



**THE FINANCE HOUSES
ASSOCIATION OF SRI LANKA**

ANNUAL REPORT

2019

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About Us

As the apex body of the NBFIs sector in Sri Lanka, the Finance Houses Association (FHA) has enabled the progress of Sri Lanka's economy in myriad ways. Initially established as a platform to unify and further enhance the relationship among the member companies, its role has evolved over the years, positively impacting stakeholders far and wide, across the nation. Constituting a diverse range of influential finance companies, FHA's legacy extends far beyond policies and legislation.

In fact, as evidenced by our results over the years, the Association's members have truly driven change in the finance industry, focusing on empowering lives through financial inclusion, and building bankable customers - thus propelling the industry to greater heights.



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA

Founded in 1958.

Incorporated under the Companies No. 17 of 1982 on 13 July, 2001

Objectives:

- To promote, foster, protect and safeguard the welfare of its members.
- To ensure uniformity in procedure for financing and regulate the proper conduct of business by members
- To advise, instruct and formulate the proper procedure for proper implementation of laws, rules and regulations and other requirements that may have been imposed on the members in the course of their business.
- To provide a forum where the members could voice, comment, communicate, discuss and resolve their problems or make representations to the authorities concerned.
- To liaise with other national and international institutions which have common of similar objects.

Services:

- Guidance in implementation of regulations issued by the regulatory bodies
- Representing the membership at discussion with officials of the Central Bank of Sri Lanka, the Commissioner of Motor Traffic, the Commissioner General of Inland Revenue etc.
- Public relations matters for and on behalf of the members.
- Organising of seminars, workshops and training.
- Providing a forum The Legal Circle for Legal Officers of member companies to discuss common legal issues, suggest amendments and improvements to the present laws and administration of justice and take concerted action.
- Providing guidance and leadership in improving and widening business activities and practices through planned joint ventures. (Finance Houses Consortium (Pvt) Ltd).
- Circulation among members from time to time, analyses of financial data of the sector.

Member Companies

1. Abans Finance PLC



2. Alliance Finance Co PLC



3. AMW Capital Leasing & Finance PLC



4. Arpico Finance Co. PLC



5. Associated Motor Finance PLC.



6. Asia Asset Finance PLC



7. Bimpuh Finance PLC



8. LOLC Development Finance PLC



9. Dialog Finance PLC



10. Central Finance Co. PLC.



11. Citizens Development Business Finance PLC



12. Commercial Credit & Finance PLC



13. Commercial Leasing & Finance PLC



14. HNB Finance PLC



15. Ideal Finance Ltd



16. Kanrich Finance Ltd



17. L.B. Finance PLC



18. LOLC Finance PLC



19. Mercantile Investments & Finance PLC



20. Merchant Bank of Sri Lanka & Finance PLC



21. Nation Lanka Finance PLC



22. Fintrex Finance PLC



23. Orient Finance PLC



24. Prime Finance PLC



25. People's Leasing & Finance PLC



26. Richard Pieris
Arpico Finance Ltd



27. Senkadagala
Finance Co. PLC



28. Singer Finance (Lanka) PLC



29. Softlogic Finance PLC



30. Siyapatha Finance PLC



31. The Multi Finance Co. PLC



32. TKS Finance Ltd



33. Vallibel Finance PLC



34. Sarvodaya
Development Finance Ltd



35. Serendib Finance Ltd



36. Sinhaputhra
Finance PLC



37. The Finance Company PLC



38. Trade Finance &
Investments PLC



39. UB Finance Ltd



Past Chairmen

Mr. Eardley de Silva	27/05/58 – 02/06/61	Arpico Finance Co. Ltd.
Mr. P. Nadesan	02/06/61 – 03/07/63	Hire Purchase Co. Ltd.
Mr. S.T.B.Haragama	03/07/64 - 29/07/64	Collettes Finance Ltd.
Mr. K. Selvanathan	29/07/64 - 29/06/65	Cey. Finance & Securities Ltd.
Mr. D.K.Subramaniam	29/06/65 - 17/07/67	Mercantile Credit Ltd
Mr. I.M. Bathusha	17/07/67 – 08.07.70	United Motor Finance Co. Ltd.
Mr. H.D.Francis Perera	05/07/73 – 25/07/77	Transport & Gen.Finance Co.Ltd.
Deshabandu Dr. M.S.Gaffoor	25/07/77 – 31/08/77	Consolidated Finance Ltd.
Mr. H.L.de Sayrah	27/07/77 – 31/07/78	Free Lanka Finance Ltd.
Mr. Walter Ediriweera	31/07/78 - 06/08/82	Mercantile Credit Ltd.
Mr. Nanda Amarasinghe	06/08/82 – 09/09/83	The Rupee Finance Co. Ltd.
Mr. Dennis Viswasam	09/09/83 – 12/08/86	The Finance Co. Ltd.
Mr. C.E.Duwearatchi	12/08/86 – 25/09/87	Eastern Investment Trust Ltd.
Mr. C. Wijenai	25/09/87 – 16/11/88	The Central Finance Co. Ltd.
Mr. Pratapkumar de Silva	16/11/88 – 24/01/91	Alliance Finance Co. Ltd.
Deshamanya Lalith Kotelawela	24/01/91 – 16/12/92	The Finance Co. Ltd.
Deshabandu George Ondaatjie	06/12/92 – 04/11/94	Mercantile Investments Ltd.
Mr. Lyle D.Peiris	04/11/94 – 31/01/95	L. B. Finance Ltd.
Mr. T.H. Nooramith	31/01/95 – 26/03/96	Arpico Finance Co. Ltd.
Mr. E.H. Wijenaike	26/03/96 – 05/12/97	Central Finance Co. Ltd.
Mr. Kithsiri Wanigasekera	05/12/97 – 18/12/00	Sinhaputhra Finance Ltd.
Mr. WignaSellamuttu	18/12/00 – 17/12/03	Finance Land Sales Ltd.
Mrs. Vagdevi Fernando	17/12/03 – 14/12/05	Commercial Credit Ltd.
Mr. Rohan Tudawe	14/12/05 – 13/12/06	Industrial Finance Ltd.
Mr. Shirley Perera	14/12/06 – 13/02/09	Central Investments & Finance Ltd.
Mr. Hafeez Rajudin	14/12/09 – 17/10/11	Merchant Credit of Sri Lanka
Mr. Kamal Yatawara	18/10/11 – 10/10/13	The Finance Company PLC
Mr. Nalin Wijekoon	11/10/13 – 10/12/15	Softlogic Finance PLC
Mr. Ravi Yatawara	10/12/15 – 10/11/16	LB Finance PLC
Mr. Kithsiri Wanigasekera	10/11/16 - 01/11/17	Abans Finance PLC
Mr. Krishan Thilakerathne	02/11/17 - 08/11/18.	Commercial Leasing & Finance PLC

FHA Council Members - 2019



Seated: (L to R)

