



# **THE FINANCE HOUSES ASSOCIATION OF SRI LANKA ANNUAL REPORT - 2017**



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ANNUAL REPORT - 2017**





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## THE FINANCE HOUSES ASSOCIATION OF SRI LANKA

### NOTICE

Notice is hereby given that the Fifty Eighth Annual General Meeting of The Finance Houses Association of Sri Lanka will be held on Monday, 25th September, 2017 at 11.00 a.m. at L B Finance PLC, 6th Floor, 20, Dharmapala Mawatha, Colombo 3.

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### Agenda

1. To receive and adopt the Audited Accounts for the year ended 31st March 2017 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 pass the following Special Resolution with or without amendments  
To amend the Articles of Association and to include the following Articles as 4 (C)  
“If payment of membership fees is not made within thirty (30) days after the same becomes due, the Chairman shall cause a notice of default to be sent to the delinquent member. If the payment is not made within thirty (30) days after the date of sending such notice, the delinquent member shall automatically cease to be a member. Notice of cessation shall be sent by the Chairman and a membership which has been ceased, pursuant to this Article may be reinstated upon payment by the delinquent member of the unpaid membership fees and approval of the reinstatement by the Council of Management.”
4. To re-appoint the Auditors for the ensuing year and decide on their fees.
5. To transact any other business of which due notice has been given.

By order of the Council

**THE FINANCE HOUSES ASSOCIATION OF SRI LANKA**

**Alliance Management Services (Pvt) Ltd**

**Secretaries to**

**The Finance Houses Association of Sri Lanka**

31st August 2017.

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 on or before 22nd September 2017 at 2.00 p.m.

-/kd



## 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.
- Organizing of Seminars, Workshops, 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.
- Developing social contact through informal get-togethers.

The FHA works very closely with the Leasing Association of Sri Lanka, the Sri Lanka Institute of Credit Management and the Credit Information Bureau of Sri Lanka, in order to attain the above objectives and provide the above services.

It is represented on the Ceylon Chamber of Commerce, the Credit Information Bureau of Sri Lanka, and the Sri Lanka Institute of Credit Management.





## COMPANIES OF THE ASSOCIATION

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. Bimputh Finance PLC
8. BRAC Lanka Finance PLC
9. Colombo Trust Finance PLC
10. Central Finance Co. PLC.
11. Central Investments & Finance PLC
12. Citizens Development Business Finance PLC
13. Commercial Credit & Finance PLC
14. Commercial Leasing & Finance PLC
15. City Finance Corporation Ltd.
16. ETI Finance Ltd
17. HNB Grameen Micro Finance Ltd
18. Ideal Finance Ltd
19. Kanrich Finance Ltd
20. L.B. Finance PLC
21. LOLC Finance PLC
22. Mercantile Investments & Finance PLC
23. Merchant Bank of Sri Lanka & Finance PLC
24. Melsta Regal Finance Ltd
25. Nation Lanka Finance PLC
26. Orient Finance PLC
27. People's Leasing & Finance PLC
28. Richard Pieris Arpico Finance Ltd.
29. Sarvodaya Development Finance Ltd.
30. Senkadagala Finance Co. PLC
31. Serendib Finance Ltd
32. Singer Finance (Lanka) PLC
33. Sinhaputhra Finance PLC
34. Softlogic Finance PLC.
35. Swarnamahal Financial Services PLC
36. Siyapatha Finance PLC
37. The Finance Company PLC
38. The Multi Finance Co. PLC
39. The Standard Credit Lanka Ltd.
40. Trade Finance & Investments PLC
41. TKS Finance PLC
42. UB Finance PLC
43. Vallibel Finance PLC



## CORPORATE INFORMATION

### REGISTERED OFFICE

No. 84, Ward Place,  
Colombo 07.

### Secretariat Office

150/3, Ward Place,  
Colombo 07.  
Tel : 011 2670335  
E-mail : finass@sltnet.lk  
Web : www.fhalanka.lk

### LEGAL FORM

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

### COMPANY SECRETARIES

Alliance Management Service (Pvt) Ltd.

### AUDITORS

L. M. Associates  
Chartered Accountants

### BANKERS

Commercial Bank of Ceylon Ltd

### FHASL Secretariat

Head of Secretariat	-	Mrs. Srimal Wimalasena	-	Upto 30 <sup>th</sup> June 2017
Head of Secretariat	-	Mr. Denzil Mallawa Arachchi	-	From 01 <sup>st</sup> July 2017





