the range of 24 hours to 72 hours. The Cargo Management System (CMS) was fully implemented in the CFS I warehouse whereas the BQ warehouse complex has commenced testing on it.

#### Human Resource Development

Our human capital development strategy focus is to create a beneficial environment for individual employee needs while achieving organisational goals. SLPA recognises that employees are key to our achievements; we will not grow and expand without an engaged, safe,

#### Container Throughput (TEUs) 2015 - 2019



well-trained workforce. We attract and retain the right people, with the right experience and attitude, and place them in the right positions. We ensure that all our employees are treated equally and fairly. State-of-the-art technology is used to provide better facilities to all port employees such as Human Resource Information Systems (HRIS). As the training wing of SLPA, Mahapola Port and Maritime Academy (MPMA) provides diverse training programmes to all levels of our employees, to infuse new skills and competencies. MPMA has provided approximately 35 awareness programmes for our employees during 2019. Moreover, SLPA provides a safe and healthy work environment for its employees under accepted best practices such as ISPS. We encourage our employees to participate in various sports, annual gathering activities etc., by encouraging them to work as a team.

#### Information Technology towards a Smart Port

SLPA has concentrated on creating a competitive edge by deploying innovative e-initiatives and strategic IT systems to improve productivity and provide uninterrupted services to port users. Some of the major projects such as Container Terminal Management System (CTMS), Finance, Inventory & Procurement System (Oracle e-Business Suite) and Electronic Port Permit System (EPPS) are currently in operation and some of them have been strengthened with upgraded versions. A new version of CTMS has commenced with more functionality and cutting-edge technologies, such as enhanced EDI process, automated delivery of EDI files, automated Agent Invoicing, automatic data transfer between other terminals etc. While gaining the value of upgraded Oracle E-Business Suite, now we are in the process of integration with Banks via Lanka Clear - LPOPP to facilitate secure channels for SLPA stakeholders. The upgraded EPPS is now in the process of automating

## Chairman's Review

payments and submitting document processes, while automation of Navigational and Break-bulk billing processes is underway.

### Future Developments

SLPA, as a growing Port to cater to Very Large Container Carriers and to sustain the requisite growth, needs to set strategies to guide its program development, build a solid financial foundation and prepare for challenges that lie ahead. In other words, SLPA is now preparing its strategic masterplan for 2021-2025, which outlines the future of the Port and the initial steps required to achieve that future, which includes goals and objectives, strategic options, desired outcomes, business plan and reporting mechanisms, and review and control mechanisms along with the National Port Master Plan and Corporate Plan of SLPA.

Steps are being taken to develop infrastructure and superstructure facilities within the Port of Colombo under an accelerated programme by SLPA. Many development programmes that were implemented previously were accelerated to provide a better service for the users of the Colombo Port. Construction of the ECT extension of the Phase – V of the JCT, upgrading of equipment of JCT, the establishment of new Logistic Centres for MCC and LCL etc. are underway. The UCT, Prince Vijaya Quay (PVQ), Guide Pier (GP) and Bandaranayake Quay are being improved to operate conventional cargo. Significantly, the development of a cruise terminal, establishment of a multi-model interchange, a logistics centre, a shipping and maritime centre building, and consultancy service for the feasibility study for the Colombo North Port Project is also in progress.

The development of the West Container Terminal (WCT) is expected to accelerate, considering the insufficient capacities for deepwater terminals at the Port of Colombo, with growing demand along the East-West route. This is a vital requirement to position the Port as a regional transshipment hub in the Indian Sub-Continent. Further, preliminary studies are being conducted to establish the LNG terminal at the Port of Colombo to cater to the future power requirement of the country sustainably. Moreover, with the implementation of the IMO Sulphur Cap 2020, having LNG bunkering facilities at Port of Colombo will increase the competitiveness of the port.

### Marketing and Business Development

SLPA's future success is reliant on the continuation and development of its relations with current and potential customers. We work closely with customers and stakeholders of the Port on different levels through regular dialogue to understand their needs and develop facilities and services to meet their requirements. In the year 2019, we inked one new agreement and renewed three more agreements with main lines. The year also added one mainline and feeder line service to SLPA.

### Conclusion

Reflecting on 2019, the management and initiatives we have taken resulted in a robust financial performance and profitability of the organisation. We have performed well in terms of operations and logistics - with many areas still left for development. SLPA has given



the highest importance to developing its own workforce through training and development while ensuring the organisation is equipped with the latest technology. SLPA has looked into growth opportunities within the maritime sector, capacity enhancements through the quick commencement of the deep-draft ECT and better physical infrastructure such as enhanced connectivity through road networks. This will further enable us to consolidate our position on the world maritime map in the future.

We cannot accomplish any of our ambitious plans without the commitment and dedication of the diversified group of individuals serving the Port of Colombo in different positions and responsibilities. On behalf of the SLPA, I would like to express my sincere gratitude to the Honourable Minister of Ports and Shipping, the Honourable State Minister, the Secretary to the Ministry, the Ministry officials, SLPA Management and the Board of Directors for the tremendous assurance, encouragement and guidance given to us. I would like to thank the staff and employees of SLPA, SAGT and CICT for their dedication and support given throughout this successful journey in the year 2019. While thanking our valuable customers, partners and other stakeholders, we pledge to continue investing in and upgrading our facilities, services and contribution so that we can serve with the uppermost standards of quality. Together we can achieve greater heights - as a strong pillar of the national economy.

Looking forward to everyone's continuous support and engagement for the future years to come.

A handwritten signature in black ink, appearing to read 'Ratnayake'.

General R M D Ratnayake  
Chairman



# Board of Directors



**General R M D Ratnayake (Retd)**  
WWV RWP USP ndu psc  
Chairman



**Capt. Athula Hewavitharana**  
Managing Director



**Mr. H G Sumanasinghe**  
Director



**Mrs. N A A P S Nissanka**  
Director



**Mr. J R U De Silva**  
Director



**Mr. Lakmal Ratnayake**  
Director



**Mr. Chryshantha Kapuwatte**  
Director

## Board of Directors

### **General R M D Ratnayake (Retd) WWV RWP USP ndu psc** Chairman

General Daya Ratnayake was the 20th Commander of the Sri Lanka Army who assumed office on 01 August 2013 and relinquished duties on 21 February 2015. He was enlisted to the Regular Force of the Sri Lanka Army on 06 February 1980 as an Officer Cadet and was commissioned as a Second Lieutenant on 18 July 1981. He excelled in discharging his duties in both Sri Lanka Light Infantry Regiment and Military Intelligence Corps and has taken part in all the major offensive operations against terrorism since 1981 and even sustained battle injuries. His inspiring performances in many arduous operations to protect the sovereignty of the regime have been duly recognised and decorated with more than twenty gallantry and service medals.

At different times in his career, he has attended many courses, seminars and conferences. The span of General Ratnayake's duties boasts more than 36 years and outshines as one of the officers in the Sri Lankan Armed Forces who has pursued many local and overseas graduate study courses including diplomas. Currently, he is reading for his PhD at Kotalawala Defence University.

As an experienced officer, General Daya Ratnayake has held many command appointments on par with the rank and was privileged to command an Infantry Battalion in addition to three Infantry Brigades he commanded, before becoming the General Officer Commanding (GOC) of 23 Division, which kickstarted the Humanitarian Operations in the Eastern province. After termination of the Humanitarian Operations, he was called upon to take charge and rehabilitate 12,000 ex-LTTE combatants after appointing him as Commissioner, General Rehabilitation.

In addition, General Daya Ratnayake has held many key staff, instructor and administrative appointments, such as the Commanding Officer of the Sri Lanka Military Academy, Director Media of the Sri Lanka Army and Military Spokesman for the Ministry of Defence.

General Ratnayake has been a keen athlete since his early school days. After joining the Army, he has carved a niche for himself in the field of sports by creating a string of hitherto unbroken and unmatched records for the Army. He also represented Sri Lanka Army in Rugby and was awarded Army colours in Rugby.

General Daya Ratnayake is a distinguished alumnus of the Kurunegala Maliyadeva College.

### **Capt. Athula Hewavitharana** Managing Director

Capt. Athula Hewavitharana joined SLPA in 1997 as Asst. Harbour Master/Pilot of Port of Galle. In 2004, in addition to the post he was holding, he was appointed as Acting Resident Manager of Port of Galle.

In 2007 he was appointed as Senior Deputy Harbour Master and thereafter was promoted to the position of Harbour Master of Sri Lanka Ports Authority in February 2017. In December 2018 he was promoted to the position of the Managing Director of Sri Lanka Ports Authority.

After his G. C. E. (Advanced Level), he joined the training vessel, 'Eastern Academy', owned by Gulf East Ship Management where he underwent training for 18 months. He obtained his Second Mates from Bombay, India, in 1984 and the Master Class 1 from Sydney, Australia in 1991.

He joined Ceylon Shipping Corporation in 1983 and later sailed with German company "Nord" and Mercantile Shipping. Prior to joining SLPA in 1997, he worked as Mooring Master for Ceylon Petroleum Corporation for a short period.

Capt. Athula Hewavitharana is an Associate Fellow of the Nautical Institute UK. (AFNI)

**Mr. H G Sumanasinghe**

Director

Mr. Sumanasinghe was appointed as the Director-General of the Department of Management Services, General Treasury in 2016. In addition, Mr. Sumanasinghe has also been appointed as a Treasury Representative of SLPA since 2015. Immediately before he was appointed the Director-General - Department of Management Services, he served as the Director-General (HRD) of the Ministry of Finance.

Previously, Mr. Sumanasinghe served as the Import-Export Controller General of the Department of Import and Export. Prior to that, he served in various posts at the General Treasury as an Additional Director General of the Department of Public Finance; as Director of the Department of Project Management and Monitoring; and as an Assistant Director of the Department of External Resources and the Ministry of Finance.

He holds a Bachelor's Degree in Commerce from the Faculty of Management Studies and Finance, University of Colombo, and holds a Master's Degree in Management from the University of Flinders of Australia.

**Mrs. N A A P S Nissanka**

Director

Mrs. Nissanka entered the Government Administrative Service in 1990 now holds the post of Additional Secretary (Social Development), Ministry of Fisheries and Aquatic Resources. She served as an Assistant Commissioner, Corporate Development Department and Divisional Secretary, Mahewa Divisional Secretariat and Nattandiya Divisional Secretariat.

**Mr. J R U De Silva**

Director

Mr. Rohan De Silva has over forty-one years of experience in management in the mercantile and government sector. He is a specialist in shipping, marine and hotel business processes with vast knowledge in the implementation of pioneering ventures and the innovation of professional services.

Mr. De Silva is currently the Chairman of the McLarens Group of Companies, one of the well-recognised diversified conglomerates in Sri Lanka. He holds the title of the Honorary Consul of the Republic of Namibia in Sri Lanka. He is a Director of Sri Lanka Ports Authority and also a member of the Ceylon Association of Ships Agents Advisory Committee.

In the past, he served as a member of the Presidential Task Force to formulate shipping policy; as a Director of Sri Lanka Telecom, Road Development Authority and Airport & Aviation Services (Sri Lanka) Limited. Mr. De Silva also served on the Audit Committee of Airport & Aviation Services (Sri Lanka) Limited. He also served as a member of the Advisory Council on Ports, Shipping and Maritime Affairs of the Ministry of Ports & Shipping, and as a Non-executive / Independent director at HDFC Bank.

He has received several awards recognising his services and contribution to the Sri Lankan Shipping Industry including a special award at the Colombo International Maritime Conference 2015 and special recognition as a 'Shipping Personality', by the Institute of Chartered Shipbrokers, UK – Sri Lanka Branch. He was also awarded the "Central Bank Governor's Challenge Trophy – 2012" for Global Commerce Excellence.

## Board of Directors

### Mr. Lakmal Ratnayake

Director

Mr. Lakmal Ratnayake is an Attorney-at-Law of the Supreme Court of Sri Lanka and a Counsel who is in private practice for over 17 years. He was appointed as a Director of the Sri Lanka Ports Authority in December 2019.

Mr. Ratnayake previously held the post of Chairman of the National Institute of Cooperative Development from 2010 to 2015, and during his tenure as Chairman, he developed the infrastructure of the National Institute of Cooperative Development and upgraded the NICD into a facility of international standard. He represented Sri Lanka at the International Cooperate Alliance General Assemblies held in Cancun Mexico, Manchester United Kingdom and Cape Town South Africa in years of 2011, 2012 and 2013 and also represented the country at the International Cooperate Alliance Conference held in Quebec, Canada in 2014.

He has also held the post of Chairman of the Corporative Wholesale Establishment (C.W.E.) and has represented individuals, cooperate entities both public and private and state institutions as an Attorney, in original and appellate courts as a lead counsel in civil and criminal matters and public law litigation. Besides, he is currently reading for his Masters in Intellectual Property and Commercial Law at the University of West London.

Mr. Ratnayake currently holds key positions as Chairman of the Jaya Container Terminals Limited and Sri Lanka Port Management & Consultancy Services (Private) Limited, Board Member of Hambantota International Port Services Company (Private) Limited, Lanka Coal Company (Private) Limited, Colombo International Container Terminals Limited and Hambantota International Port Group (Private) Limited.

### Mr. Chryshantha Kapuwatte

Director

Mr. Kapuwatte started his career in 1981 as a corporate personality in the mercantile sector and gained further expertise in sales and brand marketing for well over 15 years with some leading multinational exposure. During the latter part of his career, he had the privilege of negotiating a JV partnership with global giants, importation of relevant machinery and equipment, setting up a state-of-the-art milk powder factory, importation of raw materials and starting a brand new distribution operation in Sri Lanka.

Thereafter, he was involved in essential commodity trading, making a change in his career, managing hedging, futures markets, custom bonding, shipping, counter trading, factoring and tendering for highly price-sensitive commodities such as sugar, rice, wheat, edible oils and all types of pulses for over 20 years. He has been the exclusive Indian Government export representative as well as the General Secretary of the Sugar Importers Association of Sri Lanka for more than two decades.

In early 2000s and onwards, Mr. Kapuwatte entered the Government sector in various capacities such as advisor to the Ministry of Youth, Sports, Lands, Military Welfare, Cooperatives and Internal Trade from time to time as well as functioning as a Director of several Trust Funds, Corporations and Government Business Ventures.

He was also the Chairman of the Sports Authority and gathered valuable experience in organising two international mega-events in Sri Lanka, the Asian Athletic Championship and the ICC Championship Trophy in 2004.

Presently, Mr. Kapuwatte is the Assistant Secretary of Sri Lanka Cricket as an elected Executive Board Member. He was involved with organising another international mega tournament, the 'Nidahas Trophy 2017', which generated over an income of over Rs. 1.3 billion for Sri Lanka Cricket.

### Mrs. S A S K Jayasekera

Secretary to the Board

# Management Team and Audit Committee

## Management Team

**General R M D Ratnayake**  
Chairman

**Capt. Athula Hewavitharana**  
Managing Director

**Mr. D U W De Zoysa**  
Additional Managing Director

**Mrs. Shirani Wanniarachchi**  
Director (Finance)

**Mr. P A A Hewageegana**  
Director (Outer Port Projects)

**Mr. D A J I Perera**  
Director (Port Operations)

**Major Gen. Gamini Hettiarachchi**  
Director (Security)

**Mr. Upul Jayatissa**  
Director (Logistics)

**Mr. L Premasiri De Silva**  
Chief Finance Manager

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

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

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

**Mr. G V T Nanayakkara**  
Chief Engineer (Marine)

**Mrs. Aparna Tilakaratne**  
Chief Law Officer

**Miss Kanthi Gunawardena**  
Chief Internal Auditor

**Mr. H M Prabath Jayantha**  
Chief Manager (Logistics)

**Mr. Nirmal de Fonseka**  
Chief Manager (Welfare & IR)

**Mr. J A Chandrarathna**  
Chief Engineer (Mechanical Works)

**Mr. D L R Weerashinghe**  
Chief Manager (CC)

**Mr. M S A Pathirage**  
Chief Engineer (Mechanical Plant)

**Mr. W M Nalin Aponso**  
Chief Manager (Com & PR)

**Mr. P A R D Pathiraja**  
Chief Manager (Supplies & MM)

**Mr. D G R M Pathiwila**  
Chief Engineer (Contract & Design)

**Mr. S S Devapriya**  
Chief Engineer (Civil)

**Mr. K G Dayananada**  
Chief Training Manager

**Mr. Darshaka Perera**  
Chief Manager (Information Systems)

**Capt. K M N P Silva**  
Harbour Master

**Mr. M R M Ramzeen**  
Actg. Chief Human Resource Manager

## Management Team and Audit Committee

### Audit Committee

**Mr. H G Sumanasinghe**  
Chairman

**Mrs. P S M Charles**  
Member

**Mr. Upali D Jayawardena**  
Member

**Mr. D U W De Zoysa**  
Mandatory Participant

**Mrs. Shirani Wanniarachchi**  
Mandatory Participant

**Mr. M D P Thilakasiri**  
Ministry of Ports and Shipping Observer

**Mr. K A A Kulathunga**  
Government Audit The representative of the Auditor General

**Miss Kanthi Gunawardena**  
Convener and Secretary to the Committee

### CHANGES IN SENIOR MANAGEMENT IN 2019

#### Retirements and Resignations

**Dr. D P S Lokuge**, Director (Information Systems) retired from the SLPA, having completed his term.

**Mrs. D G I C Lokuhewage**, Director (Technical) resigned from the SLPA.

**Mr. P Ranatunga**, Director (Human Resource Develop) retired from SLPA.

**Mr. R M A S Rathnayake**, Chief Manager (Administration) retired from SLPA.

**Mr. H.A.N.S. Fernando**, Chief Engineer (Electrical - II) retired from SLPA.

**Mr. W N Jayatissa**, Chief Manager (Conventional Cargo) retired from SLPA.

**Air Cmdr. D C Premaratne**, Chief Security Manager retired from the SLPA, having completed his term.

**Mr. I K Gnanathilaka**, Chief Manager (Container Operations) retired from SLPA.

#### Appointments

**Miss Kanthi Gunawardena** was appointed as the Chief Internal Auditor.

**Mr. L Premasiri De Silva** was appointed as the Chief Finance Manager.

**Mr. Nirmal de Fonseka** was appointed as the Chief Manager (Welfare & IR).

**Mr. M R M Ramzeen** was appointed as the Acting Chief Human Resource Manager.

# Business Development

## International Achievements – Port of Colombo

**Ports Authority of the Year Award by the Global Ports Forum (GPF)**  
SLPA was awarded the Ports Authority of the Year Award for the second consecutive time at the Global Ports Forum (GPF) in 2019 for its dedicated performance to uplift the position of the Port of Colombo on the world maritime map.

## Performance of Ports

### Port of Colombo

Port of Colombo handled 7.2 million TEUs in the year 2019 which was a 2.6% growth compared to 2018. CICT handled 2.89 million TEUs which was an 8.1% growth, JCT handled 2.28 million TEUs while SAGT handled 2.05 million TEUs. The Port of Colombo recorded a 3.6% growth in transshipment containers. The handling of domestic containers decreased by -5.2% compared to the year 2018.

The Port of Colombo could not continue the growth it recorded in 2018 due to the delay in commencement of ECT which resulted in a lack of capacity enhancement.

## Performance of Other Ports

- 314 ships arrived at Port of Hambanthota, recording an increase of 16.3%, while the cargo handled increased by 151% compared to 2018.
- Vehicle handling at Port of Hambanthota recorded a 77.7% increase.
- The cargo tonnage at Port of Galle decreased by -30.1% while the number of ships arrived decreased by -48.8% compared to 2018.
- The number of ships calling at Port of Trincomalee decreased by -24.9% and the cargo handled tonnage decreased by -7.2%.

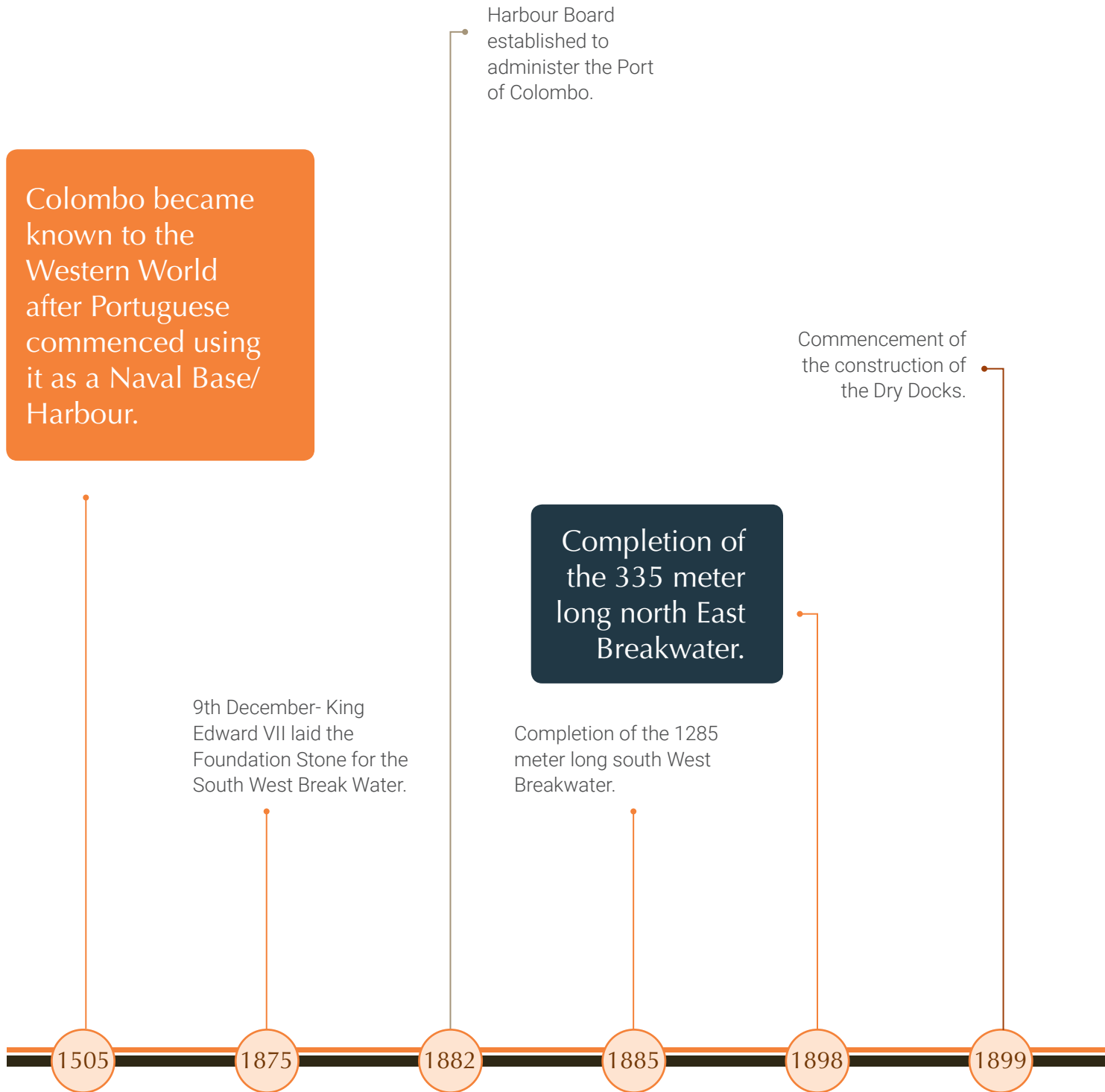
## Business Development Initiatives

### Port of Colombo Awards Night – August 2019

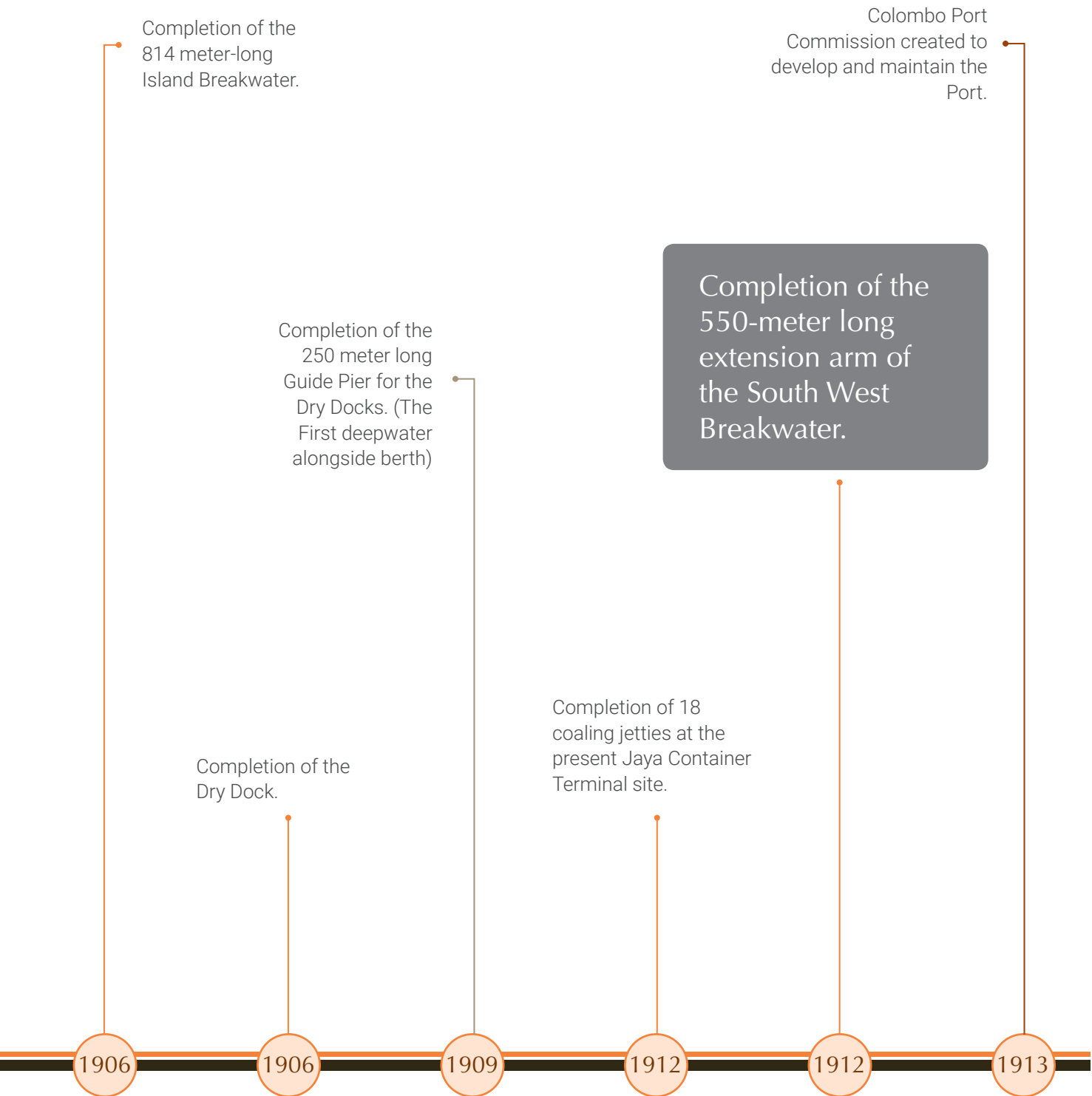
The SLPA, in collaboration with the JCT, SAGT and CICT organised the Port of Colombo Awards Night for the second consecutive occasion. At present, twenty-two main lines and eight feeder services are engaged with the Port of Colombo for container operations. The Port of Colombo Awards 2019 evaluated their invaluable services towards increasing the volumes of the Port on track to make Sri Lanka the mega-hub of the region. The Port of Colombo Awards 2019 felicitated the mainline operations and feeder operators, recognising their contributions to the Port.



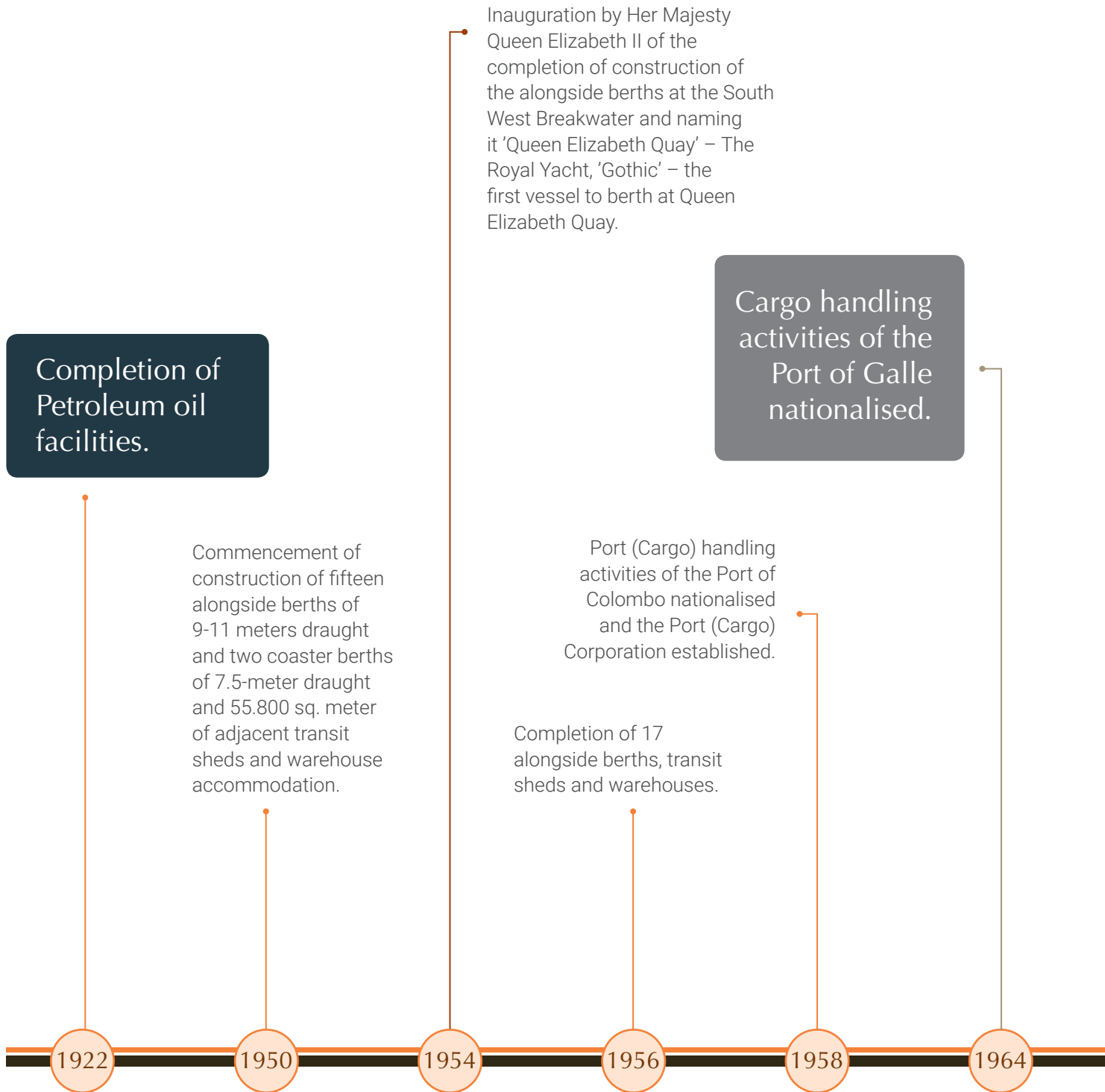
# Milestones







# Milestones



Port Tally and Protective Services Corporation established.

Commissioning of the first Gantry Crane – TANGO 80.

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

Inauguration of the New Terminal at Queen Elizabeth Quay.

Cargo handling activities of the Port of Trincomalee nationalised.

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

1967

1967

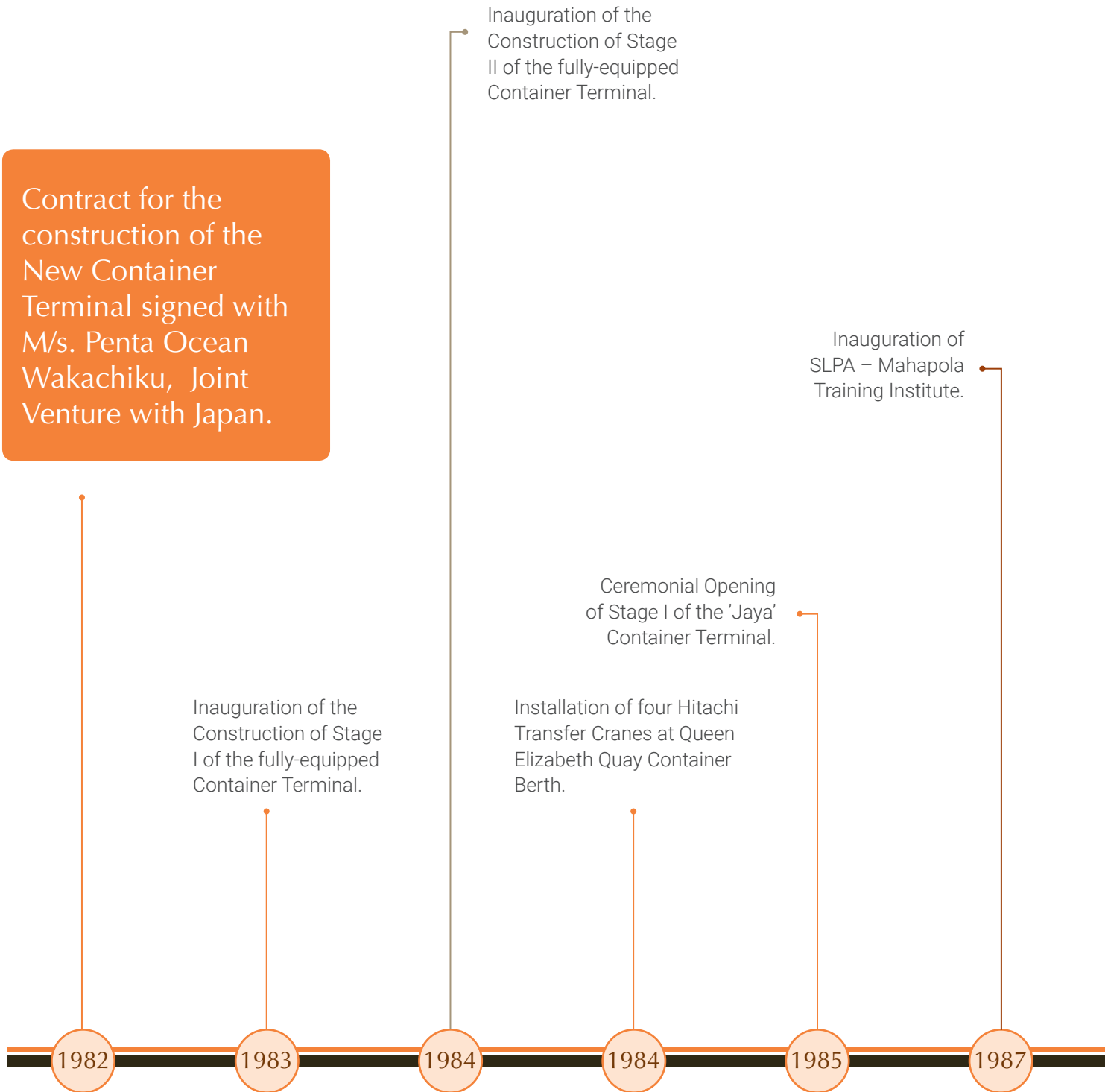
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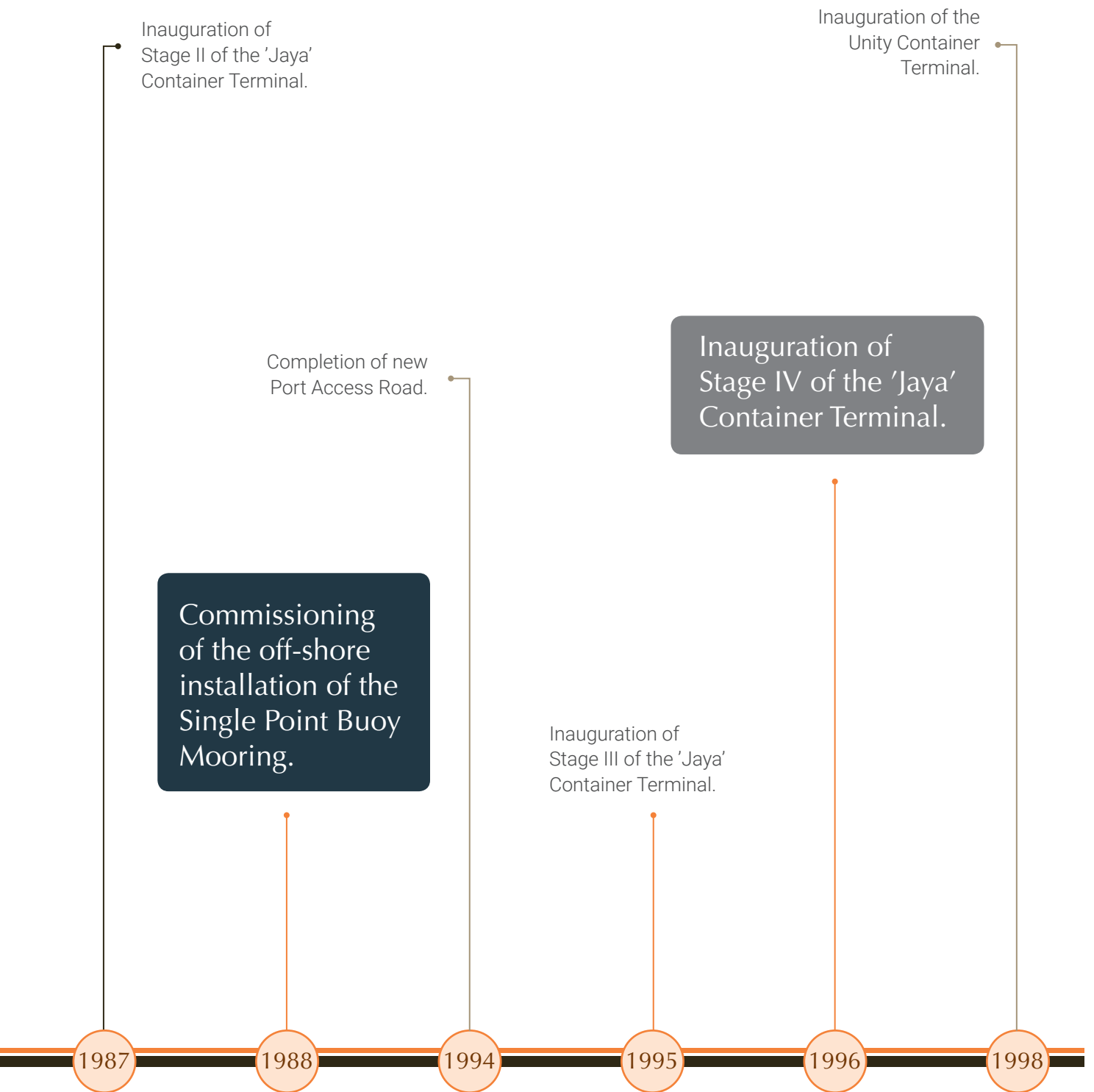
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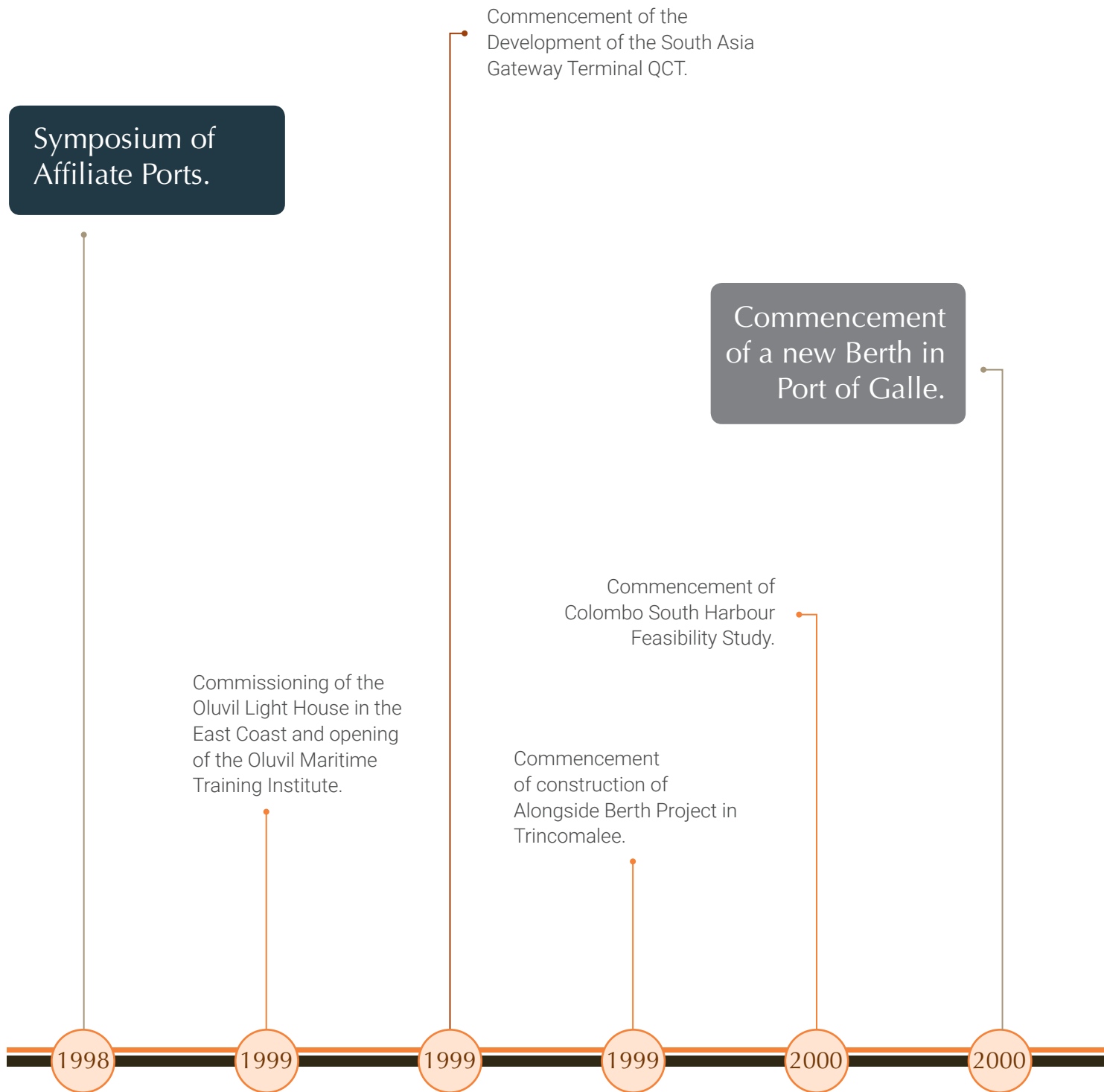
1982

## Milestones





## Milestones



Inauguration of Peliyagoda Container Freight Station.