Mr. Ravi Tissera

Vice Chairman of FHA,
LOLC Finance PLC

Mr. Roshan Abeygoonewardena

Chairman of FHA,
CDB Finance PLC

Mr. Rohan Tennakoon

Vice Chairman of FHA,
Peoples Leasing and Finance PLC

Mr. Krishan Thilakarathne,

Immediate Part Chairman,
Commercial Leasing & Finance PLC

Standing L to R

Mr. Denzil Mallawa Arachchi

Head of Secretariat, FHA

Mr. Thilak Nanayakkara

Vallibel Finance PLC

Mr. Ananda Senevirathne

Siyapatha Finance PLC

Mr. Thushan nAmarasuriya

Singer Finance Lanka PLC

Mr. Brandon Morris

AMW Capital Leasing & Finance PLC

Mr. Romani de Silva

Alliance Finance PLC

Mr. Arjuna Gunarathne

Central Finance PLC

Mr. Nalin Wijekoon

Softlgic Finance PLC

Mr. Dhanushka Fonseka

Mercantile Investment & Finance PLC

Absent



Mr. Ravi Yatawara – Director
LB Finance PLC



Mr. Chaminda Prabhath – CEO
HNB Finance PLC



Mr. Jude Anthony – CEO
MBSL Bank & Finance PLC



Mrs. Shiranthi Gunawardena
Legal Consultant - FHA



Mr. Pratapkumar de Silva
Advisory Councilor

Sub Committees of FHA - 2018/2019

Sub Committees of FHA - 2019

Accounts & Finance -	Chairman	Mr.Nalin Wijekoon
E-newsletter & Website -	Chairman	Mr.RohanTennakoon
Directors' Get Together -	Chairman	Mr.Krishan Thilakarathne
Education & Training -	Chairman	Mr. Thushan Amarasuriya
Financial Sector Stability -	Chairman	Mr.Roshan Abeygoonewardena
ICT Policy & Disaster Recovery	Chairman	Mr.Krishan Thilakarathne
Legal Circle Activities & Recovery	Chairman	Mr.Roshan Abeygoonewardena
Micro Finance -	Chairman	Mr.Ravi Thisera
Risk & Compliance -	Chairman	Mr.KrishanThilakarathne
SLICM -	Chairman	Mr. Romani de Silva
Sports Festival -	Chairman	Mr.Ananda Senevirathne
Tax & Regulator Matters -	Chairman	Mr.Dhanushka Fonseka

COUNCIL MEETINGS -2018/2019 (September 2018 to August 2019)

No. of Meetings Held **11**

ATTENDANCE AT MONTHLY MEETINGS

Name of the Council Member		Attend	Excus.	By Invi
Mr. Krishan Thilakeratne	Commercial Leasing & Finance PLC	6	5	
Mr. Ravi Yatawara	L B Finance PLC	5	6	
Mr. Nalin Wijekoon	Softlogic Finance PLC	6	5	
Mr.Romani De Silva/Alternate	Alliance Finance Co. PLC	8	3	
Mr. Ashan Nissanka/Mr.Ravi Tissera/Alternate	LOLC Finance PLC	6	5	
Mr. Rohan M ATennakoon	Peoples Leasing Finance PLC	11	0	
Mr. R Abeygoonewardena	Citizen Development & Finance PLC	11	0	
Mr. Arjuna Gunaratne	Central Finance Co. PLC	8	3	
Mr. B P Morris/Alternate	AMW Capital Leasing & Finance PLC	7	4	
Mr. T A Amarasuriya/Alternate	Singer Finance Lanka Ltd	9	2	
Mr. B M D C Prabhath	H N B Finance Ltd	8	3	
Mr D R Fonseka/Alternate	Mercantile Investment & Finance PLC	9	2	
Mr.S B Rangamuwa/Alternate	Vallibel Finance PLC	7	4	
Mr. H M A Seneviratne/Alternate (Apptd. 11/4/2019)	Siyapatha Finance PLC	6	5	
Mr. Jude Gamalath (Apptd. 9/5/2019)	MBSL	1	10	

Chairman's Review



Mr. Roshan Abeygoonewardena
Chairman

On behalf of the Council, it is my privilege to present you with the Annual Report of the Financial Houses Association (FHA) for the financial year ended 31st March 2019. This has been a challenging year for the NBFi industry amidst low GDP growth, a challenging macro-economic environment and new regulatory changes that came into effect. Throughout this period, the Council has actively engaged with the Regulator, the Central Bank of Sri Lanka, the Ministry of Finance, and the Ceylon Chamber of Commerce to represent the sector and provide industry perspectives on multiple areas. The Council had discussions with the Regulator regarding the impacts and implications of the following:

- ◆ Debt relief for the Microfinance Loans granted to women in drought-affected districts
- ◆ Introduction of a Maximum Rate of Interest on Microfinance Loans
- ◆ Introduction of SLFRS 9
- ◆ Introduction of a new Capital Adequacy Requirement
- ◆ Introduction of a maximum interest rate on deposits and other debt instruments
- ◆ Concessions granted to the Tourism Industry - CBSL Circular No. 01/2019
- ◆ Consultation paper on the introduction of Ownership Limits

- ◆ Consultation paper on developing a 'Roadmap for Sustainable Finance in Sri Lanka'
- ◆ Consultation paper on the 'National Financial Inclusion Strategy'
- ◆ Concept paper on establishing a regulatory framework for Moneylending and Micro finance businesses

Compliance Officers' Sub-Committee

The Sub-Committee provides a forum for the discussion of compliance-related issues experienced by personnel of member companies. It is an opportunity for members to present their views and bring issues to the attention of relevant parties including the FHA Council Members, the Central Bank of Sri Lanka and other regulatory bodies, with the aim of discussing and negotiating on new developments. The Sub-Committee comprises Compliance Officers of the member companies working together towards achieving common objectives and goals as set out by the body.

Human Resources Sub-Committee

The HR Sub-Committee was formed with the participation of the Human Resource Heads of member companies with the purpose of actively initiating, developing and monitoring strategies and policies, and sharing HR best practices, to enhance standards within the NBFi industry. The HR Sub-Committee will also focus on discussing measures to attract, retain and develop human capital while driving adherence to the highest ethical standards, throughout the industry. In addition, it will further explore the critical role HR leaders in navigating the different layers in the business environment to discover new ways to increase the industry's competitive advantage.

Legal Officers' Sub-Committee

The Committee deliberates on the current legal challenges faced by member companies and during the period in review, conducted discussions with the Colombo District Judge, the Secretary of the Bar Association of Sri Lanka and the Registrar General of the Land Registry to find solutions to existing areas of concern.

Other Developments

We conducted a wide range of seminars, training programmes and workshops for our members during the year. 5 sessions were organised for employees of member companies, covering both technical and soft skill development. These trainings were conducted in Colombo and Kandy.

FHA Annual Sport Festival

Due to the conditions that prevailed in the country after April 2019, we were compelled to postpone the Annual Sports Festival to 19 October 2019.

Roshan Abeygoonewardena
Chairman

Operational Review

Statistical Information from the Annual Report, Socio and Economic Statistics of the Central Bank of Sri Lanka

Total Assets of the Financial System

Institution	2017 (a)		2018 (b)	
	Rs. bn	Share (%)	Rs. bn	Share (%)
Banking Sector	11,897.4	69.7	13,708.3	72.5
Central Bank	1,604.8	9.4	1,914.3	10.1
Licensed Commercial Banks (LCBs)	8,926.4	52.3	10,372.4	54.9
Licensed Specialised Banks (LSBs)	1,366.2	8.0	1,421.6	7.5
Other Deposit Taking Financial Institutions	1,370.4	8.1	1,542.7	8.1
Licensed Finance Companies (LFCs)	1,227.5	7.2	1,383.7	7.3
Co-operative Rural Banks	132.7	0.8	147.7	0.7
Thrift and Credit Co-operative Societies	10.2	0.1	11.3	0.1
Specialised Financial Institutions	388.9	2.3	240.0	1.4
Specialised Leasing Companies (SLCs)	127.5	0.7	47.6	0.3
Primary Dealers (c)	77.3	0.5	83.6	0.4
Stock Brokers	9.1	0.1	8.7	0.1
Unit Trusts / Unit Trust Management Companies	131.7	0.7	67.0	0.4
Market Intermediaries (d)	28.7	0.2	16.4	0.1
Venture Capital Companies	14.6	0.1	16.8	0.1
Contractual Savings Institutions	3,402.9	19.9	3,414.3	18.0
Insurance Companies	564.9	3.3	606.6	3.2
Employees' Provident Fund	2,066.3	12.1	2,289.4	12.1
Employees' Trust Fund	279.0	1.6	312.1	1.7
Approved Pension and Provident Funds	437.3	2.6	149.1	0.7
Public Service Provident Fund	55.4	0.3	57.2	0.3
Total	17,059.7	100.0	18,905.3	100.0
(a) Revised	Source: Central Bank of Sri Lanka			
(b) Provisional				
(c) Excluding assets of Bank Primary Dealer units, which are included in assets of LCBs				
(d) Include Investment Managers, Margin Providers, Underwriters and Credit Rating Agencies				