## COUNCIL MEMBERS – 2017

Chairman



Mr. Kithsiri Wanigasekara  
Abans Finance PLC

Advisory Councilor



Mr. Pratapkumar De Silva

Immediate Past Chairman



Mr. Ravi Yatawara  
LB Finance PLC

Vice Chairman



Mr. Shantha Wijeweera  
Singer Finance ( Lanka ) PLC

Vice Chairman



Mr. Krishan Thilakarathne  
Commercial Leasing & Finance

Council Member



Mr. Nalin Wijekoon  
Softlogic Finance PLC

Council Member



Mr. Romani De Silva  
Alliance Finance Co. PLC

Council Member



Mr. Ashan Nissanka  
LOLC Finance PLC

Council Member



Mr. Sermal Jayasooriya  
Mercantile Investments PLC



Council Member



Mr. Shanil Dayawansa  
Arpico Finance PLC

Council Member



Mr. Chaminda Hettiarachchi  
Central Finance PLC

Council Member



Mr. Ravana Wijeyerathne  
Sinhaputhra Finance PLC

Council Member



Mr. Jayantha Rangamuwa  
Vallibel Finance PLC

Council Member



Mr. Nishaman Karunapala  
Melsta Regal Finance LTD  
Up to 30th June 2017

Council Member



Mr. Roshan Abeygoonewardene  
Citizen Development Finance PLC

Legal Consultant



Mrs. Shiranthi Gunawardene



## SUB-COMMITTEES - 2017

Accounting and Finance	Chairman	Mr Nalin Wijekoon
Education & Training	Chairman	Mr Ashan Nissanka
Micro Finance & SLICM	Chairman	Mr. Romani De Silva
Sports Festival & HR Forum	Chairman	Mr Roshan Abeygoonewardene
Tax & Regulatory Affairs	Chairman	Mr Shermal Jayasooriya
Directors' Get Together	Chairman	Mr Shantha Wijeweera
News Letters & Web Site	Chairman	Mr Ravi Yatawara
Recovery & Legal	Chairman	Mr Chaminda Hettiarachchi
Financial Sector Stability	Chairman	Mr. Krishan Thilakaratne
Inventory Updates	Chairman	Mr. Kithsiri Wanigasekara & Mr. Krishan Thilakaratne

## COUNCIL MEETINGS -2016/2017 (November 2016 to September 2017)

No. of Meetings Held - 11

### ATTENDANCE AT MONTHLY MEETINGS

Name of the Council Member		Attended	Excused
Mr. Kithsiri Wanigasekera	Chairman	11	-
Mr. Shantha Wijeweera	Vice Chairman	10	01
Mr. Krishan Thilakeratne	Vice Chairman	09	02
Mr. Ravi Yatawara	L B Finance PLC	09	02
Mr. Nalin Wijekoon	Softlogic Finance PLC	09	02
Mr, Romani De Silva	Alliance Finance Co. PLC	11	00
Mr. J P I S Dayawansa	Arpico Finance Co. PLC	07	04
Mr. Roshan H Abeygoonewardena	CBD Finance PLC	08	03
Mr. Chaminda Hettiarachchi	Central Finance Co. PLC	06	05
Mr. Ashan Nissanka	Lanka Orix Finance PLC	07	04
Mr. Shermal Jayasuriya	Mercantile Investment & Finance PLC	08	03
Mr. Nishaman Karunapala	Meltsa Regal Finance PLC	07	04
Mr. Rohan Tennakoon	Peoples Leasing Finance PLC	03	08
Mr. Ravana Wijeyeratne	Sinhaputhra Finance PLC	08	03
Mr. S B Rangamuwa	Vallibel Finance PLC	07	04
Mrs.S Gunawardana	Legal	07	04



## 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.Harasingha	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.Duwardatchi	12/08/86 – 25/09/87	Eastern Investment Trust Ltd.
Mr. C. Wijenaike	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 Ondaatje	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. Wigna Sellamuttu	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



## CHAIRMAN'S REVIEW



### NBFI SECTOR

The NBFI Sector accounted for Rs. 1239.1 Bn in Total Assets as at 31st March 2017 that grew by 15.0%. The slowdown in sector growth was mainly due to regulatory action that included the policy measures taken to curtail importation of vehicles with the introduction of the Loan to Value Ratio and imposition of caps on deposits and borrowings on companies that had weak capital positions. In addition, increased interest rates also had a significant impact on growth. Total Loans and Advances registered a growth of 18.2% and reached LKR. 990 bn as at 31 March 2017. Deposits held by LFCs as at end of March 2017 increased by 13.9% and amounted to LKR. 558 bn. Borrowings by NBFIs grew by 16% to reach LKR. 435 bn as at 31st March 2017. The sector operated with 1321 branches as at end of March 2017. Total Capital Adequacy ratio of the industry declined during 2016/2017 and recorded 12.05 % as at end of March 2017 (31.03.2015 – 13.5%). Gross NPL ratio of the sector improved to 4.9% from 5.1%. Net Interest Margin (NIM) decreased during 2016/2017 and registered 7.8% mainly attributable to the upward trend in interest rates. Return on Assets (ROA) was 3.5% in 2016/17

### REGULATORY ENVIRONMENT

The CBSL strengthened the regulatory process during the year with the issuance of two key directions. The Finance Companies (Minimum Core Capital) Direction No 2. Of 2017 requires all LFCs to maintain a minimum Core Capital of Rs. 1 bn by 1st Jan 2018 with an increase of Rs. 500 mn each year to reach a minimum of Rs. 2.5 Bn by 1st January 2021. This was done with a view to encourage consolidation and to ensure safety and soundness of LFCs. Finance Companies (Loan to Value Ratio for Credit Facilities in respect of Motor Vehicles) Direction No.1 of 2017 issued on 13th January 2017 was amended on 17th February 2017 and 2nd June 2017 incorporating provisions that were beneficial to the sector. However, the comparatively low LTV Ratio of 50% applicable to Motor Cars, Vans and SUVs in addition to 25% on Three Wheeler related facilities continue to make a negative impact on the growth of the sector with secured lending. We continue to make submissions to the CBSL and the Ministry of Finance seeking an increase in the LTV Ratios applicable to Motor Cars, Vans, SUVs and Three Wheelers.