Inauguration of construction of Oluvil Port Access Road.

Commencement of North Pier development phase II.

Inauguration of the New Jetty in Port of Galle.

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

Inauguration of the One-Stop Documentation Centre.

2000

2000

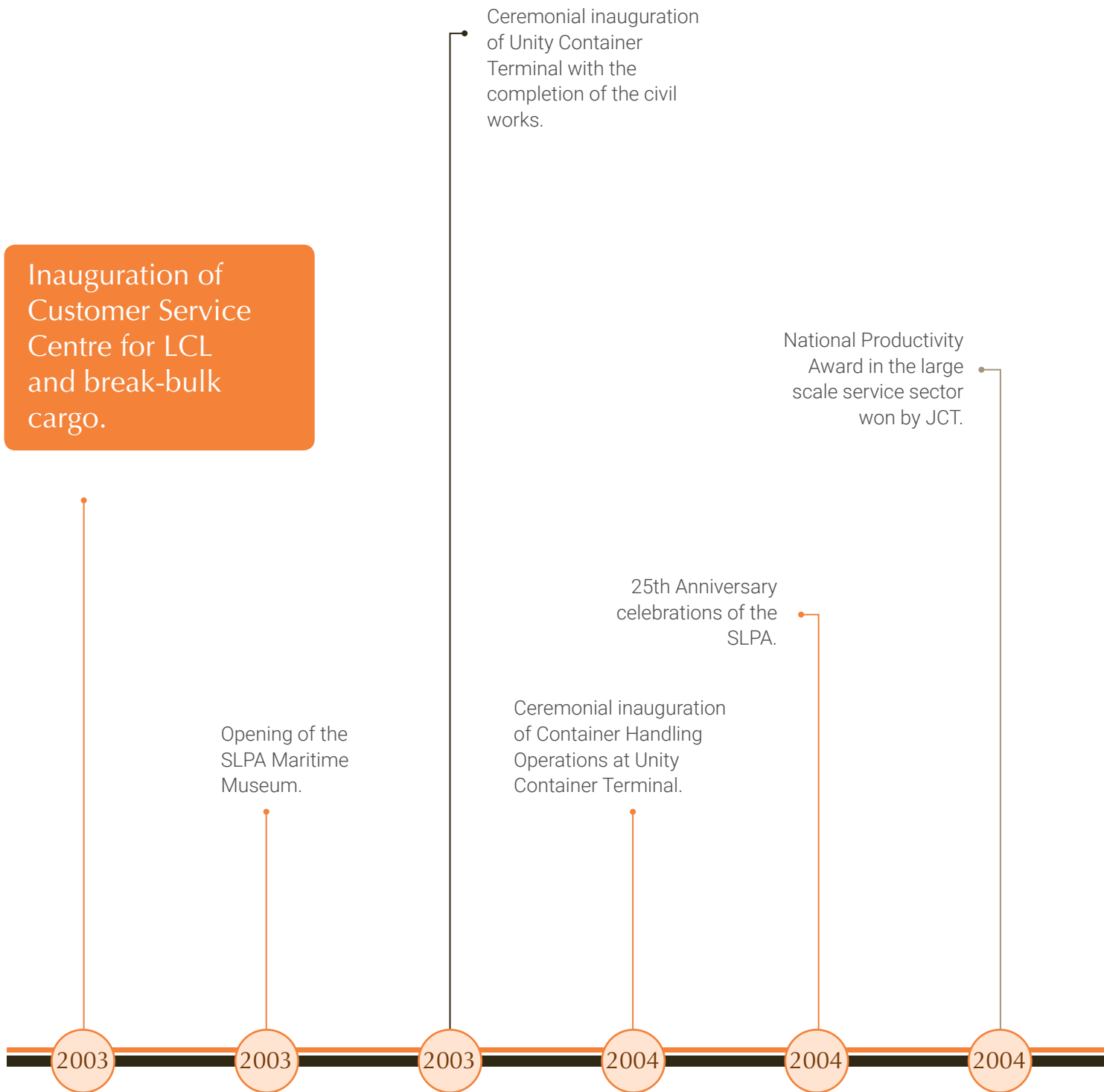
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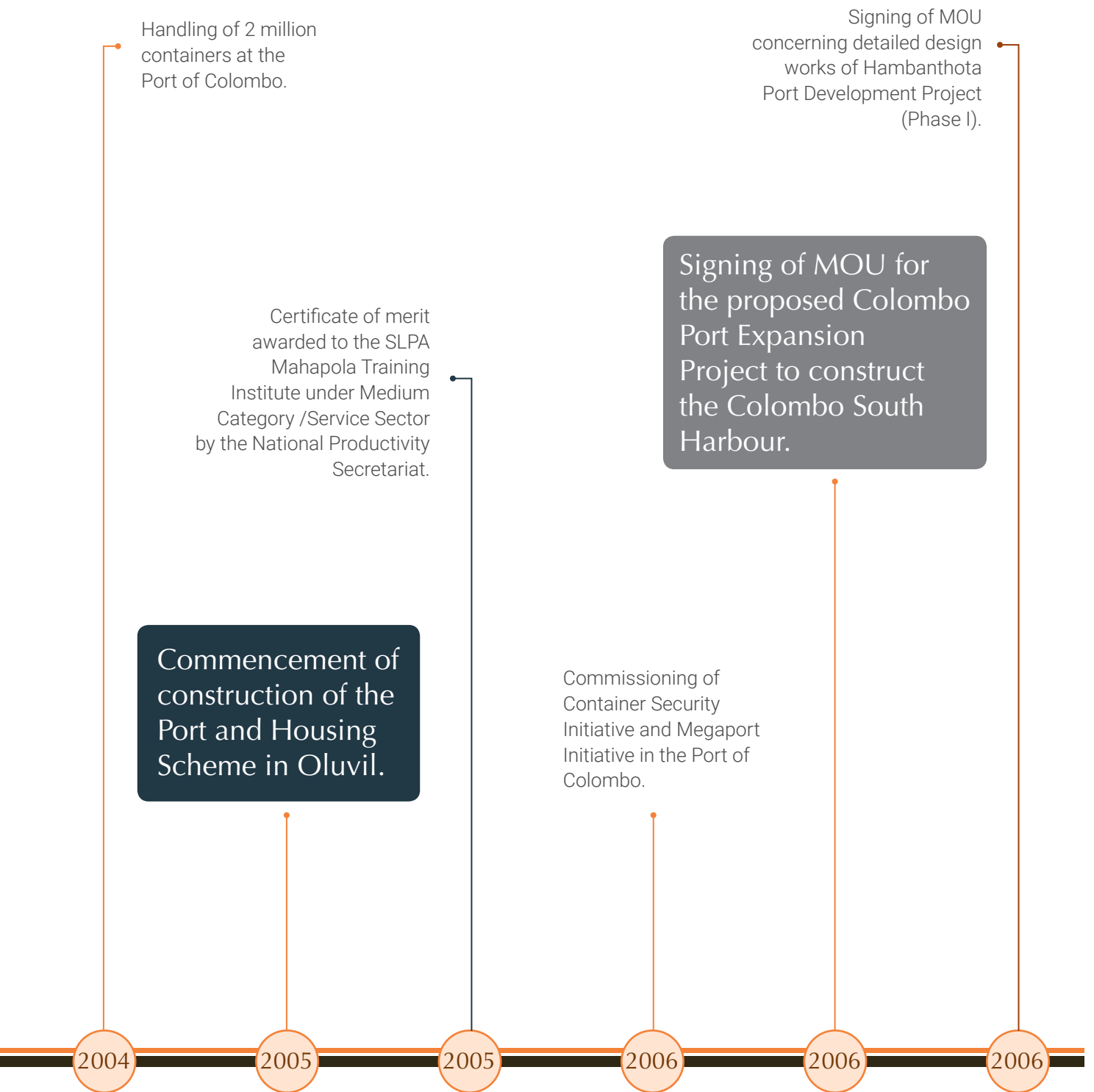
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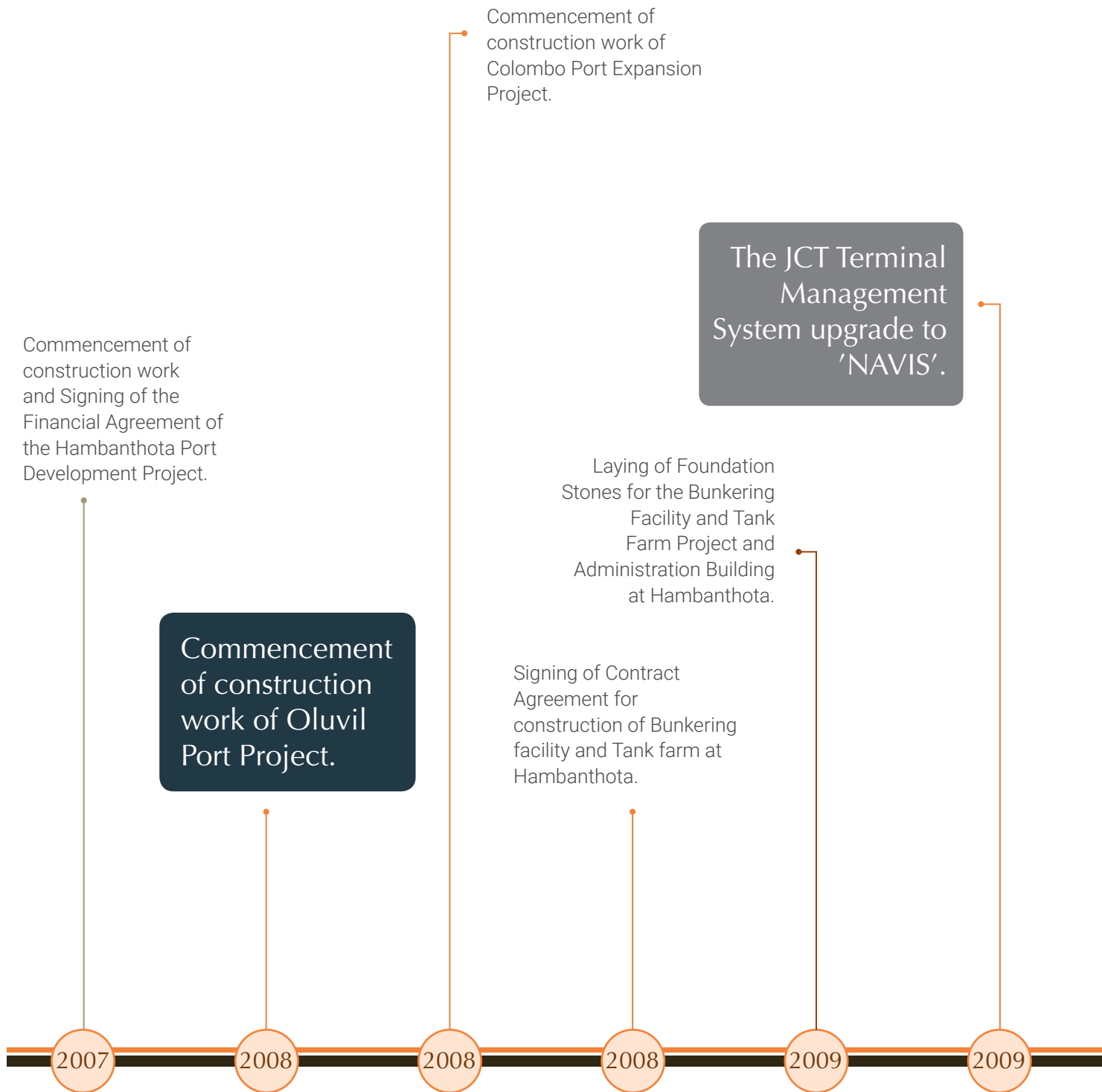
# Milestones







# Milestones



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

Arrival of 50 Nos. Terminal Tractors.

Handling of 02 Million Containers at the JCT.

Capacity enhancement at Colombo Oil Terminal of the SLPA.

Handling of 04 Million Containers at the Port of Colombo.

Ceremonial inauguration of (MRMRP).

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

2010

2010

2010

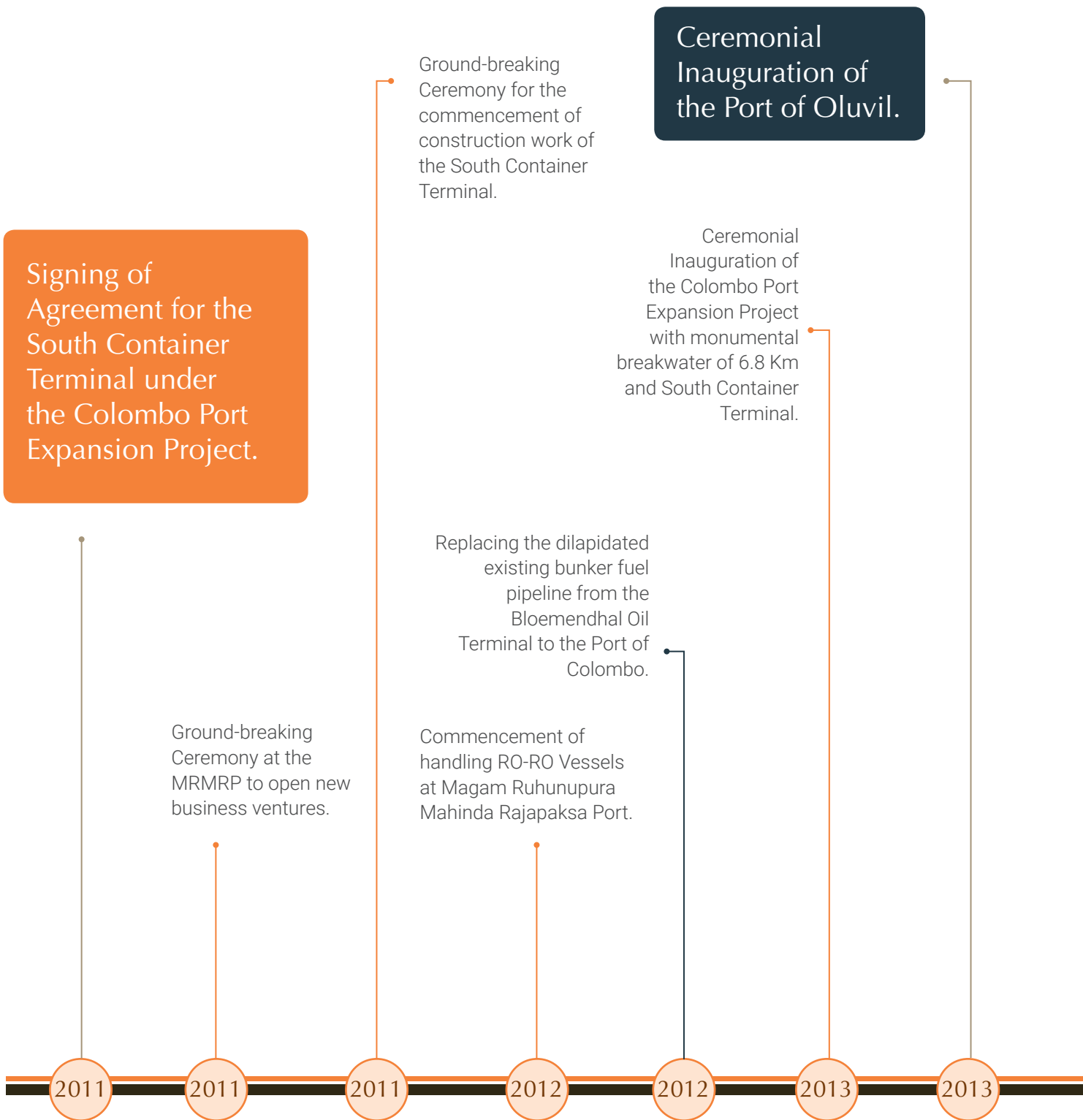
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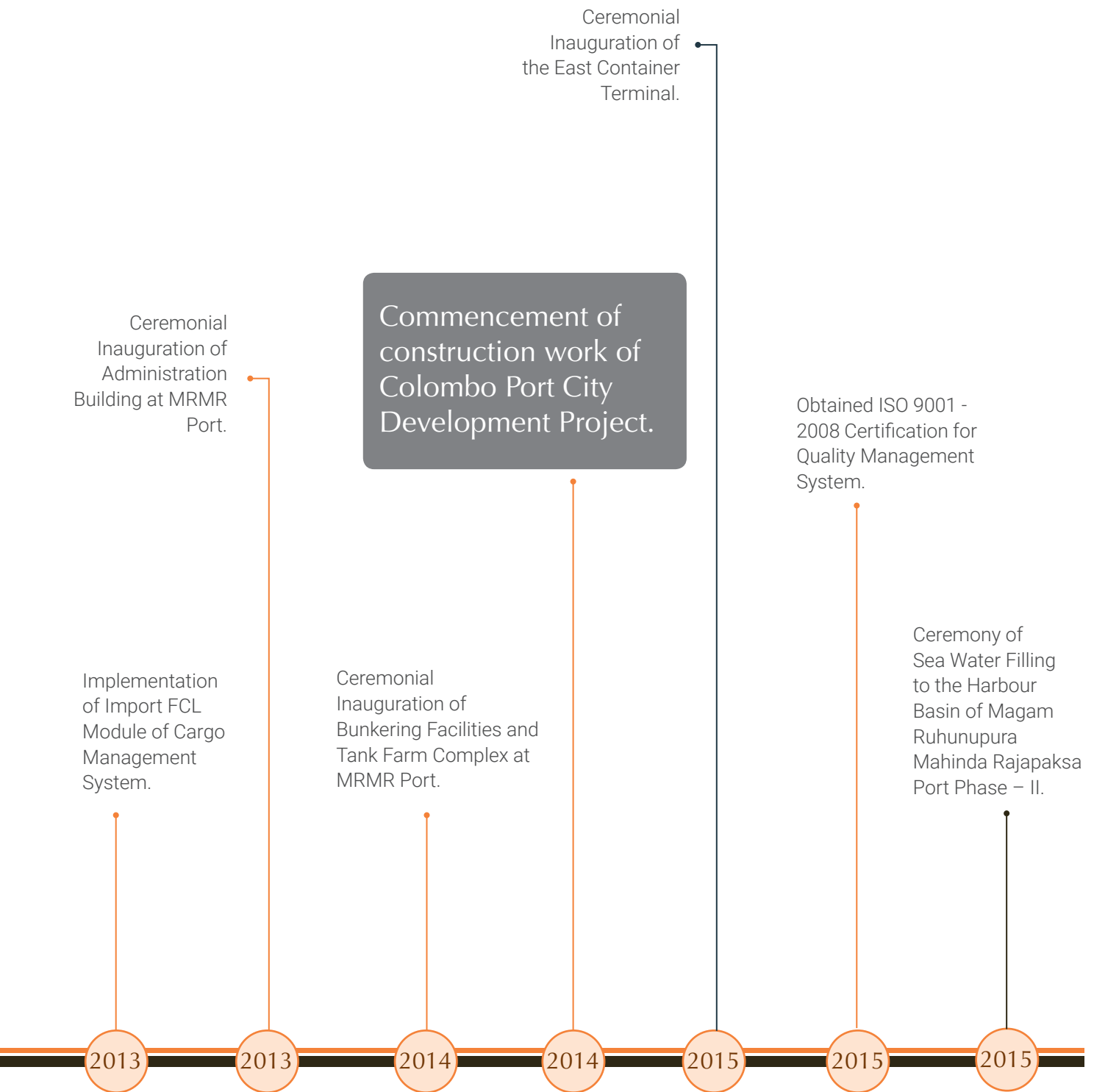
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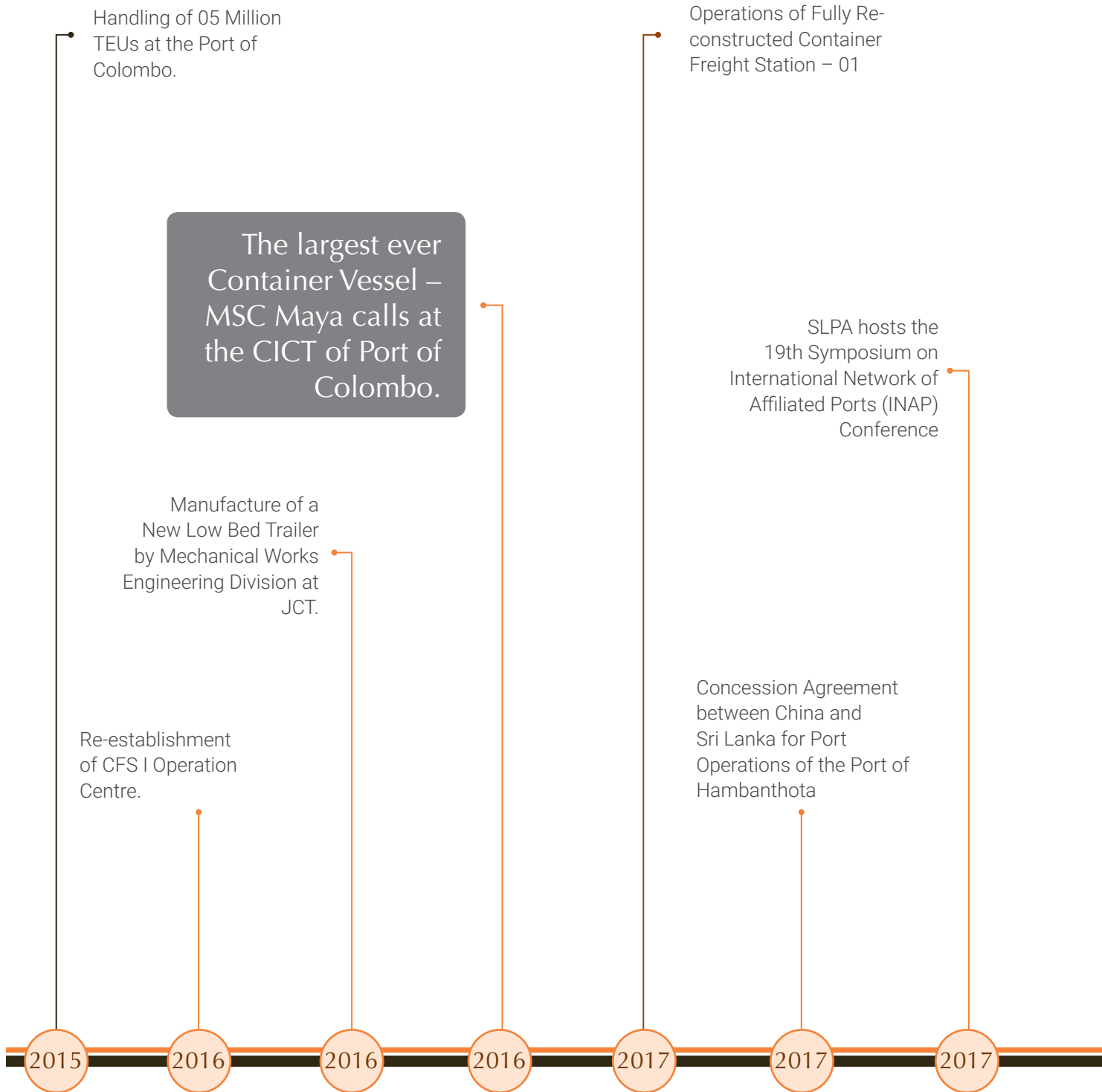
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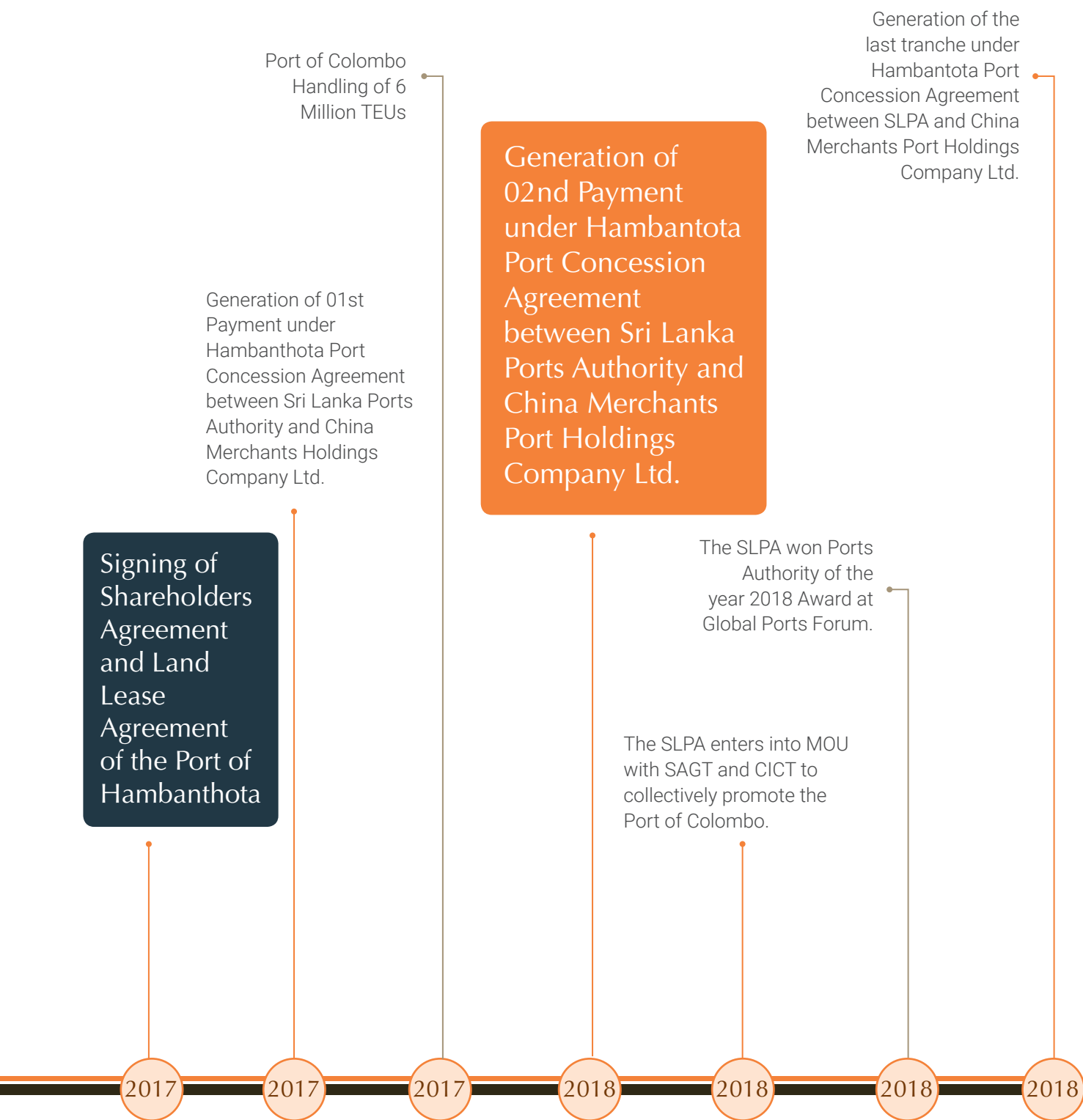
# Milestones



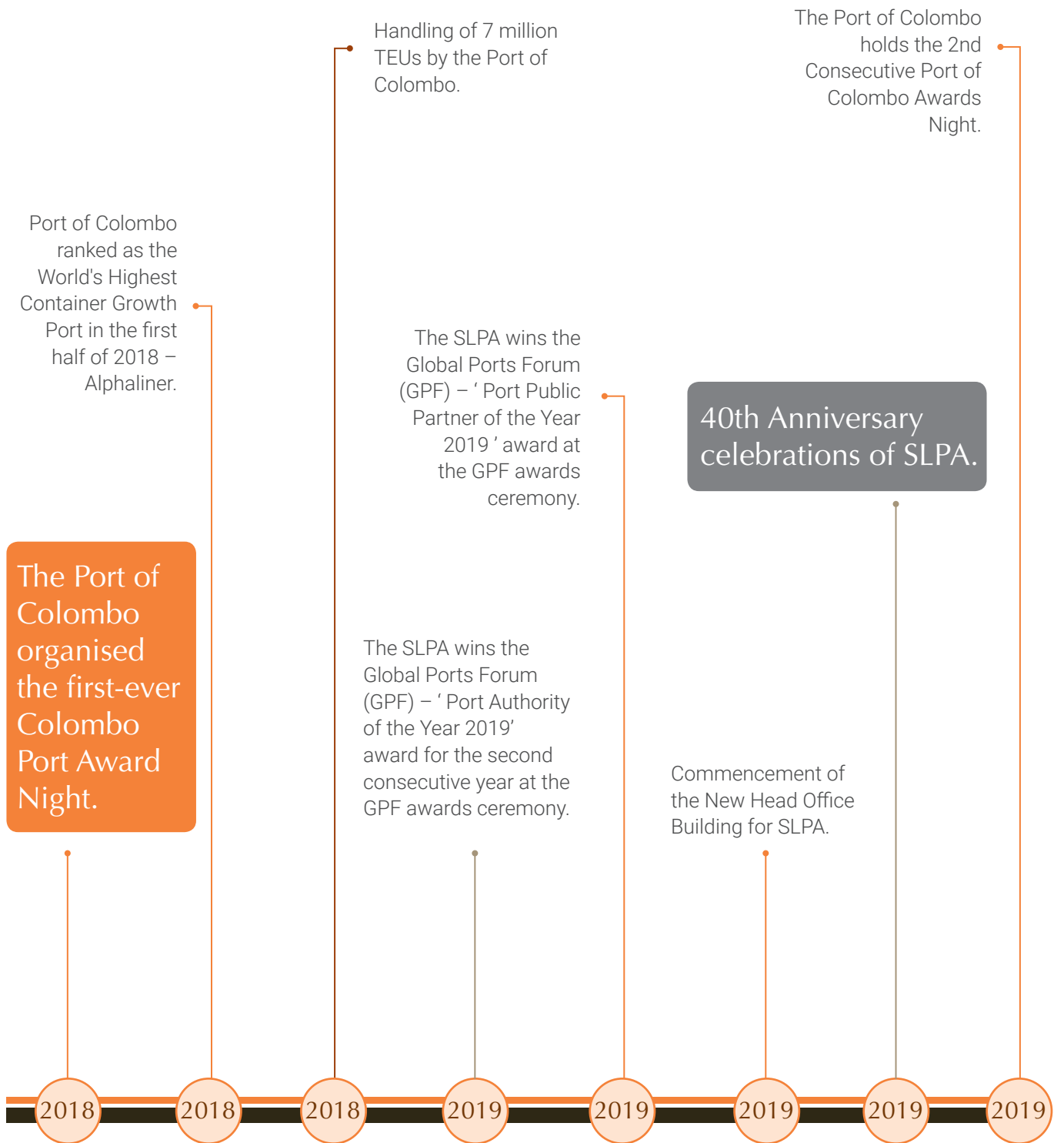


# Milestones





# Milestones







# OPERATIONAL REVIEW

# Operational Review



The Operations Division of SLPA implemented many measures to improve productivity levels, quality of service and to enhance the container throughput of Jaya Container Terminal (JCT) and Unity Container Terminal (UCT) during 2019.

## DIVISIONAL PERFORMANCE

### OPERATIONAL SERVICES

#### THE OPERATIONS DIVISION

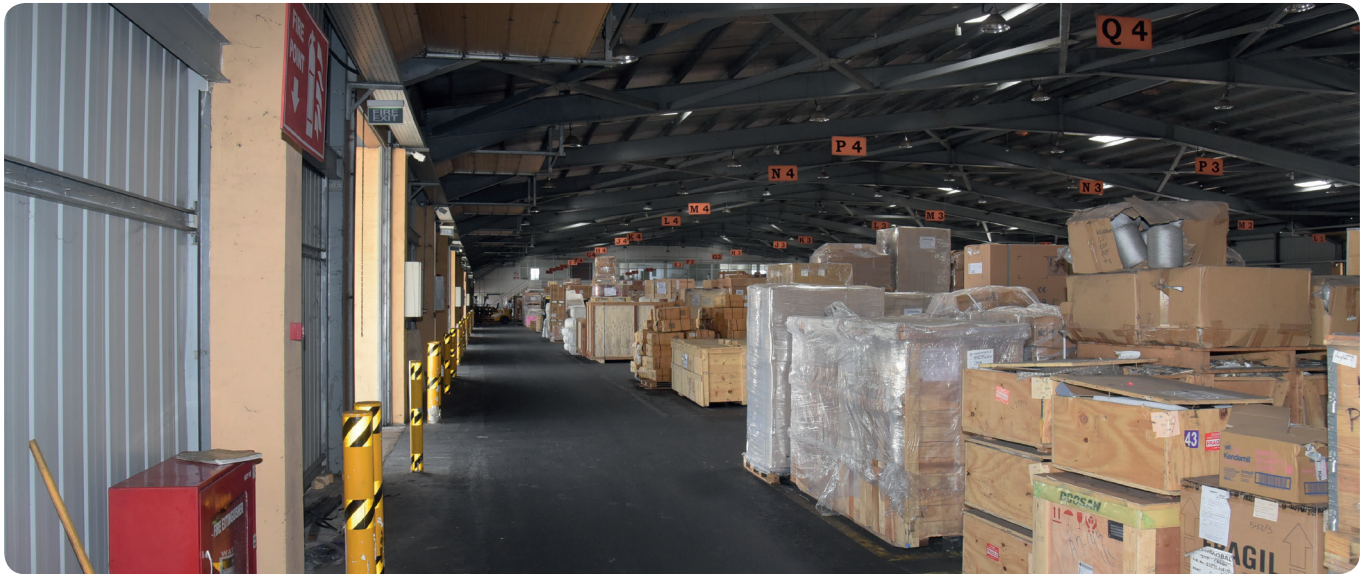
The Operations Division of SLPA implemented the following measures to improve productivity levels, quality of service and to enhance the container throughput of Jaya Container Terminal (JCT) and Unity Container Terminal (UCT) during 2019.

- JCT and UCT operate under SLPA and handled 2,282,618 TEUs in 2019. SLPA terminals have managed to retain the volume without losing much of it compared to the volume of 2,304,534 TEUs handled in the same period in 2018. This is a tremendous achievement by state terminals despite the slack of trade volumes in the Asian region, as many other regional terminals recorded steep declines.
- In 2019, average Gross Crane Productivity for mainline vessels recorded 25.87 moves per hour, against 26.63 moves per hour in 2018. The figure shows a -2.8% decline compared to 2018. For feeder line vessels, Gross Crane Productivity was recorded as 22.49 moves per hour in 2019 compared to 23.09 moves per hour in 2018 which is a -2.6% decline comparatively.
- The slight reduction in average productivity reflects working with aged handling equipment which contributes unprecedented downtimes coupled with congested terminal yards due to hiking Inter Terminal Trucking (ITT) volumes.
- Dry bulk tonnage handled in conventional cargo terminals has reduced by 10.6% compared to the last year. In 2019, the volume is stated as 2,527,006 (tonnes) Liquid bulk volume which has also come down from 6,618,378 (tonnes) in 2018 to 6,334,264 (tonnes) in 2019. The trend in the global shipping industry to shift from bulk formats to containerisation affects conventional cargo volumes in general. Overall tonnage handled in Colombo Port including containerised cargo, breakbulk, dry bulk and liquid bulk, has recorded 1.8% growth in 2019. The volume in 2019 is 101,926,365 tonnes.



- Conducted continuous employee awareness programs to make employees understand how the severe competition JCT has with other terminals in the region. Employees were made aware of the demands of shipping lines for accurate operation and fast vessel turnaround time. They also acknowledged internal and external challenges JCT will face in future and what measures we should take to overcome such challenges.
- Specially designed awareness motivational programs targeting all categories of JCT/UCT employees with the aim of continuous efficiency improvements, health and safety, administrative procedures have been successfully conducted with the guidance and participation of top management, duty manager and executive officers.
- Measures were taken to fully implement "Hot Seat" practice in every duty transition point in the Operations Division. Strict monitoring and controlling measures were taken to make sure no non-operational times occurred during duty changes (Shift Breaks and Meal hours)
- Empty pool the operation was expanded by the addition of "ONE Line" to generate additional revenue and to secure timely connectivity of empty containers.
- Yard segregation went into details to counter the congestion arising due to high ITT volume. Strict manpower and equipment allocation followed to mitigate the impact on vessel productivity.
- Representatives inclusive of all three terminal operators set up a team to streamline ITT transfers. Team meetings take place at JCT premises on a daily basis.
- Restoration of the quayside, prime mover lanes and middle roads is plausibly in progress through a private contractor. This would ensure the smooth functioning of terminal operations. Apart from that, RTG lanes and stacking areas were also refurbished to facilitate terminal operations.
- Preliminary stages for acquiring N4 Terminal Management System took place and the first overall training session was completed.
- The preliminary stage of the Electrical Document Digitization System (EDDS) was implemented. Orientation programs from each involving various employee categories were conducted. The EDDS system is aiming for digitizing of internal documents and sharing among respective authorities under relevant privileges.
- The preliminary stage of Cargo Management System upgrade was implemented. Meetings with SLPA officers and Navis system designers were held to identify SLPA requirements. The system aims to streamline the FCL and LCL export procedure by integrating all relevant stakeholders.

# Operational Review



## THE LOGISTICS DIVISION

The main function of the Logistics Division is to effect the delivery of all cargo comprising FCL, LCL containers, breakbulk, bulk, bags and motor vehicles, project cargo that discharged to the Port and other cargo related services rendered to customers.

During the year 2019, 128,337 TEUs of FCL containers were directly delivered and a revenue of Rs. 1,697.58 million was earned from the Customers Services Centre by providing round-the-clock services as practised earlier. Cargo Management System (CMS) of SLPA and 'ASYCUDA' System of Sri Lanka Customs are linked to share information among the two organisations.

A total cargo volume of 28,580 TEUs of LCL containers and 919 TEUs of full transshipment containers (total 29,499 TEUs) were handled by the SLPA. Of that volume, 7,782 TEUs were General/Dangerous Cargo and 1,238 TEUs were personal baggage and 6,223 TEUs were handled at Peliyagoda CFS for de-stuffing operation whilst providing the warehouse space inside the Port for local transshipments, Multi-Country Consolidation (MCC) Operations and a special type of cargo. Revenue of Rs. 226.83 million has been generated from de-stuffing LCL container and Rs. 1,228.24 million recovered for landing and delivery charges. Revenue from the MCC was 254.60 million. In addition, a revenue of Rs. 18.82 million has been earned as demurrage on empty containers and charges for change of status of containers.

With the enhancement of bonding cargo warehouse facilities by renovating CFS – V warehouse, demand for bonding trade increased and total revenue of Rs.96.38 million was collected. By conducting public tenders and auctions to dispose of abandoned cargo, a total of Rs. 225.98 million was collected whilst generating additional revenue of Rs. 16.22 million by disposing of scrap iron, waste oil and used tires etc. through Sri Lanka Port Management and Consultancy Ltd. (SLPMC).

During the year, 104 new licenses have been issued to the clearing agencies and 1,106 licenses were renewed, with a total 1,210 licenses

generating revenue of Rs.24.91 million. By issuing and renewing wharf identity cards to wharf clerks of both categories 'A' and 'B', total revenue of Rs. 7.78 million has been collected. The total "A" passes issued and renewed during the year has been recorded as 2,587 while "B" passes were 296.

The revenue generated by the Logistics Division in 2019 from the services rendered, amounted to Rs. 5,532 million during the year.

In 2019, 55 applications have been received for waiver of rent from the consignees through the Ministry of Ports and Shipping, of which 03 applications were recommended and 24 were rejected. The balance are pending decision from the Ministry.

## Premises Section

The main responsibility of the Premises Section is the management of all immovable properties owned by the SLPA. The section is bound to fulfil this responsibility by calling for survey plans, collecting valuation reports, securing board approvals, signing lease agreements, charging lease rentals and all other related activities of land and premises.

There is nearly 7,032 acres of land belonging to the SLPA around the island which is shown in the following table:

Port	Land (Acres)	Premises
Colombo	859	62
Galle	94	06
Trincomalee	5,630	07
Oluvil	149	03
Hambanthota	2,935	-
<b>Total</b>	<b>9,667</b>	

In order to widen the revenue, the SLPA was able to earn a sum of approximately Rs. 1.5 billion as lease rental during the year 2019.