Assets and Liabilities of Non-Bank Financial Institutions (a)

Rs. million

End of Period	2014	2015	2016	2017	2018 (b)
ASSETS	814,553	996,127	1,211,891	1,354,991	1,431,332
Cash and Bank Balances	44,091	43,844	76,129	107,746	96,271
Cash in Hand	3,097	3,391	4,463	6,702	7,653
Demand Deposits with Commercial Banks	12,637	12,977	18,869	29,671	35,154
Time and Savings Deposits with Commercial Banks	26,149	24,726	51,175	67,187	50,323
Deposits with Other Deposit Taking Institutions	2,208	2,750	1,623	4,186	3,140
Investments	109,717	99,634	111,708	118,068	109,667
Investments in Government of Sri Lanka Securities	62,325	58,122	73,205	65,552	65,072
Treasury Bills	48,690	49,040	62,679	58,603	62,806
Treasury Bonds	13,636	9,082	10,526	6,949	2,266
Shares Held for Trading Investments	6,990	6,269	6,221	4,566	4,424
Debentures	909	2,418	1,238	2,544	5,440
Shares in Other Companies	1,699	2,616	1,561	1,821	1,731
Shares in Subsidiaries and Associate Companies	26,821	27,408	26,676	26,955	16,674
Investment Properties	8,668	9,990	11,218	14,654	18,116
Other Investments	3,382	5,302	1,543	12,461	2,431
Provision for decline in value of investment securities	(1,079)	(12,492)	(9,954)	(10,487)	(4,222)
Loans and Advances (Net)	603,748	795,844	962,672	1,057,097	1,137,046
Leasing	275,593	419,296	490,412	554,274	635,651
Hire Purchase	120,613	73,364	42,241	27,183	19,112
Loans	210,704	307,816	431,332	475,989	492,413
Real Estate	4,308	3,619	2,194	2,479	2,919
Pawning Advances	22,577	23,934	27,225	35,099	43,943
Dues from Related Party	7,554	9,643	12,901	13,666	10,964
Loan Loss Provisions and Suspended Interest	(37,601)	(41,828)	(43,634)	(51,594)	(67,957)
Trading Stocks	14,572	12,936	7,662	7,756	13,852
Real Estate	7,006	5,737	2,955	2,985	3,511
Repossessioned Items	6,173	4,821	4,126	4,473	9,410
Other	1,392	2,378	582	298	930
Fixed Assets	25,840	28,305	33,326	38,446	43,925
Other Assets	16,585	15,565	20,394	25,878	30,572
LIABILITIES	814,553	996,127	1,211,891	1,354,991	1,431,332
Capital Account	116,870	123,139	146,107	169,674	183,671
Paid-up Capital	65,899	63,026	64,297	66,554	71,949
Retained earnings and Reserves	50,971	60,113	81,810	103,120	111,723
Deposits	414,116	480,636	530,740	686,720	716,848
Time Deposits	396,468	457,486	507,688	655,670	681,317
Savings Deposits	16,984	22,568	22,184	30,014	34,601
Certificate of Deposits	664	581	869	1,036	929
Borrowings from	217,385	314,295	438,662	396,030	463,817
Financial Institutions	110,835	176,595	276,588	235,890	340,708
Others	106,550	137,700	162,074	160,140	123,109
Other Liabilities	66,181	78,058	96,382	102,567	66,996
No. of Institutions	56	53	53	51	48

(a) Non-Bank Financial Institutions sector represents Licensed Finance Companies and Specialised Leasing Companies

(b) Provisional

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Licensed Finance Companies (LFCs)

Per cent

Category	2014 December	2015 December	2016 December	2017 December	2018 December (a)
1. Capital Adequacy					
1.1 Core Capital to Risk Weighted Assets (CCR) (b)	11.4	9.1	9.9	10.9	9.3
1.2 Capital Base to Risk Weighted Assets (RWCAR) (c)	12.1	9.8	10.2	11.5	10.7
1.3 Capital Funds to Total Assets	12.2	10.4	10.3	10.8	11.3
1.4 Capital Funds to Deposits	22.9	21.0	22.6	20.2	22.9
1.5 Borrowings to Equity (times)	1.8	2.6	3.1	2.2	2.6
2. Asset Quality					
2.1 Gross Non Performing Advances to Total Advances	7.2	6.0	5.6	6.3	7.8
2.2 Net Non Performing Advances to Total Advances (d)	2.4	1.7	1.3	1.6	2.5
2.3 Provision made against Total Advances	4.2	3.6	3.7	4.0	4.5
2.4 Provision Coverage Ratio (Specific Provisions to NPA)	50.8	58.8	63.5	61.4	53.8
2.5 Provision Coverage Ratio (Total Provisions to NPA) (e)	59.1	60.5	65.3	63.5	57.2
3. Liquidity					
3.1 Regulatory Liquid Assets to Total Assets	9.5	7.4	7.0	8.9	7.6
3.2 Regulatory Liquid Assets to Deposits & Borrowings	12.6	9.7	8.9	11.6	9.6
4. Earnings (f)					
4.1 Return on Assets (g)	2.6	2.5	3.8	3.0	2.4
4.2 Return on Equity (h)	12.6	10.3	24.1	15.9	12.0
4.3 Interest Income to Interest Expenses	182.0	211.1	189.1	173.5	179.2
4.4 Net Interest Margin (NIM) (i)	7.5	8.2	7.4	7.2	6.9
4.5 Efficiency Ratio (j)	70.0	73.9	58.8	66.3	68.4
4.6 Cost to Income Ratio	86.3	86.0	79.1	84.9	86.6
5. Assets/Funding Structure					
5.1 Equity Capital (as a % of total assets)	12.5	10.6	10.5	11.0	11.6
5.2 Total Deposits and borrowings (as a % of total assets)	75.3	76.7	77.7	77.4	79.1
5.3 Loans and Advances (as a % of total assets)	74.4	79.3	79.1	78.6	79.9
5.4 Investments (as a % of total assets)	13.7	11.3	10.0	9.9	7.8

(a) Provisional , Total Risk Weighted Assets considered for the computation of Capital adequacy ratios includes Risk Weighted Amount for Operational Risk.