### OUTLOOK

The imposition of limitations on four wheeler and Three Wheeler lending has seen a shift in demand towards Two Wheelers for Finance Leases by major players in the market. Finance Leases on two wheelers continue to remain an attractive market in terms of returns & profitability. The market for Finance Leases on four wheelers has contracted as a result of fiscal and regulatory action and has become competitive. The escalation of the interest expense owing to an upward trend in interest rates on deposits & borrowings is the major challenge encountered by the sector. In order to ensure a safe and sound NBFI sector, strengthening of secured lending with particular attention to four wheelers is inevitable. We believe that the Central Bank of Sri Lanka and the Ministry of Finance will take appropriate measures in due course on the LTV Ratio that in turn will contribute to maintain the asset quality of LFCs and stability.

### APPRECIATION

It is with a deep sense of gratitude, I place on record my thanks on behalf of the FHASL to the Hon. Prime Minister, Mr. Ranil Wickramasinghe, former Minister of Finance, Hon Ravi Karunanayake and the Governor of the CBSL, Dr. Indrajith Coomaraswamy, for the opportunity given to the FHASL representatives to meet them and submit proposals and for introducing amendments to the LTV Ratio on motor vehicle related facilities at the committee stage of the Budget debate 2017, for the benefit of the NBFI Sector. Mr. Udeni Alawattege, Director (SNBFI), Additional Directors (SNBFI) and other officials of the CBSL gave their advice and guidance during the year. I owe my grateful thanks to them.

Mr. Pratapkumar De Silva, Advisory Councilor, who has played the sheet anchor role in building the FHASL to what it is today for well over four decades, needs special appreciation for his untiring efforts. It is my bounden duty to pay my gratitude to him for his invaluable contribution. I place on record my grateful thanks to my predecessor, Mr. Ravi Yatawara, for his assistance to carry forward unfinished business from the previous year. The two Vice Chairmen, the Members of the Council of Management and Ms. Shiranthi Gunawardana, Legal Consultant who provided their counsel during the year deserve my appreciation. Mrs. Srimal Wimalasena who served the FHASL as the Head of Secretariat played a catalytic role in discharging her duties with a high sense of responsibility. I thank her and the staff for the delivery of an efficient service to the member companies and the secretariat. On behalf of the Council of Management, I welcome Mr. Denzil Mallawa Arachchi, a former Central Bank Officer, as the new Head of Secretariat.

Kithsiri Wanigasekara  
Chairman  
25th August 2017





## NBFI Sector Performance-2016

The official figures released by the CBSL in its Annual Report 2016 revealed that the total assets in the financial system of the country stood at Rs. 15,385.7bn as at end of 2016. The commercial banks held assets amounting to Rs. 7843.3 bn. which was equivalent to 51.0%. The NBFI sector accounted for Rs. 1211.9 bn. or 7.8% of the assets.

### Highlights of the LFC/SLC Sector Performance in 2016 - CBSL Annual Report -2016

The LFCs/SLCs sector recorded a strong performance in terms of asset growth and branch network expansion during 2016 amidst a challenging business environment, while placing emphasis on gradually moving out from its core business of vehicle financing to other loan products.

The growth in the sector was mainly funded through domestic borrowings. While maintaining the growth, risk remained under control, as reflected in healthy level of NPLs and comfortable liquidity and capital levels.

However, as risks emanating from few LFCs with weak financial positions could cause macroprudential concerns on financial system stability of the country, the Central Bank continued to adopt prudential measures with a specific focus on reviving the aforementioned weak companies to maintain stability of the sector. Business Growth (a) Outreach.

By end 2016, this sector comprised of 46 LFCs, 7 SLCs and 1,313 branches, out of which 886 branches were located outside the Western Province.

With a view to expanding disclosures to customers by banks, on 1 February 2016, a Circular was issued to licensed banks to display fees charged from customers for fund transfers through the Lankasettle System, Sri Lanka Inter Bank Payment System (SLIPS) and Common Electronic Fund Transfer Switch (CEFTS) in all branches and publish same in banks' website in the given format commencing from 10 February 2016.

Credit growth of the LFCs/SLCs sector moderated during the first quarter of 2016 as a result of macroprudential measures implemented with respect to the lending on motor vehicles mainly in the form of a loan to value ratio (LTV). However, with the increased exposure to other lending products, the credit growth accelerated during the second half of 2016 resulting in an overall expansion of credit of 21.0 per cent (Rs. 166.8 billion) to Rs. 962.7 billion as at end 2016, compared to a high growth rate of 31.8 per cent (Rs. 192.1 billion) during 2015.

The deposit mobilisation was mainly through time deposits accounting for 95.6 per cent of the total deposits, whilst the residual was mainly from savings deposits. The capital elements of the sector increased by 18.7 per cent to Rs. 146.1 billion as at end 2016, mainly on account of internally generated profits.

A resolution plan for 3 financially distressed companies was principally approved by the Monetary Board subject to legal and other clearances required for proper implementation. As announced in the Government Budget 2016, action has been taken to set up a Financial Asset Management Agency and draft Bill has been approved by the Cabinet of Ministers. The Boards of three companies were reconstituted with the view to restructuring and stabilising the company. In addition, regular meetings were held with stakeholders of these companies while efforts were made to find prospective investors to infuse capital for the purpose of restructuring.