### Improvements and Developments during 2019

- Implemented warehouse management system in CFS – I warehouse and commenced test implementation at BQ warehouse complex.
- Nestainer (Cargo Storage Bin) introduced for the warehouse to enhance warehouse space utilisation.
- De-stuffing all LCL containers within 48 hours is the main key performance indicator (KPI) in the Logistics Division and is maintained (KPI) within a range of 24 hours to 72 hours.
- Set up a Customer Care Section at canal yard to address customer complaints and grievances with the aim of extending better services to SLPA customers.
- Logistics module of NAVIS N4 system under the process of development with collaboration of Information System Division and Access Team.
- Steps are being taken to install CCTV System at the transshipment warehouse at BQ.
- A new lease agreement has been signed by the Premises Section in 2019 and the Premises Section has also paid a total value of Rs. 47 million as rates for SLPA premises to Colombo Municipal Council and other Urban Councils.
- According to the new Housing Circular No. 26/2017 issued on 20.09.2017, vacant SLPA quarters are allocated for employees of SLPA.



### THE NAVIGATION DIVISION

#### Pilotage

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

Type of Ship	No. of Ships	Purpose of Call	No. of Ships
Container	3,604	Bunkering	24
Conventional	77	Repairs	82
Dry Bulk	130	Passenger	53
Liquid Bulk	196	Other Services	12
Roll on Roll off	20		
Other Cargo	0		
<b>Total</b>			<b>4,198</b>

### Master of Tugs Section

The CMT Section functioned satisfactorily, providing an efficient and continuous tug service for vessel manouevres during the year under review. The main functions are as follows:

- Providing operational tugs for berthing and sailing vessels.
- Performing deck repairs and maintenance work of tugs as per classification society.
- Manufacturing rope mats for tugs with discarded mooring ropes and making canvas awnings for tugs.

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

### Total Number of Movements Attended by Tugs

A total of 19,179 movements were performed by the Berthing Tugs and the details are given below;

Name of Tug	No of Movements	Total
MT Nandimithra (55 BP)	2,098	
MT Suranimala (65 BP)	2,218	
MT Gotaimbara (65 BP)	1,963	
MT Vijayabahu	110	
MT Barana – II	1,581	
MT Airawana	1,770	9,740

### Hired Tugs in Colombo

Tug Hercules	3,088	
Tug Push Hardy	3,215	
Tug Push Husky	3,136	9,439
<b>Total</b>		<b>19,179</b>

### Position of Tugs

#### Berthing Tugs in Colombo (SLPA)

- MT Gotaimbara
- MT Suranimala
- MT Nandimithra
- MT Vijayabahu
- MT Barana II
- MT Raja
- MT Airavana
- MT Velusumana
- MT Deera

### Hire Tug in Colombo (Commenced operation on 05.10.2018 at 12.00 hrs.)

- Tug Hercules
- Tug Push Hardy
- Tug Push Husky

# Operational Review

## Tugs Stationed at Out Ports

### Trincomalee

- M/T. Sinhabahu
- M/T. Neelamaha
- M/T. Mahasen
- M/T. Therapuththabaya

### Galle

- M/T. Kanchadeva
- M/T Velusumana

### KKS

- M/T. Indra

### Hambantota

- M/T. Varuna
- M/T. Ravana
- M/T. Vasabha
- M/T. Pandukabhaya

## Revenue Earned – Tug Services (Colombo)

Year	Rs. Million
2018 Actual	1,468.86
2019 Revised	1,676.48
2020 Projected	1,742.27

## Chief Engineering Officer's Section

### Staff

Adequate staff was available during the year 2019 in keeping with the operational and repair requirements of all tugs and pilot and mooring launches.

Routine maintenance was carried out by the 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 under review, mitigating adverse effects of fire and other emergencies while implementing and maintaining local fire safety standards.

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

Fire Responded	19
Navy Emergency Rehearsal	02
Standby Duties for Oil Tankers	168
Standby Duties for Gas Tankers	41
Standby Duties for Hot Works On Vessels	700
Standby Duties for D/C Handling	06
Supplying Water to Wash Piers/Warehouses Etc.	48
Oil Pollution Control Work	18
Inspection Visits to Oil Tankers	500
Supply water (browser) to tug	126
Emergency evacuation drill	02
Emergency Responses	24

## Fire Safety Activities

- Fire safety inspection in all buildings / Cranes/ Vessels/ were carried out.
- Fire equipment in Colombo Harbour and Galle Harbour were inspected/checked twice in the year and outside fire equipment once in the year.
- During the year under review, a total No of fire extinguishers. Checked / Serviced = 3,015
- Combine fire drill was carried out at Peliyagoda Warehouse with Colombo Fire brigade.
- Combine fire drill was carried out at OIL BANK with Colombo Fire Brigade.
- Combine Oil Pollution drill was carried out at offshore with MEPA.
- Combine fire drill was carried out simulating a fire at CICT with CICT staff.

## Revenue

Revenue earned by Port Fire Brigade in 2019.

Description	US \$	Rs
Fire Calls	2,860.00	76,100.00
StandBy Duties For Gas Tankers	63,840.00	
StandBy Duties For Oil Tankers	243,328.00	
StandBy Duties For Hot Work	46,023.50	
StandBy Duties For Dangerous Cargo	1,580.00	
Charges For Inspection Visits	6,329.00	
Charges For Oil Pollution Control	9,438.00	852,600.00
Emergencies	900.00	15,000.00
<b>Total Income</b>	<b>374,298.50</b>	<b>943,700.00</b>
<b>US\$ 374,298.50 x 181.54</b>	<b>67,950,149.69</b>	<b>943,700.00</b>
<b>Total Income</b>	<b>Rs. 68,893,849.69</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.

Site inspections before granting hot work permission were carried out and unauthorised hot work incidents were detected and stopped. Inspections of marine pollution were carried out. Investigations and analysing accidents involving personnel and marine were also carried out.

- 5,420 vessels called at the Port of Colombo and discharged 269,080.000 MT of local dangerous cargo, and 857,422.316 MT of transshipment cargo.
- 43,090 containers were handled as transshipment dangerous cargo.
- Various Three Hundred and Fifteen (315) types of tankers called at the Port of Colombo and discharged cargo in the following manner.

Types of Cargo	Weight (MT)
Liquid Petroleum Gas	428,087.887
Gas Oil/Jet A1/Gasoline/Kerosene	2,947,794.397
Crude Oil	2,151,136.172
Fuel Oil	1,485,801.476
Base Oil	19,351.159

- 126,826 MT of high explosive (GPIE) and 9,389.928 MT of explosive nature substances (GP IAE/IIIE) were handled.
- Several chemical spillages and fire incidents were handled with the assistance of the Port Fire Brigade.
- Inspections of warehouses including dangerous cargo warehouses were carried out periodically with the assistance of Asst. Harbour Safety Inspectors.
- Inspection for granting hot work permission and sea pollution incidents, guidance and monitoring for combating sea pollution incidents.
- Investigation and analysing accidents both personnel and marine were carried out.
- Handling, storage and transportation of dangerous cargo in the Port and allied safety aspects were introduced in lecture courses for employees in Operation Division.
- The personal safety of mooring gangs attached to Navigation Division was monitored, especially in using Personal Protective Equipment with the assistance of Asst. Harbour Safety Inspectors.
- L.P. gas and (petroleum) oil discharging activities were inspected regularly with the assistance of Asst. Harbour Safety Inspectors.
- Garbage and sludge oil removing activities carried out by contractors were regularly monitored with MEPA approvals.



- Regular inspections of Dangerous Cargo stacking at JCT/UCT yards were carried out with the assistance of Asst. Harbour Safety Inspectors. The action was taken against the Vessel Agents for non-declaration of Dangerous Cargo.
- SLPA schedule of Dangerous goods as per the amendment 38/2016 of IMDG code was being prepared for publishing in due course.
- Conducted the training programmes for handling, storage and transportation of dangerous cargo in the port and allied aspects as required by IMO Audit (iii code ) through the Mahapola Training Institute with the assistance of the Harbour Safety Section.

### 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. Mariners were duly warned of any malfunctions by way of Circulars to CASA, SLAVO, LASO and the UK Hydrographic Division.

### Revenue – Light Dues - All Three Ports

Description	2017 Actual Rs. Million	2018 Actual Rs. Million	2019 Budget (Revised) Rs. Million
Revenue Light Dues	1,110.15	1,533.04	1,759.58

### 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 was carried out satisfactorily.

### Hydrographic Survey Section

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

# Operational Review

## Port of Colombo

- Approach Channel Soundings
- Inner Harbour Basin and Berths Soundings
- Buoy Position Survey of Approach Channel
- Colombo Port Map Revision Work
- Surveying and Levelling of Port Internal Road Widening and Elevated Highway
- Surveys and Plan work for the lease agreement.
- Boundary Surveys and demarcation of Mahara Quarry.
- Port City boundary demarcation Surveys
- Observation and Maintenance of Colombo Tidal data station

## Port of Galle

- Observation and Maintenance of Galle Tidal and metrological data station
- Survey and plane work for the Lease agreement
- Survey work for University Land case

## Port of Trincomalee

- Surveys for preparing Leased plans
- Observation and Maintenance of Trinco Tidal and metrological data station
- Survey for new encroachments.

## Hambantota Harbour

- Buoy Position Survey of approach channels.
- Profile Survey for Metal and Sand areas.

## KKS Harbour

- Port boundary and new gate location setting - out work
- Gazette Detail documents Preparing for KKS Port
- Survey Work of New Purchasing Land at KKS
- Survey Work of old Purchased Land at PPD

## Oluvil Harbour

- Compensation and resettlement committee activities.
- Resettlement Surveys for identified persons.

## 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	149	15,727,386.72
Dockyard License	63	3,160,660.72
Survey License	52	4,355,787.69
Ship Chandlers License	100	10,106,744.43
Boat License	37	3,440,803.21
SAGT and Other License	12	541,053.76
<b>Total</b>	<b>412</b>	<b>Rs.37,332,436.53</b>



## DEVELOPMENT PROJECTS

### THE PLANNING AND DEVELOPMENT DIVISION

#### 1 Logistics Activities

The SLPA plans to establish a Logistics Centre and a Multi-Model Transport Hub for containers adjacent to the Port Access Road in the SLPA land called "484 watta". The adjacent Urban Development Authority (UDA) lands also will be incorporated for this purpose with time. This area has been planned with a large warehousing complex for MCC and entrepot cargo handling with the facility of rail interchange with adequate shunting yard. The road network has planned for efficient traffic movement for the warehouse operation as well as for the rail loading. The yard area has been planned with a container stacking arrangement with loading and unloading facility to the rail wagons. Once established, this will serve as the interchange point between the road and rail to serve the terminals of Port of Colombo. Dry ports established in the outskirts of the city could then be linked to this facility, thus creating an efficient network. The discussions are being finalised with the UDA to release the relevant lands to commence the proposed logistics development.

Further, SLPA has identified two land extents as the area near the Battenberg wall and the common area between South Container Terminal and West Container Terminal at South Port. A warehouse complex, multi-story warehouses or logistic business centre could be facilitated in this land area. The area either could be developed by the SLPA or by Public-Private Partnership.



## 2. National Ports Master Plan

The National Ports Master Plan project was implemented to identify the development needs of the Sri Lankan national ports both in terms of physical infrastructure needs and port governance needs. A needs assessment was conducted to identify specific policy measures and development plans. Under this project, quantitative and qualitative assessments of the current port environment and the future needs have been made.

The completed ports' masterplan consists of 2 sections:

- a) National Policy – Vision of the sector, Strategy of Sri Lankan Port, future cargo estimation of the nation, target market, trade facilitation and direction of SLPA restructuring.
- b) Individual Port Development Plan – Direction of Port development by taking into account urban development, economic activities and economic growth forecast industrial development plan and connection with national expressway networks and railway network and will facilitate public and private investment in the sector.

The comprehensive port development plans have been prepared for Port of Colombo and Port of Trincomalee. Further, the prioritised projects have been identified for investment from the public or private sector.

## 3. Port Community System

The National Port Master Plan has identified the potential need for implementation of Port Community Systems (PCS). ADB appointed a team of consultants – to study the PCS and the consultants have conducted an extensive study covering all information channelling paths and all the stakeholders relevant to port cargo operations in Sri Lanka. The final study report has been submitted for the implementation of the PCS including Terms of Reference (TOR) and Action Plan. In accordance with the Action Plan, the establishment of an "all-stakeholder committee" is in progress.

## 4. Corporate Plan

A consultant was appointed by ADB to reduce extra spacing here Plan for SLPA for the next three years. This Corporate Plan is designed to amplify and leverage several internal (strengths and weakness) and external (opportunities and threats) factors that differentiate SLPA in the international marketplace. The report is being finalised and the summary report has already been submitted.

## 5. Improvement of Port Nautical Activities of Trincomalee Port

Government of Sri Lanka has agreed with Government of Japan to implement grant aid Japanese Yen 1 billion under the Japanese Non-Project Grant Aid Program 2017 (Economic and Social Development Program). To reduce the project cost SLPA agreed to provide supportive infrastructure work for granted navigation equipment at an approximate cost of Rs. 80 million.

Under this project, the Pilot Vessel arrived in Sri Lanka in March 2019 and was handed over to the Navigation Division of Port of Trincomalee. VTMS System, Navigation buoys (16 Nos.), mooring buoys (02 Nos.), Lighthouse Equipment, Radar Equipment, Generators and fire



pumps were received by Port of Trincomalee and installation work was completed. The lighthouse and the navigation buoys are now operational.

## 6. Port Access Elevated Road and Port Facility Improvements

Port Access Elevated Road (PAEH) layout is planned in order to gain more land for port operations especially with regard to JCT expansion project. Accordingly, the plan is to construct the internal port road below the PAEH and will have six lanes once the construction is completed.

It is also planned to provide a ramp at Gate No. 01 area with access to the PAEH expressway. This will also provide easy access and reduce the present traffic congestion. Under this project with the cooperation of the customs authorities, it has been planned to modify the port gates with a network system to improve the efficiency and reduce traffic inside the port area.

## 7. Maritime Facilitating Center (Port Head Office Building)

More than 48 buildings are to be demolished to make way for the Port Access Elevated Road Project.

In order to compensate for those demolished buildings, the Road Development Authority (RDA) has agreed to construct a seventeen storied building for the SLPA head office with modern building management facilities at Canal Yard premises with access from Olcott Mawatha and Lotus Road. The new location is situated outside the port premises and is also convenient for SLPA workers to get transport facilities and, at the same time limit the number of people entering the port which reduces congestion and makes it easy for port operations.

At present, it is very difficult for SLPA workers to manage day-to-day administration work as the divisions are not at one place and they have to travel a lot thereby wasting their time. However when all the divisions come together in one single location with the help of network systems all the administration, financial and logistics work can be easily accessed and will make monitoring the same easier and effective.

# Operational Review



## OUTER PORT PROJECTS DIVISION

### 1. Rehabilitation of Kankasanthurai Port

The Indian EXIM Bank has funded US\$ 45 Million for the Rehabilitation of KKS Port which consists of the rehabilitation of breakwater and piers, construction of new commercial berth and to develop infrastructure facilities to operate KKS Port as a commercial port.

To initiate the project work, bids had been called from Indian entities to select a Project Management Consultant (PMC) and M/s Haskoning DHV Consultant (Pvt) Ltd., India had been selected as the qualified bidder. The Cabinet Approval has been obtained to award the Consultancy Contract to the selected bidder and the draft Contract Agreement has also been prepared and forwarded to EXIM Bank India through External Resource Development (ERD). It is scheduled to commence the designing and consultancy works of the project during the 1st quarter 2020 after signing the Contract Agreement with the PMC.

In parallel to the above, in view of facilitating main development work some other infrastructure development activities are being carried out by SLPA using its funds. Among them the construction of new gate complex and the boundary fence/wall constructions are nearing completion. Contract awarding for construction of water sump, the elevated water tank and road work has been completed and agreement signing process is in progress. The other required preliminary needs such as electricity, land acquisition/purchase etc., are also being carried out by SLPA using their own funds at present.

### 2. Ashraff Jetty Expansion Project at Port of Trincomalee

In order to accommodate the increasing demand for bulk cargo handling at the Port of Trincomalee, a decision has been taken to expand the existing Ashraff Jetty.

In view of identifying the underground subsoil profiles, a borehole investigation had been carried out covering the proposed development

area around Ashraff Jetty and its work has been completed in mid-2019.

Preparation of drawings for the tender purpose and Employer's Requirement is in progress based on the borehole investigation results and a Financial Feasibility Study is being carried out by SLPA officials for the proposed development at present.

Further, an application has been submitted to the Coast Conservation Department to obtain development approval for the proposed expansion work.

### 3. Oluvil Port

The Oluvil Port currently is faced with a sedimentation issue at the port entrance due to which ships cannot enter the Commercial Harbour. An Engineering Study has been carried out in collaboration with the Danish Hydraulic Institute (DHI) to seek a solution for this issue.

The recommendations proposed by the DHI include the following immediate solutions and also methods to maintain the port in workable condition in the future:

#### Immediate Solution

Dredging inside the Harbour basin and south of the port, and nourishment of north of the port. (Estimated cost = US\$ 17 Million)

#### Maintenance Condition

Annual Maintenance Dredging by vessel (Initial Cost = US\$ 30 Million, operational cost per Annum = US\$ 2.5 Million)

Due to the financial and technical constraints, none of these methods were implemented and a policy decision has to be arrived at concerning the future existence of the Port.

## THE CONTRACTS AND DESIGNS DIVISION

Contracts and Designs Division is mainly responsible for designing of port-related structures and execution of Civil Engineering Projects.

Construction and development work carried out by the division during the year 2019 has summarised below.

### 1. Widening of Internal Port Road Project at Colombo Port.

It has been identified that the existing 4 lane Internal Port Road from Ingurukade Junction to Gate No. - 1 needs to be widened to 6 lanes to cater to the expected traffic volumes within the port premises with the completion of the South Port developments.

During 2019, projects valued at Rs. 64.4 million (financial progress) have been completed. The total financial progress of the project is Rs. 1,024.98 million up to December 2019.

The construction of Road Stretch from Harthal Bridge to Sri Lanka Navy Camp (Rangala Navy Camp) commenced in October 2019 at a contract value Rs. 168.6 million and the work is in progress.

### 2. Rehabilitation of Terminals/Piers at Port of Colombo Bandaranayake Quay

It has been identified that the existing Bandaranayake Quay (BQ) needs some improvements and re-surfacing as the entire yard has deteriorated. .

Paving works at BQ – Stage I have been completed in the year 2017. Paving works at BQ – Stage II was completed in the year 2018 at a total cost of Rs. 28.04 million. Tender documents for the paving work at BQ – 4 (BQ – Stage III) was completed and rehabilitation work will commence after obtaining the consent from CGR (Sri Lanka Railway) to rehabilitate rail lines at BQ.

### Resurfacing of Internal Roads at JCT - Phase I & II

Existing internal roads at JCT I and II needs to be rehabilitated as most of the roadways have experienced settlements. Rehabilitation works have undertaken in stages to avoid the disturbances when container operations at the terminal are ongoing.

Road resurfacing works in phase I & II have commenced in October 2019 at a contract value Rs. 150.8 million and work is in progress.

### 3. Rehabilitation of Administration Building at Port of Trincomalee

A decision was taken to construct an additional floor on the existing Administration Building in order to centralise all offices in one location.

Construction work was completed in October 2019 at a total value of Rs. 17.0 million.

### 4. Rehabilitation of Cloisenberg Jetty at Port of Galle

Further it was identified that the existing Jetty at Galle Port needs some improvements and resurfacing as the yard has deteriorated and has affected the operational activities at the terminals.



Phase I of the project was substantially completed in the year 2018 and Phase II of the project has been completed at a total cost of Rs. 22.7 million.

### 5. Relocation of Workshops at CFS - II Area

Due to the Port Access Elevated Highway Project running from Ingurukade to Gate - 1 through the port premises, it has been identified that several offices and workshop buildings need to be relocated. Accordingly, two Mechanical Plants and one Electrical Workshop will be relocated at CFS - II area.

### Workshop Building for Construction Equipment and Maintenance Section

Construction work commenced in May 2019 at a contract value of Rs. 75.8 million and work is in progress.

### Construction of a Workshop for Refrigerator and A/C Repair Section

Tenders have been called for this work and tender evaluation is in progress.

### 6. Rest Room Facility Building – Port of Galle

Construction of a building as a Rest Room facility for port users such as foreigners, passengers, armed guards and an office facility for JSS union of Port of Galle has commenced in October 2019 at a cost Rs. 15.09 million and work is in progress.

### 7. Swimming Pool for Mahapola Ports and Maritime Academy

Work under this contract will comprise mainly the Design and Construction of a Swimming Pool with 25m x 17.5m (1.35m~2m in-depth) including all facilities for Mahapola Ports and Maritime Academy. Design work and preparation of the bidding document has been completed.

# Operational Review

## ENGINEERING

### THE MARINE ENGINEERING DIVISION

Marine Engineering Division is mainly responsible for maintaining and repairing of all floating craft of SLPA and ensuring the availability of an adequate number of floating craft for Navigations, Operations and Civil Engineering Divisions and also to the other ports that are under SLPA to conduct their operational activities efficiently and effectively.

#### Marine - I

##### Refit Engineering Section

Refit Engineering Section is mainly responsible for the conducting of maintenance and repairs to all Harbour Berthing Tugs, Dredgers and Fire float "Mega" of SLPA. This section was able to meet the operational requirement of five berthing tugs for Colombo, two berthing tugs for Trincomalee, one berthing tug for Galle and one berthing tug for KKS while carrying out the machinery repairs and fulfilling Lloyds Register Classification Survey requirements of these floating crafts.

Also, SLPA Trailing Suction Dredger "Hansakawa" and Grab Hopper Dredger "Diyakowula" were maintained in operational condition during in the year 2019 by Refit Section.

Major repairs of tugs Barana, Velusumana, Suranimala and Diyakoulla were undertaken for major overhauls of underwater machinery and recoating of entire hull and superstructure after renewal of wasted components and plates of these vessels. Also, in-water surveys in lieu of docking surveys and other surveys were done for relevant vessels and were kept underclass.

##### Engineer Harbour Craft Section

Engineer Harbour Craft Section is mainly responsible for repairing and maintaining pilot launches, mooring launches and other Crafts. This section was able to meet the operational requirements of the Navigation Division as well as the other ports under SLPA.

The Pilot launches "Pilot 13", "Pilot 14", "Mooring I", Assistance and Pilot-15 were refurbished during the year by the Engineer Harbour Craft Section. Routine maintenance and repairs of all pilot launches, mooring launches and other Crafts of SLPA have been successfully concluded including repairs of the craft at Trincomalee and Galle harbours in the Year 2019.

Classification surveys were successfully carried out on all Pilot Launches and Mooring Launches in this year.

#### Marine – II Section

##### Cargo Craft Section

Cargo Craft Section is responsible for steel repair work, grit blasting and painting of all craft that are used in SLPA and also responsible for the repairs and maintenance of Towing Tugs, Motor Launches, Water Barges, and Deck Barges used by the Operation Division.

This Section also manufactured and supplied wire slings in different sizes to the other sections of the SLPA and also to the outside parties during the year 2019. This section is also capable of producing different sizes of curtains, different sizes of canvas cover awnings and tent clothes requested by the Operation, Navigation, Security and Engineering Divisions, Port of Galle and Port of Trincomalee and also to the other outside institutions.

Pilot Launches 10, 12, 14, Mooring 1 and Mooring 3 crafts of SLPA were slipped during this year 2019 for necessary running and major repairs.

Sea craft, NINA, Commander 5 and Commander 1 belonging to outside parties that were slipped for repairs purposes and the revenue earned by the SLPA for this work was more than Rs. 10 million.

#### New Beira

The yard is mainly responsible for the maintenances and repairs of the steel cargo lighters and barges used by the operation division. Steel repairs and maintenances to water barges were carried out during the year.

Blasting and painting of Deck Barge 2007, Cargo lighter 1,257 and Water Barge 15 was completed during the year. Also, steel repairs which were assigned to this section on Tug Velusumana, Nandimithra and Suranimala were completed successfully.

#### Shipwright

Shipwright Section is mainly responsible for all wooden repair work and fibreglass repair work of floating craft of the SLPA. The shipwright section also carried out repairs to wooden furniture, panelling work and the timber fender repair work of the berthing Tugs and launches used by the Navigation Division. This section also undertakes slipping and unslipping operations of Vessels which are around 600 ton DWT Patent Slipway and its maintenance work.

During the year MT Velusumana was un-slipped at the 600-ton Patent Slipway after completing major hull repairs. Other wooden and panelling repair work to berthing tugs and launches were carried out by this section during this year.



#### Building of New Vessels

##### Construction of New Pilot Boats

Two Nos. of 22 Knot High-speed Pilot boats were introduced to the present fleet of Pilot launches where design review, all construction work and quality control, machinery commissioning and trials were carried out under the supervision of engineers at Marine Engineering Division. The boats were built by M/s. Colombo Dockyard PLC and the project was completed successfully as per the technical specifications of SLPA and classification rule requirement and the boats (namely Pilot 16 and Pilot 17) were engaged for duty at Port of Colombo.



### THE MECHANICAL WORKS ENGINEERING DIVISION

The main purpose of the Mechanical Works Engineering Division is to keep , structures of all operational/non-operational equipment in all ports in operational/proper working condition. This division provides 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, new constructions of steel Buildings, warehouses and other structures; removal of old steel buildings and structures. This division also engages in machining, fabricating, the casing of new spare parts required for cargo handling equipment, marine crafts and all other works of all ports and port-related activities. The division is also responsible for testing of chains and shackles and maintaining grabs for operational requirements.

The Division has completed the following major and minor works during the year.

- Completed the installation of the main entrance of ECT in gatehouse, out gatehouse and reefer stackers.
- Construction of 02 fuel tanks each 5000MT, completed.
- Renovation of Sampur Light House by completing all steel-related work with a brass top roof covered with glass.
- Construction of a new warehouse and a new Buoy for Trincomalee Port.
- Construction of resting Building for visitors in Chaitya premises.
- Completed preliminary steps for construction of 3200MT Tank and installation of foam fire system for the other remaining tanks for Colombo Oil Bank.
- Replacing nut and bolt and plates of 03 UCT Gantry cranes was commenced.

- Curtailing height of 03 coconut oil tanks at coconut oil tank farm was started.
- Completed 08 bulletproof security turrets around the SLPA boundary.

In addition to the above, anchor chain testing and galvanising work, machining of worn-out spare parts, casting of bushes, fitting and repairing works, machining works were carried out by the 07 workshops of Mechanical Work Division for the various Divisions of SLPA.

### THE CIVIL ENGINEERING DIVISION

The Civil Engineering Division is mainly responsible for maintaining port infrastructure, facility buildings, internal roads, yards, quay walls, SLPA quarters, water supply, harbour depths inside the harbour basin and approaches, and providing various other services to its stakeholders. The Division also provides services to maintain facilities at all other ports, Trincomalee and Oluvil harbours and lighthouses around the country.

In addition, the Civil Engineering Division also undertakes management and execution of projects including tender proceedings, material purchasing, construction supervision and quality controlling, contract management of construction projects and minor new construction works in Port of Colombo utilising its direct labour force.

Major civil maintenance activities have been planned in line with the requirements identified in advance and minor maintenance activities have been carried out based on the urgency of work by in-house staff. A successful solid waste management system has also been established.

Major rehabilitation and development projects carried out/in progress by the Civil Engineering Division during the year 2019 are summarised as below.

- New Firefighting system for CFS – I warehouse with new pump house
- Rehabilitation of welfare building and VIP circuit bungalow at Katharagma
- Rehabilitation of Rumassala VIP Circuit bungalow at Galle
- Fencing of SLPA land at Mahara ( Mahara quarry)
- JCT Container Yard rehabilitation works
- Rehabilitation of Lighthouse at Sampoor –Trincomalee
- Fixing of mooring buoys and Night Navigation channel buoys
- Relocation of Trade unions and Cooperative and Society Banks
- Fixing of scanning machines at SLPA gates (Civil works)
- Relocation of SLPA EPF office at Charmas Quay
- Construction of workshop building for refit section
- Construction of Electrical substation at PVQ and Generator room at UCT

# Operational Review



- Renovation of welfare building at BQ
- Construction of visitors waiting hall at Chaithya
- Rehabilitation of SLPA perimeter wall
- Rehabilitation of warehouses at Paranthan
- Renovation of the Finance Division
- Renovation of Canteens inside the port premises
- Renovation of Toilets blocks inside port premises and MPMA

## ELECTRICAL AND ELECTRONIC ENGINEERING DIVISION

- Upgrading of a high voltage power network at Port of Colombo including new substation at JCT – IV area, replacement of HT panels at JCT substation and Summer Hill area substations.
- Planning and implementation of the Ceylon Electricity Board (CEB) power receiving substation at Chaithya area to cater to the power requirement of ECT.
- Resuming the electrical installation work at ECT.
- Upgrading high voltage power network at Port of Trincomalee and completing electrical installation of the new warehouse building at Port of Trincomalee.
- Installation of 350KVA standby generator at Port of Galle and upgrading the Port's power network.
- Conversion of part of the lighting system of STS and Yard cranes at JCT Stage I and II area by LED light fittings.
- Rehabilitation of Little Basses, Great Basses, Beruwala, Dondra Head lighthouses and Port starboard lights of Colombo Port.

## MECHANICAL PLANT ENGINEERING DIVISION

- New 14 Nos Terminal Tractors and 04Nos 15Ton FL Trucks introduced to equipment fleet.
- Completed the procurement of 02 Nos Reach stackers scheduled to reach Colombo in early 2020.
- J15 STS Crane in JCT put back to the rails again within 24 hours which had derailed due to collision with a ship. The threat of losing JCT operation was avoided by this speedy operation.
- All the cargo handling equipment of Operations and Logistics Divisions were well maintained, resulting in high machine availability.

## HUMAN RESOURCE DEVELOPMENT

### THE HUMAN RESOURCE DIVISION

SLPA's diverse team of 9,759 agile employees drives our strategic aspirations and vastly contribute towards our growth through innovation and dedication - ensuring sustainability in a competitive environment. With the support of our employees, the SLPA could attract and retain its hub position despite severe competition. Our employees' dedication and commitment have enhanced the value of the SLPA and in turn, SLPA creates value for them by way of competitive remuneration, numerous benefits, opportunities for learning and development and a conducive working environment. The total human capital as at 31.12.2019 was 9,759. Out of this, the total headcount at the Port of Colombo was 8,975 whilst at the Ports of Galle and Trincomalee it was 384 and 400 respectively.

The Human Resource Division centralised HR functions, ensuring the sector's alignment to SLPA strategies and practices. Policies and procedures have been structured to ensure compliance with rules and regulations of the institute. The employee onboarding takes place mainly focusing on attracting the most suitable talent to strengthen the SLPA brand. Most of the vacancies were filled by calling for applications from qualified and eligible candidates within the organisation and as per the provisions of the approved schemes of

recruitment. However, if suitable candidates are not found internally, outside applications are called for. Our recruitment, promotions and all other HR functions do not discriminate against any ethnic representation.

As at the end of the year under review, the Executive and Non-Executive grade employee composition was as follows.

Employees Category	Permanent	C/Basis	Total
Executives	532	01	533
Non-Executives	5,089	--	5,089
Technical	4,137	--	4,137
<b>Total</b>	<b>9,758</b>	<b>01</b>	<b>9,759</b>

New recruitments during the year 2019 are as follows:

Designation	No. of positions
Manager (Logistics)	01
Nursing Aids	04
Prime Mover Drivers	28
Accounts clerks	25
Work Assistants	428
<b>Total</b>	<b>486</b>

There is a recruitment process in place followed by an extensive induction programme such as on-site mentoring, structured classroom sessions and as well as on-the-job training. Approximately 35 awareness and motivation programs have been held at the Mahapola Port and Maritime Academy during 2019 with a view to motivate employees towards organisational goals and to explain future challenges faced by SLPA.

Gold coins were awarded to 140 employees who retired in the year under review based on their service period. In addition, Rs. 50,000 has been paid to retired employees whose service was below 15 years. A sum of Rs. 548,000 has been paid as ex-gratia payments to the dependents of the employees who died during the year.

The Human Resource Division has carried out approximately 26 disciplinary inquires in 2019 in order to maintain a disciplined workforce.

The total outgoing employees for the year 2019 was 437 and details of those are as follows:

Retirement	377
Death	17
Dismissal	05
Resignation	08
Vacation of Post	13
Retirement on Medical Ground	02
Termination	15

The total number of accidents in the year under review was 70, of these only one (01) employee has died. Workmen's compensation paid was

Rs. 412,500 against fatal accidents for the year 2019. Approximately 70 employees have been granted leave due to accidents.

SLPA always recognises its employees' freedom of association and collective bargaining. As a result, approximately 88% of employees are represented by trade unions.

#### THE WELFARE AND INDUSTRIAL RELATIONS DIVISION

In reaching its aims and objectives, the SLPA specially focuses on its human resources. Human resources are managed with the aim of providing facilities and opportunities for a better living standard to the employees of the SLPA. Two sections functioning under the Welfare and Industrial Relations Division are:

- Main office
- Central Kitchen Section

The facilities provided by the Main Office of this Division are as follows:

#### Employees' Health Insurance Scheme

The Employees Health Insurance Scheme implemented under the National Insurance Trust Fund was terminated on 31st August 2018. The existing Health Insurance Scheme was structurally changed by the SLPA Circular No. 28/2018 dated 01.11.2018, issued by the Chairman with his signature.

Accordingly, Rs. 7,500 paid on account of outdoor treatment and Rs. 5,000 on account of spectacles has been increased to Rs.10,000 each under the new scheme. Applications received for claims are referred to the Finance Division for reimbursement on approval of the Medical Division.

The total amount reimbursed during the year 2019 is as follows:

For spectacles	- Rs. 17,610,010.00
For outdoor treatment	- Rs. 42,102,536.23
<b>Total</b>	<b>- Rs. 59,712,546.23</b>



# Operational Review

## Scholarship Scheme

Two scholarships are awarded to the children of the SLPA employees for G.C.E (O/L) and university education.

Scholarships are awarded to children of SLPA employees who have received university education on the basis that they will not claim Mahapola Scholarships or bursaries from universities.

These scholarships are awarded for a period from 3 to 5 years for 10 months annually and Rs. 25,000 is awarded annually with Rs.2,500 paid monthly. For a general degree program, Rs.75,000 is paid for 3 years with Rs. 25,000 paid annually. Rs. 100,000 is paid for 4 years special degree programs with Rs. 25,000/= awarded annually and Rs. 125,000 is awarded as scholarships for a full-time medical degree program with Rs. 25,000 paid annually for 05 years.

Requests to increase the amount of the present scholarship on par with the Mahapola scholarships have been received which has been forwarded to the higher management for their information.

The amount paid as scholarship payment during 2019 was Rs. 5,275,000.

An amount of Rs. 18,000 is granted for students who obtained more than 06 A passes or 06 B passes as well as for all students who obtained passes for all subjects at the G.C.E (O/L) examination with Rs. 9,000 paid annually for 2 years. In 2019, Rs. 3,222,000 was granted for G.C.E (O/L) students.

## Housing Loan Scheme

A Housing loan scheme subject to a maximum of Rs. 500,000 is implemented for permanent employees with the assistance of the State Mortgage and Investment Bank to construct a new house, to add an extension to the existing house or to purchase land to construct a new house. A provision of Rs. 50 million is annually allocated to implement this loan scheme, and this amount is released to the Bank as per financial requirements. A concessionary interest rate of 6% is levied when providing loans. In 2019, Rs. 2,500,000 was released to provide loans.

## Welfare Buses

Six buses have been deployed for pilgrimages, excursions and to attend funerals of the employees of SLPA and their family members. 03 buses have been deployed for internal transportation of port workers free-of-charge.

In the event of the death of an employee, a bus is provided free of charge for the employees of the Division/Section to attend the funeral. Besides, buses are also provided to employees at a concessionary rate of Rs.12 per kilometre for pilgrimages, trips and weddings and Rs. 15 per kilometre to travel with family members for the same purposes. The buses made 938 trips during 2019.

## The Crèche and the Pre-school

This facility provides care for children of SLPA employees aged from 2 ½ to 05 years. Admissions are open from January to 31st August. A concessionary monthly fee of Rs. 1,300 is charged monthly per child.



The SLPA provides a glass of milk and snacks in addition to providing lunch for children at the Creche and Pre-school.

## Library Facilities

Monitory provisions are allocated for libraries maintained by Welfare Societies to improve the reading habits and thereby to gather new knowledge and skills. In 2019, Rs.200,000 has been allocated for 20 libraries to purchase books.

## Payments for Welfare Leave Entitlement

A maximum of 180 days of welfare leave is granted for an employee in the event of an illness or accident where he/she and if he has availed all leave entitlement on the medical recommendation until he/she is fit for duty. Welfare leave with pay or without pay is granted on the recommendation of the Chief Medical Officer. From January to December 31st 2019, 94 such applications have been received.

## Maritime Museum

A variety of replicas and plaques illustrating the historical evolution of the Port and Shipping Industry, and objects that were used at the old Port premises are exhibited at this Museum. Many school children visit the museum due to its high educational and historical value. The Maritime Museum is open from 8.00 a.m. to 5.00 p.m. daily. 2085 foreign tourists and 22,466 locals' tourists have visited the museum in 2019.

A sum of Rs. 10 million was allocated in 2019 for renovation and maintenance work of the Maritime Museum.

## Rewards to Employees

All employees of the SLPA who have completed 30 years of service are rewarded with souvenirs in appreciation of their service. Accordingly, awarding of souvenirs for these employees is handled by the Welfare and Industrial Relations Division on intimation by the Human Resources Division. The number of qualified for awards was 121 employees in 2019.



### Welfare Canteens

Fourteen welfare canteens operate within the port premises to cater to the requirements of the employees of the Authority and port users and many other infrastructure facilities have been provided to maintain these canteens. Lessees to maintain the canteens are selected by calling for annual tenders. The total revenue collected as lease rent during 2019 is Rs.6,863,910.

Arrangements are being made to construct a new canteen in the defunct kitchen building site at Kochchikade.

### Circuit bungalow No. 11 at Katharagma

The Circuit Bungalow No. 11 at Katharagma was vested under the Welfare and Industrial Relations Division by the Chairman's Circular No. 29/2017 dated 06.10.2017. The number of employees of the SLPA who were been provided with accommodation from 01.01.2019 to 31.08.2019, was 1,268.

Providing accommodation facilities has temporarily been suspended from September 01st 2019 for refurbishment work.

### Services provided by the Central Kitchen Section

#### Supply of meals to the staff free-of-charge

The employees who work on a shift basis are provided with lunch/dinner and tea/snacks and porridge as well. Only lunch is provided for office staff and dinner is provided for employees working overtime after 10.00 p.m. The expenditure on supply of lunch/dinner, tea, snacks and porridge in 2019 was Rs.1,046,995,330.

### Refreshments provided at special functions

Refreshments are provided at special functions with prior approval of the Managing Director. Besides, cooked food parcels are also given away in the event of natural disasters, with the approval of the higher management

### THE MEDICAL DIVISION

The Medical Division functions 24 hours a day, 7 days a week.

Six Doctors, a Dental Surgeon and paramedical staff helped with the functioning of the outpatient department. X-ray and ECG facilities, laboratory and 24-hour dispensary, pharmacy and ambulance services were available.

Accident and emergency services were provided promptly.

Weekly checking for dengue breeding sites was 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 was sent to the Secretary, Ministry of Ports and Shipping. The SLPA Dengue Prevention Committee Meetings were held monthly to discuss difficulties encountered and help to take corrective measures.

Educational Programmes for prevention of lifestyle diseases especially Diabetes Mellitus were carried out by doctors.

Usage of resources of Medical Divisional was managed in an optimum manner.

There were many recruitment medical examinations done in 2019.

### THE MAHAPOLA PORTS AND MARITIME ACADEMY

#### General

The SLPA, the Mahapola Ports and Maritime Academy is committed to achieving its main objective of providing training facilities to Port employees, Port users and others in the Maritime Sector. Further, as per the annual training calendar, it has focused on a series of lectures, seminars, workshops and practical training programmes to enhance the knowledge, skills and attitude of the targeted groups. Several



# Operational Review

workshops on productivity improvement, team building, upgrading technical skills, customer services and quality improvements were conducted during the year 2019. MPMA facilitated pathways for Port employees to upgrade their competency level and to enhance specialised skills of Port Operations through customer-oriented courses that lead to value-added certificates.

During the year 2019, MPMA has trained about 11,288 candidates (excluding on-the-job training) covering up to 1,083,848.5 Man-Hours. In addition, MPMA has provided on the job training for 836 candidates of University Undergraduates, Students of Technical Colleges and other similar Vocational Training Institutes etc.

## Overall Training Performance during the Year 2019

Stream	No. of Candidates Trained	Total Man Hours
Equipment Operations	1,164	24,699
Cargo Operations	24	432
Management	5,506	93,813.5
Information Systems	1,012	53,289
Technical (Electrical/ Mechanical workshop)	414	22,763
Fire, Safety and Occupational Health	1,191	15,871.5
Maritime and Seamanship	1,114	44,500.5
NAITA Apprentices, VTA and Technical Colleges	530	508,800
University Undergraduates	333	319,680
<b>Total (without OJT)</b>	<b>10,425</b>	<b>255,368.5</b>
<b>Total (with OJT)</b>	<b>11,288</b>	<b>1,083,848.5</b>

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

It was observed that several Port employees were stagnating without any promotional prospects due to being in non-conformance with required education qualifications. To correct this situation, MPMA has designed a structured bridge training programme and NVQ certification with the collaboration of TVEC/NAITA to exempt this qualification as appropriate to SLPA. During the year 2019, MPMA has obtained about 381 candidates to qualify for NVQ level 4 in Ports disciplines to become eligible for promotions and to add value to SLPA.