(b) The ratio of Core Capital (Tier 1) to Risk Weighted Assets

(c) The ratio of Total Regulated Capital to Risk Weighted Assets

(d) Ratio of non-performing loans net of interest in suspense and loan loss provisions to total loans and advances

(e) The ratio of total loan loss provisions to non-performing loans

(f) Income and expenses related items are for the 12 months ending December of respective years

(g) Profit before tax as a percentage of average assets

(h) Profit after tax as a percentage of average equity

(i) The ratio of interest income less interest expenses to average assets

(j) The ratio of non-interest expenses excluding loan loss provisions and loans written off to net interest income plus other income less loan loss provisions and loans written off

Source: Central Bank of Sri Lanka

Licensed Finance Companies Sector Assets and Liabilities					Rs .Million
End of Period	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19**
ASSETS	790,739	994,083	1,135,459	1,334,373	1,408,339
Cash and Bank Balances	38,047	68,449	61,728	90,912	97,461
Cash in Hand	3,194	4,449	5,141	6,570	9,292
Due from Banks and other institutions	34,853	64,001	56,587	84,342	88,169
Investments	105,790	106,945	111,811	119,069	128,288
Investments in Government of Sri Lanka Securities	60,399	67,891	71,448	72,089	77,038
Investment in Shares	34,044	34,700	32,822	35,358	23,034
Other Investments	12,440	17,068	17,382	22,011	32,318
Provision for decline in value of investment securities	(1,094)	(12,714)	(9,841)	(10,390)	(4,102)
Loans and Advances (Net)	593,997	766,268	903,965	1,051,580	1,094,148
Leasing	266,767	376,164	449,053	542,198	604,527
Hire Purchase	105,205	63,198	36,899	24,421	17,464
Loans***	232,763	335,364	427,431	493,314	488,838
Real Estate	4,209	3,539	2,203	2,644	3,027
Pawning Advances	21,029	23,792	28,451	39,405	49,019
Loan Loss Provision and suspended interest	(35,976)	(35,790)	(40,071)	(50,403)	(68,728)
Trading Stocks	14,413	10,074	6,678	9,021	14,648
Fixed Assets	25,053	28,065	33,744	39,115	49,074
Others Assets	13,438	14,282	17,533	24,677	24,719
LIABILITIES	790,739	994,083	1,135,459	1,334,373	1,408,339
Capital Account	103,899	109,488	127,973	153,312	173,581
Deposits	418,301	490,316	558,493	691,798	750,790
Fixed Deposits	400,065	466,180	534,693	659,650	718,621
Savings Deposits	17,600	23,552	23,002	31,092	31,207
Certificate of Deposits	635	584	798	1,056	962
Borrowings from	205,439	321,858	366,027	390,257	413,022
Financial Institutions	108,989	216,920	249,910	284,412	304,727
Others	96,450	104,939	116,117	105,844	108,295
Other Liabilities	63,100	72,420	82,966	99,007	70,946

**** Provisional**

***** Includes dues from related party**

Source : Central Bank of Sri Lanka

Licensed Finance Companies Sector

Earnings & Profit (Rs. Mn)	12 Months ending 31st Mar 2015	12 Months ending 31st Mar 2016	12 Months ending 31st Mar 2017	12 Months ending 31st Mar 2018	12 Months ending 31st Mar 2019**
Total Interest Income	121,295	144,041	179,114	214,604	250,871
Total Interest Expenses	62,484	69,510	97,169	123,656	138,232
Net Interest Income	58,810	74,531	81,945	90,948	112,639
Non Interest Income	19,590	22,555	28,448	34,530	37,812
Non Interest Expenses (Operating Cost)	45,842	61,676	64,888	71,120	88,099
Loan Loss Provision	10,193	6,967	6,997	17,821	24,363
Total Income	140,885	166,596	207,562	249,134	288,682
Total Expenses	118,519	138,153	169,054	212,596	250,694
Profit for the period (Before Taxation)	22,365	28,443	38,508	36,537	37,989
Profit for the period (After tax)	13,303	16,478	24,143	21,674	20,000

**Provisional

Source : Central Bank of Sri Lanka

Licensed Finance Companies Sector

Earnings (%)	Mar-2015	Mar-2016	Mar-2017	Mar-2018	Mar-2019***
Return on Assets (Annualized) ^(a)	3.01	3.07	3.44	2.90	2.64
Return on Equity (Annualized) ^(b)	14.35	15.65	20.42	15.56	12.07
Interest Income to Interest Expenses	194.12	207.22	184.33	173.55	181.49
Net Interest Margin (NIM) ^(c)	7.91	8.04	7.32	7.21	7.84
Efficiency Ratio ^{(d) (f)}	67.21	68.44	62.76	66.06	69.87

Licensed Finance Companies Sector

Asset Quality (%)	Mar-2015	Mar-2016	Mar-2017	Mar-2018*	Mar-2019***
Gross Non Performing Advances to Total Advances	6.70	5.45	5.20	5.93	7.80
Net Non Performing Advances to Total Advances ^(a)	1.98	1.31	1.18	1.52	2.28
Total Advances to Total Assets	76.10	76.93	79.64	78.99	78.51
Provision Coverage Ratio ^(b)	57.83	64.31	64.77	62.84	58.86

Notes

(a) Ratio of non-performing loans net of interest in suspense and loan loss provisions to total loans and advances

(b) The ratio of total loan loss provisions to non-performing advances

Licensed Finance Companies Sector					
Branch Network					
	Mar-2015	Mar-2016	Mar-2017	Mar-2018	Mar-2019***
Province					
Central	119	130	140	148	155
Eastern	83	94	100	105	105
North Central	78	83	90	93	94
North Western	117	126	130	141	146
Northern	70	72	75	77	81
Sabaragamuwa	78	88	101	104	107
Southern	116	125	132	138	144
Uva	54	57	62	63	63
Western	357	376	403	421	441
Total	1,072	1,151	1,233	1,290	1,336

***Provisional

Source : Central Bank of Sri Lanka

New Registration of Motor Vehicles 2009 - 2018

Item	Number									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^(a)
Passenger Transport	179,286	316,022	453,891	325,740	283,138	394,554	610,204	444,931	410,430	443,559
Buses and Coaches	739	2,491	4248	3,095	1,805	3,851	4,140	2,685	3,331	2,957
Private Cars	5,762	23,072	57,886	31,546	28,380	38,780	105,628	45,172	39,182	80,776
Motor Cycles	135,421	204,811	253,331	192,284	169,280	272,885	370,889	340,129	344,380	339,763
Three Wheelers	37,364	85,648	138,426	98,815	83,673	79,038	129,547	56,945	23,537	20,063
Goods Transport	9,697	23,557	48,336	49,663	30,475	25,920	46,598	34,450	28,174	26,302
Lorries	8,016	10,803	12,446	10,445	4,525	3,851	5,356	5,271	8,689	7,055
Dual Purpose Vehicles	1,280	11,712	33,518	37,397	24,603	20,799	39,456	26,887	16,742	16,931
Others	401	1,042	2,372	1,821	1,347	1,270	1,786	2,292	2,743	2,316
Land Vehicles	15,092	19,644	23,194	21,892	13,038	9,082	12,105	13,947	13,049	10,938
Tractors	2,286	4,389	6,649	6,221	3,437	2,003	4,299	5,261	5,309	5,048
Hand Tractors	11,473	12,974	13,424	12,229	7,335	5,067	5,678	5,024	3,512	2,412
Others	1,333	2,301	3,121	3,442	2,266	2,012	2,128	3,662	4,228	3,478
Total	204,075	359,243	525,421	397,295	326,651	429,556	668,907	493,328	451,653	480,799

(a) Provisional

Source : Central Bank of Sri Lanka

F.H.A Directors' get-together 2019

The Directors' get-together of the FHASL was held on 14 June 2019 at the Galle Face Hotel, Colombo. The Governor of the Central Bank of Sri Lanka, Dr. Indrajit Coomaraswamy graced the occasion as the Chief Guest. There were 78 directors from member companies represented this event with the Chairman and other Council Members of FHA.



FHA Compliance Symposium - 2018

The sub Committee for Compliance Officers which established on 14 May 2018 organized the FHA symposium 2018. The Symposium was held on 08 December at 'Waters Edge', Battaramulla with the participation of FHA Council Members, Compliance Offices and other invitees.