**Statistical information on the Financial System and the NBFI sector as at 31st December 2016 as given in the Annual Report 2016 of the CBSL are reproduced below for reference.**



Table 8.1  
Total Assets of the Financial System

	2015 (a)		2016 (b)	
	Rs. bn	Share (%)	Rs. bn	Share (%)
<b>Banking Sector</b>	<b>9,503.7</b>	<b>68.8</b>	<b>10,575.8</b>	<b>68.7</b>
Central Bank	1,426.2	10.3	1,529.2	9.9
Licensed Commercial Banks (LCBs)	6,974.3	50.5	7,843.3	51.0
Licensed Specialised Banks (LSBs)	1,103.2	8.0	1,203.2	7.8
<b>Other Deposit Taking Financial Institutions</b>	<b>1,044.2</b>	<b>7.6</b>	<b>1,246.7</b>	<b>8.1</b>
Licensed Finance Companies (LFCs)	915.3	6.6	1,112.1	7.2
Co-operative Rural Banks	117.6	0.9	122.2	0.8
Thrift and Credit Co-operative Societies	11.3	0.1	12.4	0.1
<b>Specialised Financial Institutions</b>	<b>557.8</b>	<b>4.0</b>	<b>522.8</b>	<b>3.4</b>
Specialised Leasing Companies (SLCs)	80.8	0.6	99.8	0.6
Primary Dealers	282.6	2.0	264.5	1.7
Stock Brokers	9.8	0.1	10.1	0.1
Unit Trusts / Unit Trust Management Companies	134.0	1.0	106.7	0.7
Market Intermediaries (c)	42.2	0.3	30.8	0.2
Venture Capital Companies	8.3	0.1	11.0	0.1
<b>Contractual Savings Institutions</b>	<b>2,711.1</b>	<b>19.6</b>	<b>3,040.3</b>	<b>19.8</b>
Insurance Companies	453.6	3.3	503.1	3.3
Employees' Provident Fund	1,664.9	12.0	1,841.5	12.0
Employees' Trust Fund	223.5	1.6	249.4	1.6
Approved Pension and Provident Funds	323.0	2.3	398.6	2.6
Public Service Provident Fund	46.1	0.3	47.7	0.3
<b>Total</b>	<b>13,816.7</b>	<b>100.0</b>	<b>15,385.7</b>	<b>100.0</b>

(a) Revised

(b) Provisional

(c) Include Investment Managers,  
Margin Providers, Underwriters and  
Credit Rating Agencies

Source: Central Bank of Sri Lanka





FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

TABLE 134

Assets and Liabilities of Non-Bank Financial Institutions <sup>(a)</sup>

Rs. million

End of Period	2012	2013	2014	2015	2016 (b)
<b>ASSETS</b>	<b>573,435</b>	<b>684,585</b>	<b>814,553</b>	<b>996,127</b>	<b>1,211,891</b>
<b>Cash and Bank Balances</b>	<b>25,887</b>	<b>40,907</b>	<b>44,091</b>	<b>43,844</b>	<b>76,129</b>
Cash in Hand	2,100	2,540	3,097	3,391	4,463
Demand Deposits with Commercial Banks	9,850	12,168	12,637	12,977	18,967
Time & Savings Deposits with Commercial Banks	12,898	24,304	26,149	24,726	51,077
Time & Savings Deposits with Licensed Finance Companies	500	340	439	403	695
Deposits with Other Institutions	539	1,555	1,769	2,347	928
<b>Investments</b>	<b>40,000</b>	<b>51,776</b>	<b>109,717</b>	<b>99,634</b>	<b>111,708</b>
Investments in Government of Sri Lanka Securities	18,949	30,623	62,325	58,122	73,205
Treasury Bills	17,465	26,327	48,690	49,040	62,679
Treasury Bonds	1,483	4,296	13,636	9,082	10,526
Shares Held for Trading Investments	4,344	4,607	6,990	6,269	6,221
Debentures	597	1,684	909	2,418	1,238
Shares in Other Companies	2,136	1,472	1,699	2,616	1,561
Shares in Subsidiaries & Associate Companies	6,243	5,584	26,821	27,408	26,676
Investment Properties	6,659	7,541	8,668	9,990	11,218
Other Investments	1,526	1,522	3,382	5,302	1,543
Provision for decline in value of investment securities	(455)	(1,258)	(1,079)	(12,492)	(9,954)
<b>Loans and Advances (Net)</b>	<b>448,941</b>	<b>521,320</b>	<b>603,748</b>	<b>795,844</b>	<b>962,672</b>
Leasing	214,866	249,117	275,593	419,296	490,412
Hire Purchase	122,985	122,176	120,613	73,364	42,241
Loans	91,267	144,443	210,704	307,816	431,332
Real Estate	5,909	5,211	4,308	3,619	2,194
Pawning Advances	31,374	26,279	22,577	23,934	27,225
Dues from Related Party	5,296	5,860	7,554	9,643	12,901
Loan Loss Provisions and Suspended Interest	(22,757)	(31,765)	(37,601)	(41,828)	(43,634)
<b>Trading Stocks</b>	<b>14,292</b>	<b>15,065</b>	<b>14,572</b>	<b>12,936</b>	<b>7,662</b>
Real Estate	9,926	8,065	7,006	5,737	2,955
Repossessioned Items	2,239	4,768	6,173	4,821	4,126
Other	2,128	2,232	1,392	2,378	582
<b>Fixed Assets</b>	<b>19,921</b>	<b>21,888</b>	<b>25,840</b>	<b>28,305</b>	<b>33,326</b>
<b>Other Assets</b>	<b>24,394</b>	<b>33,628</b>	<b>16,585</b>	<b>15,565</b>	<b>20,394</b>
<b>LIABILITIES</b>	<b>573,435</b>	<b>684,585</b>	<b>814,553</b>	<b>996,127</b>	<b>1,211,891</b>
<b>Capital Account</b>	<b>93,614</b>	<b>96,584</b>	<b>116,870</b>	<b>123,139</b>	<b>146,107</b>
Paid-up Capital	58,829	58,894	65,899	63,026	64,297
Retained earnings and Reserves	34,785	37,690	50,971	60,113	81,810
<b>Deposits</b>	<b>254,117</b>	<b>337,297</b>	<b>414,116</b>	<b>480,636</b>	<b>530,958</b>
Time Deposits	248,516	328,062	396,468	457,486	507,906
Savings Deposits	4,855	8,563	16,984	22,568	22,184
Certificate of Deposits	747	672	664	581	869
<b>Borrowings from</b>	<b>177,284</b>	<b>193,111</b>	<b>217,385</b>	<b>314,295</b>	<b>438,662</b>
Financial Institutions	96,383	94,938	110,835	176,595	276,951
Others	80,900	98,173	106,550	137,700	161,711
<b>Other Liabilities</b>	<b>48,420</b>	<b>57,593</b>	<b>66,181</b>	<b>78,058</b>	<b>96,164</b>
<b>No. of Institutions</b>	<b>60</b>	<b>58</b>	<b>56</b>	<b>53</b>	<b>53</b>