Moreover, for the benefit of executive officers, a Diploma in Port Operation Management and Diploma in Port Security Management were conducted during the year 2019. In addition, a new programme was conducted to enhance the competency of boat riders' in Gregory Lake in N'Elia.

## Enhancing overall port productivity

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

1. Port Finance/Accounts
2. Auditing

3. Procurement and Stores Management
4. Clerical Skills Development and Administration
5. HR Management
6. Positive Thinking
7. Health and Safety Aspects
8. Ports Management
9. Engineering Drawing for supervisors and Technicians
10. Motor Control Circuits
11. Electronics for Electricians
12. Welding Course
13. Computer Training
14. Equipment Training etc...

During the year 2019, Fifty (50) such, Equipment Operation programmes were conducted for 1,164 participants. Moreover, a series of safety awareness programmes were conducted for 881 private truck drivers to enhance the safety of human lives and equipment at container terminals. This programme is aimed towards reducing Truck Turnaround Time and to improve the safety of terminal activities.

## Supporting the Local and International Maritime Industry

MPMA makes a significant contribution to the Global Maritime Industry by providing Maritime related Training Programmes. Thousands of unemployed and underprivileged Sri Lankan youth obtained employment from international shipping lines through these programmes. During the year 2019, Sixty Four (64) such programmes were conducted for 1,114 candidates.

## ISO 9001:2015 Certification

MPMA is the pioneer educational institution in Sri Lanka which has achieved ISO 9001:2015 certification for its Quality Management System, a mandatory requirement to conduct IMO/STCW training programmes for seafarers. It has conducted three Management Reviews and four Internal Quality Audits (IQA), one Merchant Shipping Secretariat (MSS) Audit and IRQS Audit during the year 2019.

## Use of Modern Technology

MPMA has upgraded the quality of its training programmes by introducing modern technology into its activities.

36 candidates were trained in the use of its own established Mechatronics Laboratory.

Container Simulator is also being used to train 41, Gantry Crane and Transfer Crane Operators.

## Potential Workforce

MPMA is in the process of maintaining a pool of skilled workers to fulfil the future requirement and to cope with newly-developed ports. For this purpose, during the year 2019, about 228 port equipment operators were trained.

### Enhancing Language and IT Skills

As customer satisfaction is a vital factor for a global business, SLPA is committed to improve the language skills of its employees and to empower them with IT skills and knowledge to enhance customer satisfaction. MPMA shoulders the responsibility to make it possible and during the Year 2019 it conducted various IT programmes and trained 1,012 employees. Moreover, language programmes including Sinhala, Tamil and English were conducted for chosen 109 candidates, in addition to 24 Top-level executives trained for Social Etiquette programme conducted by CIPM collaborating with MPMA.

### Providing Industrial Support

SLPA is in the process of supporting state Universities, Technical Colleges and Vocational Training Agencies by providing industrial training to their students to complete their courses of studies. During the year 2019, Three Hundred and thirty-three (333) undergraduates from various universities and 530 others were given opportunities at SLPA to complete their on-the-job training.

### MPMA Providing Services to Maritime Institutes with MOU

MPMA is in the process of providing services to the following institutes:

1. Sri Lanka NAVY
2. Lanka Academy of Technological Studies (private) Ltd
3. CINEC
4. Mercantile Seamen Training Institute Ltd
5. UNK Global Maritime Institute
6. Merchant Shipping Secretariat
7. Ocean University

### Revenue Earned

From January to December 2019, MPMA earned a total sum of Rs. 23,250,612 as revenue for the Port Authority from the fee levying programmes conducted for outsiders. The revenue earned from various divisions of SLPA by conducting training for their employees to improve the overall efficiency of port operations was Rs.26,897,114. Therefore, total revenue earned by MPMA during the year 2019 was Rs.50,147,726.

Total expenses for courses conducted at MPMA was Rs. 10,415,997 during the year 2019.

## SUPPORT SERVICES

### SECRETARIAT DIVISION

The Secretariat Division, one of the most important Divisions which includes the Chairman's Office, the Vice Chairman's Office, the Managing Director's Office and the Additional Managing Director's Office, plays a pivotal role in handling overall administrative functions of the SLPA.

Issuing circulars and enacting legislation on instructions of the higher management and speedily replying to correspondence from the Ministry of Ports and Shipping are among the key functions of this Division in order to maintain the administrative activities and services

of the SLPA without any disruption. In addition to administrative work, the preparation of the Annual Report and the Action Plan of the Authority obtaining all information and data through interaction with other Divisions, replying to parliamentary questions, preparing the reports of the Committee on Public Enterprises (COPE) are performed by this Division. Various programmes/ celebrations were organised during the year by this Division.

Another important task is to furnish replies to the Auditor General's report for SLPA and providing the details required by the Superintendent of Audit for audit purposes. Progress reports of operational and financial performances and the details of the SLPA cadre are submitted to the Ministry of Finance through the Ministry of Ports and Shipping monthly, quarterly and annually by this Division.

Employees Health Insurance Scheme "Agrahara" (Gold), which has been introduced by the Government covering all Semi-Government Employees and currently implemented for SLPA employees too which entitle better and more benefits than the earlier scheme is coordinated by the Secretariat Division.

Secretariat Division is also responsible for the selection of suitable candidates for awarding scholarships for overseas training programmes as applicable to the scope of duties of management-level officers and all matters relating to the foreign tours of officers/employees for participation in conferences/ exhibitions, and also of athletes participating in international sports events.

Reservation of Nuwara Eliya, Galle, Oluvil and Katharagma (Special) welfare circuit bungalows for officers and employees for private or official purposes, as the case may be, is arranged under the approved concessionary rates. Renovation and maintenance work of these bungalows are effected in a timely manner in collaboration with the Engineering Division.

Functioning as the "Centre for Delivery of letters" the Secretariat Division handles the delivery of letters to its all Sections /Divisions and to the SLPA without any delay using own vehicles, fuel and staff.

Appeals to the Chairman by officers/employees appealing discharge from disciplinary action taken against them for misconduct are forwarded to the respective committees appointed for reviewing such appeals in line with the disciplinary code.

In addition, various programmes and functions were organised during the year and discussions held with the officials of the Mahaweli Authority and the Ministry of Environment to implement the Green Port Concept for which the initial step was taken in the year for implementation of this concept.

Further arrangements were made to deliver a lecture on cardiac diseases by a consultant cardiologist in collaboration with the Nawaloka Hospital. The Secretariat Division also playing a leading role in organising a Dharma Deshana programme coinciding with the Thripitakabiwandana week.

# Operational Review

## THE INFORMATION SYSTEMS DIVISION

### Container Terminal Management System (CTMS)

Upgrading the existing Container Terminal Management System with cutting-edge technologies has already commenced and all the relevant server hardware has been successfully installed to cater to the upgraded version with more functionalities. This would significantly improve all SLPA services to its clientele. Apart from that, enhanced EDI facility with Automation of CODECO/ COARRI forwarding process has been introduced.

### Electronic Documents Digitization System (EDDS)

The system has already commenced and the required hardware was installed to cater to the huge document capacity at SLPA. User training of the system has been completed and the project will go live shortly. This system will be a great help to all SLPA users who wish to have a paperless part in future. EDDS will digitise all the documents available in SLPA to provide easy access and sharing of documents. The system will reduce the wastage, storage, time and money spent on managing physical documents in SLPA.

### Finance, Inventory and Procurement System (Oracle e-Business Suite)

Upgrading the new version of Oracle E-business suite was successfully implemented and went live in 2019. New server hardware has also been installed to facilitate high performance, speedy access and to get the maximum benefit of the system. Apart from that, integration with banks to make payments of SLPA stakeholders, (A/C Receivable Interface) and automation of the process of Agents Bill Transfer has been initiated as the second phase of this upgrade.

## THE LEGAL DIVISION

The Law Officers are the Legal Advisors to the specified Ports declared under the Sri Lanka Ports Authority Act No. 51 of 1979 i.e., Ports of Colombo, Galle, Trincomalee, Kankesanthurai, Oluvil, Point Pedro, Puttalam and Hambantota and also render advice to the Board of Directors, Directors, Heads of Divisions and other Sections of the SLPA.

### Advice

During the year 2019 over 210 advisory services were provided to the Management and Heads of Divisions.

In addition, drafting executing and attending to other matters pertaining to Contracts, Agreements, Memorandum of Understanding, 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 2019, 13 Lease Agreements, and 21 Agreements/ Contracts and Memorandum of Understanding (MOU) have been executed by the Legal Division. In addition to those instruments, following Agreements and Bonds have been executed: -

- 05 Agreements and Bonds in respect of No-Pay Leave for Employment abroad.
- 30 Agreements and Bonds in respect of Training and Education in Sri Lanka and Abroad.

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

### Litigation

By end December 2018, altogether 424 cases/complaints/applications were pending before Supreme Court, Court of Appeal, High Courts, District Courts, Labour Tribunals, Magistrate Courts, Labour Department, Human Rights Commission, Ombudsman, Labour Courts, Workmen Compensation and Arbitration Centers.

During the year 2019, 70 new cases/complaints/applications have been filed against/by 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 Compensation Tribunal), Custom Inquiries. From the total 494 cases, 296 cases have been concluded during the year 2019.

As at 31.12.2019, 198 cases/complaints/applications/inquiries are pending before the said Forums.

### Supreme Court Cases

At the end of the year 2018, 35 cases were pending during the year 2019 and 10 new cases have been filed. Out of all 45 cases, 03 cases were dismissed. As at 31.12.2019, 42 cases were pending before the Supreme Court.



### Court of Appeal Cases

22 cases were pending as at 31.12.2018. During the year 2019, 05 new cases have been filed against SLPA. Out of a total of 27 cases, 04 cases were dismissed. As at 31.12.2019, there were 23 cases pending before the Court of Appeal.

### High Court Cases

As at 31st December 2018, 14 cases were pending at the High Court. 04 new cases were filed during 2019. Out of a total of 18 cases, 02 cases were dismissed, while 02 cases were withdrawn. As at 31.12.2019, there were 14 cases pending before the High Court.

### District Court Cases

08 cases were pending as at 31.12.2018. During the year, 06 new cases have been filed against SLPA. Out of a total of 14 cases, 01 case was settled. As at 31.12.2019 there were 13 cases pending before the District Court.

### Magistrate Court Cases

As at 31.12.2018, 42 cases were pending at Magistrate Courts. During the year 2019, 05 new cases have been filed in Magistrate Courts. Out of 47 cases, 42 cases were concluded during 2019. As at 31.12.2019 there were 05 cases pending before the Magistrate Courts.

### Labour Tribunal Cases

As at 31.12.2018, 03 cases were pending in Labour Tribunals. During the year 2019, 05 new cases filed against SLPA and out of a total of 08 Labour Tribunal cases, 06 were dismissed. As at 31.12.2019 there were 02 cases pending before the Labour Tribunals.

### 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 Tribunal.

As at 31.12.2018, 164 Human Rights Commission (HRC) applications, 110 complaints of conciliation before Labour Commissioner, 19 complaints before Ombudsman and 01 complaint to the Workmen Compensation Tribunal were pending.

During the year, 01 new applications were made to the HRC, 23 new conciliation complaints were made to the Labour Commissioner 03 new complaints before ombudsman and while 02 applications were made to the Workmen Compensation Tribunal.

142 HRC Applications, 92 Conciliation complaints, 03 ombudsman cases and 01 complaint to the Workmen Compensation Tribunal were concluded during the year 2019.

Accordingly, as at 31.12.2019, 23 HRC applications, 41 conciliation complaints and 19 complaints before Ombudsman and 02 complaints to the Workmen Compensation Tribunal were pending.

### Arbitrations

As at 31.12.2018, 02 Commercial Arbitration matters, and 05 Industrial Arbitration matters were pending. During the year 2019, 06 industrial arbitrations were filed against SLPA which includes different case

number for industrial arbitration pending (i.e. A35/2017). None of the industrial arbitration or commercial arbitration were concluded. Accordingly, as at 31.12.2019, 02 commercial arbitration and 10 industrial arbitrations were pending (although concluded, two commercial arbitrations are considered as pending since appeals have been filed by SLPA against the awards made by the arbitral tribunals).

### Custom Inquiries

As at 31.12.2018, there were 02 customs inquiries. 02 inquiries were pending as at 31.12.2019.

### THE SUPPLIES AND MATERIAL MANAGEMENT DIVISION

Functions of this division included purchasing (Foreign and Local), storage and issue of fuel, machinery and equipment, Spare parts and other items required by the Sri Lanka Ports Authority for operations and maintenance of all commercial ports in Sri Lanka.

### Progress made in 2019

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

Description	No. of Tender Board Meeting	No. of Tender Board Approvals
DPC (Above Rs. 2,000,000/-)	14	35
mPC-A Above Rs. 500,000/- 2,000,000/-)	52	885
mPC-B (Approval limit less than Rs. 500,000/=)	108	2,862

### Total Expenditure during the year 2019 on Foreign Purchases

- C and F Value
- i. Non-Capital Items - Rs. 244.44 million
- ii. Capital Items - Rs. 372.58 million
- No. of letters of credit opened (including D/A, D/P) - 68
- No. of Telegraphic Transfer orders opened - 64

### Details of the Goods Cleared by the Wharf Section in 2019

Sea Freight	- 79
Air Freight	- 35
Parcel Post	- 05
Value of Stocks as at 31.12.2019	- Rs. 777,286,048.53

### Main Stores and Stocks Control

- Value of Goods received at Stores (during the year 2019 (Non-Capital) - Rs.2,112,871,610.98
- Value of Goods received at stores (during the year 2019 (Capital) - Rs. 419,497,762.90
- Value of Goods issued to User Section (Non-Capital) - Rs.2,105,408,509.77

# Operational Review

## THE SECURITY DIVISION

The main function of the Security Division is to provide security to the property and employees of all ports functioning under the SLPA, to port users, cargo handled and for ships which arrive to obtain services and to safeguard the Port premises and the territorial waters. The Security Division provides 24 hours uninterrupted efficient security services to achieve these functions and responsibilities.

The Security Division succeeded in providing services at an optimum level to achieve the aims and objective of SLPA to generate income in 2019.

### Access control

All entrance gates to the ports are controlled by the Security Division by issuing port entry permits to the staff of other stakeholders, port users and relevant vehicles based on their requirements. The Security Division has thereby ensured the security of the internal port road system and yards by reducing unnecessary traffic movement and has succeeded in creating an efficient operational environment. The Security Division has also succeeded in earning a considerable income for the port by issuing permits to persons and vehicles.

### Income earned by issuing port entry permits

The Permit Office of the Security Division has earned an income of Rs. 466,926,564.40 by issuing permits in 2019. Details are as follows:

Type of Permit	Income (Rs.)
1 Annual Vehicle Permits (inclusive of all taxes)	65,934,131.11
2 Annual personal permits (inclusive of all taxes)	49,863,098.47
3 Monthly personal permits (inclusive of all taxes)	74,282,172.08
4 Monthly vehicle permits (inclusive of all taxes)	2,781,823.71
5 Issue of Angling permits	344,926.94
6 Fines charged for loss of annual permits	130,587.41
7 Issue of belts and pouches along with annual permits	5,300.00
8 Temporary permits (inclusive of all taxes)	90,272,536.53
9 Temporary vehicle permits (inclusive of all taxes)	120,386,988.15
10 The initial fee charged for the issuing of new vehicle permits (transportation)	58,700,000.00
11 Charges for issuing of permits for alternative transport vehicles	4,225,000.00
<b>Total Income</b>	<b>466,926,564.40</b>

### New programmes implemented:

- Annual Regular Port User (RPU) Permits were issued from 2019 using the RFID technology
- A new computer system was introduced to issue all permits speedily.
- Cameras with modern technology were used to improve the quality of photographs taken for RPU permits.



### Streamlining the security activities at entrance gates:

- Security activities at all entrance gates were streamlined. 15 Nos. metal detectors were installed to check/screen individuals and 04 metal detectors were installed at the Export Gate. The other 11 Nos. metal detectors will be installed at other entrance gates after developing the necessary infrastructure facilities. The inconvenience caused to people during security searches has decreased due to the introduction of metal detectors.
- Forty-five (45) Nos. metal detectors have been installed at gates and key points to screen/check persons.
- The procurement process for the purchase of “Electronic Boom Barriers” has been completed and is to be installed in 2020.

### Streamlining activities as per the International Shipping and Port Security Code (ISPS)

- Action was taken to put up hoardings covering relevant locations at all ports as per the ISPS Code -2019 standards and to modify the hoardings.
- Two/three day training programs were implemented in 2019 with regard to the ISPS Code, representing all Divisions and all stakeholders within the port premises. 303 participants attended the training programs.

### Traffic Control

- The Traffic Control Section of the Security Division has provided an optimum service for port operational activities by efficiently controlling traffic congestion in the Colombo port premises in 2019.
- In 2019, inquiries into 116 motor accidents within the port premises and terminals were conducted and action has been taken to claim damages caused to port properties.
- Legal action has been taken for 119 traffic offences committed by drivers of private vehicles within the port premises.

### Navigation Security Section

- With the setting up of the Navigation Security Section, illegal fishing activities causing disturbances to navigational activities have been minimised due to control of illegal activities and by arresting fishermen with their boats and fishing equipment.
- The assistance of the Sri Lanka Navy and Sri Lanka Police has been obtained for raids and arrests and the Security Division has thereby succeeded in doing away with obstacles to navigational activities.

### Establishment of the Environment Protection Unit

An Environment Protection Unit was established on 10.08.2019 under the Security Division to detect, report and follow-up instances of environmental pollution to create a clean, hygienic and scenic environment within the port.

### Investigations conducted by the Prosecution and Investigation Branch

In 2019, 647 incidents were reported to the Security Division and investigations have been conducted by the Prosecution and Investigation branch.

### Training and Development for Security Officers

- In 2019 training programs were conducted involving all categories of officers to maintain an efficient and high-quality security service to improve the performance of security officers by improving their knowledge, skills and attitudes.
- These training programs were conducted in 35 sessions. 1254 Security Officers and 281 Army officers from the Ports of Colombo, Galle, Trincomalee and Oluvil participated in these programs.

### THE COMMUNICATION AND PUBLIC RELATIONS DIVISION

Since its establishment, the Communication and Public Relations Division (CPRD) has worked extensively towards boosting and promoting the image of the Sri Lanka Ports Authority (SLPA), while strengthening and fostering positive relationships among the employees of the SLPA and external institutes.

One of the major responsibilities vested in the CPRD is strengthening Communication and Public Relations with media institutions, the general public, government departments and agencies and industry stakeholders. The process of managing relationships and communications with journalists, analysts, public officials and other key influencers is a vital function of the CPRD in achieving the objectives of the SLPA.

The CPRD has taken extensive steps to collaborate with local and international media institutes, stakeholders and other interested parties of the industry. The division has taken a constructive approach to attract more channels and provide positive publicity by strengthening public relations on the activities and programmes conducted by the SLPA over the last year 2019.

Our major programmes and activities were focused on creating and communicating news, feature articles and multimedia distributing information to target audiences, as well as planning, developing,

managing and monitoring conventional and social media campaigns and implementing strategies to generate popularity and a positive reputation and sentiment for the SLPA. This was achieved by organising events such as media visits, receptions and conferences, designing, editing and producing press releases, video documentaries, photo albums and other presentations; and by compiling reports on activities and performances of the CPRD.

In 2019, the CPRD has continued its existing regular publications and introduced new online publications to expand the audience and network by aiming for generating greater awareness of SLPA activities and achievements.

Numerous official press releases have been issued throughout the years – focusing on the events and activities of the SLPA.

Now in its thirteen-year of the publication, in 2019 five issues of the 'Theertha', a regularly printed newspaper was published and disseminated amongst the employees of the SLPA and other stakeholders, free-of-charge. Each issue of the newspaper has covered important subjects such as current affairs of ports and shipping, management strategies of the SLPA, the attractive employment environment in the SLPA, achievements of the family member of the employees in the SLPA, and events organised by the various divisions of the SLPA. Among other subjects, the newspaper has given prominence to those who retired after long service at the SLPA.

To expand and strengthen our appeal with our target audiences, the CPRD has designed and started publishing a new online portal and official twitter account for SLPA, which started operating at the end of 2018. The two online portals are scheduled to launch officially at the beginning of 2019.

To digitalise most of the relevant documents on communication and public relations, the CPRD started its new web portal which is available at [news.slpa.lk](http://news.slpa.lk). The web portal contains various sections including news, events and multimedia. The website also maintains the archive of scanned print newspaper reports on the SLPA throughout the year.

To attract rapidly growing social media, the SLPA scheduled the launch its official Twitter account and enhanced its Facebook and YouTube pages used to promote the objectives of the SLPA. The CPRD believes



# Operational Review

optimising communications across multiple online, mobile and social channels while keeping traditional media outlets, is a necessity to foster the image of the SLPA.

The CPRD has recorded, edited and published a number of video productions in the last year to vitalise and visualise public relations. The CPRD produced 196 videos on functions, such as the port documentaries, religious programmes, voice clips and retirement of SLPA employees and 35 videos have been produced on news events related to the SLPA in 2019. News videos produced by the SLPA were shared with the television channels in the country and respectively they were telecasted in their news hours.

The CPRD as the communication arm of the SLPA has efficiently performed through its Video Camera, Photography, Video Editing, graphic designing and media units to accomplish a number of targets assigned to them last year. These include in-house video production of several tele-documentaries, archiving of milestone event visuals and press material, photography compilations of important events for record-keeping and distribution as well as organising various events to expand public relations and enhance opportunities to interact with stakeholders of the SLPA and the Port of Colombo.

The Port of Colombo Awards Night organised by SLPA in collaboration with the JCT, SAGT and the CICT, for the second consecutive year was held in Colombo. The CPRD coordinated the entire event. The 2019 Port of Colombo Awards has recognised their invaluable services towards increasing the volumes of the Port in its course to make Sri Lanka mega-hub of the region. The Port of Colombo Awards 2019 has felicitated the mainline operators and feeder operators, recognising their contributions to the Port of Colombo.

The CPRD has participated in three local exhibitions organised to highlight the Port of Colombo and to display the role of the SLPA. Amongst were the 'Shilpa Sena Exposition' – Sri Lanka Technology Revolution held at the BMICH in Colombo; 'V 2025 Enterprise Sri Lanka held in Anuradhapura, Yowun Puraya – 2019' held in Hambanthota; and the logistics and Transport Fair held in Munich, Germany.

The CPRD also represented SLPA at the Global Port Forum held in Dubai at the beginning of the year where the SLPA won both the prestigious Ports Authority of the year 2019 award and the Port Public Partner of the year 2019.

The CPRD coordinated the designing, publishing and disseminating the annual calendar and diaries.

The role played by the CPRD, as the most important component of the SLPA in constructing and maintaining the bridge between the institutes and public is significant.

## THE INTERNAL AUDIT DIVISION

The activities of the Internal Audit Division are guided by the Annual Audit Programme which is recommended by the Audit Committee and approved by the Board of Directors.

Internal checks and normal Internal Audit functions were carried out in the Revenue and Expenditure areas of the Authority.

## Internal Checks

### Attendance

Surprise checks of attendance of both labour and non-labour grades were carried out by the Flying Squad during the day shift and night shift. Employees detected as being absent from their workplace were reported for disciplinary action. This resulted in improved attendance of the employees.

### Cash

Surprise checks on cash and petty cash were carried out from time and discrepancies were reported.

### Audit on Revenue

The Audit of revenue collection for the year was carried out as per the Audit Programme as special assignments enabling the detection of under-recoveries of Port charges.

Debtors Accounts, Disputed Bills and Dishonored cheques were examined and discrepancies reported. Regular checks were carried out at the Landing and Delivery Units as well.

### Audit of Expenditure

Test checks were carried out in respect of capital and recurrent expenditure and also in stores payment vouchers. Excess payment and other irregularities were detected. Vehicle running charts and vehicle authorisation forms were checked and shortcomings highlighted. A regular check on the preparation of wages and salaries was carried out and discrepancies detected were reported.

### Physical Verification of Stores

The continuous verification of stores was carried out in Colombo Port and assistance was also given for the annual stock verification at other Ports.

During the continuous verification of main stores, the non-moving stock items in the stores were identified and referred to the Supplies Division for suitable action.

### Investigations

Special investigations were carried out during the year, at the request of the Chairman.

### Final Accounts

The Division is also responsible for examining the final accounts of the Authority to ensure the financial statements are prepared in a manner conforming to the Sri Lanka Accounting Standards and the Sri Lanka Financial Reporting Standards.

### Pre-Audit

During the period under review, Pre-Audit of refunds of deposits and waivers of port charges were undertaken.

### Ports of Galle and Trincomalee

The Audit of Accounts for the Port of Galle and Trincomalee Port was carried out on both Revenue and Expenditure and reports were prepared.





# FINANCIAL REVIEW

# Financial Review

## Revenue (All Ports)

### Revenue

(Port Activity Break-up) (Rs. Million)					
Description	2019	2018	Description	2019	2018
Revenue from Port Activities	40,770	38,546	Navigation	11,567	10,583
Other Revenue	13,866	13,737	Stevedoring	18,582	18,257
			Wharf Handling	5,910	5,607
			Port Facilities	3,696	3,226
			Other Service Operations	1,015	873
<b>Total Revenue</b>	<b>54,636</b>	<b>52,283</b>	<b>Sub Total</b>	<b>40,770</b>	<b>38,546</b>

## Operating and Other Expenses (All Ports)

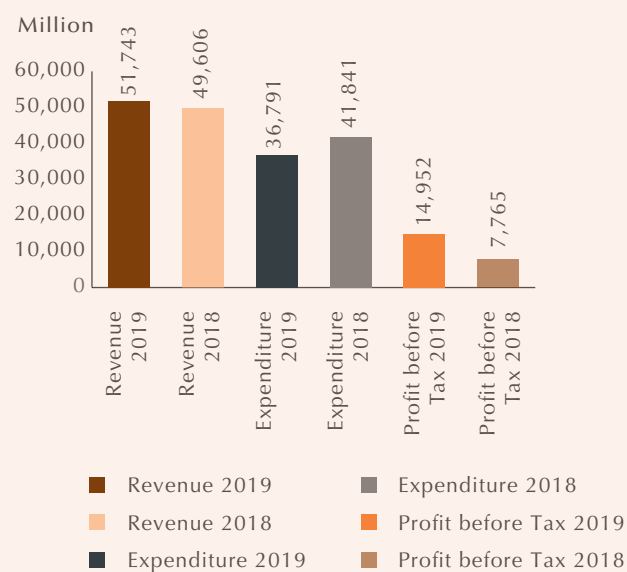
Rs. Million				
Description	2019 Expenditure	2018 Expenditure	(Increase)/ Decrease	%
Maintenance of Assets	1,322	1,323	1	0
Fuel, Electricity and Water	2,387	2,328	(59)	(3)
Interest on Foreign Loan	2,372	2,257	(115)	(5)
Overtime	4,787	4,688	(99)	(2)
Depreciation and Amortisation	4,082	4,054	(29)	(1)
Wages, Salaries and Allowances	14,880	15,087	207	1
Others	10,009	2,533	(7,477)	(295)
<b>Expenditure</b>	<b>39,839</b>	<b>32,270</b>	<b>(7,569)</b>	<b>(23)</b>
Foreign Exchange (Loss)/Gain	(1,359)	11,317	12,677	112
<b>Total Expenditure Including (FEL)/FEG</b>	<b>38,480</b>	<b>43,587</b>	<b>5,107</b>	<b>12</b>

## Port-wise Performance

### Port of Colombo

The Port of Colombo recorded an Operating Profit of Rs. 13,860 million in the year 2019. The total revenue of 2019 was Rs.51,743 million as compared to Rs.49,606 million in 2018, marking an increase of Rs. 2,137 million. Total expenditure before Tax remained at Rs. 36,791 million (including FEG Rs. 1,364 million) in 2019 whereas 2018 expenditure was Rs. 41,841 million (including FEL Rs. 11,195 million), which reflects a decrease of 12%.

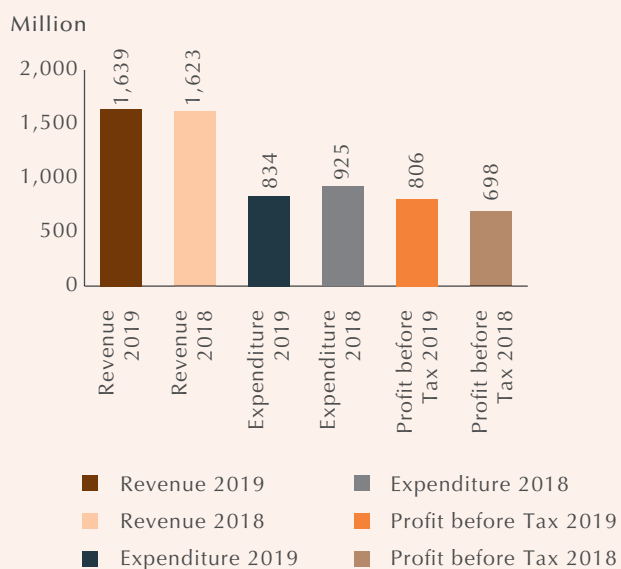
### Colombo Performance 2019/2018



### Port of Galle

The Port of Galle recorded an Operating Profit of Rs.371 million in the year 2019. The total revenue of 2019 was Rs. 1,639 million as compared to Rs. 1,623 million in 2018 - an increase of Rs. 16 million. Total expenditure before tax remained at Rs. 834 million (including FEL Rs. 6 million) in 2019 whereas the 2018 expenditure was Rs. 925 million (including FEL Rs. 122 million) – indicating a decrease of 10%.

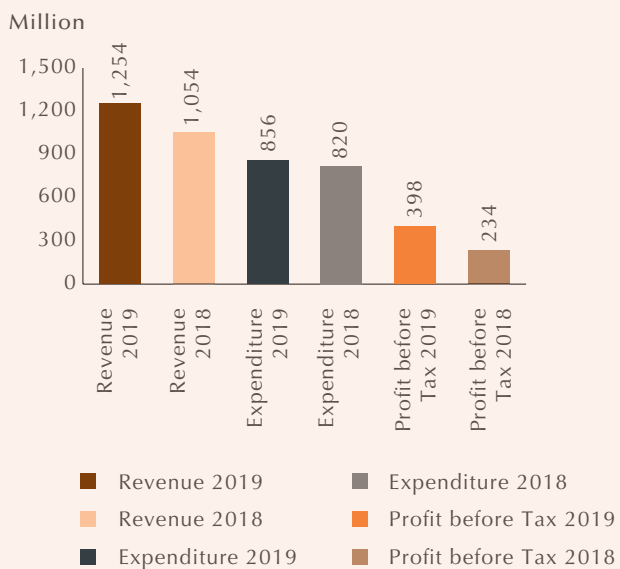
#### Galle Performance 2019/2018



### Port of Trincomalee

The Port of Trincomalee recorded an Operating Profit of Rs. 278 million in the year 2019. The total revenue of 2019 was Rs. 1,254 million as compared to Rs.1,054 million in 2018 -an increase of Rs. 200 million. Total expenditure before tax remained at Rs. 856 million in 2019 whereas 2018 expenditure was Rs. 820 million and an increase of 4%.

#### Trincomalee Performance 2019/2018



# Human Capital

SLPA's human capital comprises of 9,759 employees. Our human capital development strategy's focus is to create a beneficial environment for individual employee needs while achieving organisational goals. We attract and retain the right people, with the right experience and attitude, and place them in the right position. We ensure that all our employees are equally and fairly treated, with due respect and dignity. We provide opportunities for employees in every category of professional development coupled with career advancement.

MPMA being the training wing of SLPA provides diverse training programmes to all levels of our employees intending to acquire new skills and competencies. MPMA has provided approximately 35 awareness programmes for our employees during the year 2019.

We recognise lawful employees' rights of free association and collective bargaining and remain committed to complying with all applicable labour laws. Presently 88% of employees are represented by trade unions.

SLPA provides a safe and healthy work environment for its employees under accepted best practices such as ISPS for the safety of its valuable resource. In addition, conducive communication with colleagues, supervisors and senior managers is secured.

We encourage our employees to participate in various sports, annual activities etc., by inspiring them to remain involved with teamwork.



# Corporate Social Responsibility

During the year under review, the SLPA continued its Corporate Social Responsibility activities:

- Awarding of scholarships for the children of the Port employees who have excelled at the GCE (O/L) and GCE (A/L) Examinations.
- A fully-fledged crèche is managed by the SLPA for the well-being of the children of the Port employees.
- The 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.



# Corporate Governance Report

Corporate Governance is the total system by which organisations establish a mechanism for the effective utilisation of resources, direction and control of the organisation 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 organisation they have to ensure that processes and controls are in place and are effective, which are to be facilitated through 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. In case of any deviation they should recommend how these should be revised to meet the expected performance, especially 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 managing a transparent organisation that maximises value is of primary importance. The Authority has continued its commitment to maintaining 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 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 of 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 15 to 18.

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

- Setting directions through the 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 promptly.

The Board meets regularly and during the year under review, the Board met on ten (10) 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 before 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-to- 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 stakeholders as a socially responsible Corporate Public Sector institution while being a commercially viable organisation.

The Management Committee at its meetings carefully perused all policy matters and also the 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, the Management Committee meets twice a month and decisions were taken. The Management Committee had two (02) meetings during the year.

#### **Audit Committee**

The Audit Committee consists of the representative of the General Treasury, Director General of Custom whose also are on the Board of Directors and one (01) other Directors of the Board.

The Audit Committee reviews policies and procedures of internal control and ascertains the efficiency of such policies and procedures, review of Internal Auditors and letters of Government Audit and follow up of their recommendations are implemented through the Board. The Audit Committee also ensures that the Authority has processes and mechanisms in place to identify risks both financial and operational and that the risks are managed and addressed through a well-defined action plan.

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

#### **Internal Controls**

An effective internal control system is an essential part of the efficient management of an organisation. 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 unauthorised suing 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's 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

# Corporate Governance Report

## **Compliance Framework and Compliance with Statutory and Legal Requirements**

The Authority has recognised the importance of compliance with all legal and statutory requirements. For this purpose, the Finance Division and the Internal Audit Division makes every endeavour and works in tandem to ensure that the authority complies with all statutory and legal requirements. Besides, the Legal Division also ensures that the business and the other affairs of the Authority comply with laws and regulations.

## **Relationship with Ministry of Ports and Shipping the General Treasury of the Ministry of Finance**

The Authority has regular dialogue with the Hon. Minister and the Secretary, Ministry of Ports and Shipping and Strategic Enterprise Management Agency (SEMA) who guide the Board to set clear directions and strategic objectives to be achieved. Besides, as required by the General Treasury of the Ministry of Finance, the Authority forwarded a Business Plan for three years and complete sets of reports quarterly which include 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 of all stakeholders and thereby conducting its business with utmost integrity and fairness in a transparent manner so that they too support our strategies.





# PORTS STATISTICS

# Ports Statistics

## PORT OF COLOMBO

### Port Dimensions

#### Working Hours

The Port of Colombo works on a 24-hour basis every single day of the year.

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

### Cargo Throughput

2019	
A - Containerised	88.1%
B - Break Bulk	0.6%
C - Dry Bulk	2.4%
D - Liquid Bulk	8.9%

## NEW PORT OF COLOMBO

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

## PORT OF GALLE

### Port Dimensions

#### Working Hours

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

Water Area	15.3718 Hectares
Entrance Channel	140 Metre
Land Area	16.4015 Hectares
Permitted LOA	130 Metre
Permitted Draught	7.3 Metre

### 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 or location of warehouse	No. of units	Average Height (Ft.)	Area (Sq. Ft)	Capacity (Cu. Ft.)	Staking Height (Ft.)
No. 01	06	23	20,000	460,000	10 High
No. 02	12	23	40,000	920,000	10 High
GSCD	07	23	23333.3	536666.7	10 High
SLPA	05	23	16666.7	383333.3	10 High

07 units of the No. 02 warehouse were given to Galle Submarine Cable Depot (GSCD) from 15.01.2018 – 14.01.2023

## PORT OF TRINCOMALEE

### Port Dimensions

#### Working Hours

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

Water Area	1,536 Hectares
Entrance Channel (Width (minimum))	500 Metre
Land Area	2,254 Hectares

### 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
Muther Jetty	60	3.0
VSO Jetty	25	1.5
Old Town Jetty	60	2.0
Oil Jetty	130	9.75

#### Other Berths

Berth	Total Length (M)	Alongside Draught (M)
Prima Jetty (Inner)	122	5.9
Prima Jetty (Outer)	227	14.3
Prima Jetty (Multi-Purpose)	170	10.3
Tokyo Cement Jetty	160	9.5

#### Details of Warehouse – TTA

Warehouse	Dimension (Ft)	Average Height (Ft)	Area in SQ (Ft.)	Stacking Height (Ft.)	Capacity (Cu. Ft.)
No. 01	75 X 34	-	2,550	12	30,600
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	33,000	15	495,000
No. 07	96 X 36	-	3,456	12	41,472

## PORT OF HAMBANTOTA PRESENT

### Port Dimensions

#### Harbour Area

Harbour Water Area	75 Hectares
Length of the West Breakwater	988 Metre
Length of East Breakwater	311 Metre
Approach Channel	210 Metre * 16 Metre
Turning Circle	600 Metre

#### Quay Lengths

Quay - General Cargo	600 Metre
Service Quay	105 Metre
Oil Berth 1	310 Metre
Oil Berth 2	300 Metre
Depth of Basin	17 Metre
Design Vessel	100,000 DWT

## PORT OF HAMBANTOTA – ON COMPLETION PHASE - II

### Port Dimensions

#### Harbour Area

Total Water Area at Completion	152 Hectares (Including the Phase -I water area)
Approach Channel	210 Metre * 17 Metre
Turning Circle	600 Metre

#### Quay Lengths

Main Container Berth	835.5 Metre
Feeder Container Terminal	460 Metre
Multi-Purpose Berth	838.5 Metre
Transition Berth	208 Metre
Depth of Basin	17 Metre
Design Vessel	100,000 DWT



# FINANCIAL STATEMENTS

# Report of the Board of Directors

The Board of the Directors of the Sri Lanka Ports Authority as at 31.12.2019 are as follows:

**General R M D Ratnayake**  
Chairman

**Capt. Athula Hewavitharana**  
Managing Director

**Mr. H G Sumanasinghe**  
Director

**Mrs. N A A P S Nissanka**  
Director

**Mr. J R U De Silva**  
Director

**Mr. Lakmal Ratnayake**  
Director

**Mr. Chryshantha Kapuwatte**  
Director

The Board had ten meetings during the year under review.

The Management Committee which functioned as a Sub-Committee of the Board of Directors had two meetings during the year 2019. The other Sub-Committee of the Board of Directors, viz. the Audit Committee had four meetings during the year 2019. The following Directors of the Board functioned as members of the Audit Committee.

**Mr. H G Sumanasinghe**  
Chairman

**Mrs. P S M Charles**  
Member

Port of Colombo handled 7.2 million TEUs in the year 2019 which was a 2.6% growth compared to the year 2018. CICT terminal handled 2.89 million TEUs which was an 8.1% growth; JCT handled 2.28 million TEUs while SAGT handled 2.05 million TEUs. Port of Colombo recorded a 3.6% growth in transshipment containers. The handling of domestic containers declined by – 5.2% compared to the year 2018.

- The Port of Colombo's container handling throughput increased from 7,047,486 TEUs in 2018 to 7,228,337 TEUs in 2019.
- The Port of Colombo's overall tonnage handling increased by 1.8% compared to 2018.

A comparison of ship arrivals in the Port of Colombo in 2019 compared to last year reflects that ship arrivals slightly decreased from 4,331 to 4,198 (-3.1%). The number of container ship arrivals decreased from 3,739 in 2018 to 3,604 in 2019, recording a decrease of -3.6%. However, the gross tonnage of the ship arrivals has increased due to larger vessel sizes.

The SLPA management implemented several marketing and business development strategies to retain and attract greater container volumes to SLPA Terminals and port of Colombo. Five Terminal Service Agreements were signed with leading shipping lines to continue business with SLPA and tie-up with them. The SLPA managed to attract four Main Line Services and one feeder service during 2018. Additionally, the SLPA terminals capture and hock callers to gain additional volume to the SLPA terminals.

The SLPA built deepwater facilities at the Colombo South Harbour to cater to Ultra Large Container Ships (ULCS). CICT operations achieved 2.89 million TEUs (8.1% growth) in 2019, and 374 container ships called at CICT with draughts exceeding 14.25m. These have resulted in Port of Colombo strengthening its position as a transshipment hub in the region. Port of Colombo could not continue the growth its growth from 2018 due to the delay in commencement of East Container Terminal which resulted in a lack of capacity enhancement. The Ports Authority terminals operate with the challenges of increasing ship dimensions, the formation of new alliances/mergers/acquisitions and competitive rates and concessions offered by other private terminal operators.

The SLPA revenue in 2019 was Rs. 54,636 million, which was an increase of 4.5% when compared with the previous year. Operating Profit (before Foreign Loan Interest and FEL/FEG) of the SLPA in 2019 decreased to Rs. 17,168 million, from Rs. 22,270 million in 2018 which is a decrease of 22.9%.

# Directors' Responsibility For Financial Reporting

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



**Mrs. S A S K Jayasekera**  
Secretary to the Board

# Audit Committee Report

The Audit Committee is responsible to assist the Board of Directors in implementing its oversight responsibility in terms of financial management of the organisation. 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 Treasury Representative / Board Director SLPA and in the year under review several important activities were carried out with a view to help the authority to improve its governance.

As an important initial control measure, the Committee adopted the internal plan and the Audit Programme for the year 2019 and reviewed regularly the effectiveness of its implementation at the Audit Committee. 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 under review, the Audit Committee had four meetings.