The symposium focused on areas of particular importance to LFCs in Sri Lanka, such as 'Role of NBFIs in the context of Financial Stability', 'Challenges in Implementing AML/CFT Regulations', 'Creating an Effective Compliance Culture for Sustainable Business Growth' and 'Data Privacy and Emerging Technology'.

This symposium featured speeches and panel discussions by an eminent panel of speakers comprising of the directors of the key departments of the Central Bank of Sri Lanka, academics and recognised business personalities. The Compliance Professionals of LFCs benefited by enhanced their knowledge and understanding expectation of regulators since the topics were universal relevance to them.



FHA HR Forum 2019

FHA Sub Committee for HR' conducted the 'FHA Knowledge Sharing and Net working Session on **15 March 2019** at the 'Winchester Hall' of Kingsbury Hotel, Colombo from **2.30 pm onwards**.

The Knowledge Sharing session started at 3.00 pm with the ceremonially opening and welcome speech by the Chairman of FHA HR Sub Committee Mr. Prasad Udugampola. The purpose of the event was explained by Mr. Roshan Abeygoonewardena, Chairman, The Finance Houses Association of Sri Lanka. There were 75 participants including HR Managers, Heads of HR representing the FHA member companies participated for this event.

The main item of the agenda was the panel discussion and it covered the sub topics named 'CEOs' expectation from the HR as a business partner', 'HR positioning in the boardroom', 'Latest HR trends and Best HR practices', and key challenges facing in the industry'.



FHA Seminars - 2019

(1)

Name of Seminar	Seminar on 'Credit Evaluation'
Resource Person	Mr. Indika Ariyawansa, Asst. General Manger, Credit Evaluation, LOLC
Venue	Excel World , Colombo 10
Date	21 February 2019
Number of Participants	38



(2)

Name of Seminar	Seminar on 'Legal Conformity in Proper Documentation for Speedy Recovery of Loans in NBFIs'
Resource Person	Mrs. Sriranthi Gunawardena, Legal Consultant, FHA
Venue	Kandy
No. Of Participants	66
Date	20 June 2019



FHAS Seminars - 2019

(3)

Name of Semina	Seminar on Professional Selling for Growing Customers
Resource Persons	Dr. Ravi Dissanayake, Senior Lecturer, University of Kelaniya..
Venue	Centre for Banking Studies , Central Bank of Sri Lanka, Rajagiriya
No. of Participants	50
Date	25 July 2019



(4)

Name of Seminar	Seminar on Managing the Impact of IFRS 9 with a Speedy Recovery Process
Resource Person	Mrs. Shiranthi Gunawardena, Legal Adviser of FHASL
Venue	Centre For Banking Studies, Central Bank of Sri Lanka, Rajagiriya
Date	16 August 2019
No. of Participants	57



FHA Annual Sports Festival - 2019



The Annual Sports Festival of FHASL is scheduled to be held on 19 October 2019 at Bloomfield Ground Colombo 7.

FHA council was decided to post pone the FHA Sport Festival due on July 2019 considering security environment of the county.

Main Sponsor : Allianz Insurance Lanka Ltd.

Events:

- * Cricket (Men/Women)
- * Vollyball
- * Netball
- * Rugby
- * Athletics (Men/Women)
- * FHA Queen

Highlights from Previous year (2018)





Financial Statements and Auditors Report
2018/2019



L M ASSOCIATES

CHARTERED ACCOUNTANTS

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Email: lma@lmassociates.lk



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE FINANCE HOUSE ASSOCIATION OF SRI LANKA

Opinion

We have audited the financial statements of **The Finance House Association of Sri Lanka**, which comprise the statement of financial position as at 31 March 2019, and the statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies exhibited in page – 07: 16.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Financial Reporting Standards (SLFRSs) for SMEs.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are described below in the *Auditor's Responsibilities for the Audit of the Financial Statements* of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with SLFRS for SMEs, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
- We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act.



LM ASSOCIATES
Chartered Accountants
Colombo

Signed by : **A.M. Jawaamil (M-2034)**

Date: 28/3/2019



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 March	Note	2019 Rs.	2018 Rs.
Income	3	4,340,125	4,441,186
Other income	4	1,789,065	1,597,468
Gross income		6,129,190	6,038,654
Administrative expenses	5	(5,706,405)	(5,773,504)
Surplus before Interest & Taxation		422,785	265,149
Finance costs	6	(8,985)	(8,100)
Surplus before Taxation		413,800	257,049
Income tax expense	7	(165,952)	(17,369)
Surplus after Taxation		247,849	239,680

The accounting policies and notes on pages from 07 to 16 form an integral part of these Financial Statements.

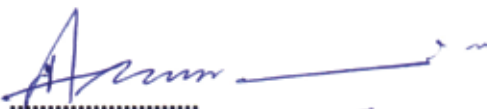


THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	2019 Rs.	2018 Rs.
ASSETS			
Non Current Assets			
Property, Plant and Equipment	8	414,383	243,442
Investment - Fixed Deposits	9	9,885,060	8,385,060
Investment - shares	10	37,410	37,410
		<u>10,336,853</u>	<u>8,665,912</u>
Current Assets			
Due from Members	11	506,800	65,600
Deposit and Advance	12	441,120	331,800
Other Receivables	13	174,445	332,798
Cash and Cash Equivalents	14	1,101,505	1,503,890
		<u>2,223,870</u>	<u>2,234,087</u>
Total Assets		<u>12,560,724</u>	<u>10,900,000</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		5,963,100	5,715,252
Other funds	15	5,847,943	4,795,428
		<u>11,811,043</u>	<u>10,510,679</u>
Non Current Liabilities			
Retirement Benefit Obligations	16	356,471	290,374
		<u>356,471</u>	<u>290,374</u>
Current Liabilities			
Trade and Other Payables	17	305,972	95,407
Income Tax	18	87,238	3,540
		<u>393,210</u>	<u>98,947</u>
Total Equity and Liabilities		<u>12,560,724</u>	<u>10,900,000</u>

The accounting policies and notes on pages from 07 to 16 form an integral part of these Financial Statements.

Approved on behalf of the Council of Management on 28/08/2019



Chairman





Vice Chairman

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2019

ACCUMULATED AND OTHER FUNDS



	Accumulated Fund Rs.	Development Fund Rs.	Building Reserve Rs.	Legal Circle Fund Rs.	Medical Fund Rs.	NBFI Sector Stability Fund Rs.	HR Sub-comm Fund Rs.	FHASL Compliance Sub Com Fund Rs.	Other Funds Total Rs.
Balance as at 1 April 2017	5,735,706	1,242,641	1,350,000	300,000	29,000	1,873,787	-	-	4,795,428
Prior year adjustment	2,540	-	-	-	-	-	-	-	-
Unrecovered WHT	(262,676)	-	-	-	-	-	-	-	-
Net Profit for the year	239,680	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	5,715,251	1,242,641	1,350,000	300,000	29,000	1,873,787	-	-	4,795,428
Balance as at 1 April 2018	5,715,251	1,242,641	1,350,000	300,000	29,000	1,873,787	-	-	4,795,428
Fund received during the year	-	-	-	-	-	-	1,482,000	964,072	2,446,072
Expenditure for the year	-	-	-	-	-	-	(1,249,644)	(143,912)	(1,393,556)
Net Profit for the year	247,849	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	5,963,100	1,242,641	1,350,000	300,000	29,000	1,873,787	232,356	820,159	5,847,943

The accounting policies and notes on pages from 07 to 16 form an integral part of these Financial Statements.