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

Source: Central Bank of Sri Lanka

(b) Provisional



FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

TABLE 135

Financial Soundness Indicators - Licensed Finance Companies (LFCs) and  
Specialised Leasing Companies (SLCs) Sector

Category	2012	2013	2014	2015 (a)	2016 (b)
<b>1. Capital Adequacy</b>					
1.1 Regulatory Capital to Risk Weighted Assets (RWCAR)	16.0	14.8	13.5	11.2	11.7
1.2 Tier 1 Capital/Risk Weighted Assets (Tier 1 RWCAR)	15.4	13.5	12.8	10.5	11.3
1.3 Capital Funds to Total Assets	14.5	13.2	13.4	11.6	11.4
1.4 Debts to Capital Funds (Times)	2.0	2.0	1.9	2.6	3.0
1.5 Investment Properties to Capital Funds	7.7	8.0	7.6	8.2	7.8
1.6 Net Non-Performing Loans to Capital Funds	8.9	14.4	12.9	10.9	8.4
<b>2. Asset Quality</b>					
2.1 Gross Non-Performing Loans to Total Loans	5.0	6.7	6.9	5.7	5.3
2.2 Net Non-Performing Loans to Total Loans	1.6	2.5	2.3	1.6	1.2
2.3 Required Loan loss Provision to Total Loans	2.6	2.9	3.1	2.8	2.9
2.4 Provision made against Total Loans	2.8	3.8	4.1	3.5	3.5
2.5 Provision Coverage Ratio (Specific Provisions to NPL)	45.0	45.2	50.9	59.4	63.9
2.6 Provision Coverage Ratio (Total Provisions to NPL)	55.2	56.0	59.3	61.0	65.7
<b>3. Liquidity</b>					
3.1 Liquid Assets to Total Assets	5.6	8.0	9.6	7.6	7.1
3.2 Liquid Assets to External Funds	7.7	10.9	13.0	10.0	9.3
<b>4. Earnings</b>					
4.1 Return on Assets (Annualized)	3.8	2.3	3.1	3.0	4.0
4.2 Return on Equity (Annualized)	16.2	9.0	14.0	12.4	23.1
4.3 Interest Income to Interest Expenses	174.5	163.5	189.9	220.6	195.2
4.4 Net Interest Income to Profit After Tax	280.3	517.7	418.9	542.2	292.6
4.5 Operating Cost to Net Interest Income	74.5	85.0	76.5	81.5	71.2
4.6 Net Interest Income to Gross Assets	7.3	6.9	8.0	8.7	7.9
4.7 Net Interest Income to Interest Income	42.7	38.8	47.3	54.7	48.8
4.8 Non-Interest Income to Total Cost	14.9	13.9	15.9	15.7	16.6
4.9 Efficiency Ratio (Operating Cost)	56.4	62.3	57.7	63.8	54.5
4.10 Cost to Income Ratio	80.3	88.8	84.2	83.5	78.3
<b>5. Assets/Funding Structure (as a % of total assets)</b>					
5.1 Borrowings	29.5	26.8	25.4	29.9	34.7
5.2 Investments	6.8	7.4	13.0	10.7	9.6
<b>6. Lending</b>					
6.1 Total Loans and advances Growth	21.4	17.3	12.9	30.6	20.1

(a) Revised  
(b) Provisional

Source: Central Bank of Sri Lanka



## NBFI Sector ; March - 2017

Information on the sector as at 31st March 2017 together with comparative information for previous years released by the CBSL is given below for further reference by members.

**Table 01**

Licensed Finance Companies and Specialised Leasing companies Sector

Capital Adequacy(%)	Mar-14	Mar-15	Mar-16	Mar-17*
Borrowings to Equity (times)	1.82	2.00	2.85	2.85
Core Capital to Risk Weighted Assets (CCR) (a)	13.32	12.50	10.73	11.31
Capital Base to Risk Weighted Assets (RWCAR) (b)	14.51	13.47	11.28	11.82

**Table 02**

Licensed Finance Companies and Specialised Leasing companies Sector

Asset Quality (%)	Mar-14	Mar-15	Mar-16	Mar-17*
Gross Non Performing Advances to Total Advances	6.60	6.34	5.14	4.89
Net Non Performing Advances to Total Advances (a)	2.22	1.88	1.23	1.12
Total Advances to Total Assets	74.89	76.69	77.57	79.95
Provision Coverage Ratio (b)	57.43	58.29	64.86	65.07