The Audit Committee 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 improve governance and to help the authority to carry out its activities in a transparent manner.



**H G Sumanasinghe**  
Chairman – Audit Committee



# Statutory Compliance Statement

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. 24 of 2017.

## **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 2018. These have been completed and handed over before the due date of 30th November, each year.

## **Annual Reporting**

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

# Operational Highlights

FOR THE YEAR ENDED 31 DECEMBER	COLOMBO	TRINCOMALEE	GALLE	KKS	2019	2018
<b>NUMBER OF SHIPS CALLED (NO)</b>						
Cargo Ships	4,027	129	40	11	4,196	4,499
Other Ships	171	13	3		187	164
Other Vessels	803	32	240		1,075	794
	<b>5,001</b>	<b>174</b>	<b>283</b>	<b>11</b>	<b>5,458</b>	<b>5,457</b>
<b>TROUGHPUT</b>						
<b>CONTAINER TEU's (SLPA)</b>						
Transhipment	1,999,598				1,999,598	1,965,987
Domestic	274,734				274,734	328,813
Re-Stowing	8,286				8,286	9,734
<b>TOTAL TEU's</b>	<b>2,282,618</b>	<b>-</b>	<b>-</b>		<b>2,282,618</b>	<b>2,304,534</b>
<b>CONTAINER TEU's ( SAGT)</b>						
Transhipment	1,593,234				1,593,234	1,644,336
Domestic	401,181				401,181	379,939
Re-Stowing	57,738				57,738	42,483
<b>TOTAL TEU's</b>	<b>2,052,153</b>	<b>-</b>	<b>-</b>		<b>2,052,153</b>	<b>2,066,758</b>
<b>CONTAINER TEU's ( CICT)</b>						
Transhipment	2,209,228				2,209,228	1,992,035
Domestic	597,417				597,417	634,497
Re-Stowing	86,921				86,921	49,662
<b>TOTAL TEU's</b>	<b>2,893,566</b>	<b>-</b>	<b>-</b>		<b>2,893,566</b>	<b>2,676,194</b>
<b>CONTAINER TEU's ( PORT OF COLOMBO)</b>						
Transhipment	5,802,060	-	-		5,802,060	5,602,358
Domestic	1,273,332	-	-		1,273,332	1,343,249
Re-Stowing	152,945	-	-		152,945	101,879
<b>TOTAL TEU's</b>	<b>7,228,337</b>	<b>-</b>	<b>-</b>		<b>7,228,337</b>	<b>7,047,486</b>
Conventional M/T	3,195,365	2,967,759	509,886	3,341	6,673,010	7,437,810
Liquid M/T	6,334,264	335,938			6,670,202	7,005,089
	<b>9,529,629</b>	<b>3,303,697</b>	<b>509,886</b>	<b>3,341</b>	<b>13,343,212</b>	<b>14,442,899</b>
<b>(M/T) - SLPA</b>						
Containerised Cargo	28,792,815	-	-		28,792,815	29,080,139
Conventional Cargo	3,195,365	2,967,759	509,886	3,341	6,673,010	7,437,810
Liquid	6,334,264	335,938			6,670,202	7,005,089
<b>TOTAL (M/T)</b>	<b>38,322,444</b>	<b>3,303,697</b>	<b>509,886</b>	<b>3,341</b>	<b>42,136,027</b>	<b>43,523,038</b>
<b>(M/T) - SAGT</b>						
Containerised Cargo	26,514,819				26,514,819	27,042,195
Conventional Cargo					-	-
Liquid					-	-
<b>TOTAL (M/T)</b>	<b>26,514,819</b>	<b>-</b>	<b>-</b>		<b>26,514,819</b>	<b>27,042,195</b>

FOR THE YEAR ENDED 31 DECEMBER	COLOMBO	TRINCOMALEE	GALLE	KKS	2019	2018
<b>(M/T) - CICT</b>						
Containerised Cargo	37,089,102				37,089,102	33,893,481
Conventional Cargo					-	-
Liquid					-	-
	<b>37,089,102</b>	-	-		<b>37,089,102</b>	<b>33,893,481</b>
<b>(M/T) - PORT OF COLOMBO</b>						
Containerised Cargo	92,396,736	-	-		92,396,736	90,015,815
Conventional Cargo	3,195,365	2,967,759	509,886	3,341	6,673,010	7,437,810
Liquid	6,334,264	335,938	-		6,670,202	7,005,089
<b>TOTAL (M/T)</b>	<b>101,926,365</b>	<b>3,303,697</b>	<b>509,886</b>	<b>3,341</b>	<b>105,739,948</b>	<b>104,458,714</b>
<b>GROSS TONNAGE HANDLED (SLPA)</b>						
Containerised Cargo	28,792,815				28,792,815	54,053,066
Conventional Cargo	3,195,365	2,967,759	509,886	3,341	6,673,010	11,996,594
Others	6,334,265	335,938			6,670,203	5,150,480
<b>TOTAL TONNAGE</b>	<b>38,322,445</b>	<b>3,303,697</b>	<b>509,886</b>	<b>3,341</b>	<b>42,136,028</b>	<b>71,200,140</b>
<b>GROSS TONNAGE HANDLED (SAGT)</b>						
Containerised Cargo	26,514,819				26,514,819	49,409,665
<b>TOTAL TONNAGE</b>	<b>26,514,819</b>	-	-		<b>26,514,819</b>	<b>49,409,665</b>
<b>GROSS TONNAGE HANDLED ( CICT)</b>						
Containerised Cargo	37,089,102				37,089,102	102,203,816
<b>TOTAL TONNAGE</b>	<b>37,089,102</b>	-	-		<b>37,089,102</b>	<b>102,203,816</b>
<b>GROSS TONNAGE HANDLED ( PORT OF COLOMBO)</b>						
Containerised Cargo	92,396,736	-	-		92,396,736	205,666,547
Conventional Cargo	3,195,365	2,967,759	509,886	3,341	6,673,010	11,996,594
Others	6,334,265	335,938	-		6,670,203	5,150,480
<b>TOTAL TONNAGE</b>	<b>101,926,366</b>	<b>3,303,697</b>	<b>509,886</b>	<b>3,341</b>	<b>105,739,949</b>	<b>222,813,621</b>
<b>PERSONNEL</b>						
<b>Number of Employees</b>	<b>8,975</b>	<b>400</b>	<b>384</b>		<b>9,759</b>	<b>9,710</b>

# Statement of Financial Position

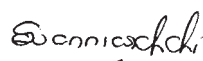
(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER	Note	Group		SLPA	
		2019	2018	2019	2018
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	3	145,293,715,956	147,060,913,673	145,206,448,856	147,011,659,781
Leased Hold Asset		8,676,133	-	8,676,133	-
Intangible Assets	4	220,975,631	230,312,403	220,975,632	230,312,403
Investment Properties	5	171,044,367,656	172,382,765,733	171,044,367,656	172,382,765,733
Investment in Subsidiaries	6	100	100	76,000,100	76,000,100
Investment in Associates	7	38,285,242,422	38,748,756,130	39,196,120,030	39,196,120,030
Financial Assets at FVOCI	8	29,166,139,017	20,786,547,809	29,166,139,017	20,786,547,809
Amount Due From State Mortgage Bank	9	84,478,816	102,995,559	84,478,816	102,995,559
Receivable From General Treasury - People's Bank Loan	10	3,786,239,750	3,950,858,870	3,786,239,750	3,950,858,870
<b>Total Non-Current Assets</b>		<b>387,889,835,481</b>	<b>383,263,150,277</b>	<b>388,789,445,990</b>	<b>383,737,260,285</b>
<b>Current Assets</b>					
Inventories	11	2,639,027,464	2,550,631,837	2,624,861,804	2,535,006,070
Trade and Other Receivables	12	12,943,010,026	11,189,578,378	12,876,476,878	11,958,215,683
Deposits and Advances	13	350,293,354	231,415,959	350,293,353	231,415,959
Prepaid Expenses		26,239,971	65,041,109	26,239,971	65,041,109
Employee Loans	14	5,085,104,239	5,012,207,926	5,055,258,118	4,979,815,402
Other Financial Assets	15	46,685,092,769	36,132,390,042	46,565,856,195	35,935,170,096
Cash and Cash Equivalents	16	2,484,757,184	3,325,828,474	1,245,925,470	1,934,879,597
Property, Plant & Equipment-MPMC Ltd	17	821,606	821,606	-	-
<b>Total Current Assets</b>		<b>70,214,346,613</b>	<b>58,507,915,331</b>	<b>68,744,911,789</b>	<b>57,639,543,916</b>
<b>TOTAL ASSETS</b>		<b>458,104,182,094</b>	<b>441,771,065,608</b>	<b>457,534,357,779</b>	<b>441,376,804,201</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
Capital Employed	18	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
Capital Reserve	19	22,662,407,895	14,543,219,896	22,662,407,896	14,543,219,896
Other Reserves	20	1,125,903	1,125,903	1,125,903	1,125,903
Deferred Income	21	169,899,375,481	171,277,865,767	169,899,375,482	171,277,865,767
Loan Redemption Reserve	22	4,613,549,887	4,613,549,887	4,613,549,887	4,613,549,887
Revaluation Reserve	23	74,983,677,655	75,228,436,897	74,983,677,655	75,228,436,897
Financial Assets at FVOCI Reserve		(752,620,137)	(1,013,023,345)	(752,620,137)	(1,013,023,345)
Retained Earnings		43,552,263,041	35,250,319,828	46,961,936,948	37,978,458,423
<b>Total Equity</b>		<b>322,551,159,511</b>	<b>307,492,874,618</b>	<b>325,960,833,419</b>	<b>310,221,013,213</b>
<b>Non-Current Liabilities</b>					
Borrowings - Government of Sri Lanka	24.1	53,419,307,025	59,690,100,248	53,419,307,025	59,690,100,248
Borrowings - Financial Institutions	25.1	8,875,702,408	10,926,466,537	8,875,017,426	10,924,411,551
Finance lease obligation	25.4.1	20,258,739	-	3,666,933	-
Government Grants	26	28,144,979,415	28,451,742,423	28,144,979,415	28,451,742,423
Deferred Tax Liabilities	27	9,717,887,491	9,198,644,245	9,717,887,491	9,198,644,245
Retirement Benefits Obligation	28	5,663,061,657	5,381,709,018	5,652,536,456	5,371,717,412
<b>Total Non-Current Liabilities</b>		<b>105,841,196,735</b>	<b>113,648,662,471</b>	<b>105,813,394,746</b>	<b>113,636,615,879</b>

AS AT 31 DECEMBER	Note	Group		SLPA	
		2019	2018	2019	2018
<b>Current Liabilities</b>					
Supply of Goods and services and other creditors	29	911,279,213	530,318,000	1,018,007,995	1,478,725,009
Borrowings - Government of Sri Lanka	24.2	6,565,746,881	6,645,377,816	6,565,746,881	6,645,377,816
Borrowings - Financial Institutions	25.2	6,141,904,468	5,987,677,223	2,114,616,539	1,960,389,294
Finance lease obligation	25.4.1	8,651,592	-	5,197,749	-
Deposits and Advances Received	30	2,259,312,048	2,207,268,553	2,259,415,648	2,207,268,553
Current Tax Payable	31	2,112,213,510	309,523,480	2,116,651,209	289,230,831
Provisions and Accrued Expenses	32	11,711,853,505	4,949,247,613	11,680,493,592	4,938,183,606
Deffered Tax Liability		864,630	115,834	-	-
<b>Total Current Liabilities</b>		<b>29,711,825,847</b>	<b>20,629,528,519</b>	<b>25,760,129,613</b>	<b>17,519,175,109</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>458,104,182,094</b>	<b>441,771,065,608</b>	<b>457,534,357,779</b>	<b>441,376,804,201</b>

The Accounting policies on pages 88 to 95 and Notes to the Financial Statements on Pages 96 to 131 form an integral part of these Financial Statements.

These Financial Statements give a true and fair view of the state of affairs of the Authority as at 31/12/2019



Shirani Wanniarachchi  
DIRECTOR FINANCE

The Board of Directors is 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.



General R M D Ratnayake  
CHAIRMAN



W.S Weeraman  
VICE CHAIRMAN



Lakmal Ratnayake  
DIRECTOR

Date : 27th February 2020

Figures in brackets indicate deductions.

# Statement of Comprehensive Income

(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER	Note	Group		SLPA	
		2019	2018	2019	2018
Revenue	33	40,769,627,957	38,546,124,626	40,769,627,957	38,546,124,626
Direct Expenses	34	(22,531,121,159)	(21,262,219,796)	(22,385,572,957)	(21,112,085,564)
Gross Profit		<b>18,238,506,798</b>	<b>17,283,904,830</b>	<b>18,384,055,000</b>	<b>17,434,039,062</b>
Other Operating Income	35	11,152,428,564	11,577,690,595	11,149,893,060	11,577,478,847
Administrative Expenses	36	(14,824,573,062)	(8,703,116,664)	(15,024,666,434)	(8,868,026,841)
Operating Profit		<b>14,566,362,300</b>	<b>20,158,478,762</b>	<b>14,509,281,626</b>	<b>20,143,491,068</b>
Net Finance Cost	37	315,167,824	(275,509,172)	287,434,058	(130,554,275)
Foreign Exchange Gain/(Loss)	46	1,358,649,784	(11,875,806,080)	1,358,649,784	(11,316,830,420)
Share of Profit of Associate	7.2	(463,513,707)	(473,101,834)	-	-
Profit Before Tax		<b>15,776,666,200</b>	<b>7,534,061,676</b>	<b>16,155,365,467</b>	<b>8,696,106,374</b>
Contribution to Consolidated Fund	62	(600,000,000)		(600,000,000)	
Income Tax Expenses	38	(3,489,419,901)	(21,322,032)	(3,485,750,221)	-
Deffered Tax Expenses	27	(423,276,192)	(4,448,860,301)	(423,276,192)	(4,448,860,301)
Profit for the Year		<b>11,263,970,107</b>	<b>3,063,879,343</b>	<b>11,646,339,054</b>	<b>4,247,246,073</b>
Attributable to - Equity holders of the Parent		<b>11,263,970,107</b>	<b>3,063,879,343</b>	<b>11,646,339,054</b>	<b>4,247,246,073</b>
Other Comprehensive Income					
Profit for the Year		11,263,970,107	3,063,879,343	11,646,339,054	4,247,246,073
Remeasurement of retirement benefit obligation	28.2	25,618,360	(351,550,704)	24,784,724	(347,934,931)
Change in Value of Financial Assets at FVOCI	8.1	13,991,622	(71,925,684)	13,991,622	(71,925,684)
Provision for Impairment on Unlisted Shares	8.2.1	246,411,585.42	(1,115,690,415.00)	246,411,585	(1,115,690,415)
Total Other Comprehensive Income for the Year		286,021,567	(1,539,166,803)	285,187,931	(1,535,551,030)
Total Comprehensive Income for the year		<b>11,549,991,675</b>	<b>1,524,712,540</b>	<b>11,931,526,986</b>	<b>2,711,695,043</b>
Attributable to - Equity holders of the Parent		<b>11,549,991,675</b>	<b>1,524,712,540</b>	<b>11,931,526,986</b>	<b>2,711,695,043</b>

The Accounting policies on pages 88 to 95 and Notes to the Financial Statements on Pages 96 to 131 form an integral part of these Financial Statements.

# Statement of Changes In Equity

(Expressed in Sri Lankan Rupees)

Group	Capital Employed	Capital Reserve	Other Reserve	Deferred Income	Loan Redemption Reserve	Revaluation Reserve	Financial assets at FVOCI Reserve	Retained Earnings (at debit)	Total
<b>AS AT 31 DECEMBER</b>									
Balance as at 01 January 2018	7,591,379,785	14,533,969,106	1,125,903	173,117,689,453	4,613,549,887	75,893,542,157	174,592,753	32,780,151,598	308,706,000,643
Profit for the Year	-	-	-	-	-	-	-	3,063,879,343	3,063,879,343
Other Comprehensive Income	-	-	-	-	-	-	(71,925,684)	-	(71,925,684)
Dividends Paid	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Adjustment on Disposals	-	-	-	-	-	(106,437,496)	-	106,437,496	-
Prior year adjustment (Note 45)	-	-	-	-	-	-	-	(347,597,906)	(347,597,906)
Adjustment on Hambanahota Fixed Assets FD/AR/IE/09	-	9,250,790	-	-	-	-	-	-	9,250,790
Remeasurement of retirement benefit obligation	-	-	-	-	-	-	-	(351,550,704)	(351,550,704)
Upfront Fee paid by CICT	-	-	-	(103,534,286)	-	-	-	-	(103,534,286)
Amortisation on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortisation of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(10,300,000)	-	-	-	-	(10,300,000)
Amortisation of Lump Sum Premium Tokyo Cement Company (Lanka)PLC	-	-	-	(12,333,333)	-	-	-	-	(12,333,333)
Amortisation of Leasehold rights-HIPS	-	-	-	(731,198,730)	-	-	-	-	(731,198,730)
Amortisation of Leasehold rights-HIPG	-	-	-	(981,799,130)	-	-	-	-	(981,799,130)
Differed Tax adjustment on revaluation reserve	-	-	-	-	-	(558,667,764)	-	-	(558,667,764)
Adjustment on Unlisted Investment	-	-	-	-	-	-	(1,115,690,414)	-	(1,115,690,414)
<b>Balance as at 31 December 2018</b>	<b>7,591,379,785</b>	<b>14,543,219,896</b>	<b>1,125,903</b>	<b>171,277,865,767</b>	<b>4,613,549,887</b>	<b>75,228,436,897</b>	<b>(1,013,023,345)</b>	<b>35,250,319,828</b>	<b>307,492,874,617</b>
Profit for the Year	-	-	-	-	-	-	-	11,263,970,107	11,263,970,107
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-
Adjustment on Revaluation Surplus	-	-	-	-	-	(148,792,189)	-	148,792,189	-
Adjustment on Disposals	-	-	-	-	-	-	-	-	-
Capital Gain/Loss on investment in HIPS	-	8,119,187,999	-	-	-	-	-	-	8,119,187,999
Prior year adjustment (Note 45)	-	-	-	-	-	-	-	(2,836,437,443)	(2,836,437,443)
Upfront fee paid by Tokyo	-	-	-	283,163,465	-	-	-	-	283,163,465
Lump Sum Premium Received in 2018 (NFCL Penna Port Storage) *	-	-	-	210,000,000	-	-	-	-	210,000,000
Remeasurement of retirement benefit obligation	-	-	-	-	-	-	-	25,618,360	25,618,360
Upfront Fee paid by CICT	-	-	-	(103,534,286)	-	-	-	-	(103,534,286)
Amortisation on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortisation of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(10,300,000)	-	-	-	-	(10,300,000)
Amortisation of Lump Sum Premium Tokyo Cement Company (Lanka)PLC	-	-	-	(31,289,698)	-	-	-	-	(31,289,698)
Amortisation of Leasehold rights-HIPS	-	-	-	(731,198,730)	-	-	-	-	(731,198,730)
Amortisation of Leasehold rights-HIPG	-	-	-	(981,799,130)	-	-	-	-	(981,799,130)
Differed Tax adjustment on revaluation reserve	-	-	-	-	-	(95,967,053)	-	-	(95,967,053)
Lump Sum Premium NFCL Penna Port Storage	-	-	-	(12,873,699)	-	-	-	-	(12,873,699)
Adjustment on listed Investment	-	-	-	-	-	-	13,991,622	-	13,991,622
Adjustment on Unlisted Investment	-	-	-	-	-	-	246,411,585	-	246,411,585
Special Levy Paid	-	-	-	-	-	-	-	(300,000,000)	(300,000,000)
Balance as at 31 December 2019	<b>7,591,379,785</b>	<b>22,662,407,895</b>	<b>1,125,903</b>	<b>169,899,375,481</b>	<b>4,613,549,887</b>	<b>74,983,677,655</b>	<b>(752,620,138)</b>	<b>43,552,263,041</b>	<b>322,057,996,046</b>

# Statement of Changes In Equity

(Expressed in Sri Lankan Rupees)

SLPA	Capital Employed	Capital Reserve	Other Reserve	Deferred Income	Loan Redemption Reserve	Revaluation Reserve	Financial Assets at FVOCI Reserve	Retained Earnings (at debit)	Total
AS AT 31 DECEMBER	7,591,379,785	14,533,969,106	1,125,903	173,117,689,453	4,613,549,887	75,893,542,157	174,592,753	34,320,307,691	310,246,156,736
Balance as at 01 January 2018	7,591,379,785	14,533,969,106	1,125,903	173,117,689,453	4,613,549,887	75,893,542,157	174,592,753	34,320,307,691	310,246,156,736
Profit for the Year	-	-	-	-	-	-	-	4,247,246,073	4,247,246,073
Other Comprehensive Income	-	-	-	-	-	-	(71,925,684)	-	(71,925,684)
Adjustment on Disposals	-	-	-	-	-	(106,437,496)	-	106,437,496	-
Adjustment on Hambanahota Fixed Assets FD/AR/JE/09	-	9,250,790	-	-	-	-	-	-	9,250,790
Adjustment on Leasehold rights-HIPS	-	-	-	-	-	-	-	(347,597,906)	(347,597,906)
Prior year adjustment (Note 45)	-	-	-	-	-	-	-	(347,934,931)	(347,934,931)
Remeasurement of retirement benefit obligation	-	-	-	-	-	-	-	-	(103,534,286)
Upfront fee paid by CICT	-	-	-	(103,534,286)	-	-	-	-	(103,534,286)
Amortisation on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortisation of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(10,300,000)	-	-	-	-	(10,300,000)
Amortisation of Lump Sum Premium Tokyo Cement Company (Lanka)PLC	-	-	-	(12,333,333)	-	-	-	-	(12,333,333)
Amortisation of Leasehold rights-HIPS	-	-	-	(731,198,730)	-	-	-	-	(731,198,730)
Amortisation of Leasehold rights-HIPC	-	-	-	(981,799,130)	-	-	-	-	(981,799,130)
Differed Tax adjustment on revaluation reserve	-	-	-	-	-	(558,667,764)	-	-	(558,667,764)
Adjustment on Unlisted Investment	-	-	-	-	-	-	(1,115,690,414)	-	(1,115,690,414)
<b>Balance as at 31 December 2018</b>	<b>7,591,379,785</b>	<b>14,543,219,896</b>	<b>1,125,903</b>	<b>171,277,865,767</b>	<b>4,613,549,887</b>	<b>75,228,436,897</b>	<b>(1,013,023,345)</b>	<b>37,978,458,423</b>	<b>310,221,013,213</b>
Profit for the Year	-	-	-	-	-	-	-	11,646,339,054	11,646,339,054
Lump Sum Premium Received in 2018 (NFCL Penna Port Storage) *	-	-	-	210,000,000	-	-	-	-	210,000,000
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Adjustment on Revaluation Surplus	-	-	-	-	-	(148,792,189)	-	148,792,189	-
Adjustment on Disposals	-	-	-	-	-	-	-	-	-
Prior year adjustment (Note 45)	-	-	-	-	-	-	-	(2,836,437,443)	(2,836,437,443)
Capital Gain/Loss on investment in HIPS	-	8,119,187,999	-	-	-	-	-	-	8,119,187,999
Remeasurement of retirement benefit obligation	-	-	-	-	-	-	-	24,784,724	24,784,724
Upfront fee paid by CICT	-	-	-	(103,534,286)	-	-	-	-	(103,534,286)
Upfront fee paid by Tokyo	-	-	-	283,163,465	-	-	-	-	283,163,465
Amortisation on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortisation of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(10,300,000)	-	-	-	-	(10,300,000)
Amortisation of Lump Sum Premium Tokyo Cement Company (Lanka)PLC	-	-	-	(31,289,698)	-	-	-	-	(31,289,698)
Amortisation of Leasehold rights-HIPS	-	-	-	(731,198,730)	-	-	-	-	(731,198,730)
Amortisation of Leasehold rights-HIPC	-	-	-	(981,799,130)	-	-	-	-	(981,799,130)
Differed Tax adjustment on revaluation reserve	-	-	-	-	-	(95,967,053)	-	-	(95,967,053)
Lump Sum Premium NFCL Penna Port Storage	-	-	-	(12,873,699)	-	-	-	-	(12,873,699)
Adjustment on listed Investment	-	-	-	-	-	-	13,991,622	-	13,991,622
Adjustment on Unlisted Investment	-	-	-	-	-	-	246,411,585	-	246,411,585
<b>Balance as at 31 December 2019</b>	<b>7,591,379,785</b>	<b>22,662,407,895</b>	<b>1,125,903</b>	<b>169,899,375,482</b>	<b>4,613,549,887</b>	<b>74,983,677,655</b>	<b>(752,620,138)</b>	<b>46,961,936,948</b>	<b>325,467,669,953</b>

The Accounting policies on pages 88 to 95 and Notes to the Financial Statements on Pages 96 to 131 form an integral part of these Financial Statements.



# Cash Flow Statement

(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER	Group		SLPA	
	2019	2018	2019	2018
<b>Profit Before Tax</b>	<b>15,776,666,200</b>	<b>7,534,061,676</b>	<b>16,155,365,467</b>	<b>8,696,106,374</b>
<b>Adjustments for</b>				
Share of Profit of Associate (Net of Dividends)	463,513,707	473,101,834	-	-
Deprecation	4,027,728,107	4,022,400,910	4,016,499,994	4,016,616,489
Bad and Doubtful Debt	(115,013,295)	113,638,189	(115,013,295)	113,638,189
Amortisation of Intangible Assets	65,337,278	30,655,643	65,337,278	30,655,643
Gratuity Charge for the Year and related costs	834,007,670	702,582,527	831,716,364	700,899,467
Dividend Income	(1,185,213,043)	(2,240,351,509)	(1,185,213,043)	(2,240,351,509)
Interest Income	(2,746,004,169)	(2,239,392,372)	(2,716,424,106)	(2,159,268,568)
Interest Expenses	2,373,428,721	2,481,634,367	2,371,582,424	2,256,555,666
Amortisation of Government Grants	(308,932,408)	(309,174,484)	(308,932,408)	(309,174,484)
Net Exchange Gain/ Loss	(1,358,649,784)	11,967,142,640	(1,358,649,784)	11,316,830,420
Upfront fees by CICT	(103,534,286)	(103,534,286)	(103,534,286)	(103,534,286)
Amortised during the year Laughs terminal Ltd	(658,207)	(658,207)	(658,207)	(658,207)
Amortised during the year Distilleries company of Sri Lanka	(10,300,000)	(10,300,000)	(10,300,000)	(10,300,000)
Amortised of lease hold rights -HIPC/HPS	(1,712,997,860)	(1,712,997,860)	(1,712,997,860)	(1,712,997,860)
Lump Sum Premium NFCL Penna Port Storage	(6,900,000)	-	(6,900,000)	-
Amortised during the year Tokyo Cement Company (Lanka)PLC	(31,289,698)	(12,333,333)	(31,289,698)	(12,333,333)
Profit on Disposals of Fixed Assets	(18,770,094)	(16,024,922)	(16,295,094)	(16,024,922.00)
<b>Operating Profit Before Working Capital Changes</b>	<b>15,942,418,839</b>	<b>20,680,450,811</b>	<b>15,874,293,746</b>	<b>20,566,659,079</b>
<b>Changes in working Capital</b>				
Inventories	(88,395,628)	(53,410,229)	(89,855,734)	(50,215,405)
Trade and Other Receivables	927,771,610	105,315,373,866	905,064,832	104,352,278,162
Deposits and Advances	(118,877,394)	64,141,970	(118,877,394)	64,141,970
Prepaid Expenses	38,801,139	40,028,709	38,801,139	40,028,709
Employee Loans / Others	(72,896,313)	(715,468,319)	(75,442,716)	(709,503,599)
Lease Obligation	30,337,500	-	8,975,000	-
Supply of Goods and services and other creditors	(461,429,633)	(104,434,693,187)	(462,095,130)	(104,436,167,034)
Deposits and Advances Received	52,147,095	(8,526,930)	52,147,095	(8,526,930)
Provisions and Accrued Expenses	6,757,878,049	419,202,218	6,757,878,049	887,938,307
<b>Cash Generated from Operations</b>	<b>23,007,755,264</b>	<b>21,307,098,909</b>	<b>22,890,888,887</b>	<b>20,706,633,259</b>
Interest Paid	(2,422,724,005)	(1,966,371,339)	(2,420,877,708)	(1,996,292,394)
Special Levy Paid	(900,000,000)	-	(600,000,000)	-
Lease Installments Paid	(1,427,169)	-	(110,318)	-
Gratuity Paid	(527,036,671)	(410,103,017)	(526,112,596)	(409,066,891)
Taxes Paid	(4,419,891,578)	(317,690,288)	(4,395,568,150)	(298,406,936)
<b>Net Cash from Operating Activities</b>	<b>14,736,675,842</b>	<b>18,612,934,266</b>	<b>14,948,220,115</b>	<b>18,002,867,039</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant and Equipment	(476,114,543)	(163,256,785)	(426,873,223)	(126,752,432)
Proceeds from Disposal of Fixed Assets	18,886,956	16,166,413	16,411,956	16,166,413
Capital Work-in-Progress	(367,965,605)	(225,551,518)	(367,965,605)	(225,551,518)
Acquisition of Intangible Assets	(57,581,163)	(205,681,089)	(57,581,163)	(205,681,089)
Acquisition of Investment Property	(6,685,400)	-	(6,685,400)	-
Dividend Received	1,184,523,506	2,239,351,509	1,184,523,506	2,240,351,509
Interest Received	2,169,492,676	1,656,884,049	2,139,912,613	1,607,232,300
Lump sum Premium Received	283,163,265	-	283,163,265	-
Amount Due From State Mortgage Bank	18,516,744	20,184,181	18,516,744	20,184,181
Net Proceeds from Other Financial Assets	(10,552,702,728)	(13,640,830,199)	(10,630,686,099)	(13,589,649,612)
<b>Net Cash from (used in) investing activities</b>	<b>(7,786,466,291)</b>	<b>(10,302,733,439)</b>	<b>(7,847,263,406)</b>	<b>(10,263,700,248)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of Borrowings to Government of Sri Lanka	(5,987,849,178)	(5,179,100,598)	(5,987,849,178)	(5,179,100,598)
Repayment of Borrowings to Financial Institution	(1,803,431,662)	(1,541,320,743)	(1,802,061,658)	(1,539,950,739)
<b>Net Cash From (used in) Financing Activities</b>	<b>(7,791,280,839)</b>	<b>(6,720,421,341)</b>	<b>(7,789,910,835)</b>	<b>(6,719,051,337)</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>	<b>(841,071,290)</b>	<b>1,589,779,485</b>	<b>(688,954,127)</b>	<b>1,020,115,453</b>
Cash & cash Equivalents at Beginning of the year	3,325,828,474	1,736,048,989	1,934,879,597	914,764,144
<b>Cash &amp; Cash Equivalents at End of the Year (Note 16)</b>	<b>2,484,757,184</b>	<b>3,325,828,474</b>	<b>1,245,925,470</b>	<b>1,934,879,597</b>

In group Staff Loan and SLPA Bad and doubtful debt and interest income adjusted in year 2018

The Accounting policies on pages 88 to 95 and Notes to the Financial Statements on Pages 96 to 131 form an integral part of these Financial Statements.

# General Accounting Policies

## 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 2019 was 9,759 (2018-9,710)

### 1.6 Date of Authorisation For Issue

The financial statements of the Authority for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the board of directors dated 20th February 2020.

## 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 recognise any non-controlling interest in acquire 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 recognised 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 recognised at cost, and the carrying amount is increased or decreased to recognise 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 recognised in the statement of comprehensive income and its share of post-acquisition movements in the investee's other comprehensive income is recognised 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 recognises 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 recognised in the statement of comprehensive income.

Translation differences related to changes in amortised cost are recognised in the statement of comprehensive income.

## 2.4 Property, Plant and Equipment

2.4.1 Cost laying in the working progress Accounts will be capitalised once the work completion certificated issued by the relevant department.

2.4.2 Property, plant and equipment are initially recognised 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 recognised 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 -100 Years	1% -20%
Floating Equipments	2 -22 Years	4.5% - 50%
Handling Equipments	2 -23Years	4.34% - 50%
Plant and Machinery	2 -25 Years	4% -100%
Office and Welfare Buildings	2 -75 Years	1.3% - 50%
Computer Hardware	1 – 15 Years	6.67% - 100%
Motor Vehicle	5-15 Years	6.6%-20%
Electrical and Electronic Equipment	1-20 Years	5%-100%
Furniture	1-20 Years	5%-100%
Staff Quarters & other Buildings	14-43 Years	2.3%-7.1%
Other Assets	1-20 Years	5%-100%

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.

The policy of Work-In-Progress is "Cost laying in the working progress Accounts will be capitalised once the work completion certificated issued by the relevant department".

### 2.4.3 Intangible Assets

Acquired computer software and operating systems are capitalised 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 amortisation and

accumulated impairment losses. These costs are amortised over their estimated useful lives, as follows:

Computer Software 1 – 14 Years 7.1% - 100%

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

### 2.4.4 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 10-100 Years 1% - 10%

### 2.4.5 Lease Hold Assets

In accordance with SLFRS 16 Leases, at the inception of a contract, SLPA assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Only if the terms and conditions of the contract are changed SLPA reassess whether a contract is, or contains, a lease.

#### SLPA & the Group as a Lessee

At the commencement date of a lease arrangement, SLPA recognise a right-of-use asset and a lease liability. Right of use Asset is initially measured at cost which comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, SLPA use its' incremental borrowing rate.

# General Accounting Policies

## Subsequent measurement of the right-of-use asset and Lease Liability

SLPA measure the right-of-use asset applying cost model which is measured by Asset's Cost less any accumulated depreciation as per LKAS 16 Property, Plant and Equipment and any accumulated impairment losses as per LKAS 36 Impairment of Assets and any adjustments for re-measurement of the lease liability

SLPA measure the lease liability subsequently by, increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications specified in, or to reflect revised in-substance fixed lease payments.

## SLPA & the Group as a Lessor

SLPA classify at the inception of the contract a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, unless the lease agreement is classified as an Operating Lease. Such a classification is depends on the substance of the transaction rather than the form of the contract. Only if there is a Lease modification the lease classification is reassessed subsequently.

## Finance Leases

At the commencement date, SLPA recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The interest rate implicit in the lease is used to measure the net investment in the lease.

Subsequently, SLPA recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the SLPA's net investment in the lease.

SLPA aims to allocate finance income over the lease term on a systematic and rational basis and applied the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. SLPA applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease.

These costs are amortised over their estimated useful lives, as follows:

Leased Hold Motor Vehicle	1-5 Years	20%-100%
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## Operating Leases

SLPA recognise lease payments from operating leases as income on straight-line basis or another systematic basis where if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Any costs, including depreciation, incurred in earning the lease income is recognised as an expense. Any initial direct costs incurred in obtaining an operating Lease is added to the carrying amount of the underlying asset and recognise those costs as an expense over the lease term on the same basis as the lease income.

The depreciation policy for depreciable underlying assets subject to operating leases is consistent with the SLPA's normal depreciation policy for similar assets. Depreciation is calculated in accordance with LKAS 16 and applies LKAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

## 2.4.6 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 recognised immediately in the statement of comprehensive income.

## 2.5 Financial Assets

### 2.5.1 Financial Asset classification

The SLPA and the Group classify its financial assets in the following measurement categories.

- Financial Assets measured at Amortised Cost,
- Financial Assets measured at Fair Value through Other Comprehensive Income (FVOCI)
- Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)

The classification depends on the SLPA and the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets measured at fair value, gains and losses will either be recorded in Statement of Comprehensive Income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the SLPA and the Group have made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value Through Other Comprehensive Income (FVOCI). The Entity and the Group reclassify Financial Assets when and only when its business model for managing those assets changes.

### 2.5.2 Recognition and initial measurement

At Initial Recognition, SLPA & Group measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in comprehensive income.

### 2.5.3 Subsequent Measurement

#### Investment in Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which debt instruments are classified:

#### Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in Statement of comprehensive income and presented in other income/(losses) together with foreign exchange gains and losses.

#### FVOCI:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to comprehensive income and recognised in other income/(losses). Interest income from these financial assets included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in comprehensive income.

#### FVTPL:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in comprehensive income and presented net within other gains/ (losses) in the period in which it arises.

#### Investment in Equity instruments

The SLPA and the Group subsequently measure all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to comprehensive income following the derecognition of the investment.

Dividends from such investments continue to be recognised in comprehensive income as other income when the group's right to receive payments is established. Changes in the fair value of

financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.5.4 Impairment

The SLPA and Group assess the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the SLPA apply the simplified approach permitted by SLFRS 9, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. (Varies with management Decisions)

#### Derecognition

SLPA derecognise a financial assets when, and only when;

- The contractual rights to the cash flows from the financial asset expire, or
- It transfers the financial asset and the transfer qualifies for derecognition

#### Fair Valuation

As per the SLFRS 13, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

SLPA and the Group use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For that following mentioned inputs are used;

#### Level 1 Inputs :

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

# General Accounting Policies

Level 2 Inputs :

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs :

Unobservable inputs for the asset or liability.

## Assets measured at Fair Value

Asset Category	Note No	Value as at 2019.12.31	Level 01	Level 02	Level 03
<b>Financial Assets at Fair Value through OCI</b>					
<b>Listed Investments</b>					
Colombo Dockyard PLC	8.1	135,543,842	135,543,842	-	-
<b>Unlisted Investments</b>					
Colombo International Container Terminal Ltd	8.1	1,444,762,427	-	-	1,444,762,427
South Asian Gateway Terminals Limited (SAGT)	8.2	1,123,244,748	-	-	1,123,244,748
		<b>2,703,551,016</b>	<b>135,543,842</b>	<b>-</b>	<b>2,568,007,174</b>

## 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 equipments and fuel and lubricants. Inventories are for consumption not for re-sale.

analysed. On that basis, the SLPA estimates provision on trade receivables at the reporting date. Impairment loss allowance charges (or reversal) recognised during the period is recognised as income/ expense.

## 2.7 Trade and other receivables

Trade receivables are amounts due from customers for services performed 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 recognised initially at their transaction price unless they contain significant financing components, when they are recognised at fair value.

The SLPA hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Other receivables generally arise from transactions outside the usual operating activities of the SLPA.

In accordance with SLFRS 9, the SLPA applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the Trade Receivables.

### Simplified Approach

The SLPA follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the SLPA to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the SLPA uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are

	Basis	
1. Sri Lanka Forces Provisions	Up to 12 Months	-No
	After 12 Months	-50%
2. Government Institution Provisions	Up to 12 Months	-No
	After 12 Months	-100%
3. Shipping Agents-Under Litigations		-100%
	Shipping Agents-Suspended and Non-Operating	-100%
	Shipping Agents with Significant Amounts (More than one Million) Provisions	Up to 12 Months -No
		After 12 Months -50%

## 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 recognised initially at fair value minus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The group derecognises 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 recognised 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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method. Floating rate borrowings are measured in each subsequent period at amortised 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 recognised as transaction costs of the borrowings.

Foreign exchange gains and losses arising from measurement of carrying value of loans at amortised cost at each reporting period end are recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised in the statement of comprehensive income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised 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 recognised 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 realised or the deferred income tax liability is settled.

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

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 recognised 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).

# General Accounting Policies

## 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 recognised 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 recognised 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 From contract with Customers

SLPA account a Contract with a Customer when meets the criteria set out in SLFRS 15.

At contract inception, Group and SLPA assess the goods or services promised in a contract with a customer and shall identify a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer

An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie.an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When the control of goods & service is transferred over time, and therefore satisfied a performance obligation and recognise revenue overtime.

When a performance obligation is not satisfied over time, SLPA satisfied the performance obligation at a point in time.

## Measurement of Revenue

A Performance Obligation is satisfied, SLPA recognise as Revenue the amount of the Transaction Price that is allocated to that Performance Obligation. It is considered the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price, Group and SLPA consider the effects of all of the following:

- Variable consideration
- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract
- Non-cash consideration
- Consideration payable to a customer

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 recognised 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 recognised at the point in which dues become receivable, which is the point of vessel arrival. Revenue arises from navigation and related services is recognised 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 recognised 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.

## Interest income

Interest income is recognised using the effective interest method. When a loan granted or a receivable is impaired, the SLPA reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original



effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate. Interest income on bank balances and bank deposits are recognised on accrual basis.

#### Rental Income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises. The lease term is the fixed period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option. Premiums received to terminate leases are recognised in the Statement of Comprehensive Income when they arise.

#### Dividend income

Dividend income is recognised when the right to receive payment is established

#### Gains and Losses on Disposal of Property Plant and Equipment

Net gains and losses on the disposal of property, plant & equipment have been accounted for in the statement of comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

#### 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.

#### Accounting Policies, Changes in Accounting Estimates and Errors

SLPA has applied SLFRS 15, SLFRS 09 and SLFRS 16 for the first time in the Financial Statements for the year ended 31.12.2019. Nature and the change in accounting policies due to adoption of new SLFRS are explained below.

SLPA have adopted SLFRS 15 changes retrospectively as per the transitional guidelines. Accordingly; the cumulative effect of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application. Under this transition method, SLPA has elected to

apply this Standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The SLPA has applied the standard, SLFRS 09 retrospectively in accordance with LKAS 08 Accounting Policies, Changes in Accounting Estimates and Errors, except as specified in SLFRS 09 Transition provisions. The Classification and measurement requirement as per SLFRS 09 did not have a significant impact to SLPA and the Group balances. Accordingly it has continued to measure the financial instruments measured at Fair Value under the LKAS 39 in SLFRS 09 also. The changes in Financial Instrument classification can be depicted as below.