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
CASH FLOW STATEMENT

For the year ended 31 March

	2019 Rs.	2018 Rs.
Cash flows from operating activities		
Net profit / (loss) before Taxation	413,800	257,049
Adjustments for:		
Depreciation	114,349	76,911
Prior year adjustment	-	2,540
Gratuity over provision	66,097	(96,226)
Interest Income	-	(1,115,625)
Operating profit before working capital changes	<u>594,246</u>	<u>(875,351)</u>
(Increase)/decrease in other receivables	158,352	324,340
(Increase)/decrease in due from members	(441,200)	(50,600)
(Increase)/decrease in Deposit and Advance	(109,320)	(1,800)
Increase/(decrease) in trade and other payables	210,565	(7,890)
Cash generated from operations	<u>412,644</u>	<u>(611,301)</u>
Income Tax paid	(82,254)	(24,618)
Net cash flow from operating activities	<u>330,390</u>	<u>(635,919)</u>
Cash Flows from investing activities		
Purchases of property, plant and equipment	(285,290)	(49,603)
Interest Received	-	1,115,625
Investment in fixed deposits & others	(1,500,000)	(4,357,662)
Net cash used in investing activities	<u>(1,785,290)</u>	<u>(3,291,639)</u>
Cash flows from finance activities		
Share of other funds	1,052,515	-
Net cash used in finance activities	<u>1,052,515</u>	<u>-</u>
Net Increase in cash and cash equivalents	<u>(402,385)</u>	<u>(3,927,559)</u>
Cash and cash equivalents at the beginning of the year	1,503,890	1,579,340
Cash and cash equivalents at the end of the year	<u>1,101,505</u>	<u>(2,348,219)</u>
Cash and cash equivalents comprises		
Cash and bank balances	<u>1,101,505</u>	<u>1,503,890</u>



The accounting policies and notes on pages from 07 to 16 form an integral part of these Financial Statements.

1 Cash and cash equivalents comprises

Cash and bank balances	1,101,505	1,493,890
Bank over draft	-	10,000
	<u>1,101,505</u>	<u>1,503,890</u>

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. Corporate Information

1.1 General

The Finance Houses Association of Sri Lanka ("The Association"), is an Association, registered under the Companies Act No. 07 of 2007. The Association is incorporated and domiciled in Sri Lanka and its registered office is located at No 150/3, Ward Place, Colombo -07

1.2 Principal Activities

The principal activities of the association is to promote, foster, protect and safeguard the welfare of these institution registered under the Finance Companies Act No.78 of 1988 or any other statute as may be enacted for amendment or replacement thereof and other institution carrying on the business of a similar nature, engaged in a business of developing and managing of retirement resorts.

1.3 Basis of Preparation

The Financial Statements are prepared under the historical cost convention in accordance with SLFRS for SMEs except as stated in these financial statements. No adjustment has been made for inflationary factors affecting these accounts. Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity. These Financial Statements are prepared in Sri Lankan Rupees unless otherwise stated. Where appropriate, the policies are explained in the succeeding notes.

1.4 Events after the Balance Sheet date

All material events occurring after the Balance Sheet date are considered and where necessary, adjustments are made in the accounts.

1.5 Members' responsibility statement

The members of the Council of Management takes the responsibility for the preparation and presentation of these Financial Statements.

1.6 Comparative Figures.

Comparative figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

2. Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied consistently by the association in presenting and preparing the financial statements. Changes in accounting policies are made only if the Sri Lanka Accounting Standards requires such change or when a change results in providing more relevant information.



IE FINANCE HOUSES ASSOCIATION OF SRI LANKA NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

Accounting for the Receipt and Utilization of Funds

Funds

a) Development Fund

This is an accumulated fund consisting of the contributions received from members.

b) Building Reserve

This fund is maintained for the purpose of reserving funds to construct our own building.

c) Legal Circle Fund

This fund is maintained by the Association to reserve money for any future liabilities on legal matters that may arise.

d) Medical Fund

This fund is maintained by the Association to reserve money for any future medical expenses of staff.

e) Publicity Fund

This fund is maintained by the Association to reserve money for any future publicity expenses of Association.

f) NBFIs Sector Stability Fund

Developing NBFIs Sector

2 Assets and Bases of their Valuation

2.1 Property, Plant and Equipment

a) Cost

All items of Property, Plant & Equipment are recorded at cost.

b) Depreciation

Depreciation is provided for on all assets on the straight line basis and is calculated on the cost of all property, plant and equipment in order to write off such amounts less any terminal value over the estimated useful lives of such assets. The depreciation rates are stated as follows:

	Rates %
Furniture & Fittings	15%
Office Equipments	15%
Computer Equipment	15%
Motor Vehicle	20%



2.2 Investments in Fixed Deposits

Fixed deposits are stated at principal amount plus interest accrued on a time proportionate basis.

2.3 Trade receivables

Trade receivables and dues from related parties are stated at the amounts they are estimated to realize, net of provisions for bad and doubtful debts.

2.4 Other receivable

Other receivable balances are stated as estimated amounts receivable after providing for doubtful receivables.

2.5 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents consists of cash in hand and short term deposits in banks net of outstanding bank overdrafts.

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

2.3 Liabilities and provisions

All material liabilities at the Statement of Financial Position date have been included in the accounts.

2.3.1 Retirement benefit costs

Terminal benefits are provided for only one employee of the Association at the rate of one half of the gross salary applicable of the last month of the financial year, for each year of continuous service in conformity with Sri Lanka Accounting Standard for SME's.

However according to the payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of five years continued service. The liability is not externally funded nor actuarially valued.

b) Defined contribution plans-Employees'

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contribution funds in line with respective statutes and regulations.

2.4 Taxation

a) Current taxes

The Association's liability to taxation has been computed in accordance with the provision of the Inland Revenue Act No.24 of 2017 and amendments thereto.

2.5 Income and Expenditure Account

2.5.1 Income recognition

a) Members Subscription & Entrance

Income derived from Subscription & Entrance fees of members are recognized in the Income & Expenditure account on accrual basis.

b) Interest Income

Interest income from fixed deposits is accrued on a time - apportioned basis on the principal outstanding and at rate applicable unless collectability is in doubt.

c) Other Incoming resources

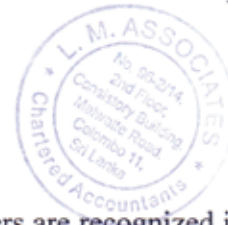
Income realized from Sports Festival 2018, Administrative Fees, Seminars and others are recognized in the Income and Expenditure only when there is certainty that all of conditions for the receipts of the income sources have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Income and Expenditure account.

d) Other Income

Other income is recognized on an accrual basis.

2.5.2 Expenditure recognition

Expenses in carrying out the projects and other activities of the Association including other expenses incurred in administering and running the Association are accounted for on an accrual basis and charged to the Income and Expenditure account.