**Table 03**

Licensed Finance Companies and Specialised Leasing companies Sector

Earnings (%)	Mar-14	Mar-15	Mar-16	Mar-17*
Return on Assets (Annualized) (a)	2.07	3.38	3.53	3.70
Return on Equity (Annualized) (b)	7.91	15.33	17.00	20.02
Interest Income to Interest Expenses	166.33	202.94	215.87	189.95
Net Interest Margin (NIM) (c)	7.00	8.34	8.57	7.78
Efficiency Ratio (d)	63.82	55.71	60.79	57.82

**Table 04**

Licensed Finance Companies and Specialised Leasing companies Sector

Liquidity (%)	Mar-14	Mar-15	Mar-16	Mar-17*
Liquid Assets to Total Assets	10.21	8.72	7.95	7.64
Liquid Assets to Deposits & Borrowings	13.75	11.76	10.35	9.92

Source : Central Bank of Sri Lanka



Licensed Finance Companies and Specialised Leasing Companies Sector				Rs .Mn
End of Period				
	Mar-14	Mar-15	Mar-16	Mar-17**
<b>ASSETS</b>	<b>717,170</b>	<b>852,909</b>	<b>1,077,793</b>	<b>1,239,085</b>
<b>Cash and Bank Balances</b>	<b>39,837</b>	<b>43,102</b>	<b>74,418</b>	<b>69,229</b>
Cash in Hand	3,723	4,322	4,486	5,429
Due from Banks and other institutions	36,114	38,780	69,932	63,800
<b>Investments</b>	<b>76,084</b>	<b>107,412</b>	<b>110,076</b>	<b>117,528</b>
Investments in Government of Sri Lanka Securities	54,363	61,893	70,871	77,014
Investment in Shares	11,911	34,267	34,951	33,074
Other Investments	11,006	12,440	17,068	17,382
Provision for decline in value of investment securities	(1,196)	(1,189)	(12,813)	(9,943)
<b>Loans and Advances (Net)</b>	<b>529,874</b>	<b>646,424</b>	<b>837,698</b>	<b>990,369</b>
Leasing	248,824	307,820	426,425	503,123
Hire Purchase	121,351	105,942	63,621	37,117
Loans***	162,865	244,384	357,289	460,791
Real Estate	4,627	4,255	3,574	2,229
Pawning Advances	24,412	21,031	23,794	28,452
Loan Loss Provision and suspended interest	(32,206)	(37,008)	(37,004)	(41,343)
<b>Trading Stocks</b>	<b>14,474</b>	<b>14,509</b>	<b>10,139</b>	<b>6,702</b>
<b>Fixed Assets</b>	<b>24,496</b>	<b>26,539</b>	<b>29,792</b>	<b>35,415</b>
<b>Others Assets</b>	<b>32,405</b>	<b>14,924</b>	<b>15,670</b>	<b>19,844</b>
<b>LIABILITIES</b>	<b>717,170</b>	<b>852,909</b>	<b>1,077,793</b>	<b>1,239,085</b>
<b>Capital Account</b>	<b>102,423</b>	<b>121,328</b>	<b>131,571</b>	<b>153,030</b>
<b>Deposits</b>	<b>370,935</b>	<b>418,301</b>	<b>490,316</b>	<b>558,493</b>
Fixed Deposits	360,303	400,065	466,180	534,693
Savings Deposits	10,006	17,600	23,552	23,002
Certificate of Deposits	626	635	584	798
<b>Borrowings from</b>	<b>186,846</b>	<b>242,810</b>	<b>375,496</b>	<b>435,867</b>
Financial Institutions	76,222	127,738	243,631	273,795
Others	110,624	115,073	131,865	162,072
<b>Other Liabilities</b>	<b>56,966</b>	<b>70,470</b>	<b>80,409</b>	<b>91,695</b>

Source : Central Bank of Sri Lanka



Licensed Finance Companies Sector				Rs .Mn
End of Period				
	Mar-14	Mar-15	Mar-16	Mar-17**
<b>ASSETS</b>	<b>651,525</b>	<b>790,739</b>	<b>994,083</b>	<b>1,135,459</b>
<b>Cash and Bank Balances</b>	<b>35,292</b>	<b>38,047</b>	<b>68,449</b>	<b>61,728</b>
Cash in Hand	3,705	3,194	4,449	5,141
Due from Banks and other institutions	31,586	34,853	64,001	56,587
<b>Investments</b>	<b>68,800</b>	<b>105,790</b>	<b>106,945</b>	<b>111,811</b>
Investments in Government of Sri Lanka Securities	48,861	60,399	67,891	71,448
Investment in Shares	10,393	34,044	34,700	32,822
Other Investments	10,650	12,440	17,068	17,382
Provision for decline in value of investment securities	(1,105)	(1,094)	(12,714)	(9,841)
<b>Loans and Advances (Net)</b>	<b>479,477</b>	<b>593,997</b>	<b>766,268</b>	<b>903,965</b>
Leasing	210,409	266,767	376,164	449,053
Hire Purchase	118,318	105,205	63,198	36,899
Loans***	151,835	232,763	335,364	427,431
Real Estate	4,552	4,209	3,539	2,203
Pawning Advances	24,410	21,029	23,792	28,451
Loan Loss Provision and suspended interest	(30,047)	(35,976)	(35,790)	(40,071)
<b>Trading Stocks</b>	<b>13,928</b>	<b>14,413</b>	<b>10,074</b>	<b>6,678</b>
<b>Fixed Assets</b>	<b>23,293</b>	<b>25,053</b>	<b>28,065</b>	<b>33,744</b>
<b>Others Assets</b>	<b>30,736</b>	<b>13,438</b>	<b>14,282</b>	<b>17,533</b>
<b>LIABILITIES</b>	<b>651,525</b>	<b>790,739</b>	<b>994,083</b>	<b>1,135,459</b>
<b>Capital Account</b>	<b>85,264</b>	<b>103,899</b>	<b>109,488</b>	<b>127,973</b>
<b>Deposits</b>	<b>370,935</b>	<b>418,301</b>	<b>490,316</b>	<b>558,493</b>
Fixed Deposits	360,303	400,065	466,180	534,693
Savings Deposits	10,006	17,600	23,552	23,002
Certificate of Deposits	626	635	584	798
<b>Borrowings from</b>	<b>143,690</b>	<b>205,439</b>	<b>321,858</b>	<b>366,027</b>
Financial Institutions	64,927	108,989	216,920	249,910
Others	78,764	96,450	104,939	116,117
<b>Other Liabilities</b>	<b>51,637</b>	<b>63,100</b>	<b>72,420</b>	<b>82,966</b>