- Investment in Government Securities and Deposits, which was previously measured at Held to Maturity is classified and measured at Amortised Cost.
- Debt Instruments classified at Held to Maturity are classified and measured at Amortised Cost.
- Trade Receivables and other receivable which was previously measured as Loans and Receivable are now classified and measured at Amortised Cost.
- Equity investments in Listed and Unlisted companies previously classified as Available for Sale are classified and measured at Fair Value through Other Comprehensive Income.
- Equity investments in Listed and Unlisted companies previously classified as Available for Sale are classified and measured at Fair Value through Other Comprehensive Income.

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 recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

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

(Expressed in Sri Lankan Rupees)

## FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 PROPERTY, PLANT & EQUIPMENT

Group	As At 01 January 2019	Additions	(Disposals)	Re_Class / Adjustment	As At 31 December 2019
<b>3.1 At Cost</b>					
Land	51,806,736,202	-	-	-	51,806,736,202
Operational Buildings & Structures	113,746,174,659	308,782,290	-	-	114,054,956,949
Floating Equipment	7,028,468,009	762,621	(3,500,000)	-	7,025,730,630
Handling Equipment	22,173,278,314	89,670,055	(113,884,117)	-	22,149,064,252
Plant & Machinery	735,556,145	32,684,359	(3,055,003)	-	765,185,501
Office & Welfare Buildings	815,837,289	32,537,229	-	-	848,374,518
Staff Quarters and Other Buildings	454,839,491	-	-	-	454,839,491
Computer Hardware	455,475,050	76,099,593	(22,463,492)	-	509,111,151
Electric & Electronic Equipment	2,247,678,098	108,158,627	(4,161,646)	-	2,351,675,079
Office Furniture & Equipment	173,034,659	21,558,867	(3,247,313)	-	191,346,214
Motor Vehicles	892,600,906	84,576,930	(33,726,091)	-	943,451,745
Other Assets	415,988,547	4,774,040	(3,186,506)	-	417,576,081
	<b>200,945,667,369</b>	<b>759,604,611</b>	<b>(187,224,168)</b>	<b>-</b>	<b>201,518,047,813</b>

	As At 01 January 2019	Additions	(Disposals)	Re_Class / Adjustment	As At 31 December 2019
<b>3.1.1 Depreciation</b>					
Operational Buildings & Structures	28,597,572,680	1,631,346,030	-	8,183,444	30,237,102,154
Floating Equipment	6,771,901,790	119,091,212	(3,496,500)	33,518	6,887,530,020
Handling Equipment	14,500,935,603	723,988,113	(113,844,033)	4,188,746	15,115,268,429
Plant & Machinery	565,153,189	31,103,330	(3,051,948)	1,027	593,205,598
Office & Welfare Buildings	321,750,666	24,342,075	-	-	346,092,741
Staff Quarters and Other Buildings	232,337,351	11,240,332	-	-	243,577,683
Computer Hardware	357,438,344	22,244,223	(22,441,028)	5,559,598	362,801,136
Electric & Electronic Equipment	2,107,406,026	52,427,760	(4,150,625)	2,572,137	2,158,255,299
Office Furniture & Equipment	136,245,871	13,886,686	(3,242,983)	239,918	147,129,492
Motor Vehicles	779,296,949	30,729,872	(33,696,868)	-	776,329,953
Other Assets	352,759,163	21,946,131	(3,183,320)	-	371,521,974
	<b>54,722,797,632</b>	<b>2,682,345,763</b>	<b>(187,107,306)</b>	<b>20,778,389</b>	<b>57,238,814,479</b>

	As At 31 December 2019	As At 31 December 2018
3.1.2 Net Carrying Values		
Property, Plant & Equipment		
Land	51,806,736,202	51,806,736,202
Operational Buildings & Structures	83,817,854,795	85,148,601,979
Floating Equipment	138,200,609	256,566,219
Handling Equipment	7,033,795,823	7,672,342,711
Plant & Machinery	171,979,903	170,402,956
Office & Welfare Buildings	502,281,778	494,086,623
Staff Quarters and Other Buildings	211,261,808	222,502,140
Computer Hardware	146,310,015	98,036,706
Electric & Electronic Equipment	193,419,781	140,272,072
Office Furniture & Equipment	44,216,722	36,788,788
Motor Vehicles	167,121,792	113,303,957
Other Assets	46,054,107	63,229,384
	<b>144,279,233,335</b>	<b>146,222,869,737</b>
Capital Work-in-Progress (Note 3.2)	732,066,373	720,136,439
	<b>145,011,299,708</b>	<b>146,943,006,176</b>

Group	As At 31 December 2019	As At 31 December 2018
Property Plant Equipment Clearing accounts	282,416,249	117,907,497
	282,416,249	117,907,497
	<b>145,293,715,957</b>	<b>147,060,913,673</b>

Clearing Account comprises of Land Rs. 155,038,281.33 , Computer Hardware & Software Rs.2,140,872.50 , Electrical & Electronics Rs.13,377,383.80, Floating Equipments Rs.96,552,276.84, Furniture & office Equipment Rs.936,864.59 , Plant & Machinery Rs.12,823,591.31 , Motor Vehicle Rs.585,000.00, other Assets Rs.961,978.30.

Rs 44,997,418.24 worth of asset are used as religious places As per the asset register the total cost of the fully depreciated assets still in use as at 31.12.2019 is Rs.30,239,674,123.66 Useful life time of assets were reviewed by the respective committees appointed to this task. Handling Equipment, Floating Equipment, Operational Buildings & Structure, Office & Welfare Buildings, Staff Quarters & Other Buildings, Motor Vehicle, Plant & Machinery, Computer Hardware & Software and Intangible assets were reviewed during the year and net book value has been adjusted accordingly. Reviewing of assets of SLPA will be done as a continues process.

#### Reclassification Adjustments -2018

The identified assets classified as investment Property-Land & Building from category property plant - Land and Building

Land Reclassified as investment property	Rs.61,980,000
Operational Building and structure	Rs.33,175,000
Office & welfare Building	Rs.10,000,000

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 PROPERTY, PLANT & EQUIPMENT

SLPA	As At 01 January 2019	Additions	(Disposals)	Re_Class / Adjustment	As At 31 December 2019
3.1 Cost					
Land	51,806,736,202	-	-	-	51,806,736,202
Operational Buildings & Structures	113,746,174,659	308,782,290	-	-	114,054,956,949
Floating Equipment	7,028,468,009	762,621	(3,500,000)	-	7,025,730,630
Handling Equipment	22,173,278,314	89,670,055	(113,884,117)	-	22,149,064,252
Plant & Machinery	696,983,577	29,207,318	(3,055,003)	-	723,135,892
Office & Welfare Buildings	815,837,289	32,537,229	-	-	848,374,518
Staff Quarters and Other Buildings	454,839,491	-	-	-	454,839,491
Computer Hardware	452,144,951	75,077,615	(22,463,492)	-	504,759,074
Electrical & Electronic Equipment	2,247,678,098	108,158,627	(4,161,646)	-	2,351,675,079
Office Furniture & Equipment	162,741,413	19,821,066	(3,247,313)	-	179,315,167
Motor Vehicles	865,594,786	41,572,430	(29,222,579)	-	877,944,637
Other Assets	415,988,547	4,774,040	(3,186,506)	-	417,576,081
	<b>200,866,465,336</b>	<b>710,363,291</b>	<b>(182,720,656)</b>	<b>-</b>	<b>201,394,107,972</b>

	As At 01 January 2019	Additions	(Disposals)	Re_Class / Adjustment	As At 31 December 2019
3.1.1 Depreciation					
Operational Buildings & Structures	28,597,572,680	1,631,346,030	-	8,183,444	30,237,102,154
Floating Equipment	6,771,901,790	119,091,212	(3,496,500)	33,518	6,887,530,020
Handling Equipment	14,500,935,603	723,988,113	(113,844,033)	4,188,746	15,115,268,429
Plant & Machinery	554,447,119	27,012,829	(3,051,948)	1,027	578,409,027
Office & Welfare Buildings	321,750,666	24,342,075	-	-	346,092,741
Staff Quarters and Other Buildings	232,337,351	11,240,332	-	-	243,577,683
Computer Hardware	355,068,811	21,724,673	(22,441,028)	5,559,598	359,912,053
Electrical & Electronic Equipment	2,107,406,026	52,427,760	(4,150,625)	2,572,137	2,158,255,299
Office Furniture & Equipment	132,426,808	12,354,232	(3,242,983)	239,918	141,777,975
Motor Vehicles	766,243,474	25,644,264	(29,193,356)	-	762,694,382
Other Assets	352,759,163	21,946,131	(3,183,320)	-	371,521,974
	<b>54,692,849,491</b>	<b>2,671,117,650</b>	<b>(182,603,794)</b>	<b>20,778,389</b>	<b>57,202,141,737</b>

	As At 31 December 2019	As At 31 December 2018
3.1.2 Net Carrying Values		
Land		
Operational Buildings & Structures	51,806,736,202	51,806,736,202
Floating Equipment	83,817,854,795	85,148,601,979
Handling Equipment	138,200,609	256,566,219
Plant & Machinery	7,033,795,823	7,672,342,711
Office & Welfare Buildings	144,726,865	142,536,458
Staff Quarters and Other Buildings	502,281,778	494,086,623
Computer Hardware	211,261,808	222,502,140
Electric & Electronic Equipment	144,847,021	97,076,140
Office Furniture & Equipment	193,419,781	140,272,072
Motor Vehicles	37,537,192	30,314,605
Other Assets	115,250,255	99,351,312
	<b>46,054,107</b>	<b>63,229,384</b>
Capital Work-in-Progress (Note 3.2)	144,191,966,235	146,173,615,845
	732,066,373	720,136,439
	<b>144,924,032,608</b>	<b>146,893,752,284</b>

SLPA	As At 31 December 2019	As At 31 December 2018
Property Plant Equipment Clearing accounts	282,416,249	117,907,497
	282,416,249	117,907,497
	<b>145,206,448,857</b>	<b>147,011,659,781</b>

Clearing Account comprises of Land Rs. 155,038,281.33 , Computer Hardware & Software Rs.2,140,872.50 , Electrical & Electronics Rs.13,377,383.80, Floating Equipments Rs.96,552,276.84,

Furniture & office Equipment Rs.936,864.59 , Plant & Machinery Rs.12,823,591.31 , Motor Vehicle Rs.585,000.00, other Assets Rs.961,978.30 .

Rs 44,997,418.24 worth of asset are used as religious places

As per the asset register the total cost of the fully depreciated assets still in use as at 31.12.2019 is Rs.30,239,674,123.66 Useful life time of assets were reviewed by the respective committees appointed to this task. Handling Equipment, Floating Equipment, Operational Buildings & Structure, Office & Welfare Buildings, Staff Quarters & Other Buildings , Motor Vehicle, Plant & Machinery, Computer Hardware & Software and Intangible assets were reviewed during the year and net book value has been adjusted accordingly. Reviewing of assets of SLPA will be done as a continues process.

#### Reclassification Adjustments -2018

The identified assets classified as investment Property-Land & Building from category property plant - Land and Building

Land Reclassified as investment property	Rs.61,980,000
Operational Building and structure	Rs.33,175,000
Office & welfare Building	Rs.10,000,000

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

Group / SLPA	As At 01 January 2019	Incurred During the Year	Transferred	Adjustment	As At 31 December 2019
<b>3.2 Capital Work-in-Progress</b>					
Colombo Port Development	141,010,670		216,091,167	(235,479,720)	121,622,117
Galle Port	66,912,747		30,085,996	(67,743,701)	29,255,042
Galle Development Project	418,028,350		-	-	418,028,350
Plant & Machinery	9,714,934	-	-	(9,714,934)	-
Trincomalee Port	52,776,035		98,627,001	-	151,403,036
Terminal Management System	8,801,319	-	-	(8,801,319)	0
Port City Development	2,924,107	-	-	-	2,924,107
Purchasing of Capital Assets (Local)	4,061,106	-	-	(1,645,056)	2,416,050
Head Office Building	3,436,385	-	1,146,613	-	4,582,998
Development of East Container Terminal	12,470,786	-	22,014,826	(32,650,941)	1,834,672
	<b>720,136,439</b>	<b>-</b>	<b>367,965,603</b>	<b>(356,035,670)</b>	<b>732,066,373</b>

The policy of Work- In – Progress is “Cost laying in the working progress Accounts will be capitalised once the work completion certificate issued by the relevant department” disclosed under the 2.4.1 of Notes to Financial Statements.

## 4. INTANGIBLE ASSETS

Group	As At 01 January 2019	Incurred During the Year	Transferred	Adjustment	As At 31 December 2019
<b>4.1 At Cost</b>					
Computer Software	1,190,503,441	49,838,377	-	-	1,240,341,818
<b>Total</b>	<b>1,190,503,441</b>	<b>49,838,377</b>	<b>-</b>	<b>-</b>	<b>1,240,341,818</b>
<b>4.2 Amortisation</b>					
Computer Software	960,191,038	65,337,278	-	1,580,657	1,027,108,973
<b>Total</b>	<b>960,191,038</b>	<b>65,337,278</b>	<b>-</b>	<b>-</b>	<b>1,027,108,973</b>

SLPA	As At 31 December 2019	As At 31 December 2018
<b>4.3 Net Carrying Values</b>		
Computer Software	213,232,845	230,312,403
Intangible Assets Clearing AC	7,742,786	-

Group	As At 31 December 2019	As At 31 December 2018
Computer Software	220,975,631	230,312,403

#### 4. INTANGIBLE ASSETS

SLPA	As At 01 January 2019	Incurred During the Year	Transferred	Adjustment	As At 31 December 2019
<b>4.1 At Cost</b>					
Computer Software	1,190,503,441	49,838,377	-	-	1,240,341,818
<b>Total</b>	<b>1,190,503,441</b>	<b>49,838,377</b>	<b>-</b>	<b>-</b>	<b>1,240,341,818</b>
<b>4.2 Amortisation</b>					
Computer Software	960,191,038	65,337,278	-	1,580,657	1,027,108,973
<b>Total</b>	<b>960,191,038</b>	<b>65,337,278</b>	<b>-</b>	<b>1,580,657</b>	<b>1,027,108,973</b>

SLPA	As At 31 December 2019	As At 31 December 2018
<b>4.3 Net Carrying Values</b>		
Computer Software	213,232,845	230,312,403
Intangible Assets Clearing AC	7,742,786	-
	<b>220,975,631</b>	<b>230,312,403</b>

Intangible Assets clearing account balance as at 31.12.2019 is Rs. 7,742,786.27.

#### 5. INVESTMENT PROPERTIES CNT..

Group/Authority	As At 01 January 2018	Transferred/ Adjustment	Additions /	(Disposals)	As At 31 December 2019
<b>5.1 At Cost</b>					
Land	42,318,101,009		6,685,400	-	42,324,786,409
Buildings	143,376,618,837		-	-	143,376,618,837
<b>Total</b>	<b>185,694,719,846</b>	<b>-</b>	<b>6,685,400</b>	<b>-</b>	<b>185,701,405,246</b>

Group/Authority	As At 01 January 2018	Transferred/ Adjustment	Additions /	(Disposals)	As At 31 December 2019
<b>5.1.1 Depreciation</b>					
Buildings	13,311,954,114		1,345,083,476	-	14,657,037,590
<b>Total</b>	<b>13,311,954,114</b>	<b>-</b>	<b>1,345,083,476</b>	<b>-</b>	<b>14,657,037,590</b>

SLPA	As At 31 December 2019	As At 31 December 2018
<b>5.1.2 Net Carrying Values</b>		
Land	42,324,786,409	42,318,101,009
Buildings	128,719,581,247	130,064,664,723
	<b>171,044,367,656</b>	<b>172,382,765,733</b>

#### 6. INVESTMENT IN SUBSIDIARIES

Unlisted			SLPA		SLPA	
	No of Shares	% of Holding	2019	2018	2019	2018
Jaya Container Terminals Limited	100,000	100%	-	-	1,000,000	1,000,000
Magampura Port Management Company	7,500,000	100%	-	-	75,000,000	75,000,000
Lanka Gas Terminal (Pvt) Ltd	1	100%	100.00	100	100	100
			<b>100</b>	<b>100</b>	<b>76,000,100</b>	<b>76,000,100</b>

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 7. INVESTMENT IN ASSOCIATES

Unlisted	Group		SLPA	
	2019	2018	2019	2018
Sri Lanka Port Management & Consultancy Services Ltd (Note 7.1)	78,278,752	74,687,843	40,030	40,030
Hambantota International Port Services Ltd (Note 7.2)	38,206,963,671	38,674,068,287	39,196,080,000	39,196,080,000
	<b>38,285,242,423</b>	<b>38,748,756,130</b>	<b>39,196,120,030</b>	<b>39,196,120,030</b>
<b>7.1 Movement of Investments in Associate Companies</b>				
Sri Lanka Port Management & Consultancy Services Ltd				
Balance at 01 January	74,687,843	70,879,884	40,030	40,030
Share of Net Results of Associates	3,590,909	3,807,959	-	-
Dividends Received	-	-	-	-
<b>Balance at 31 December</b>	<b>78,278,752</b>	<b>74,687,843</b>	<b>40,030</b>	<b>40,030</b>
<b>7.2 Hambantota International Port Services Ltd</b>				
Balance at 01 January	38,674,068,287	39,150,978,080	39,196,080,000	39,196,080,000
Share of Net Results of Associates	(467,104,616)	(476,909,793)	-	-
Dividends Received	-	-	-	-
<b>Balance at 31 December</b>	<b>38,206,963,671</b>	<b>38,674,068,287</b>	<b>39,196,080,000</b>	<b>39,196,080,000</b>
Total of SLP MCS & HIPS				
Balance at 01 January	38,748,756,130	39,221,857,964	39,196,120,030	39,196,120,030
Share of Net Results of Associates	(463,513,707)	(473,101,834.3)	-	-
Dividends Received	-	-	-	-
<b>Balance at 31 December</b>	<b>38,285,242,423</b>	<b>38,748,756,130</b>	<b>39,196,120,030</b>	<b>39,196,120,030</b>

## 7.3 Summary of Financial Results of Associate, and its aggregated assets and liabilities

### Sri Lanka Port Management & Consultancy Services Ltd

Unlisted	No. of Shares	% of Holding	Assets	Liabilities	Revenue	Net Profit
At 31 December 2019	4,003	39.97%	239,418,446	73,413,117	85,676,046	8,984,011
At 31 December 2018	4,003	39.97%	248,065,387	85,045,314	80,236,520	9,527,042

### Hambantota International Port Services Ltd

At 31 December 2019	3,919,608,000	42%	108,943,736,867	444,439,156	507,151,748	(1,112,153,848)
At 31 December 2018	3,919,608,000	42%	110,412,568,779	261,585,393	468,134,090	(1,135,499,507)



### 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		Loans and Receivables	
	2019	2018	2019	2018
Listed Investments	135,543,842	121,552,220		
Unlisted Investments	29,030,595,175	20,664,995,589		
Investment in Quoted Debentures				
Trade and Other Receivables			13,027,488,841	11,292,573,938
Deposits and Advances			350,293,354	231,415,959
Employee Loans			5,085,104,239	5,012,207,926
Investment in Government Securities and Fixed Deposits				
			46,685,092,769	36,132,390,042
Cash and Cash Equivalents			2,484,757,184	3,325,828,474
<b>Total</b>	<b>29,166,139,017</b>	<b>20,786,547,809</b>	<b>67,632,736,387</b>	<b>55,994,416,340</b>

#### Authority

Listed Investments	135,543,842	121,552,220		
Unlisted Investments	29,030,595,175	20,664,995,589		
Investment in Quoted Debentures				
Trade and Other Receivables			12,960,955,693	12,061,211,242
Deposits and Advances			350,293,353	231,415,959
Employee Loans			5,055,258,118	4,979,815,402
Investment in Government Securities and Fixed Deposits				
			46,565,856,195	35,935,170,096
Cash and Cash Equivalents			1,245,925,470	1,934,879,597
<b>Total</b>	<b>29,166,139,017</b>	<b>20,786,547,809</b>	<b>66,178,288,830</b>	<b>55,142,492,297</b>

#### Group

Financial Liabilities measured at Amortised Cost	Group		SLPA	
	2019	2018	2019	2018
Other Financial Liabilities				
Non-Current Borrowings				
Government of Sri Lanka	53,419,307,025	59,690,100,248	53,419,307,025	59,690,100,248
Financial Institution	8,875,702,408	10,926,466,537	8,875,017,426	10,924,411,551
Finance Lease Obligation	20,258,739	-	3,666,933	-
Current Borrowings				
Government of Sri Lanka	6,565,746,881	6,645,377,816	6,565,746,881	6,645,377,816
Financial Institution	6,141,904,468	5,987,677,223	2,114,616,539	1,960,389,294
Finance Lease Obligation	8,651,592	-	5,197,749	-
Trade and Other Creditors	911,279,213	530,318,000	1,018,007,995	1,478,725,009
Deposits and Advances Received	2,259,312,048	2,207,268,553	2,259,415,648	2,207,268,553
<b>Total</b>	<b>78,202,162,374</b>	<b>85,987,208,377</b>	<b>74,260,976,196</b>	<b>82,906,272,471</b>

\*Trade and other receivable include Rs.5,149,981,343.93 which is receivable from General Treasury

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 8. FINANCIAL ASSETS AT FVOCI

	Group / SLPA	
	2019	2018
Listed Investments (Note 8.1)	135,543,842	121,552,220
Unlisted Investments (Note 8.2)	29,030,595,175	20,664,995,589
	<b>29,166,139,017</b>	<b>20,786,547,809</b>
<b>8.1 Listed Investment (Colombo Dockyard PLC)</b>		
Balance at 01 January	121,552,220	193,477,904
Net Gains / (Losses) Transfer to AFS Reserve	13,991,622	(71,925,684)
Balance at 31 December	<b>135,543,842</b>	<b>121,552,220</b>

## 8.2 Unlisted Investments

Where the fair values of financial assets of Colombo International Container Terminals (pvt) Ltd and South Asia Gate way Terminal Limited recorded on the Financial Statements of Financial Position cannot be derived from active markets, they are determining using Earnings Per Share basis as per available audited Financial Statements due to the fact that fair value cannot be reasonably assessed it has been considered that cost represent the fair value of unlisted investments made by SLPA in Lanka Coal Company, and HIPG

	No of Shares	Group / SLPA	
		2019	2018
Lanka Coal Company	200,000	2,000,000	2,000,000
Colombo International Container Terminal Ltd	28,456,515	1,444,762,427	1,313,979,580
South Asian Gateway Terminals Limited (SAGT)	56,827,288	1,123,244,748	1,007,616,009
Hambathota International Port Group Ltd	2,646,058,800	26,460,588,000	18,341,400,000
		29,030,595,175	20,664,995,589
		<b>29,030,595,175</b>	<b>20,664,995,589</b>
Balance at 01 January (CICT )		1,313,979,580	2,859,913,891
Net Gains / (Losses) Transfer to AFS Reserve		130,782,847	(1,545,934,311)
Balance at 31 December		<b>1,444,762,427</b>	<b>1,313,979,580</b>
Balance at 01 January (SAGT)		1,007,616,009	577,372,113
Net Gains / (Losses) Transfer to AFS Reserve		115,628,739	430,243,896
Balance at 31 December		<b>1,123,244,748</b>	<b>1,007,616,009</b>
Net Gains / (Losses) Transfer to AFS Reserve (CICT & SAGT) (Note8.2.1)		130,782,847	(1,545,934,311)
Net Gains / (Losses) Transfer to AFS Reserve - CICT		115,628,739	430,243,896
Net Gains / (Losses) Transfer to AFS Reserve -SAGT		<b>246,411,586</b>	<b>(1,115,690,415)</b>

## 9 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.

	Group / SLPA	
	2019	2018
Opening Balance	102,995,559	123,179,740
Transferred during the year	(18,516,743)	(20,184,181)
Closing Balance	<b>84,478,816</b>	<b>102,995,559</b>

**10 RECEIVABLE FROM GENERAL TREASURY - PB LOAN**

As per the Cabinet Decision dated 05.12.2017 General Treasury has to provide provisions in respect of the repayment and servicing of interest and capital to SLPA for the loan obtained to settle the ICC arbitration (No.21959/CYK/PTA) between 1. China Harbour Engineering Company Ltd 2.Sinohydro Coporation Vs. SLPA - Construction of Sooriyawewa International Cricket Stadium at Hambanthota under variation order no .6 of Hamabnthota Port Development Project (Phase I). Hence this will not have any impact on Statement of Comprehensive Income of the SLPA since secretary to the Treasury has given an undertaking to provide required budgetary Provision. This is in addition to the note no. 40 in Page No. 123.

**11. INVENTORIES**

	Group		SLPA	
	2019	2018	2019	2018
Goods in Stock	2,612,214,826	2,519,078,304	2,612,214,826	2,519,078,304
Stock in Hand - Admiralty Kitchen	9,561,148	12,359,440	9,561,148	12,359,440
Sawmill - New Beira	1,660,561	2,018,765	1,660,561	2,018,765
Stock in Medical Stores	1,358,406	1,391,854	1,358,406	1,391,854
Inventory Material Overhead Value	13,337	192,607	13,337	192,607
Inventory receiving clearing accounts	53,526	(34,900)	53,526	(34,900)
Inter Lock Blocking	3,025,969	3,025,969	-	-
Crusher - Chips	3,989,926	3,989,926	-	-
Fire Foam	1,770,000	1,770,000	-	-
Fuel Stock	3,589,334	3,589,334	-	-
Others	1,790,432	3,250,538.00	-	-
	<b>2,639,027,465</b>	<b>2,550,631,837</b>	<b>2,624,861,804</b>	<b>2,535,006,070</b>
	<b>2,639,027,465</b>	<b>2,550,631,837</b>	<b>2,624,861,804</b>	<b>2,535,006,070</b>

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

**12. TRADE AND OTHER RECEIVABLES**

	Group		SLPA	
	2019	2018	2019	2018
Trade Receivable	2,423,176,800	2,866,508,146	2,419,586,921	2,862,918,268
Shipping Agents Dispute	50,318,005	19,920,615	50,318,005	19,920,615
Agent Revenue	986,864,063	1,018,725,281	986,864,063	1,018,725,281
Consignee Receivables	2,908,323	1,052,504	2,908,323	1,052,504
Other Receivable (Note 12.1)	9,235,305,992	6,304,917,106	9,169,966,644	7,074,748,210
Income Tax Receivable (Note 12.3)	624,334,592	1,482,250,100	624,334,592	1,482,250,100
Other Tax Receivable	8,884,330		8,884,330	
	<b>13,331,792,105</b>	<b>11,693,373,752</b>	<b>13,262,862,878</b>	<b>12,459,614,978</b>
Provision for Impairment	(388,782,079)	(503,795,374)	(386,386,000)	(501,399,295)
	<b>12,943,010,026</b>	<b>11,189,578,378</b>	<b>12,876,476,878</b>	<b>11,958,215,683</b>

Trade and other receivables comprise following receivables from related parties.

Consignee Receivable includes the amount of Rs.1,695,536.00 which relates to the legal case number 58/2012.SLPA filed against Midland Enterprises for the unsettled bills and amount of Rs.1,414,038 which refer to the investigation to accident under case no අනෙකුත්/ 01/08/2018 related to Ishara Traders (pvt) Ltd . Bank Gurantees have been kept for both cases amounting to Rs.5,909,000 and Rs.1,745,000.00 respectively.

## Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

As at 31 December 2019, the Authority's trade receivables amounts to Rs.1,996,868,122 (2018:Rs 2,320,007,308) 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:

	Group		SLPA	
	2019	2018	2019	2018
Up to 6 Months	1,988,756,801	2,276,253,593	1,988,756,801	2,276,253,593
6 to 12 Months	8,111,321	43,753,714	8,111,321	43,753,714
	<b>1,996,868,122</b>	<b>2,320,007,308</b>	<b>1,996,868,122</b>	<b>2,320,007,308</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 2.7. The impaired trade receivables are mostly due from Government institutions and the shipping agents who are under litigation.

	Group		SLPA	
	2019	2018	2019	2018
Trade Receivable	2,396,079	2,396,079		-
Shipping Agents Under Litigation	372,684,750	368,836,490	372,684,750	368,836,490
Sri Lanka Forces	-	149,442	-	149,442
Government Institutions	810,077	810,077	810,077	810,077
Shipping Agents	12,891,172	131,603,286	12,891,172	131,603,286
	<b>388,782,079</b>	<b>503,795,374</b>	<b>386,386,000</b>	<b>501,399,295</b>

## 12.1 Other Receivable

	Group		SLPA	
	2019	2018	2019	2018
Royalty_SAGT	111,269,732	107,398,457	111,269,732	107,398,457
Royalty_CICT	115,422,300	108,722,250	115,422,300	108,722,250
Lease Rent-SAGT	41,615,887	41,094,440	41,615,887	41,094,440
Receivable Revenue HIPG	18,319,000	5,028,366	18,319,000	5,028,366
Receivables from the Ministry	305,158	305,158	305,158	305,158
Supply of Fuel to Ministry	4,738,663	3,604,980	4,738,663	3,604,980
Meals & Tea Supplied to Outside Parties	22,875,816	9,869,377	22,875,816	9,869,377
Jaya Container Terminals Ltd	2,301,447	247,662	490,268	247,662
Electricity for SLPA Employees & outside parties	(12,578)	25,015	(12,578)	25,015
Supply of Fuel to SLMPCS	7,609,036	10,647,472	7,609,036	10,647,472
Supply of Fuel to MPMCL	11,601,843	5,800,921	5,800,921	5,800,921
Foreign Purchase Advance- Non Budget	3,275,424,583	519,219,841	3,275,424,583	519,219,841
Receivable from Treasury Operations	5,149,981,344	5,149,981,344	5,149,981,344	5,149,981,344
Receivable from Treasury Operations -People's Bank Loan	164,619,120		164,619,120	
Receivable from HIPS	2,307,315	4,306,510	2,307,315	4,306,510
Shares Receivable - SAGT (Note 12.2)	141,632,944	141,632,944	141,632,944	141,632,944
Insurance Receivable for Bunkering	28,040,453			
Other Receivables	29,696,417	56,805,559	9,623	826,636,662
	<b>9,127,748,480</b>	<b>6,164,690,297</b>	<b>9,062,409,132</b>	<b>6,934,521,400</b>
12.1.1				
Rent Debtors	100,329,878	111,578,285	100,329,878	111,578,285
Electricity Debtors	46,576,969	92,579,265	46,576,969	92,579,265
	<b>146,906,847</b>	<b>204,157,549</b>	<b>146,906,847</b>	<b>204,157,549</b>
Provision for Impairment	(39,349,335)	(63,930,740)	(39,349,335)	(63,930,740)
	<b>107,557,512</b>	<b>140,226,809</b>	<b>107,557,512</b>	<b>140,226,809</b>
	<b>9,235,305,992</b>	<b>6,304,917,106</b>	<b>9,169,966,644</b>	<b>7,074,748,209</b>

Other Receivable 2018 include the Intercompany Receivable amount of Rs.826,873,407

## 12.2 Share Receivable - SAGT

Share receivable from SAGT represents the balance receivable from South Asia Gateway Terminal Ltd ( SAGT) arising from the difference between the initial value of cranes given to SAGT and 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.

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 12.3 Income Tax Receivable

	Group		SLPA	
	2019	2018	2019	2018
Economic Service Charge				
Balance at 01 January	914,392,089	798,157,817	914,392,089	798,157,817
Incurred During the year	-	106,750,663	-	106,750,663
write off B/F amount- year 2013		(140,812,908)		(140,812,908)
Set off Tax Credit for 2019	(914,392,089)	150,296,517	(914,392,089)	150,296,517
Provide for the 2019	154,619,243		154,619,243	
<b>Balance as at 31st December</b>	<b>154,619,243</b>	<b>914,392,089</b>	<b>154,619,243</b>	<b>914,392,089</b>
Withholding Tax				
Balance at 01 January	567,858,011	102,665,993	567,858,011	102,665,993
Incurred During the year	799,890,366	465,192,018	799,890,366	465,192,018
Setoff Tax Credit for 2019	(898,033,028)		(898,033,028)	
Balance as at 31st December	469,715,349	567,858,011	469,715,349	567,858,011
Income Tax Receivable		-		
<b>12.3 Income Tax Receivable</b>	<b>624,334,592</b>	<b>1,482,250,100</b>	<b>624,334,592</b>	<b>1,482,250,100</b>

## 13 DEPOSITS AND ADVANCES

	Group		SLPA	
	2019	2018	2019	2018
Government Deposits	64,663,880	64,558,502	64,663,880	64,558,502
Corporation Deposits	111,603,466	111,301,463	111,603,466	111,301,463
Company Deposits	20,640,137	20,490,137	20,640,137	20,490,137
Advance to Suppliers	83,014,693	18,201,108	83,014,693	18,201,108
Advance to Contractors - Capital Expenditure	70,371,178	16,864,749	70,371,178	16,864,749
	<b>350,293,354</b>	<b>231,415,959</b>	<b>350,293,353</b>	<b>231,415,959</b>
	<b>350,293,354</b>	<b>231,415,959</b>	<b>350,293,353</b>	<b>231,415,959</b>
Prepaid Expenses	26,239,971	65,041,109	26,239,971	65,041,109

## 14 EMPLOYEE LOANS

	Group		SLPA	
	2019	2018	2019	2018
Advances	24,197,931	27,851,232	24,197,931	27,851,232
Receivables from Employees	2,127,788	1,793,037	2,127,788	1,793,037
Vehicle Loan	862,325,355	858,286,815	862,325,355	858,286,815
Loans	4,186,610,370	4,116,557,326	4,156,764,249	4,084,164,802
Mis. Loans Given to Employees	9,842,795	7,719,516	9,842,795	7,719,516
	<b>5,085,104,239</b>	<b>5,012,207,926</b>	<b>5,055,258,118</b>	<b>4,979,815,402</b>

**15 OTHER FINANCIAL ASSETS**

	Group		SLPA	
	2019	2018	2019	2018
REPO's	570,051,920	1,279,268,099	570,051,920	1,279,268,099
Fixed Deposits - Local	12,925,687,040	10,364,673,688	12,806,450,465	10,167,453,742
Fixed Deposits - Foreign	33,098,011,356	24,486,301,202	33,098,011,356	24,486,301,202
Call Deposits	90,668,943	2,133,854	90,668,943	2,133,854
Savings	673,510	13,200	673,510	13,200
	<b>46,685,092,769</b>	<b>36,132,390,042</b>	<b>46,565,856,195</b>	<b>35,935,170,096</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.

**16 CASH AND CASH EQUIVALENTS**

	Group		SLPA	
	2019	2018	2019	2018
Favourable Balances				
Cash and Bank Balances - LKR	2,483,676,365	3,322,009,795	1,244,844,651	1,931,060,917
Bank Balances - Foreign Currency	1,080,818	3,818,680	1,080,818	3,818,680
	<b>2,484,757,184</b>	<b>3,325,828,474</b>	<b>1,245,925,470</b>	<b>1,934,879,597</b>

**16.2 Unfavourable Balances**

	Group		SLPA	
	2019	2018	2019	2018
Bank Overdraft	-	-	-	-
	-	-	-	-
Cash & Cash Equivalents for the Purpose of Cash Flow Statement				
	<b>2,484,757,184</b>	<b>3,325,828,474</b>	<b>1,245,925,470</b>	<b>1,934,879,597</b>

**17 PROPERTY, PLANT & EQUIPMENT-MPMC LTD**

	2019	2018
Cost	1,144,831	
Depreciation	(323,225)	
Written Down Value	821,606	821,606

The Financial Statements of the company have been prepared on winding up basis due to the operations conducted by the company in the Port of Hambantota have been ceased with effect from the effective date of the concession Agreement signed between SLPA and a Chinese Company to carry out business in the said Port by company which majority of the shares be held by a Chinese backed Company.

**18 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.

**19 CAPITAL RESERVE**

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

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 20 OTHER RESERVES

	Group		SLPA	
	2019	2018	2019	2018
Other Reserves	1,125,903	1,125,903	1,125,903	1,125,903

## 21 DEFERRED INCOME

	Group		SLPA	
	2019	2018	2019	2018
Upfront Fee Paid by CICT (21.1)	2,745,325,714	2,848,860,000	2,745,325,714	2,848,860,000
Lump Sum Premium_Laugh's Terminal Ltd (21.2)	13,558,716	14,216,923	13,558,716	14,216,923
Lump Sum Premium_Distilleries Company of Sri Lanka PLC(21.3)	281,570,959	291,870,959	281,570,959	291,870,959
Lump Sum Premium_Tokyo Cement Co.Ltd (21.4)	608,943,659	357,069,892	608,943,659	357,069,892
Lease Hold Rights_HIPS (21.5)	70,880,201,285	71,611,400,014	70,880,201,285	71,611,400,014
Lease Hold Rights_HIPG (21.6)	95,172,648,848	96,154,447,978	95,172,648,848	96,154,447,978
Lump Sum Premium_ NCFPPS (21.7)	197,126,301		197,126,301	
	<b>169,899,375,482</b>	<b>171,277,865,767</b>	<b>169,899,375,482</b>	<b>171,277,865,767</b>

### 21.1 Upfront Fee Paid by CICT

Balance at 01 January	2,848,860,000	2,952,394,286	2,848,860,000	2,952,394,286
Received during the year	-	-	-	-
Amortised During the year	(103,534,286)	(103,534,286)	(103,534,286)	(103,534,286)
Balance at 31 December	<b>2,745,325,714</b>	<b>2,848,860,000</b>	<b>2,745,325,714</b>	<b>2,848,860,000</b>

As per the Royalty agreement between SLPA and CICT a Lump sum premium of US\$ 15 million has been received in the year 2012 and US\$ 10 million has been received in the year 2016. This lump sum premium is amortised over 35 years.

### 21.2 Lump Sum Premium\_Laugh's Terminal Ltd

	Group		SLPA	
	2019	2018	2019	2018
Balance at 01 January	14,216,923	14,875,131	14,216,923	14,875,131
Received during the year	-	-	-	-
Amortised During the year	(658,207)	(658,207)	(658,207)	(658,207)
Balance at 31 December	<b>13,558,716</b>	<b>14,216,923</b>	<b>13,558,716</b>	<b>14,216,923</b>

Lump Sum payment Rs.16,455,184.23 received from M/S Laugh's Terminals Ltd for the leased out property (A land called Lewaya Egodaha ,part of reclaimed area by SLPA Hambanthota situated at koholana Village in Hambanthota)for the period of 25 years from 07.08.2015 to 06.08.2040.

### 21.3 Lump Sum Premium\_Distilleries Company of Sri Lanka PLC

	Group		SLPA	
	2019	2018	2019	2018
Balance at 01 January	291,870,959	302,170,959	291,870,959	302,170,959
Received during the year	-	-	-	-
Amortised During the year	(10,300,000)	(10,300,000)	(10,300,000)	(10,300,000)
Balance at 31 December	<b>281,570,959</b>	<b>291,870,959</b>	<b>281,570,959</b>	<b>291,870,959</b>

Lump Sum payment Rs.309,000,000 received from M/S Distilleries Company Sri Lanka PLC for the leased out property (PVQ Repository Warehouse at Colombo Port) for the period of 30 years from 04.05.2017 to 03.05.2047.



21.4 Lump Sum Premium\_Tokyo Cement Co.Ltd

	Group		SLPA	
	2019	2018	2019	2018
Balance at 01 January	357,069,892	369,403,226	357,069,892	369,403,226
Received during the year	283,163,465	-	283,163,465	-
Amortised During the year	(31,289,698)	(12,333,333)	(31,289,698)	(12,333,333)
Balance at 31 December	608,943,659	357,069,892	608,943,659	357,069,892

Lump Sum payment Rs.370,000,000 received from M/S Tokyo Cement (Lanka) PLC for the leased out property (No.01 warehouse of Prince Vijaya Quay in Colombo Port) for the period of 30 years from 14.12.2017 to 14.12.2047.

21.5 Lease Hold Rights\_HIPS

	Group		SLPA	
	2019	2018	2019	2018
Balance at 01 January	71,611,400,015	72,342,598,745	71,611,400,015	72,342,598,745
Received from Assets transfer	-	-	-	-
Amortised during the year	(731,198,730)	(731,198,730)	(731,198,730)	(731,198,730)
Balance at 31 December	70,880,201,285	71,611,400,015	70,880,201,285	71,611,400,015

21.6 Lease Hold Rights\_HIPG

	Group		SLPA	
	2019	2018	2019	2018
Balance at 01 January	96,154,447,978	97,136,247,108	96,154,447,978	97,136,247,108
Amortised during the year	(981,799,130)	(981,799,130)	(981,799,130)	(981,799,130)
Balance at 31 December	95,172,648,848	96,154,447,978	95,172,648,848	96,154,447,978

As per the concession agreement lease out the Hambanthota Port and all immovable assets transferred for 99 years operating lease and lease hold right also amortised over 99 years.

21.7 Lump Sum Premium NFCL Penna Port Storage

	Group		SLPA	
	2019	2018	2019	2018
Balance at 01 January	210,000,000		210,000,000	
Prior Year Adj	(5,973,699)		(5,973,699)	
Amortised during the year	(6,900,000)		(6,900,000)	
Balance at 31 December	197,126,301		197,126,301	-
	169,899,375,482	171,277,865,768	169,899,375,482	171,277,865,768

22 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

23 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.