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March		2019 Rs.	2018 Rs.
3. Income			
Membership Subscription		2,665,000	2,616,250
Entrance Fees		-	200,000
Excess Income on Sports Festival	3.1	1,029,876	1,041,332
Excess Income on Seminars	3.2	438,317	532,501
Directors Get together	3.3	206,932	51,103
Reimbursement of Legal Charges	3.4	-	-
		<u>4,340,125</u>	<u>4,441,186</u>
3.1 Excess Income on Sports Festival			
Income		3,295,200	2,680,000
Less: Expenses		(2,265,324)	(1,638,669)
		<u>1,029,876</u>	<u>1,041,332</u>
3.2 Excess Income on Seminars -			
3.2.1 Seminar "Prevention of Money laundering and Application of KYC"			
Income		-	220,000
Less: Expenses		-	(148,261)
		<u>-</u>	<u>71,739</u>
3.2.2 Seminars "Competitive Selling Approach of Finance Industry"			
Income		-	333,000
Less: Expenses		-	(230,538)
		<u>-</u>	<u>102,463</u>
3.2.3 Seminars "Property Securities"			
Income		274,176	210,000
Less: Expenses		(117,418)	(143,646)
		<u>156,758</u>	<u>66,354</u>
3.2.4 Seminar "Recovery Management"			
Income		283,480	200,000
Less: Expenses		(150,240)	(84,854)
		<u>133,240</u>	<u>115,146</u>
3.2.5 Seminar "Current Legal Issues"			
Income		216,000	-
Less: Expenses		(138,587)	-
		<u>77,413</u>	<u>-</u>



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March		2019	2018
		Rs.	Rs.
3.2.6 Seminar "Credit Evaluation Colombo"			
Income		238,700	481,500
Less: Expenses		(167,794)	(304,700)
		70,906	176,800
Total Excess Income over expenditure		438,317	532,501
3.3 Directors Get-to-gather			
Income		1,256,380	560,000
Less: Expenses		(1,049,448)	(508,897)
		206,932	51,103
3.4 Reimbursement of Legal Charges			
Income		123,340	-
Less: Expenses		(123,340)	-
		-	-
4. Other Income			
Interest Income	4.1	1,185,368	1,115,625
Reimbursement from LASL		360,000	307,950
Gratuity over provision		-	96,226
Administration Fees		60,000	60,000
Staff Loan Interest		17,666	17,666
Reimbursement of rent from SLICM		166,031	-
		1,789,065	1,597,468
4.1 Interest Income			
Gross Interest Income		1,185,368	1,115,625
Net Interest Income		1,185,368	1,115,625
5. Administrative Expenses			
Salaries & Wages		1,642,439	1,602,299
Employees' Provident Fund		197,093	192,276
Employees' Trust Fund		49,273	48,069
Special allowance		49,650	74,475
Travelling Allowance		240,000	286,300
Fuel Allowance		36,000	36,000
LASL allowance		180,000	135,000
Entertainment Allowance		240,000	190,000
Office Welfare		6,777	12,085
Gratuity		66,097	-
Rent		830,155	632,083
Bad debt		195,002	-
Printing & Stationery		120,828	215,732
Amount carried forward to next page		3,853,313	3,424,318



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March	2019 Rs.	2018 Rs.
Balance brought forward from previous page	3,853,313	3,424,318
Electricity	85,755	81,739
Secretarial Fee	123,494	116,445
Telephone Charges	91,115	103,054
Mobile Telephone Charges	15,682	25,136
Internet / E-Mail Charges	5,158	6,047
Postage	2,680	3,230
Travelling & Transport	30,140	16,415
Audit Fees	94,000	84,700
Depreciation	114,349	76,911
AGM Expense	485,395	17,050
Ceylon Chamber of Commerce Fee	35,203	35,204
Sundry Expense	46,738	62,500
Office Equipment Maintenance	75,249	50,640
Ex-gratia payment-Ms. Wimalasena	-	196,020
Study tour Bangladesh	-	160,600
Industry Study on NBFI Sector	-	957,000
Publicity Expenses	-	15,000
Bonus	400,595	272,448
Web update charges	163,150	45,000
Cleaning charges	28,100	18,600
Water Charges	6,967	4,720
W.H.T	-	727
Auditor's Fees for Attending IR	11,000	-
Professional Fee	38,324	-
	<u>5,706,405</u>	<u>5,773,504</u>
6. Finance expenses		
Bank Charges	8,985	8,100
	<u>8,985</u>	<u>8,100</u>
7. Income tax expenses		
Income tax for the year	<u>165,952</u>	<u>17,369</u>



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

8. Property, Plant & Equipment

	Cost -Rs.		
	Balance as at 01.04.2018	Additions / (Disposals)	Balance as at 31.03.2019
Furniture & Fittings	159,784	5,040	164,824
Computer Equipment	400,853	125,000	525,853
Office Equipment	373,911	155,250	529,161
	<u>934,547</u>	<u>285,290</u>	<u>1,219,837</u>
Accumulated Depreciations -Rs.			
	Balance as at 01.04.2018	Dep for the year	Balance as at 31.03.2019
Furniture & Fittings	150,089	4,419	154,508
Computer Equipment	304,616	52,091	356,707
Office Equipment	236,400	57,839	294,240
	<u>691,105</u>	<u>114,349</u>	<u>805,454</u>
Net book value	<u>243,442</u>		<u>414,383</u>

As at 31 March

9. Investments - Fixed Deposit

	2019 Rs.	2018 Rs.
Central Investments Finance PLC	41,362	41,362
Commercial Leasing & Finance PLC	2,800,000	2,800,000
City Finance Corporation Ltd	17,054	17,054
LB Finance PLC	2,150,000	2,150,000
LOLC Finance PLC	2,575,000	1,075,000
People's Leasing & Finance PLC	2,000,000	2,000,000
UB Finance PLC	28,039	28,039
Seylan Bank PLC	273,606	273,606
	<u>9,885,060</u>	<u>8,385,060</u>

10. Investment in Shares

City Finance Ltd	<u>37,410</u>	<u>37,410</u>
	<u>37,410</u>	<u>37,410</u>

11. Due from members

Kanrich Finance Co. Ltd.		
Global HR Solution	-	65,000
Receivable from Mrs. Wimalasena	-	600
Receivable from Mr Denzil	46,300	-
Other due from members	<u>460,500</u>	<u>-</u>
Note 11.1	<u>506,800</u>	<u>65,600</u>



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	2019 Rs.	2018 Rs.
11.1 Other due from members		
Receivable from seminar	60,500	-
Receivable from HR Get to gether	140,000	-
Receivable from Sponsorships	260,000	-
	<u>460,500</u>	<u>-</u>
12. Deposit and Advance		
Rent Deposit	439,320	330,000
Other deposits	1,800	1,800
	<u>441,120</u>	<u>331,800</u>
13. Other receivables		
Staff Loan	33,854	115,104
Interest receivable	140,592	217,694
	<u>174,445</u>	<u>332,798</u>
14. Cash and Cash Equivalents		
Commercial Bank of Ceylon Ltd, Colombo 07	97,026	(479,020)
Commercial Bank Saving A/C	989,478	1,972,910
Cash in hand	15,000	10,000
	<u>1,101,505</u>	<u>1,503,890</u>
15. Funds		
Development Fund	1,242,641	1,242,641
Building Reserve	1,350,000	1,350,000
Legal Circle Fund	300,000	300,000
Medical Fund	29,000	29,000
NBFI Sector Stability Fund	1,873,787	1,873,787
FHASL Compliance Sub Com Fund	820,159	-
HR Sub Committee Fund	232,356	-
	<u>5,847,943</u>	<u>4,795,428</u>
16. Retirement benefit obligations		
Balance as at 01st April 2018	290,374	386,600
Provision for the year	66,097	-
Over provision	-	(96,226)
Balance as at 31st March 2019	<u>356,471</u>	<u>290,374</u>



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March		2019 Rs.	2018 Rs.
17. Trade and other payables			
HR Get-together		199,644	-
Accruals	17.1	106,328	95,407
		<u>305,972</u>	<u>95,407</u>
17.1 Accruals			
E-Mail Charges		344	-
Audit Fees Payable		94,000	84,700
PAYE Payable		871	-
Telephone Charges		11,113	10,707
		<u>106,328</u>	<u>95,407</u>
18. Income Tax			
Balance as at 01.04.2018		3,540	(251,887)
Provision for the year		165,952	17,369
WHT Paid		(63,123)	-
Unrecovered WHT		-	262,676
Income tax paid during the year		(19,130)	(24,618)
Balance as at 31.03.2019		<u>87,238</u>	<u>3,540</u>
19. Transaction with key management persons (KMPs) & related party			
Related parties include key managerial personnel defined as those persons having authority & responsibility for planning, directing & controlling the activities of the Association. Such key managerial persons include the Committee of Management of the Association.			