Source : Central Bank of Sri Lanka



Specialised Leasing Companies Sector					Rs .Mn
End of Period					
	Mar-14	Mar-15	Mar-16	Mar-17**	
<b>ASSETS</b>	<b>65,644</b>	<b>62,170</b>	<b>83,710</b>	<b>103,626</b>	
<b>Cash and Bank Balances</b>	<b>4,545</b>	<b>5,055</b>	<b>5,968</b>	<b>7,501</b>	
Cash in Hand	18	1,127	37	288	
Due from Banks and other institutions	4,527	3,927	5,931	7,213	
<b>Investments</b>	<b>7,284</b>	<b>1,622</b>	<b>3,131</b>	<b>5,717</b>	
Investments in Government of Sri Lanka Securities	5,501	1,494	2,979	5,566	
Investment in Shares	1,518	223	251	253	
Other Investments	356	0	0	-	
Provision for decline in value of investment securities	(91)	(95)	(100)	(102)	
<b>Loans and Advances</b>	<b>50,397</b>	<b>52,426</b>	<b>71,430</b>	<b>86,403</b>	
Leasing	38,415	41,054	50,260	54,070	
Hire Purchase	3,033	737	423	218	
Loans***	11,031	11,621	21,925	33,360	
Real Estate	75	45	35	26	
Pawning Advances	1	1	1	1	
Loan Loss Provision and suspended interest	(2,158)	(1,032)	(1,214)	(1,273)	
<b>Trading Stocks</b>	<b>546</b>	<b>96</b>	<b>65</b>	<b>24</b>	
<b>Fixed Assets</b>	<b>1,204</b>	<b>1,486</b>	<b>1,727</b>	<b>1,671</b>	
<b>Others Assets</b>	<b>1,668</b>	<b>1,485</b>	<b>1,388</b>	<b>2,311</b>	
<b>LIABILITIES</b>	<b>65,644</b>	<b>62,170</b>	<b>83,710</b>	<b>103,626</b>	
<b>Capital Account</b>	<b>17,159</b>	<b>17,429</b>	<b>22,083</b>	<b>25,058</b>	
<b>Deposits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Borrowings from</b>	<b>43,156</b>	<b>37,371</b>	<b>53,638</b>	<b>69,840</b>	
Financial Institutions	11,295	18,749	26,712	23,886	
Others	31,861	18,623	26,926	45,955	
<b>Other Liabilities</b>	<b>5,329</b>	<b>7,370</b>	<b>7,990</b>	<b>8,729</b>	

Licensed Finance Companies and Specialised Leasing Companies Sector				
Constituents of Regulatory Capital, Rs. Mn	2014	2015	2016	2017
	Mar-14	Mar-15	Mar-16	Mar-17**
Tier I: Eligible Core Capital <sup>(a)</sup>	76,446	86,943	93,814	115,255
Tier II: Eligible Supplementary Capital <sup>(b)</sup>	8,748	11,872	14,362	14,619
Total Regulatory Capital Base	83,269	93,722	98,595	120,461

Source : Central Bank of Sri Lanka



**Licensed Finance Companies and Specialised Leasing Companies Sector**

<b>Earnings &amp; Profit (Rs. Mn)</b>	<b>12 Months ending 31st Mar 2014</b>	<b>12 Months ending 31st Mar 2015</b>	<b>12 Months ending 31st Mar 2016</b>	<b>12 Months ending 31st Mar 2017*</b>
Total Interest Income	122,043	133,548	160,219	199,671
Total Interest Expenses	73,375	65,807	74,221	105,120
Net Interest Income	48,667	67,740	85,998	94,551
Non Interest Income	17,337	20,773	24,103	30,181
Non Interest Expenses (Operating Cost)	42,123	49,307	66,927	72,115
Bad Debt Provision	9,480	11,785	7,795	7,638
Total Income	139,380	154,321	184,322	229,853
Total Expenses	124,978	126,900	148,942	184,874
Profit for the period (Before Taxation)	14,401	27,421	35,380	44,979
Profit for the period (After tax)	7,772	16,975	21,256	28,392