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 24 BORROWINGS - GOVERNMENT OF SRI LANKA

		Group / SLPA	
		2019	2018
	Carrying Amount at Amortised Cost		
24.1	<b>Settlement Fall Due More than One Year</b>		
	Colombo Port Development Project	9,501,176,482	13,458,224,465
	Colombo Port Expansion - (South Harbour)	43,308,887,021	641,727,765
	Galle Port Development Project	609,243,522	45,590,148,019
		<b>53,419,307,025</b>	<b>59,690,100,248</b>
		<b>53,419,307,025</b>	<b>59,690,100,248</b>
24.2	<b>Settlement Fall Due Within One Year</b>		
	Colombo Port Development Project	4,188,764,102	4,421,289,959
	Colombo Port Expansion - (Southern Harbour)	2,338,027,185	38,670,174
	Galle Port Development Project	38,955,594	2,185,417,683
		<b>6,565,746,881</b>	<b>6,645,377,816</b>
		<b>59,985,053,906</b>	<b>66,335,478,064</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 Colombo Port Expansion, carries floating rate of interest and others are at fixed rates of interest.

Loans obtained for the development of Hambanthota Port and repayments of those loans obtained for construction of Port of Hambanthota were undertaken by the General Treasury as per the Cabinet Decision for Cabinet Memorandum No 17/1538/737/026 of 14th July 2017. Therefore SLPA has no obligation on that.

		Group / SLPA	
		2019	2018
The carrying amounts of the borrowings are denominated in the following currencies:			
	Japan Yen loans in Sri lankan Rupee Terms	14,338,139,700	18,559,912,362
	United States Dollars in Sri lankan Rupee Terms	45,646,914,206	47,775,565,702
		<b>59,985,053,906</b>	<b>66,335,478,064</b>
24.3	<b>Movement of the Loans</b>		
	Balance at 01 January	66,335,478,064	60,122,869,388
	Obtained During the Year	-	-
	Paid During the Year	(6,545,417,145)	(5,476,405,293)
	Exchange (Gain) / Loss on Translation	(313,279,695)	11,131,446,002
	Accrued interest under Short Term	508,272,682	557,567,967
	<b>Balance at 31 December</b>	<b>59,985,053,906</b>	<b>66,335,478,064</b>

**25 BORROWINGS - FINANCIAL INSTITUTIONS**

	Group		SLPA	
	2019	2018	2019	2018
Carrying Amount at Amortised Cost				
<b>25.1 Settlement Fall Due More than One Year</b>				
Bank of Ceylon -CPEP Construction of ECT loan	5,088,777,676	6,973,552,681	5,088,777,676	6,973,552,681
Bank of Ceylon Others	684,982	2,054,986	-	-
Peoples Bank - Construction of Sooriyawewa Stadium	3,786,239,750	3,950,858,870	3,786,239,750	3,950,858,870
	<b>8,875,702,408</b>	<b>10,926,466,537</b>	<b>8,875,017,426</b>	<b>10,924,411,551</b>
<b>25.2 Settlement Fall Due Within One Year</b>				
Bank of Ceylon -CPEP Construction of ECT loan	1,949,997,419	1,960,389,294	1,949,997,419	1,960,389,294
Bank of Ceylon Others	1,370,004	1,370,004	-	-
Peoples Bank-Construction of Sooriyawewa Stadium	164,619,120		164,619,120	-
HNB-Bunkering Facility (MPMC)	4,025,917,925	4,025,917,925	-	
	6,141,904,468	5,987,677,223	2,114,616,539	1,960,389,294
	<b>15,017,606,876</b>	<b>16,914,143,760</b>	<b>10,989,633,965</b>	<b>12,884,800,845</b>

The above ECT loan secured by Negative pledge over assets of East Container Terminal.

Terms and conditions of borrowing facilities are in page 131.

	Group		SLPA	
	2019	2018	2019	2018
The carrying amounts of the borrowings are denominated in the following currency.				
Sri Lankan Rupees	3,950,858,870	3,950,858,870	3,950,858,870	3,950,858,870
United States Dollars	11,066,748,006	12,088,444,969	7,038,775,095	8,933,941,975
	<b>15,017,606,876</b>	<b>16,039,303,839</b>	<b>10,989,633,965</b>	<b>12,884,800,845</b>

	Group		SLPA	
	2019	2018	2019	2018
<b>25.3 Movement of the Loans</b>				
Balance at 01 January	15,820,982,580	15,852,380,529	12,884,800,845	12,916,198,794
Obtained During the Year	-	-	-	-
Paid During the Year	(1,802,061,658)	(1,539,950,739)	(1,802,061,658)	(1,539,950,739)
Exchange (Gain) / Loss on Translation	(93,105,223)	1,508,552,790	(93,105,223)	1,508,552,790
<b>Balance at 31 December</b>	<b>13,925,815,699</b>	<b>15,820,982,580</b>	<b>10,989,633,965</b>	<b>12,884,800,845</b>

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

		Group / SLPA	
		2019	2018
25.4	Finance Lease Obligation		
	Balance as at 01 January	-	-
	New Leases Obtained	5,995,140	-
	Repayments	(199,838)	-
	Advance Payment Payable	4,487,500	-
	At the End of the Year	10,282,802	-
	Finance Charge Unamortised	(1,418,121)	-
	<b>Net Lease Obligation as at 31 December</b>	<b>8,864,681</b>	-

		Group		SLPA	
		2019	2018	2019	2018
25.4.1	Analysis of Finance Lease Obligation				
	Finance Lease Obligations repayable within 1 Year from year- end		-		-
	<b>Net Lease Obligations</b>	<b>8,651,592</b>	-	<b>5,197,749</b>	-
	Finance Lease Obligations repayable between 1 and 5 years from year- end				
	<b>Net Lease Obligations</b>	<b>20,258,739</b>		<b>3,666,933</b>	

## 26 GOVERNMENT GRANTS

		Group		SLPA	
		2019	2018	2019	2018
	<b>Balance at 01 January</b>	<b>28,451,742,423</b>	<b>28,764,321,596</b>	<b>28,451,742,423</b>	<b>28,764,321,596</b>
	Grants Received During the Year	2,169,400	-	2,169,400	-
	Grants used during the year	-	-	-	-
		(308,932,408)	(312,579,173)	(308,932,408)	(312,579,173)
	<b>Balance at 31 December (Note 26.1)</b>	<b>28,144,979,415</b>	<b>28,451,742,423</b>	<b>28,144,979,415</b>	<b>28,451,742,423</b>
26.1	The Carrying Values				
	Mega Port Project	89,851,183	89,851,183	89,851,183	89,851,183
	Kankasanturai Break Water Project	9,376,098	9,614,749	9,376,098	9,614,749
	Hambantota Port Development Project	82,363,455	87,208,364	82,363,455	87,208,364
	Oluvil Port Development Project	15,252,644	15,918,977	15,252,644	15,918,977
	Colombo Port Expansion Project	1,429,323,184	1,456,291,546	1,429,323,184	1,456,291,546
	Hambantota Bunkering and Tank	2,101,211	2,189,374	2,101,211	2,189,374
	Renovation project of UCT Terminal	356,266,667	361,600,000	356,266,667	361,600,000
	Galle Yatch Marina Development	3,137,066	3,210,021	3,137,066	3,210,021
	Crown Land for Hambantota Port Project-HIPS	4,363,690,172	4,408,705,912	4,363,690,172	4,408,705,912
	Crown Land for Hambantota Port Project-HIPG	21,792,342,928	22,017,152,299	21,792,342,928	22,017,152,299
	Grants for Master Plan Project	1,274,809		1,274,809	-
		<b>28,144,979,415</b>	<b>28,451,742,423</b>	<b>28,144,979,415</b>	<b>28,451,742,423</b>

The above grants received from the Government of Sri Lanka and International Government Agencies for the development of ports and other constructions The amounts spent have been capitalised either work-in-progress or under the relevant class of property, plant and equipment respectively. The corresponding grant is being amortised over the useful life of the related assets. Balance amount of the grant received for Mega Port Project have been utilised to carry out Maintenance Expenses of Mega Port Project since the useful life of the related asset is over by 2015. Estimated Value for the Crown Land is obtained based on the valuation Department letter which will be adjusted after receiving correct values from department of Valuation. Grants received during the year include the grants received for the Master Plan Project.

27. **DEFERRED TAX LIABILITIES**

	Group / SLPA	
	2019	2018
<b>Balance at 01 January</b>	9,198,644,245	4,191,116,180
Recognised in Profit or Loss	423,276,192	4,448,860,301.00
Recognised as Prior period Adjustments	95,967,053	-
Recognised in Revaluation Reserve		558,667,764.00
<b>Balance at 31 December</b>	<b>9,717,887,491</b>	<b>9,198,644,245</b>

Figures in brackets indicates deductions.

27.1 **The Analysis of Deferred Tax Assets and Liabilities**

<b>Deferred Tax Assets</b>		
Opening defferd Tax liability	(9,198,644,245)	(4,191,116,180)
From Provision for Gratuity	5,652,536,456	5,371,717,411
From Accounting Provisions	10,359,383,224	3,885,071,974
From Brought Forward Tax Losses		6,760,956,096
	<b>6,813,275,435</b>	<b>11,826,629,301</b>
<b>Deferred Tax Liability</b>		
From Accelerating Depreciation	(16,531,162,926)	(21,025,273,546)
	(16,531,162,926)	(21,025,273,546)
<b>Net Deferred Tax Liability</b>	<b>(9,717,887,491)</b>	<b>(9,198,644,245)</b>

Provision has been made on other sources of income using the current applicable tax rate at 28%.

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 28 RETIREMENT BENEFITS OBLIGATION

	Group		SLPA	
	2019	2018	2019	2018
Balance at 01 January	5,381,709,018	4,737,678,804	5,371,717,412	4,731,949,905
Expense Recognised in the Statement of Comprehensive Income (Note 28.1)	834,007,670	702,582,527	831,716,364	700,899,467
Benefit Paid During the Year	(527,036,671)	(410,103,017)	(526,112,596)	(409,066,891)
Actuarial (Gain) / Loss on Obligation	(25,618,360)	351,550,704	(24,784,724)	347,934,931
<b>Balance at 31 December (Note 28.2)</b>	<b>5,663,061,657</b>	<b>5,381,709,018</b>	<b>5,652,536,456</b>	<b>5,371,717,412</b>
<b>28.1 Expense Recognised in the statement of comprehensive income</b>				
Interest Cost	592,087,908	472,016,537	590,888,915	471,443,647
Current Service Cost	241,919,762	230,565,990	240,827,449	229,455,820
	<b>834,007,670</b>	<b>702,582,527</b>	<b>831,716,364</b>	<b>700,899,467</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, assumptions are expressed as range

	Group		SLPA	
	2019	2018	2019	2018
Discount rate [%]				
Future Salary Increases - Salary [%]	*9-10	11	10	11
- Allowances [%]	*2-6	6	6	6
Staff Turnover Factor - Up to age 50 Yrs [%]		5	5	5
- after 50 Yrs	2.2%	0.5	0.5	0.5
Retirement age [Yrs]	0	0	0	0
	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

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.

## 29 SUPPLY OF GOODS AND SERVICES AND OTHER CREDITORS

	Group		SLPA	
	2019	2018	2019	2018
Supply of Goods & Service Creditors	116,773,436	180,858,741	116,773,436	1,007,732,148
	-	-	-	-
Other Creditors	24,393,659	24,103,058	7,058,659	7,058,660
Payable to General Treasury	-	-	-	-
Jaya Container Terminals Limited	(10,198,416)	(544,684)	10,198,416	34,366,364
Supply of fuel to MPMCL	(30,448,680)	(31,847,796)	73,218,272	71,819,156
	-	-	-	-
Shipping Agents - Credit Balance	246,649,986	265,399,746	246,649,986	265,399,746
Compensation Payments	397,454,021	1,244,000	397,454,021	1,244,000
Salary Abatements	161,447,988	86,065,586	161,447,988	86,065,586
	-	-	-	-
Unclaimed Wages	5,207,219	5,039,350	5,207,219	5,039,350
	<b>911,279,213</b>	<b>530,318,000</b>	<b>1,018,007,995</b>	<b>1,478,725,009</b>

**30 DEPOSITS AND ADVANCES RECEIVED**

	Group		SLPA	
	2019	2018	2019	2018
Deposits - Shipping Agents	234,448,506	202,360,390	234,448,506	202,360,390
Deposit for Landing & Delivery	103,242,894	29,885,607	103,242,894	29,885,607
Bonding Deposits	3,241,305	3,961,139	3,241,305	3,961,139
Shipping Agents Advance	645,803,831	649,259,166	645,803,831	649,259,166
Deposit from customers	4,504,049	9,181,169	4,504,049	9,181,169
Employers Fidelity Deposits	728,452	722,986	728,452	722,986
Rent Deposit	123,557,720	224,245,601	123,557,720	224,245,601
Trading deposits	469,359,444	424,168,638	469,359,444	424,168,638
Contractor deposits	573,881,932	567,466,090	573,881,932	567,466,090
Special Deposits	28,599,598	23,996,832	28,703,198	23,996,832
Miscellaneous Deposits	71,944,317	72,020,935	71,944,317	72,020,935
	<b>2,259,312,048</b>	<b>2,207,268,553</b>	<b>2,259,415,648</b>	<b>2,207,268,553</b>

**31 CURRENT TAX PAYABLE**

Summary of current tax payable is as follow:

	Group		SLPA	
	2019	2018	2019	2018
Corporate Tax	1,743,759,470	15,251,137	1,749,910,776	-
Value Added Tax	90,357,701	82,446,258	88,644,094	77,404,746
Withholding Tax	1,138,251	39,581,126	1,138,251	39,581,126
Withholding Tax (Receipt)	(689,536)		(689,536)	
Economic Service Charge	270,084,941	145,021,902	270,084,941	145,021,902
National Building Tax	-	18,959,747	-	18,959,747
Construction Levy (CIGFL)	-	2,204,858	-	2,204,858
Ports and Airport Development Levy	6,058,452	6,058,452	6,058,452	6,058,452
WithHolding on Gratuity Payment	1,504,231		1,504,231	
	<b>2,112,213,510</b>	<b>309,523,480</b>	<b>2,116,651,209</b>	<b>289,230,831</b>

**31.1 Corporate Tax**

Balance at 01 January	15,251,137	13,328,291	-	-
Provision for the Period		-		-
Charge for the Period	3,488,671,209.82	16,326,734	3,485,750,221	-
Tax Credits	(1,760,162,877)	(14,403,888)	(1,735,839,445)	-
<b>Balance at 31 December</b>	<b>1,743,759,470</b>	<b>15,251,137</b>	<b>1,749,910,776</b>	<b>-</b>

**32 PROVISIONS AND ACCRUED EXPENSES**

	Group		SLPA	
	2019	2018	2019	2018
Provision for Volume Rebate	1,432,339,974	1,652,416,664	1,432,339,974	1,652,416,664
Accrued Expenditure	1,738,856,280	1,565,574,933	1,707,496,368	1,554,510,926
Provision for Claims	8,540,657,250	1,731,256,016	8,540,657,250	1,731,256,016
	<b>11,711,853,504</b>	<b>4,949,247,613</b>	<b>11,680,493,592</b>	<b>4,938,183,606</b>

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 33 REVENUE

	Group		SLPA	
	2019	2018	2019	2018
Navigation (Note:33.1)	11,566,709,934	10,582,829,024	11,566,709,934	10,582,829,024
Stevedoring (Note: 33.2)	18,581,980,047	18,257,298,637	18,581,980,047	18,257,298,637
Wharf Handling	5,909,595,861	5,606,578,496	5,909,595,861	5,606,578,496
Port Facilities (Note: 33.3)	3,695,959,051	3,226,158,663	3,695,959,051	3,226,158,663
Other Service Operations (Note: 33.4)	1,015,383,064	873,259,807	1,015,383,064	873,259,807
	<b>40,769,627,957</b>	<b>38,546,124,626</b>	<b>40,769,627,957</b>	<b>38,546,124,626</b>
<b>(Note:33.1)</b>				
Navigation	11,854,958,085	10,808,928,024	11,854,958,085	10,808,928,024
Less: Rebate on Navigational Charges	(288,248,150)	(226,099,000)	(288,248,150)	(226,099,000)
	<b>11,566,709,934</b>	<b>10,582,829,024</b>	<b>11,566,709,934</b>	<b>10,582,829,024</b>
<b>(Note: 33.2)</b>				
Stevedoring	21,747,159,295	21,184,685,005	21,747,159,295	21,184,685,005
Less : Rebate on Stevedoring Charges	(3,165,179,248)	(2,927,386,368)	(3,165,179,248)	(2,927,386,368)
	<b>18,581,980,047</b>	<b>18,257,298,637</b>	<b>18,581,980,047</b>	<b>18,257,298,637</b>
<b>(Note: 33.3)</b>				
Port Facilities	3,909,507,258	3,466,443,488	3,909,507,258	3,466,443,488
Less: Rebate on Storage	(213,548,206)	(240,284,825)	(213,548,206)	(240,284,825)
	<b>3,695,959,051</b>	<b>3,226,158,663</b>	<b>3,695,959,051</b>	<b>3,226,158,663</b>
<b>(Note: 33.4)</b>				
Other Service Operations	1,092,820,799	1,060,336,188	1,092,820,799	1,060,336,188
Less : Volume Rebate_Inter Terminal Trucking	(77,437,735)	(187,076,381)	(77,437,735)	(187,076,381)
	<b>1,015,383,064</b>	<b>873,259,807</b>	<b>1,015,383,064</b>	<b>873,259,807</b>

\* Rebate on storage and Inter Terminal Trucking included in stevedoring Revenue in the year 2018.

Rebate on stevedoring charges include: Volume rebates on transshipment containers, Volume rebates on domestic containers, rebates on Transshipment Containers (ECI ,2% etc.) Rebates on Domestic Containers 2%, Rebate on Conventional Cargo (15%,20% & Etc.) and charge on carrier rebate.

Rebate on stevedoring charges include: Volume rebates on transshipment containers, Volume rebates on domestic containers, rebates on Transshipment Containers

(ECI ,2% etc.) Rebates on Domestic Containers 2%, Rebate on Conventional Cargo (15%,20% & Etc.) and charge on carrier rebate.

Rebate on stevedoring charges include: Volume rebates on transshipment containers, Volume rebates on domestic containers, rebates on Transshipment Containers (ECI ,2% etc.) Rebates on Domestic Containers 2%, Rebate on Conventional Cargo (15%,20% & Etc.) and charge on carrier rebate.



**34 DIRECT EXPENSES**

	Group		SLPA	
	2019	2018	2019	2018
<b>Operational Expenses</b>				
Salaries wages & Allowances	6,325,814,941	6,316,340,013	6,225,232,057	6,210,412,155
Overtime	2,340,438,060	2,315,137,838	2,340,438,060	2,315,137,838
Traveling Subsistence & Fuel Allowance	1,241,759	1,331,566	1,241,759	1,331,566
Fuel Electricity & Other Expenses	1,841,738,912	1,913,504,960	1,817,090,478	1,882,114,435
Cost of Water	44,692,487	48,455,403	44,474,285	48,260,606
External Hire Chargers / Contracts	2,213,548,490	1,349,070,222	2,213,548,490	1,349,070,222
Contract works for Rep. & Main.	52,619,975	66,797,391	52,619,975	66,797,391
Insurance & License	5,460,943	27,188,210	5,460,943	27,188,210
Bunkering	-	6,805,801	-	-
Material Issued for Operational activities	10,197,720	3,506,588	1,075,642	1,022,014
Depreciation	3,820,087,142	3,376,550,909	3,815,996,641	3,374,247,863
	<b>16,655,840,428</b>	<b>15,424,688,901</b>	<b>16,517,178,329</b>	<b>15,275,582,300</b>
<b>Repair and Maintenances Expenses</b>				
Salaries Wages & Allowances	3,424,809,562	3,466,436,483	3,424,809,562	3,466,436,483
Overtime	1,332,826,056	1,294,223,260	1,332,826,056	1,294,223,260
Travelling, Subsistence & Fuel Allowances	5,598,341	5,247,887	5,598,341	5,247,887
Fuel Electricity & Other Expenses	88,356,296	32,316,790	88,356,296	32,316,790
External Hire Charges/ Contracts	78,000	49,100	78,000	49,100
Contract works for Rep. & Main.	10,124,689	15,999,414	4,698,692	11,776,959
Insurance & License	1,717,274	20,107,105	1,717,274	20,107,105
Material Issued for Operational Activities	984,757,686	972,876,761	983,297,580	976,071,585
Depreciation	27,012,829	30,274,096	27,012,829	30,274,096
	5,875,280,731	5,837,530,895	5,868,394,628	5,836,503,264
	<b>22,531,121,159</b>	<b>21,262,219,796</b>	<b>22,385,572,957</b>	<b>21,112,085,564</b>

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 35 OTHER OPERATING INCOME

	Group		SLPA	
	2019	2018	2019	2018
<b>Other Services - Non Operational</b>				
Hire of Equip. & Floating Craft other than Cargo Handling	3,980,504	2,529,275	3,980,504	2,529,275
Supply of water for local consumption	925,881	904,809	925,881	904,809
Supply of electricity for local consumption	57,191,615	64,902,896	57,191,615	64,902,896
Telephone calls and medical facilities	43,513	51,753	43,513	51,753
Training fees	292,500	-	292,500	-
Special Jobs done for outside parties	1,653,423	3,137,508	1,653,423	3,137,508
Income from specialised Activities	2,103,965	1,124,664	2,103,965	1,124,664
	<b>66,191,402</b>	<b>72,650,905</b>	<b>66,191,402</b>	<b>72,650,905</b>
<b>Port Estate</b>				
Lease out lands	2,525,513,873	2,245,316,780	2,525,513,873	2,245,316,780
Royalty	3,633,173,202	3,143,863,175	3,633,173,202	3,143,863,175
Rent on housing scheme	2,320,567	2,262,717	2,320,567	2,262,717
Revenue from circuit bungalows	784,397	1,166,516	784,397	1,166,516
Rent / lease out buildings / warehouse	86,313,056	96,962,155	86,313,056	96,962,155
Miscellaneous	18,250	18,500	18,250	18,500
Auditorium & class room hiring charges	34,087	46,870	34,087	46,870
Interest from deferred lease rent of CICT	13,551,108	36,669,050	13,551,108	36,669,050
Rent leaseout sea Area	3,044,323	2,945,411	3,044,323	2,945,411
	<b>6,264,752,863</b>	<b>5,529,251,174</b>	<b>6,264,752,863</b>	<b>5,529,251,174</b>
<b>Miscellaneous</b>				
Dividend Received	1,185,213,043	2,240,351,509	1,185,213,043	2,240,351,509
Penalty and surcharge on L & D Bills/ Stevedore Billing	25,508,644	18,695,486	25,508,644	18,695,486
Surcharge on overdue bills	7,254,165	5,674,088	7,254,165	5,674,088
Proceed on sale of assets	16,295,094	16,024,922	16,295,094	16,024,922
Tender sales revenue	30,693,328	27,373,859	30,693,328	27,373,859
Surcharges on employees	47,062	226,483	47,062	226,483
Charges on dishonoured bonds items & debtors balances	1,291,527	1,463,569	1,291,527	1,463,569
Fines & Insurance Commission	16,991	18,618	16,991	18,618
	<b>1,266,319,853</b>	<b>2,309,828,533</b>	<b>1,266,319,853</b>	<b>2,309,828,533</b>
<b>Central Division</b>				
Port entry permits	24,583,843	26,906,655	24,583,843	26,906,655
Temporary port permit charges	249,735,163	338,363,996	249,735,163	338,363,996
Annual vehicle permits & casual vehicle permits	152,092,870	160,883,747	152,092,870	160,883,747
Fees on chandler's license & survey fees	34,694,413	30,310,761	34,694,413	30,310,761
Licensing of wharf clearing agencies in three ports	28,930,008	30,463,962	28,930,008	30,463,962
Licensing of harbour craft	933,820	374,938	933,820	374,938
Proceeds on hire of welfare buses	1,686,077	1,968,559	1,686,077	1,968,559
Canteen income	5,500	6,000	5,500	6,000
Miscellaneous	173,341,121	70,639,721	170,805,617	70,427,973
Sale of Books & Publications	119,910	209,220	119,910	209,220
Compensation receipts	13,607,334	5,840,737	13,607,334	5,840,737
Galleface green collection	607,291	1,384,565	607,291	1,384,565
Grant Income	308,932,408	309,174,483	308,932,408	309,174,483
Administration & Infrastructure Fee	699,512,885	639,047,303	699,512,885	639,047,303
Upfront fee paid by CICT	103,534,286	103,534,286	103,534,286	103,534,286
Admission/Monthly/Term fees for SLPA creche	435,354	520,000	435,354	520,000
Hydrographic survey office -Tide data (CPCDP)	-	5,000	-	5,000
Lump Sum Premium_Laugh's Terminal Ltd	658,207	658,207	658,207	658,207
Lump Sum Premium Distilleries company of Sri Lanka	10,300,000	10,300,000	10,300,000	10,300,000
Charges for copies of information	27,704	36,651	27,704	36,651
Lump Sum Premium Tokyo Cement Company (Lanka)PLC	31,289,698	12,333,333	31,289,698	12,333,333
Amortisation of Lease hold rights-HIPS and HIPG	1,712,997,860	1,712,997,860	1,712,997,860	1,712,997,860
Lump Sum Premium NFCL Penna Port Storage	6,900,000	210,000,000	6,900,000	210,000,000
Inc.Received from Restaurant for Exe. Officers	238,694		238,694	
	<b>3,555,164,446</b>	<b>3,665,959,983</b>	<b>3,552,628,942</b>	<b>3,665,748,235</b>
	<b>11,152,428,564</b>	<b>11,577,690,595</b>	<b>11,149,893,060</b>	<b>11,577,478,847</b>

## ADMINISTRATIVE EXPENSES

	Group		SLPA	
	2019	2018	2019	2018
Salaries Wages & Allowances	5,256,376,179	5,473,977,001	5,229,920,458	5,409,956,746
Overtime	1,113,669,574	1,078,683,357	1,113,669,574	1,078,683,357
Traveling Subsistence & Fuel Allowance	2,539,840	8,966,042	2,539,840	4,459,578
Fuel / Electricity & Other Expenses	310,949,271	240,898,264	308,970,669	238,520,071
Cost of Water	128,784,247	127,158,197	128,053,194	126,631,930
External Hire Chargers / Contracts	57,819,614	58,298,247	48,793,792	49,857,858
Contract Works for Rep. & Main.	281,019,593	268,029,056	280,769,393	267,771,761
Communication Expenses	41,469,075	43,847,605	40,358,477	42,871,653
Rent on Premises / Rates & Taxes	48,672,374	48,578,568	48,672,374	47,813,813
Insurance & License Fees / Legal Fees	26,147,646	51,597,444	23,448,404	45,875,209
Office Requisites / Security Charges	94,441,029	73,249,401	79,193,919	56,853,175
Training Expenses	62,009,696	41,437,891	61,434,822	41,057,834
Welfare Expenses	264,422,345	304,028,814	255,751,687	294,671,742
Publicity & Public Relations	19,811,222	20,168,049	19,811,222	20,168,049
Sundry Expenses	6,880,293,522	(143,625,088)	6,879,791,203	(144,483,828)
Depreciation	180,329,268	615,575,904	173,191,656	612,094,529
Amortisation of Intangible Assets	65,337,278	30,655,643	65,337,278	30,655,643
Amortisation of Lease Hold Asset	298,868		298,868	
Business Promotion / Other Charges	6,265,806	20,243,510	5,731,381	19,393,195
Miscellaneous Balance A/C Written Off	2,390,523	3,655,811	460,320	836,904
Bad & Doubtful Debt	(109,022,882)	113,648,689	(115,013,295)	113,638,189
Expenses on VAT	72,570,600	73,337,302	72,570,600	73,337,302
Stamp Duty	27,775	659,100	27,600	658,800
Audit Fees	2,816,410	3,194,747	2,411,410	2,684,350
Admin & Infrastructure Fees paid to JCT Ltd	5,584,317	5,868,802	289,377,555	293,440,088
Non Inventory Expense Account	9,073,805	152,516	9,073,805	152,516
Inter Inventory Transfer Credit	-	(528,024)	-	(528,024)
Invoice Price Variance	(96,633)		(96,633)	
NBV-Retirement	116,862	141,491	116,862	141,491
Secretarial Charges		250,000		
Irrecoverable ESC Expenses		140,812,908		140,812,908
Bank Chargers	455,839	155,415	-	
	<b>14,824,573,062</b>	<b>8,703,116,664</b>	<b>15,024,666,434</b>	<b>8,868,026,841</b>

Above Sundry Expenses include Rs. 6,809,401,234.14 for Provision for Claims

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 37 NET FINANCE COST

	Group		SLPA	
	2019	2018	2019	2018
Interest Income				
Interest on treasury bills & call deposits	2,505,384,736	1,957,995,259	2,505,384,736	1,957,995,259
Interest on securities / investments	27,323,503	77,590,218	1,101,146	1,014,266
Interest on loans given to outside parties	-	11,665	-	11,665
Interest on loans to employees	213,295,930	203,795,229	209,938,224	200,247,377
	<b>2,746,004,169</b>	<b>2,239,392,371</b>	<b>2,716,424,106</b>	<b>2,159,268,567</b>
Interest Expenses				
Interest on Loans	(2,371,883,935)	(2,481,570,260)	(2,371,582,424)	(2,256,555,666)
Other Finance Charges	(57,775,462)	(33,331,283)	(57,318,105)	(33,267,176)
Finance Charges payable under Finance Lease	(1,176,948)		(89,519)	-
	<b>(2,430,836,345)</b>	<b>(2,514,901,543)</b>	<b>(2,428,990,048)</b>	<b>(2,289,822,842)</b>
	<b>315,167,824</b>	<b>(275,509,172)</b>	<b>287,434,058</b>	<b>(130,554,275)</b>

\*Above Finance charges include Rs.22,188,343.21 & Rs.26,775,307.55 which was paid as Bank Guarantee Charges for 2018 & 2019 respectively

## 38 INCOME TAX EXPENSES

Inland Revenue Act ,No. 24 of 2017 (New Inland Revenue Act) comes into operation with effect from April 01,2018. Accordingly, tax exemption claimed by the SLPA under section 13 (yyyyy) of the Inland Revenue Act ,No 10 of 2006 has been terminated on March 31,2018.

Major components of income tax are as follows:

	Group		SLPA	
	2019	2018	2019	2018
Current Tax Expense for the Year (Note 38.1)	3,497,650,201	21,322,032	3,485,750,221	-
Deferred Tax Charge / (Reversal)	748,796	115,834	-	-
Under /(over ) provision of taxes in respect of prior year	(8,979,096)	-	-	-
	<b>3,489,419,901</b>	<b>21,437,866</b>	<b>3,485,750,221</b>	<b>-</b>

	Group		SLPA	
	2019	2018	2019	2018
38.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.				
Accounting Profit Before Taxation	16,210,785,260	17,586,561,204	16,155,365,467	17,586,561,204
Disallowed Expenses	13,347,961,433		13,347,961,433	
Allowable Expenses	(14,945,947,824)		(14,945,947,824)	
Other Income Liable for Tax - Interest Income	2,538,235,345	2,158,959,884	2,508,655,282	2,158,959,884
Exempt amount & income from other sources	(4,016,926,427)		(4,016,926,427)	
Taxable Profit Subsidiary	-		-	-
<b>Statutory Income</b>	<b>13,134,107,788</b>	<b>2,158,959,884</b>	<b>13,049,107,931</b>	<b>2,158,959,884</b>
Tax Losses Utilised/	-			
<b>Assessable Income / Taxable Income</b>	<b>13,134,107,788</b>	<b>2,158,959,884</b>	<b>13,049,107,931</b>	<b>2,158,959,884</b>
<b>Less:Qualifying payment</b>	<b>(600,000,000)</b>		<b>(600,000,000)</b>	
Taxable Income	12,534,107,788		12,449,107,931	
<b>Tax Chargers at Statutory Tax Rates of 28%</b>	<b>3,485,750,221</b>		<b>3,485,750,221</b>	-
<b>Tax Chargers at Statutory Tax Rates of 14%</b>	<b>11,899,980</b>			
<b>Current Tax on Ordinary Activities</b>	<b>3,497,650,201</b>	-	<b>3,485,750,221</b>	-
<b>Tax Losses</b>				
<b>Loss Brought Forward</b>	-	4,932,057,393	-	4,932,057,393
Loss Incurred	-	1,826,971,142	-	1,826,971,142
Loss Utilised	-			-
<b>Loss Carried forward</b>	-	<b>6,759,028,535</b>	-	<b>6,759,028,535</b>

### 39 TAX APPEAL

For the years of assessments 2007/2008, 2008/2009, 2009/2010 and 2010/2011, the Department of Inland Revenue has made assessments disallowing the deduction of foreign loan interest claimed under section 32 of the Inland Revenue Act No. 10 of 2006 and foreign exchange losses claimed under section 25(1) of the Inland Revenue Act.

SLPA referred appeals to the Tax Appeal Commission against the determination of the Commissioner General of Inland Revenue. For the years of assessment 2007/2008, 2008/2009 and 2010/2011, Tax Appeals Commission has made its decision confirming the assessment. As the SLPA is not agreeable with the decision given by Tax Appeals Commission, SLPA referred the matters for the opinion of the Honourable Court of Appeal. For the matter 2009/2010, the Tax Appeals Commission held in favour of SLPA (i.e. the assessment is invalid due to the reason that it was not signed), the Department of Inland Revenue appealed to the Court of Appeal against the decision of the Tax Appeals Commission.

### 40 SOORIYAWEWA CRICKET STADIUM CONSTRUCTION COST

Following decisions have been informed as per the Board Decision (PA/HD/33) on settlement of ICC arbitration (No.21959/CYK/PTA) between 1.China Harbour Engineering Company Limited 2.Sinohydro Corporation Vs. Sri Lanka Ports Authority issued on 13th December 2017 on construction of sooriyawewa International Cricket at hambantota under variation order No.6 of Hambantota Port Development Project (Phase I).

\*To enter into the "Loan Agreement enabling SLPA to obtain the loan amounts to Rs.3,950,858,869.57 directly from People's Bank as per the cabinet decision dated 05.12.2017

\*To amend the settlement Agreement appropriately by a supplementary Agreement/Addendum to the same and execute the same by SLPA

\* Rs.72 million is retained (Miscellaneous Deposit account) in SLPA if any penalty is raised by Commissioner General of Inland Revenue for delay in payment of taxes.

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 41 SETTLEMENT OF COURT OF APPEAL CASE BEARING NO.CA (PHC) APN 45/2006-MV "JAAMI"

As per the board decision No.PAM/61/2017 dated 23/02/2017 the Board of Directors decided to appropriately share (Proportion to be minimum 50%) the remaining balance in order to settle the above case and legal division forwarded a letter to Managing Director of Sri Lanka Shipping Company Limited on 29/03/2017. Sri Lanka Shipping Company Limited agreed for the said proposal and this matter was mentioned in the Court of Appeal on 29/06/2017 the counsels for the both parties agreed to file the settlement motion. Accordingly settlement Motion was filed by the parties at the Court of Appeal on 12.02.2018 and as per the proceeding dated 03.10.2018 parties agreed to go before the High Court (Action in Rem No. 11/2005) and to make arrangement to claim Inquiry as per the settlement entered with regard to the claim. Now this matter is before the High Court, the Registrar report is pending on 24.02.2020."

## 42 CASES IN TAX APPEAL COMMISSION AND COURT OF APPEAL

For the years of Assessments 2007/2008, 2008/2009, 2009/2010 and 2010/2011 the Department of Inland Revenue has made assessments disallowing the deduction of foreign loan interest claimed under section 32 of the Inland Revenue Act No. 10 of 2006 instead of under 25 (f) of the same Act and also disallowing the deduction claimed on foreign exchange losses relating to foreign loans under section 25(1) of the Inland Revenue Act. SLPA referred appeals to the Tax Appeal Commission against the determination of the Commissioner General of Inland Revenue. For the year of assessment 2010/2011 the appeal is pending before the Tax Appeals Commission and for the years of assessment 2007/2008 and 2008/2009 Tax Appeals Commission has given their decision confirming the assessment. Since SLPA is not agreeable with this decision given by Tax Appeals Commission SLPA referred the matter to the Court of Appeal on questions of law. In the matter 2009/2010, the Tax Appeals Commission held in favour of SLPA (i.e. the assessment is invalid due to the reason it was not signed), the Department of Inland Revenue appeal to the Court of Appeal against the decision of the Tax Appeals Commission.

## 43 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 contingent Liability has been made for legal claims.

## 44 RESTATEMENT OF COMPARATIVES IN THE GROUP FINANCIAL FIGURES

The following items have been restated with the receipt of Audited Financial Statements of Subsidiary companies and associate company after Audited Financial Statements of SLPA were issued for the year 2018.

Impact on the Consolidated Statement of Financial Position As at 31st December 2018	Group	
	2018 with Audited A/C	2018 with Unaudited A/C
Investment in Associates	38,748,756,130	39,221,857,964
Trade and Other Receivables	11,189,578,379	12,962,975,602
Employee Loans	5,012,207,926	5,012,492,331
Cash and Cash Equivalents	3,325,828,474	2,754,881,161
Property, Plant & Equipment-MPMC Ltd	821,606	998,823
Retained Earnings	35,250,319,828	36,524,981,185
Supply of G & S and other creditors	530,318,000	1,783,098,873
Borrowings - Financial Institutions	5,987,677,223	5,112,837,302
Current Tax Payable	309,523,480	319,257,513
Provisions and Accrued Expenses	4,949,247,613	4,962,924,635

**45 PRIOR YEAR ADJUSTMENTS**

Line Description	Rs.
As per letter dated 14.02.2019 sent by DCE(Civil) and letter dated 11.01.2019 sent by civil engineer JCT above amount charged under recurrent budget and need to be transfer work in progress accordingly above amount transfer to work in progress	(65,341,706)
Being adjustment of je no. FMA/CICT/34/2018 to account correct WHT receipt as per the wht certificate received from CICT.	1,305,591
Being accounting evoke of the Bank Guarantee No. BTD/BO81130 for Income Tax Appeal 2010/2011 (Tax Appeal Letter Date 12-06-2019, File No. TAC/IT/037/2016) Claimed by Tax Appeals Commission (July 2019)	749,708,930
Being transfer of capital expenditure lying in work in progress account to the relevant account as per letter dated 31.07.2019 CE(Civil)	(19,789,605)
NAV_162 Being write-off the arrears amount of the Board of Investment as per the approval given by the secretary of Ministry of Ports & Shipping	1,617,172
Refunding excess water consumption charges	2,120,930
As per the letter dated 10.10.2019 sent by CE(MW) above amount charged under recurrent budget and need to be transfer work in progress accordingly above amount transfer to working progress.	(6,343,255)
NAV_190 Being write-off the arrears amount of The Co-operative Wholesale Establishment	17,580,617
Being correction of the amount credited to the A/c No. 00-101-610388 in 2017 & 2018 as per the letter dated 04-09-2019 issued by S. Manager (F&B).	2,015,607
Above amount charged under recurrent expenditure and need to be transfer to work in progress as per letter dated 05.12.2019 CE(Civil)	(2,076,793)
Above amount transfer to relevant accounts as per the letters dated 29.10.2019 and 23.12.2019 senior operation manager (salws)-Logistic Division	(5,217,392)
Being adjusted royalty received amount from HIPG for the period from 09.12.2017 to 08.12.2018 on 23.12.2019 receipt no: MI-19-009703	(12,854,634)
FD/FE/OC/19/41	21,000
Cost of Fuel issued to SLPA Vehicles from MPMC Ltd. in 2017 provided as per attached documents.	1,399,116
Being correction of JE No. JE/FD/RND/2018/73 for NFCL Pena Port Storage premium, now it has been corrected.	204,026,301
Adjustment JE over back dated assets	22,178,444
FD/FE/OC/19/53 Error correction	(42,000)
Being reversed the accrued expenditure FD/FE/OC/19/49	(17,688,993)
Provision for Bad & Doubtful Debts for Rent & Electricity.	(24,581,405)
Being correction the Voucher payment made for tax year 2018/2019.	604,649,888
Adjustment JE over back dated assets	180,602
Being correction the JE FA_363 & FA_364, due to the error accounting. This Income Tax set off for year 2018/2019.	1,383,569,026
	<b>2,836,437,442</b>

**46 FOREIGN EXCHANGE GAIN/LOSS**

As per the LKAS 1 permitted additional line item which adjust the foreign exchange gain/loss has added to the Statement of Comprehensive Income, because such presentation is relevant to understanding of SLPA and group Financial Performance effectively as it make high impact to the net profit at the year end.

**47 CONSOLIDATED FINANCIAL STATEMENTS 2019**

Jaya Container Terminals Ltd (JCT Ltd) which is the Subsidiary companies of SLPA and Hambanthota International Port Services Ltd (HIPS) & SLPMS Ltd which are associate companies have submitted unaudited Financial Statements for year 2019.

Magampura Port Management Co. Ltd (MPMC Ltd) and Lanka Gas Terminal (Pvt) Ltd the Subsidiary companies of SLPA have not still submitted their Financial Statements. Therefore the consolidated Financial Statements has been prepared referring draft Financial Statement of JCT Ltd and not considering the MPMC Ltd & Lanka Gas Terminal (pvt) Ltd. Auditor General's report for MPMC Ltd for the year ended 31st December 2018 given qualified opinion on 31st December 2019.

**48 CAPITALISATION OF CICT LAND VALUE**

SLPA is awaiting for Attorney General's Department observations on regularisation of transfer of CICT land to register these land in Land Registry. Until such decision is received SLPA is not in a position to capitalise the said land.

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 49 CORPORATE GUARANTEE GIVEN FOR HNB LC FACILITY

The SLPA has given the corporate guarantee to Hatton National Bank for LC facility obtained by MPMC Ltd. However the corporate guarantee given is not in par with the offer letter agreed between MPMC Ltd and the HNB.

Furthermore Corporate Guarantee has not been issued under the common seal of SLPA contrary to the Board Resolution Hence liability of SLPA is questionable. Furthermore MPMC is not liable to settle this facility and the Cabinet concurrence for the same was given on 22.11.2016.