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

20. Related party transactions

The Association carries out transactions in the ordinary course of business in an arm's length basis at commercial rates with related parties. Transactions with related parties listed below have been at commercial rates.

Name of the company	Nature of transaction	Transaction Value	Outstanding balance as at 31.03.2019
The Finance Houses Consortium (Pvt) Ltd	Administratio Fees	60,000 per year	Nil

The aggregate value of transactions and outstanding balances relating to entities over which the Members of Council have significant influence are as follows:-

Name of the Company	Name of Member of Council Management	Investment in Fixed deposits 31.03.2019
LB Finance PLC	Mr. Ravi Yatawara	2,150,000
LOLC Finance PLC	Mr. Ravi Tissera	2,575,000
Peoples Leasing & Finance PLC	Mr. Rohan Thennakoon	2,000,000
Commercial Leasing & Finance PLC	Mr. krishan Thilakarathne	2,800,000

21. Capital commitments and contingent liabilities

There were no material capital commitments and or contingent liabilities to be disclosed as at the balance sheet date.

22. Events after the balance sheet date

There were no significant events after the financial position date that require adjustments to or disclosure in the financial statements.



THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
ANNEXURES TO THE STATEMENT OF TAX COMPUTATION

For the year of assessment 2018/2019

Annexure 1

Investment Income

Interest Income

Description	Gross Interest	WHT	Net Interest
Commercial Leasing & Finance PLC -42765	108,004	5,400	102,604
Commercial Leasing & Finance PLC -31887	152,499	7,625	144,874
Commercial Leasing & Finance PLC -31379	150,003	7,500	142,503
LB Finance PLC -527913	75,051	3,753	71,299
LB Finance PLC -467326	210,375	10,519	199,856
LOLC Finance PLC -16953	65,000	3,250	61,750
LOLC Finance PLC -586024	74,999	3,750	71,249
LOLC Finance PLC -786840	49,932	2,497	47,435
People's Leasing Finance PLC -213506	265,000	13,250	251,750
Commercial Bank Saving Account -	111,606	5,580	106,025
Total interest received during the year	1,262,469	63,123	1,199,345

Reconciliations for the Interest Income

Interest receivable as at 01.04.2018	(217,693)
Interest received during the year	1,262,469
	1,044,776
Interest receivable as at 31.03.2019	140,142
Interest income for the year (as per accounts)	1,185,367

Annexure 2

Self assessment payments

Quarter	Date	Amount
1	17/08/2018	4,840
2	15/11/2018	4,840
3	15/02/2019	4,840
4	15/05/2019	7,318
		21,838





Alliance Management Services (Private) Ltd.

Alliance House, 84, Ward Place, Colombo 7, Sri Lanka. Fax : 94-11-2697205

Telephone : 2673673 E-mail : alserv@sltnet.lk Reg. No : PV 913

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA

NOTICE

Notice is hereby given that the Sixtieth Annual General Meeting of The Finance Houses Association of Sri Lanka will be held on Thursday 26th September, 2019 at 11.00 a.m at L B Finance PLC, 6th Floor, 20, Dharmapala Mawatha, Colombo 3.

Agenda

1. To receive and adopt the Audited Accounts for the year ended 31st March 2019 with the Report of the Auditors thereon, and the Report of the Committee of Management for the above period.
2. To elect the Council of Management for the ensuing year.
3. To re-appoint the Auditors for the ensuing year and decide on their fees.
4. To transact any other business of which due notice has been given.

By order of the Council

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA

Sgd:

Alliance Management Services (Pvt) Ltd

Secretaries to The Finance Houses Association of Sri Lanka

Colombo

03rd September 2019

Note:

- (i) A member is entitled to appoint a proxy to attend and vote on his/her place.
- (ii) A proxy need not be a member of the Company.
- (iii) A member wishing to vote by proxy at the meeting may use the Form of Proxy enclosed and interpolate the words "right to speak".
- (iv) To be valid, the completed Form of Proxy must be lodged at Alliance Management Services (Pvt) Ltd, Ward Place, Colombo 7 not less than 48 hours before the meeting.

-/kd

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA
FORM OF PROXY

We

of

being a member/members of The Finance Houses Association of Sri Lanka hereby appoint

Mr. Roshan Hansantha Abeygoonewardena of Citizens Development Business Finance PLC	Whom failing
Mr. Rohan Merio Adrian Tennakoon of People's Leasing & Finance PLC	Whom failing
Mr. Krishan Thilakeratne of Commercial Leasing & Finance PLC	Whom failing
Mr. Ravindra Shanaka Yatawara of L B Finance PLC	Whom failing
Mr. Nalin Hemantha Gamini Wijekoon of Softlogic Finance PLC	Whom failing
Mr. Romani Kumar Eardley Patrick De Silva of Alliance Finance Co. PLC	Whom failing
Mr. Sarath Bandara Rangamuwa of Vallibel Finance PLC	Whom failing
Mr. Arjuna Kapila Gunaratne of Central Finance Co. PLC	Whom failing
Mr. Brandon Philip Morris of AMW Capttal Leasing & Finance PLC	Whom failing
Mr. Thushan Aiyendra Amarasuriya of Singer Finance Lanka PLC	Whom failing
Mr. Dhanushka Ruwanal Fonseka otMercante Investment & Finance PLC	Whom failing
Mr. Bamunuachchi Mangedarage Don Chaminda Prabhath of HNB Finance Ltd	Whom failing
Mr. Hettiveediye Mudiyanseelage Ananda Seneviratne of Siyapatha Finance PLC	Whom failing
Mr. Gamalath Mohottige Jude Asela Rangana Gamalath of Merchant Bank of Sri Lanka & Finance PLC	Whom failing

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.....

to represent and vote for us and on our behalf at the Annual General Meeting to be held on 27th September 2019 at 11.00 a.m and at any adjournments thereof and at every poll which may be taken in consequence thereof.

As witness our hand this day of2019



.....
Signature

.....
Signature

Note:

- (i) All members Companies should complete the above Form of Proxy and deposit same with the Company Secretaries of the Association of Alliance Management Services (Pvt) Ltd, No. 84, Ward Place, Colombo 7 on or before 25th September 2019 at 2.00 p.m.
- (ii) The Form of Proxy should stipulate the Nominee from the Company who will be representing the Company at the Annual General meeting and be executed under the Common Seal of the Company which should be affixed and attested in the manner prescribed by the Articles of Association of the Company.
- (iii) The full name and address of the proxy should be entered legibly in the Form of Proxy

Corporate Information

Registered Office

No. 84, Ward Place, Colombo 7.

Secretariat Office

150/3, Ward Place, Colombo 07.

Tel. 0112-670335

Email: finass@sltnet.lk

Web: www.fhalanka.lk

Head of Secretariat

Mr. Denzil Mallawa Arachchi

Legal Form

An Association Incorporated Under Section 21 of the Companies Act No.17 of 1982.

Company Secretaries

Alliance Management Services (pvt) Ltd

Colombo 7.

Auditors

L.M. Associates

Chartered Accountants

Bankers

Commercial Bank of Ceylon Ltd

THE FINANCE HOUSES ASSOCIATION OF SRI LANKA

No : 150/3, Word Place, Colombo 07

Tel : 0112 670335

E-mail : finass@sltnet.lk

Web : www.fhalanka.lk