## 50 REVIEW OF USEFUL LIFE TIME OF THE ASSETS

Useful life time of assets were reviewed by the respective committees appointed to this task. Handling Equipment, Floating Equipment, Operational Buildings & Structure, Office & Welfare Buildings, Staff Quarters & Other Buildings , Motor Vehicle, Plant & Machinery, Computer Hardware & Software and Intangible assets were reviewed during the year and net book value has been adjusted accordingly. Reviewing of assets of SLPA will be done as a continues process.

## 51 LIFETIME OF THE INVESTMENT PROPERTY AT PORT OF HAMBANTOTA

The estimated life time of the property leased for the 99 years period to HIPG and HIPS were taken as 100 years since the revenue from leasehold rights will be amortised during the same period

## 52 COMPENSATION PAID FOR A LAND NOT WITHIN PORT OF HAMBANTOTA PROJECT AREA

The SLPA has paid a compensation for a land area in Port of Hambantota which is not within the project area handed over to the HIPG Limited. Since this land belongs to BOI at the moment it has not been capitalised in the books of SLPA.

## 53 GALLE PORT DEVELOPMENT PROJECT (SLP-85 LOAN)

Out of JICA Loan of Yen 14,495 mn, Yen 458 mn has been disbursed and utilised for a feasibility study at Port of Galle has not been capitalised up to now

## 54 REASON FOR NOT DETERMINING FAIR VALUE OF INVESTMENT PROPERTIES

Investment properties are port infrastructure mainly comprising of maritime developments and structures . Whilst recent port development projects of this nature are few if non existence In these circumstances there was no basis to obtain a rational estimate for market value , whereas adequate sources data were apply for cost based valuation

## 55 MAJOR DEVELOPMENT PROJECTS

Fixed Deposits Amounting to Rs.15,298,219,598.91 were kept for payment of East Container Terminal Handling Equipment & for STS Cranes.

## 56 ASSET CLEARING ACCOUNTS

Asset clearing account is a temporary account provided to keep amounts until capitalised. The balance available in the asset clearing account remaining until goods are being delivered to the relevant division and till the documents are received to Finance Division for capitalisation purpose.

## 57 LAND GIVEN FOR THE CONSTRUCTION OF LOTUS TOWER.

SLPA has requested Rs.4,496 Mn. from Colombo Divisional Secretariat for the land (Hectares 1.1372 ) given for the construction of Lotus Tower.

## 58 RECEIVABLE FROM GENERAL TREASURY

Repayment of loans by SLPA for the loans obtained for construction of Port of Hambanthota from July to December 2017 and stamp duty paid on 12.12.2017 for site lease agreement

was accounted as Receivable from Treasury in line with the Cabinet Decision dated 02.08.2017 and 11.10.2017 amounting to Rs.5,149,981,344, which has not been reimbursed by the General Treasury during the year 2019.



**59 PROVISIONS FOR CLAIMS**

Rs.6,809,401,234.14 has been provided as provisions for claims for the cases including income tax appeal cases hearing at the Court of Appeal.

**60 RENOVATION WORKS OF OBSERVATION DECK AT GALLE FACE GREEN (GFG)**

SLPA has proceeded with a payment for the renovation works of observation deck at GFG amounting Rs. 8,750,391.16 ( including taxes) subject to reimbursement of the cost and shown it as receivable from SLPMCS. Since SLPMCS is refusing the reimbursement it is doubtful that they will show the amount as payable to SLPA in their Financial Statements.

**61 LOAN BALANCE OF LOANS OBTAINED FOR THE DEVELOPMENT OF ECT FROM BOC**

As per the Cabinet decision No. 17/1588/702/041 dated 02.08.2017 the repayment of loans obtained for the development of Port of Hambantota has been undertaken by General Treasury (GT) w.e.f. 21st July, 2017. Due to delay in settling the loan balance by GT with respect to H'tota loan, BOC has taken action to deduct arbitrary the relevant dues from the loan servicing correctly done for the ECT loan. Accordingly the correct outstanding balance for the ECT loan is not reflected in SLPA books and BOC has imposed late fees and penalty for ECT loan indicating that SLPA has not carried out loan servicing accurately. Treasury has agreed of settle the matter and requested correct balance from SLPA on 26.11.2019.

**62 SPECIAL LEVY**

During the year 2019 special levy of Rs.600 Mn. was paid to General Treasury as per the letter No.PED/A/Rev/1/15 (i) dated 27th February 2019 sent by Director General of Department of Public Enterprises.

**63 RELATED PARTY DISCLOSURES**

The Authority's related parties includes Treasury of Sri Lanka, Government related institutions, subsidiary, associate and key management personnel.

**63.1 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 has been classified as key management personnel.

Transactions with Key Management Personnel are given below.	2019	2018
Remuneration and Other Short-Term Employee Benefits	25,349,397	38,888,689
Balance Outstanding - Loans and Advances	299,860	299,860
Termination Benefits		

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

## 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	Payable	Receivable
Treasury of Sri Lanka	Capital Contributor		Loan granted	-	-	-
			Loan repaid	5,987,849,177	-	-
			Interest paid	1,879,540,791	-	-
			Receivable from General Treasury	-	-	5,149,981,344.00
			Settlement for services rendered	-	-	-
Maga Naguma Road Construction and Equipment Company	Related Entities		Supply of fuel Ministry of Ports & Shipping	2,092,412	-	701,537.70
Director General of Merchant of Shipping			Final Payment and release of 50% of retention withheld.	36,578,866	2,319,300	50% Retention withheld
			Supply of fuel to Merchant Shipping Secretariat	185,496	-	26,555
			Registration fee for Two Bunker Vessel	-	-	-
			Annual Tonnage fee	537,815	-	-
Sri Lanka Port Management & Consultancy Services (Pvt) Ltd	Associate Company		Payment for Janitorial Services received	12,486,840	4,135,182	-
			Payment of Salaries	-	-	-
			Payment for services received	19,042,449	38,623,289	-
			Dividend receivable	-	-	-
Jaya Container Terminal Ltd	Subsidiary Company		Administrative & Infrastructure fee paid	289,377,555	10,198,416	-
			Dividend received	-	-	-
			Supply of fuel	1,231,712	-	221,728
			Issuance of Medicines	100,000	-	29,763
			Telephone Bills	681,650	-	268,540
South Asia Gateway Terminal (Pvt) Ltd	Related Company		Rent received	549,569,047	-	41,615,887
			Royalties received	1,265,946,813	-	111,269,732
			Dividend received	1,180,942,079	-	-
Lanka Coal Company (Pvt) Ltd	Related Company		No Transactions are made during the year	-	-	-
Colombo International Container Terminal Ltd	Related Company	General R M D Ratnayake	Lease/Rent Received	1,510,809,618	-	-
		Mrs. Shirani Wanniarachchi	Royalty received	2,348,361,674	-	115,422,300
			Differed interest received	13,551,108	-	-
			Up front fee paid by CICT	103,534,286	-	-
			Port Charges for Import	736,854	-	-
Magampura Port Management Company	Subsidiary Company	Mrs. Shirani Wanniarachchi	Administration Fees Payable	-	73,218,272	-
			* Above fee paid after deducting following expenditure	-	-	5,800,921
Colombo Dockyard PLC	Share Investment		Shipping Agency Operations with SLPA	-	-	-
			Dividend received	-	-	-
			Advance for purchase 03 nos pilot launches	167,553,718.75	-	-
Hambanthota International Port Services Ltd		General R M D Ratnayake	Salary Payments to HIPS Pilots	-	-	2,307,315.24
Hambanthota International Port Group Ltd		General R M D Ratnayake	Royalty	-	-	18,319,000.00

## FINANCIAL 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 SLPA follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the SLPA to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the SLPA uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the SLPA estimates provision on trade receivables at the reporting date. Impairment loss allowance charges (or reversal) recognised during the period is recognised as income/ expense.

#### 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 Rs. 47,811,781,665.00 (2018: Rs. 37,870,049,694.00).

# Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

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-Dec-19			31-Dec-18		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 year	Total
Borrowings - Government	6,565,746,881	53,419,307,025	59,985,053,906	6,645,377,816	59,690,100,248	66,335,478,064
Borrowings -Financial Institutions	2,114,616,539	8,875,017,426	10,989,633,965	1,960,389,294	10,924,411,551	12,884,800,845
Trade and Other Creditors	1,018,007,998	-	1,018,007,996	1,478,725,009	-	1,478,725,009
<b>Total</b>	<b>9,698,371,418</b>	<b>62,294,324,451</b>	<b>71,992,695,867</b>	<b>10,084,492,119</b>	<b>70,614,511,799</b>	<b>80,699,003,918</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 (Example "APL Lanka (Pvt) Ltd" etc.) are denominated in foreign currencies (Japan Yen and US Dollars).

As a result of the free floating of US Dollar & Japanese Yen due to appreciation/ depreciation of the Sri Lanka Rupees against the USD/ JPY Yen had an impact on the operating results for the reporting period 2019 which amounts to Rs.1,358,649,784 arising from re-payment of borrowings and invoicing of services rendered to shipping agent (example "APL Lanka (Pvt) Ltd" etc.) 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 to 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. 56,636,548,171 (2018: Rs. 60,660,366,547) of the Authority's interest bearing loans and borrowings carried interest at floating rates others amounts to Rs. 14,338,139,700 (2018: Rs. 18,559,912,362) carried interest at fixed rates.

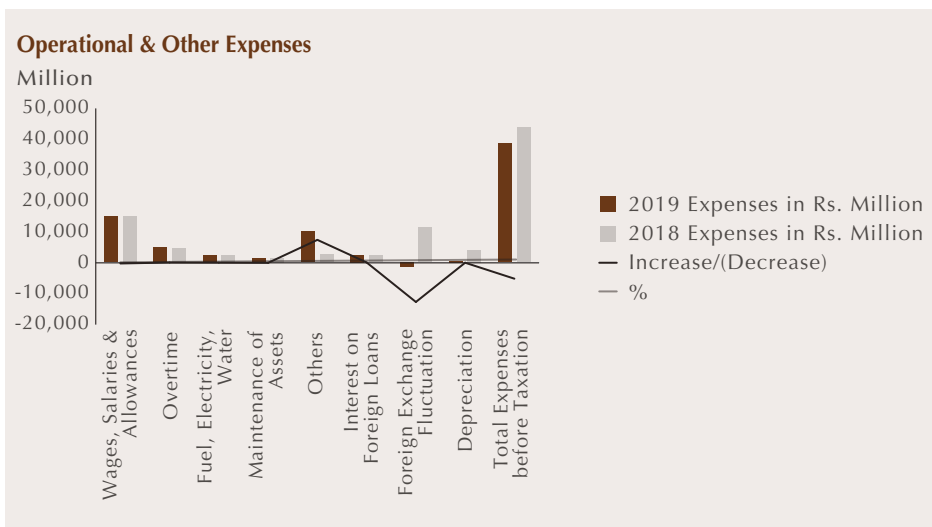
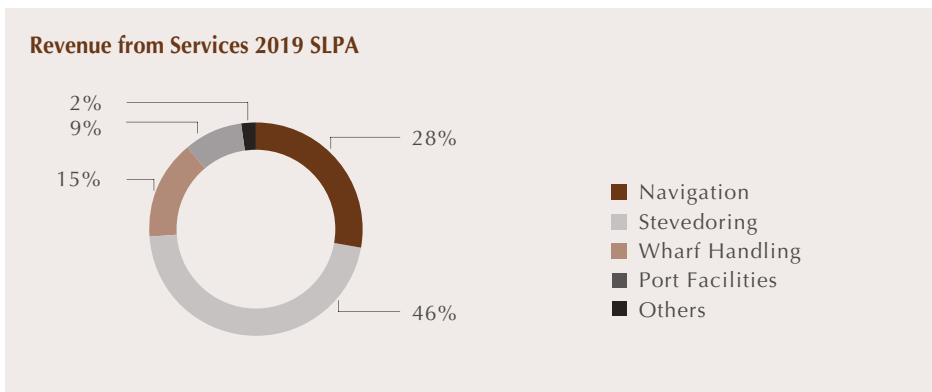
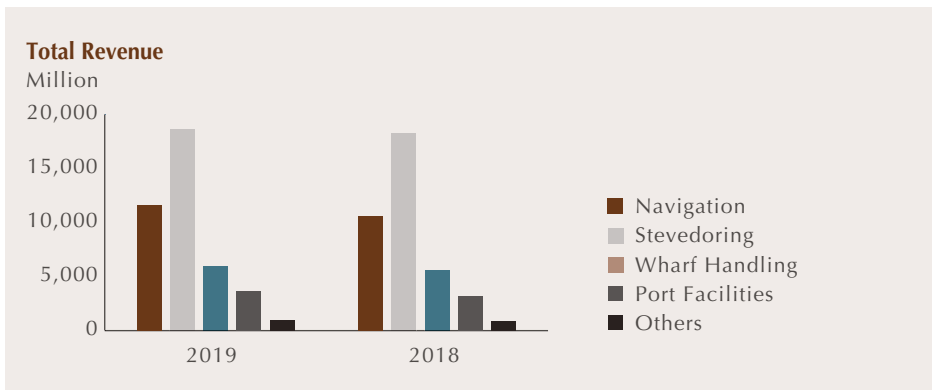
The Authority has cash and bank balances including deposits placed with the Government and state banks. The Authority monitors interest rate risk by actively monitoring interest rate movements.

Loan	2019 (RS.)	2018 (RS.)
<b>Floating Rate</b>		
Colombo Port Expansion ( South Harbour)	45,646,914,206	47,775,565,702
Development of East Container Terminal - Bank of Ceylon	7,038,775,095	8,933,941,975
Construction of Sooriyawewa Stadium - Peoples Bank Loan	3,950,858,870	3,950,858,870
<b>Fixed Rate</b>		
Colombo Port Development Project	14,338,139,700	18,559,912,362

**FOR THE YEAR ENDED 31 DECEMBER 2019**

Loan Name	Lending Institution	Currency	Interest Rate	Loan Amount (In Loan currency)	Out Standing Balance as @ 31/12/2019(Rs)	Borrowing cost (Rs)
JBIC	JAICA	SLP-23	2.50%	5,703,407,055	236,647,127	
		SLP-27	2.50%	10,432,338,189	1,298,590,606	
		SLP-30	2.60%	19,962,268,331	4,141,435,304	
		SLP-33	2.60%	6,828,220,432	2,266,556,394	
		SLP-41	2.60%	4,878,185,478	2,024,070,748	
		SLP-46	2.60%	2,644,187,565	2,303,953,873	
		SLP-67 i	1.80%	1,354,512,318	1,304,276,016	
		SLP-67 ii	0.75%	217,445,997		
		SLP-85	0.30%	14,495,000,000	647,321,242	
		ADB-2319	Asian Development Bank	US \$	Libor+0.6%	300,000,000
Construction of Sooriyawewa Stadium	Peoples Bank	LKR	AWPLR+2.5%	3,950,858,870	3,950,858,870	
East Container Terminal	Bank of Ceylon	US \$	6 Months Libor+4.25%	80,000,000	7,038,775,095	
			Total		70,466,415,190	-
			Accrued Interest		508,272,682	
					70,974,687,872	
		Note 24	Borrowings - Government of Sri Lanka		59,985,053,907	
		Note 25	Borrowings - Financial Institutions		10,989,633,965	
					70,974,687,872	

# Graphical Review



# Auditor General's Report

POS/A/SLPA/1/19/3

26th August 2020

Chairman  
Sri Lanka Ports Authority

**The Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the Sri Lanka Ports Authority and its subsidiary companies for the year ended 31st December 2019 in terms of Section 12 of the National Audit Act No.19 of 2018.**

## 1. FINANCIAL STATEMENT

### 1.1. Disclaim of Opinion

Financial Statements of the Sri Lanka Ports Authority ("Authority") and its subsidiary companies ("Group") for the year ended 31st December 2019 comprising of the Statement of Financial Status in the Consolidated Financial Statement as at 31st December 2019, Comprehensive Income Statement, Statement of Changing Equity, Cash Flow Statement and the Notes to the Financial Statement for the year then ended and a summary of significant accounting policies was audited on my direction in pursuance of provisions made in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the National Audit Act No 19 of 2018 and the Finance Act No 38 of 1971. In terms of Article 154 (6) of the Constitution, my report will be tabled at the Parliament in due course.

I do not express an opinion regarding the Financial Statements of the Authority and the Group. I could not obtain adequate and proper audit evidence to provide a basis for an audit opinion regarding these Financial Statements due to significance of the facts discussed in the section "Basis for Disclaim of Opinion".

### 1.2. The basis for Disclaim of Opinion

(a) As at 31st December 2019, the Group consisted their subsidiary companies and the Consolidated Financial Statements had been prepared incorporating the draft Financial Statements of the Jaya Container Terminal for 2019, which is one of the subsidiary companies in the Group. As per the Note No. 47 of the Consolidated Financial Statements, it was observed that the balances of assets and liabilities of the Magampura Port Management Company as at 31st December 2018 which is a subsidiary company had been taken into consideration in preparing the Consolidated Financial Statements of the Group, though it was informed that the financial statements of the Group would not be incorporated with the financial statements of the Magampura Port Management Company. The Lanka Gas Terminal (Pvt) Limited, the other subsidiary company of the Group had not submitted their financial statements as at 31st December 2019.

(b) The loan balance of Rs.147,746 million out of the foreign loan that had been obtained for the construction of the Port of Hambanthota which remained in the accounts of the Authority as at 30 November 2017, had been written off by the Authority without obtaining the concurrence of the General Treasury or the approval of the Cabinet of Ministers and therefore the said loan amount had not been included in any of the government accounts. However, it has been mentioned that the responsibility of the repayment of this loan balance was undertaken by the General Treasury in terms of

the approval of the Cabinet of Ministers granted for the Cabinet Memorandum No. MPS/SEC/2017/32 dated 20th July 2017 on the "Concession Agreement on the Port of Hambanthota". According to the documents available at the Department of External Resources, the balance as at 31st December 2019 was Rs.178,628 million.

Further, the converted foreign exchange accumulated loss of Rs. 31,545 million calculated as at 30th November 2017 with regard to the above loan amount had been written off from the accounts of the Sri Lanka Ports Authority with the writing off of the loan. The converted foreign exchange accumulated loss of Rs. 58,442 million as at 31st December 2019 including the converted foreign exchange accumulated loss of Rs. 26,897 million from 30th November 2017 to 31st December 2019 had not been included in the accounts of the General Treasury or the accounts of the Sri Lanka Ports Authority. Even by the end of the year under review, an agreement had not been entered into between the Sri Lanka Ports Authority and the General Treasury with regard to accounting of the loan balance including the above foreign exchange conversion loss.

Further, according to the letter of the Secretary to the Ministry of Finance dated 06th July 2020, the Chairman of Sri Lanka Ports Authority had been instructed by the Minister of Finance to enter the assets and loans in the books of the Sri Lanka Ports Authority and to make necessary adjustments accordingly, in terms of section 12 of the Finance Act No. 38 of 1971.

(c) It had been stated in the Financial Statements that a sum of Rs. 5,149.9 million is due from the General Treasury inclusive of Rs. 4,777 million as an installment and Rs. 372 million as stamp duty paid by the Sri Lanka Ports Authority in 2017 on account of the Hambanthota Port Development Project loan, but these amounts had not been refunded to the Sri Lanka Ports Authority by the General Treasury up to the date of this report. It was further observed that despite the requests made by the Sri Lanka Ports Authority to the General Treasury for confirmation of balances, the General Treasury had not confirmed the balances nor had they cited it as a payable balance in the Janaraja Financial Statements for the year 2019. Therefore, there is a doubt in receiving this amount.

(d) From the loan amount US \$ 24 million obtained from a private sector bank in 2014 by the Magampura Port Management Services (Pvt) Ltd, a subsidiary company of the Sri Lanka Ports Authority, which had ceased its operational activities from 2017, US \$ 22.3 million had not been settled and the company did not have sufficient funds to settle the loan as at the date of this report. Further, a Letter of Demand had been sent to the Sri Lanka Ports Authority on 02nd April 2019 by the respective bank stating that a case will be filed against the Sri Lanka Ports

# Auditor General's Report

Authority, being the guarantor of the loan as well as being the mother company, to recover the outstanding loan balance of US \$ 22.3 million. Nevertheless, the Sri Lanka Ports Authority had not made any allocations for contingent liabilities.

- (e) It was observed that the value of fixed assets represented in the financial statements is incorrect due to being unable to physically identify the carrying amount of Rs. 705.7 million of operational buildings and constructions according to the facts revealed at the review of assets carried out by the Sri Lanka Ports Authority as at 31st December 2019.
- (f) In terms of Para 51 of Sri Lanka Accounting Standards 16, the although useful lifetime and scrap value of fixed assets should be adjusted annually and the changes, if any, should be adjusted in the accounts as per the Sri Lanka Accounting Standard 8, the assets of 10 categories amounting to Rs. 15,530 million as carrying value at the Ports of Galle and Trincomalee of the Sri Lanka Ports Authority, had not been reviewed as at 31st December 2019.
- (g) In terms of Section 10 of the Extra Ordinary Gazette No. 2064/53 dated 01st April 2018, the notional tax can be deducted for three consecutive years from the assessment year 2018/2019. However, the notional tax Rs. 70.68 million carried forward as stated in the tax report for the assessment year 2018/2019 had not been included in the financial statements of the Sri Lanka Ports Authority for 2019. As a result, the outstanding notional tax account and outstanding retained profit had been under calculated from the above-stated value.
- (h) When calculating the taxable income for the year under review, the income tax had been under calculated by Rs. 503.71 million due to the following reasons.
- i. The taxable income was stated Rs. 1,789.06 million less as result of variances on allocated volume rebate and value of paid rebate according to the income tax calculation statements and the income tax and taxable income had been under calculated by Rs. 500.94 million.
- ii. The income tax for the year under review had been under calculated by Rs. 2.77 million due to the value of consideration of Rs. 9.89 million received over the written off value for written-off assets had not been adjusted according to the profit for the tax in terms of Chapter 09 (a) of Schedule 02 of the Inland Revenue Act No. 24 of 2017.
- (i) In terms of Section 29 of Sri Lanka Accounting Standards No. 01, although each quantitative item needs to be stated separately in the Financial Statements, Rs. 6,809.40 million allocated by Sri Lanka Ports Authority as compensation for cases pending at the courts had been shown under Miscellaneous Expenses, which amounted to 45% of the total administrative cost.
- (j) In terms of Section 23 (a) of the Sri Lanka Accounting Standards No. 21, the value of fixed deposits and foreign exchange profit of the Sri Lanka Ports Authority had been over calculated by

Rs. 213.56 million in converting the US \$ 181.62 million into Sri Lankan Rupees as at 31st December 2019, on account of the rupee value not being calculated using the value of the rupee as at the date of conversion to be stated in the Statement of Financial Status.

- (k) The unaccounted income had remained as Rs. 16.76 million as at 31st December 2019 although the Sri Lanka Ports Authority had provided services. As a result, the debtor balance and income had been under calculated in that amount.
- (l) Rs. 7.61 million spent by the Sri Lanka Ports Authority in 2018 on the renovation of the Galle Face Green had been stated in the Financial Statements of the Sri Lanka Ports Authority, as an amount receivable from the Sri Lanka Port Management and Consultancy Services, the above amount had not been stated in the Financial Statements of the company concerned as an amount to be paid to the Sri Lanka Ports Authority and the above mentioned company had informed the Sri Lanka Ports Authority in writing that this amount could not be paid. No provision for impairment had been made in the financial statements although the possibility of receiving this amount remained doubtful.

## 1.3 Responsibility of the Management and the Governing parties in respect of the Financial Statement

It is the responsibility of the Management to decide on the necessary internal controls in preparing this Financial Statement in compliance with the Sri Lanka Accounting Standards, to present the same fairly, exclusive of misstatements which would be established through fraud or errors.

In preparing the Financial Statements, determining the viability of the Authority being carried on continuously is a responsibility of the Management and keeping accounts on the basis of the continuous existence of the Authority is also a responsibility of the Management except in the case where the action is taken to cease the operations of the Authority if the Authority is intended to be wound up when there is no other alternative.

Responsibility of the process of financial reporting of the Authority is held by the governing parties.

In terms of Subsection 16 (1) of the National Audit Act No 19 of 2018, the income, expenditure, assets and liabilities of the Authority should be properly maintained to enable the preparation of annual and periodic Financial Statements of the Authority.

## 1.4 Auditor's Responsibility in auditing of the Financial Statements

It is my responsibility to issue the Auditor's Report on the Financial Statements of the Authority based on the audit carried out in accordance with the Sri Lanka Audit Standards. However, owing to the facts described in the part 'Basis for disclaimer of Opinion', I could not obtain adequate and appropriate audit evidence to establish a basis for an audit opinion for this Financial Statement.



## 2. REPORT OF THE OTHER LEGAL AND REGULATORY REQUIREMENTS

Special provisions are included in the National Audit Act No. 19 of 2018 with regard to the following requirements.

- I was unable to obtain all information and clarifications necessary for auditing in terms of the requirements mentioned in Section 12 (a) of the National Audit Act No. 19 of 2018 and I was unable to determine that the Sri Lanka Ports Authority has maintained proper financial reports as it is apparent in my investigation.
- Financial Statements submitted in terms of requirements in Section 6 (l) (d) (III) of the National Audit Act No. 19 of 2018 of the Sri Lanka Ports Authority, comply with the Financial Statements submitted in the previous year.
- The recommendations submitted by me in the previous year except for the observations stated in 1.2 (b), (c) and (d) of this report are included in the Financial Statements

submitted in terms of requirements in Section 6(1) (d) (iv) of the National Audit Act No 19 of 2018.

Procedures followed and evidence obtained on limitations being made to quantitative matters and nothing was drawn to my attention to be able to express an opinion on the followings;

- that a member of the Board of Control of the Sri Lanka Ports Authority has a direct or indirect connection deviating from usual business status with regard to agreements entered into by the Sri Lanka Ports Authority in terms of the requirements in Section 12 (d) of the National Audit Act No. 19 of 2018.
- that has acted against any written law or general or special directives issued by the Board of Control of the Sri Lanka Ports Authority except for following observations, as per the requirements mentioned in section 12 (f) of the National Audit Act No. 19 of 2018.

Reference to the laws, rules and regulations, or orders issued by the Board of Control	Non-compliance
(a) Section 11 of the Finance Act No. 38 of 1971 and Section 8.2.2 of the Public Enterprise Circular No. PED/12 dated June 02nd 2003	The concurrence of the Minister of Finance had not been received for Rs. 46,565 million invested in fixed deposits and short term deposits by the Sri Lanka Ports Authority as at 31st December 2019.
(b) Section 10(5) of the Finance Act No. 38 of 1971	If there is any cash surplus in any State Corporation, the balance amount after deductions as shown in the accounts should be credited to the Consolidated Fund. However, from the net profit of Rs. 30,253 million earned by the Sri Lanka Ports Authority from 2016 to 2019 only Rs. 600 million had been credited to the Consolidated Fund. Further, the above mentioned profit includes the lease rent of Rs. 8,514 million and Rs. 11,250 million received as royalty from the two companies from 2016 to 2019, engaged in the operational activities in the South Asia Gateway Terminal (SAGT) and Colombo International Container Terminal (CICT) which have been leased out on long term lease basis to the private sector. It was observed that these types of revenue do not come under direct port operational revenue.
(c) Section 2.3 and 3.1 of the Public Enterprise Circular No. PED1/2015 dated 25th May 2015.	As revealed by a sample survey, 9,227 litres of fuel had been issued during December of the year under review for 122 officers as monthly fuel allowances exceeding the approved fuel limits against the provisions made in the Circular.
(d) Section 2 of the Public Enterprises Circular No. PED/03/2016 dated 29th April 2016.	Although PAYE tax should be deducted from the salaries of the officers of the Sri Lanka Ports Authority, the tax amounts had been paid from Sri Lanka Ports Authority funds. An amount of Rs. 3,166 million which is the total due from the assessment year 2011/2012 to December 2019 inclusive of Rs. 384 million paid for 2019, had been paid to the Department of Inland Revenue from the funds of the Sri Lanka Ports Authority as PAYE tax.  Further, in paying the bonus for employees of public institutions, although the PAYE tax should be deducted from the bonus; these PAYE taxes amounting to Rs. 52 million had been paid from the funds of the Sri Lanka Ports Authority.
(e) Circular No. 03/2018 dated July 18th 2018 of the Ministry of Finance and Mass Media.	Salaries of 560 Executive Officers of the Sri Lanka Ports Authority had been increased from Rs. 15,225 to Rs. 31,150 in 2018 contrary to the Circular provisions in addition to the salary increase granted under the Collective Agreement, but the approval of the Department of Management Services had not been obtained for this.

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Reference to the laws, rules and regulations, or orders issued by the Board of Control	Non-compliance
(f) Section 9.3.1 of the Public Enterprise Circular No. PED/12 dated 02nd June 2003. Letter No. DMS/F1/3/3-1 dated 23th January 2013 issued by the Department of Management Services. The letter No. MPS/AD/06/83- 2017 dated 12th February 2019 issued by the Ministry of Ports and Shipping and Southern Development.	Despite the fact that any organisation should obtain the approval of the Public Enterprise Department for preparing a Scheme of Recruitment, the authority had not obtained the approval of the Department of Management Services for the Draft Scheme of Recruitment and prepared by the Authority. Although it was informed not to carry out any recruitment and promotions until the Scheme of Recruitment and Promotions was approved, the Sri Lanka Ports Authority had recruited 432 employees for 2 primary posts as well as a Manager and promoted 22 employees.
(g) Chapter 83 of the Inland Revenue Act No. 24 of 2017	In terms of tax circle 07, although withholding tax should be deducted from employees who are in dual service employment and who have not given primary service declaration, in paying allowances for non-executive members of the Board during the year under review payments had been made without deducting the withholding tax.
(h) No. 5.4.12 of Public Procurement Circular No. NPA/0.8 (Procurement handbook) dated 25th January 2006 and  (i) Para 8.12  (ii) Para 2.14.1  of Public Procurement Circular No. NPA/09 dated 01st March 2006 (Manual Guideline)	In paying VAT to a contractor or supplier including any service category relevant to the payment of VAT, though a copy including details regarding each contractor/supplier separately should be sent to the Auditor-General every month on or before 15th of the ensuing month, the Authority had not fulfilled the above requirement in the year under review.  According to the sample Audit Survey, although the Authority had purchased rice for the kitchen of which the cost amounted to Rs. 493.91 million during the period from January 2018 to August 2019, approval of a formal procurement committee or recommendations of a Technical Evaluation Committee had not been obtained for the same.
(i) I and II of para 6 of Internal Circular No. 2017/26 of Sri Lanka Ports Authority dated 20th September 2017.	The period allowed for employees/officers to occupy official quarters will be limited to a maximum of 05 years from the date of allocation and subsequent to completion of this period they are liable to continue to occupy the quarters for 01 more years on payment of 12.5% of their basic salaries with approval of the housing committee. However, according to the information provided by the Authority, it was revealed through a sample survey conducted with regard to the official quarters allocated as at 31st December 2019, 379 officers/ employees had continued to occupy the quarters during a period from 06 to 28 years.

- that, the Authority has acted contrary to the powers, tasks and duties of the Sri Lanka Ports Authority, in terms of requirements of Section 12 (g) of the National Audit Act No. 19 of 2018.
- that, the resources of the Sri Lanka Ports Authority have not been procured and utilised sparingly, efficiently and productively during the relevant periods and in accordance with the relevant rules & regulations in terms of the requirement stated in Section 12(h) of the National Audit Act No. 19 of 2018.

### 3. OTHER AUDIT OBSERVATIONS

- (a) The Shipping Agents Debtor Balance exceeding the loan repayment period as at 31st December 2019 was Rs. 1,445.76 million. It was 63% of the total Shipping Agents Debtor balance. As per the reply sent to the Draft Report that had been provided by the Chairman, the balance was to be further recovered from the debtor balance as at 24th July 2020 was Rs. 364.34 million only.
- (b) 10 Nos. old oil tanks with a capacity of 6,400 metric tons located at the premises of the Port of Colombo, belonging to the Authority remained under-utilised since 2015.

- (c) 1,347 employees exceeding the approved cadre of the Authority had been employed as at 31st December 2019 and 464 positions in sections directly connected with operations had been vacant. Further, there was a surplus of 653 employees in 13 sections who are not directly involved with operational activities of the Authority. A total of Rs. 4,787 million had been paid to employees as overtime including Rs. 1,156 million accrued for employees in sections where there was a surplus of employees during 2019.

Further, in terms of section 2(i) of Para viii of the Establishment Code, a responsible officer should observe and be satisfied if an adequate amount of overtime work has properly and fairly been done to claim overtime. Proper investigation and the record-keeping system should be prepared to ensure that the volume of work assigned has been done and to suspend the payment of overtime for the idle time. However, works reports with regard to above-mentioned overtime payments were not submitted for auditing.

- (d) Out of the container handling terminals in the Port of Colombo, the only terminal where ships over 14.25 deep draft can call on, is the Colombo International Container Terminal where the annual handling capacity is 2.4 million TEUs. In

2019, 374 ships of 14.25 deep draught had called on to this terminal and the volume of containers had handled over 2.6 million container units, which was observed as having recorded the highest volume. Accordingly, compared to the year 2018, this terminal had recorded an 8% growth. A study carried out by M/s Scott and Wilsons Company in 2011 had pointed out that existing terminals of the Port of Colombo would reach the maximum capacity by 2015 and to meet the demand, East Container Terminal should be operational by that time.

Meanwhile, the construction work of phase I of the 18m draught and 440 m long East Container Terminal with an annual capacity of 800,000 TEUs involving Rs. 11,168 million construction cost funded by Bank of Ceylon in relation to the Colombo Port Expansion Project, had been completed in April 2016. Further, in order to operate the terminal a Joint Memorandum of Corporation had been entered into among Sri Lanka, India and Japan on 28th May 2019. However, East Container Terminal had not been ready for operation even by the end of the year under review and accordingly the terminal demand lost due to the absence of confirmed statistics with regard to demand for terminal services and the revenue lost as a port could not be calculated.

(e) Although, there is provision for an appeal to be forwarded to the Minister of Finance against a decision arrived at a Customs Inquiry under Section 165 of the Customs Ordinance, an appeal of such nature had not been forwarded to the Minister of Finance by the Authority seeking a concession for the customs penalty of Rs. 1,580 million imposed on 27 Nos. of cranes imported in 2011 without informing the Sri Lanka Customs. However, contingent liabilities amounting to Rs. 1,577.7 million had been allocated in the relevant accounts. The case filed by the Sri Lanka Ports Authority on this matter before the Court of Appeal had been dismissed and a motion had been filed before the Supreme Court against the judgment of the Court of Appeal in 2018.

(f) South Asia Gateway Terminals had agreed to transfer their shares valuing to Rs. 141.63 million in lieu of the value of 03 cranes transferred to them by the Sri Lanka Ports Authority when the South Asia Gateway Terminals was established in 2010. But, as agreed the shares concerned had not been transferred as at the end of the year under review nor had they assured to transfer the shares and therefore it is doubtful whether the Sri Lanka Port Authority will receive the shares to the above mentioned value since there is no contractual agreement between the two entities. Even, provision for impairment contingent had not been made by South Asia Gateway Terminals.

As per the Chairman's reply to the Auditor General's Draft Report, it is informed that action had been taken to write off this amount mentioned in the account of South Asia Gateway Terminals without the concurrence of the Sri Lanka Ports Authority.

(g) As per the letter of Deputy Chief Manager (Premises) No. පසු/1/1/156 dated 30th June 2020, the contract period of lease agreements signed with regard to 10 land lots in the extent of A 03 R 02 P 3.163 and 49.034 square meters belonging to the Sri Lanka Ports Authority had been expired by 31st December 2019. However, since the Authority had not taken necessary action to renew the agreements, the risk of arising legal issues when auditing cannot be expensed.

(h) Even though the ownership of the land bearing Plan No. සී/සීඑල්/2012/1047 in extent 1.1372 hectares located at D.R. Wijewardana Mawatha, Colombo had been transferred to the Urban Development Authority for the construction of Lotus Tower, the ownership of the land had not been transferred through a formal procedure by a Title Deed.

As per the reply of the chairman sent to the Auditor General it was revealed that, though the land compensation inquiries had been held by the Divisional Secretary, Colombo the Compensation Report had not been forwarded to the Authority up to 31st July 2020, the relevant land was not possible to be written off from the Assets Register. However, it has been revealed that as per Note No.57 of the Statement of Accounts, Rs. 4,496 million has been claimed from the Colombo Divisional Secretary.

(i) Even though 2-acre land bearing Plan No. එල්/එස්/එම්අයිඑස්/344 bordering to the Main Street, Colombo 01 and Olcott Mawatha had been transferred to the Department of Customs to construct a building, but transferring of the land after the assessment had not been legally finalised even by 31st July 2020.

(j) As per the letter of the Deputy Chief Manager (Premises) No. 1/1/156 dated 13th July 2020, out of the lands included in the Fixed Assets Registry of the Port of Colombo which belongs to the Ports Authority as at 31st December 2019, A 36 R 2 P 26.43 of lands valued at Rs. 2,284.42 million had been underutilised.

(k) As per the Cabinet Decision No. අමප/17/1479/737/025 dated 26th July 2017, the approval had been granted to purchase 3 Nos of Ship to Shore Cranes for the Jaya Container Terminal. A supplier had been selected to procure 3 Nos. of cranes following the procurement procedure and approval had been granted by a Board Decision No. PA/HD/25 dated 07th February 2020 to install these three cranes at the East Container Terminal. However, the approval of the Cabinet of Ministers had not been obtained for the said purpose. The ship carrying the aforesaid 3 cranes had arrived at the Port of Colombo on 20th June 2020 and due to controversial situation which prevailed with regard to unloading those 3 cranes at the East Container Terminal, relevant unloading was delayed until 03rd July 2020. Even though the respective supplier company had claimed demurrages from the Authority by their letter dated 26th June 2020, a financial agreement had not been entered in to until 31st July with regard to the payment of demurrages amounting to US \$ 660,000 for 11 days having US \$ 60,000 per day from 23rd June 2020.

# Auditor General's Report

- (l) Approval had been granted by the Cabinet Decision No. 19/2051/129/028 dated 07th August 2019 to purchase 30 Nos of Terminal Tractors in order to carry out operational activities competitively and productively at the Jaya Container Terminal which is the main operational Terminal belonging to the Authority. Consecutively Rs. 600 million had been allocated for this purpose in the Action Plan of the Authority in 2019 and it had been expected to complete 50% of the purchasing activities during the year 2019. However, only bids had been called during the year which was only 5% target performance. Further, the Authority had failed to select a suitable supplier until 31st July 2020.
- (m) The Authority had hired 2 tugs for the period from 09th December 2017 to 5th October 2018 and 3 tugs from 05th October 2018 for 03 years on rent basis. The Authority had spent US \$ 9,573,886 (Rs. 1,542.18 million) to hire the tugs on rent basis for the period from 09th December 2017 to 28th March 2020. As per the reply to the Chairman of the Sri Lanka Ports Authority sent to the Draft Audit Report, it has been informed that Rs. 4500 million had been allocated to purchase 2 tugs from the Capital Budget of the Authority in the year 2020 and due to the situation prevailed allocation of provision had been rejected.
- (n) Dispute debtors amounting to Rs. 33,074,497 and re-dispute debtors amounting to Rs. 3,341,598 existed as at 31st December 2019. This included unsettled balances within 6 months, one year and between 1 and 3 years as Rs. 22,153,743 , Rs. 8,795,405 and Rs. 2,125,349 respectively.
- (o) Even though there was an agreement between Government of Sri Lanka and Japanese Bank for International Cooperation (JBIC) on 28th March 2006 to implement the construction of a multi-purpose terminal at the Port of Galle under a loan agreement with the aim of developing Southern Region, the approval of the UNESCO should have been obtained to carry out the constructions in the area adjacent to Galle Fort which is declared as a world heritage. Due to the fact that obtaining approval takes more than 3 years, and since the donor does not extend the loan period, it had been decided to suspend this project. On these circumstances consultation fee of Rs. 418 million spent on this purpose had been an uneconomic expenditure.
- (p) There were 138 Nos of prime movers utilised for operational activities in the Mechanical Engineering Section of the Authority as at 31st December 2019 and it was observed at the audit that about 20-30 of these prime movers needed repair daily whereas the prime mover repair section can accommodate only 06 prime movers at a time for repair works. It was observed at the audit there was a delay in repair works of the prime movers due to this reason.
- (q) A CCTV Camera System had been planned to install at all gates and bonded warehouses through the Capital Budgets of 2017 and 2018 to ensure the safety of the port as a high-security zone spending Rs. 60 million and Rs. 150 million respectively. Although Rs. 150 million had been allocated in 2019 the installation had not been completed even at the end of the year under review. As a result, the risk of not being able to obtain necessary information in the event of a security issue, cannot be disregarded.
- (r) The Authority had not taken action to recruit a suitable candidate for the post of Director (Human Resource Development) of the Sri Lanka Ports Authority which was vacant since 03rd September 2019.



W P C Wickramaratne  
Auditor General





# Corporate Information

## 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.

## Head Office

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Colombo – 01  
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Magalle  
Galle  
Tel: (+94 91) 2232213, 2234936

## Port of Trincomalee

New Administrative Building  
China Bay  
Trincomalee  
Tel: (+94 26) 2222460

## Bankers

Bank of Ceylon (Main Bank)  
People's Bank  
Hatton National Bank

## Auditors

The Auditor General  
The Auditor General's Department  
No. 306/72, Polduwa Road  
Battaramulla.

## Web

[www.slpa.lk](http://www.slpa.lk)

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