<b>Licensed Finance Companies and Specialised Leasing Companies Sector</b>				
<b>Branch Network</b>				
	<b>Mar-14</b>	<b>Mar-15</b>	<b>Mar-16</b>	<b>Mar-17**</b>
<b>Province</b>				
Central	124	130	141	150
Eastern	88	91	102	108
North Central	80	84	89	96
North Western	112	123	133	137
Northern	71	77	79	82
Sabaragamuwa	79	85	95	108
Southern	120	127	136	143
Uva	54	59	62	67
Western	351	382	402	430
<b>Total</b>	<b>1,079</b>	<b>1,158</b>	<b>1,239</b>	<b>1,321</b>

Source: Central Bank of Sri Lanka







## **The Finance Houses Association of Sri Lanka Activities 2016/17**



### **Three Day study tour of representatives of Bangladesh Leasing & Finance Companies Association (BLFCA) and the officials of the Bangladesh Bank (Central Bank of Bangladesh)**

A 25 member delegation of Chairmen, Directors, CEOs of BLFCA and officials of the Bangladesh Bank were in Sri Lanka from 25th to 28th of April 2017 on a study tour. The initiative in this regard was taken by the Leasing Association of Sri Lanka under the leadership of Mr. Ananda Seneviratne, Chairman, Leasing Association of Sri Lanka.

The Finance Houses Association of Sri Lanka and The Leasing Association of Sri Lanka came forward with a joint program that benefited the Sri Lankan & Bangladesh NBFIs at the conclusion of the event. A full day program on the theme “Sharing Best Practices with the Financial Institutions of Sri Lanka” was held on Wednesday, 26th April 2017 at Hotel Galadari. Presentations were made by the representatives of Bangladesh and Sri Lankan Associations in addition to guest speakers on areas of importance. The Bangladesh delegation also visited a number of NBFIs to study the operational aspects of Sri Lankan NBFIs.





## CEYLON CHAMBER OF COMMERCE STEERING COMMITTEE ON NON BANKING FINANCIAL SECTOR (LFCs/SLCs)

The FHASL's nominee to the Ceylon Chamber of Commerce committee is Mr. Krishan Tilakaratne, Vice Chairman. Mr. Romani De Silva is his alternate. Mr. Tilakaratne gave leadership to the FHASL's initiative to set up a separate Steering Committee for Non-Bank Financial Sector with the objective of addressing NBFI related issues with the Ministry of Finance and other State Agencies.

### PREAMBLE

There has been rapid growth of the Non Banking Financial sector and its business operations are expected to continue in a significant way to the growth momentum in the economy. The asset growth and branch expansion of Licensed Finance Companies and Specialized Leasing Companies (LFCs/SLC's) in 2016 was significant. In the circumstances, a focus on the business interest of this sector is considered essential in the context of its value to the national economy.

In its role of being the voice of the private sector, the Ceylon Chamber of Commerce (CCC) believes that the highest priority should be accorded to national interest and that its obligation to address member concerns be discharged in a responsible manner. It is within these parameters that the mandate of the Steering Committees of the CCC has been identified.

### TERMS OF REFERENCE

1. Keep under review developments with regard to matters relevant to the Non-Banking Financial (NBF) sector including Finance Companies and Leasing Companies and identify interventions required to be pursued, to ensure that the industry concerns are communicated to the policy makers.
2. Submit reports periodically to the Committee of the Chamber, highlighting vital aspects relating to the NBFI sector and emerging business issues.
3. Identify through a process of consultations with all stakeholders, proposals that the Chamber may submit to the Minister of Finance, in the formulation of the Annual Budget, with regard to matters relating to NBFI's.
4. Submit recommendations to the CEO of the Chamber on steps that need to be taken to action the Chamber's position with regard to matters relating to the NBFI sector.

The FHASL is represented on this committee by; **Mr. Krishan Tilakaratne (chairman), Mr. Ashan Nissanka, Mr. Chaminda Hettiarachchi, Mr. Ravi Yatawara, Mr. Kithsiri Wanigasekara, Mr. Nishaman Karunapala, Mr. Romani De Silva and Mr. Sanjeewa Bandaranayake.**

The first meeting of the committee was held on 5th July 2017 at the CCC premises.





## ACTIVITIES –2016/2017

### DIRECTORS' GET-TO-GETHER

The Directors' Get-to-gether 2017 of the FHASL was held on 04th April 2017 at "8 Degrees on the Lake" Cinnamon Lake, Colombo. The Governor of the Central Bank of Sri Lanka, Dr. Indrajith Coomaraswamy graced the occasion as the Chief Guest.





## HR Forum

The HR Forum 2017 of the FHASL was held on 09th March 2017 at 'Raja Bojun' Colombo 3 on the theme "Next HR Strategy Paradigm (Turning Technology into HR Transformation)". The keynote speaker was Mr. Sampath Thirimavithana.



## SPORTS Festival 2017

The Annual Sports Festival for the year 2017 was held on 1st July 2017 at the Bloomefield Grounds, Colombo 7. Mr. Roshan Abeygoonewardene, Council Member & Chairman (HR & Sports Festival) organized the event. He was assisted by the Secretariat staff headed by Ms. Srimal Wimalasena. Mr. Udeni Alawattage, Director, Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka was the Chief Guest at the awards ceremony.

### Opening Ceremony

Mr. Kithsiri Wanigasekara (Chairman), Mr. Ravi Yatawara (Immediate Past Chairman) and Mr. Roshan Abeygunawardana (Council Member & Chairman (HR Get Together & Sports Festival)) attended the opening ceremony.







## Events







## Awards Ceremony

Chief Guest, Mr. Udeni Alawattage, Director (SNBFI) of the Central Bank presented the awards to the winners of the “FHA Queen” contest.







Chairman (HR & Sports Festival), Mr Roshan Abeygoonawardana, Council Member & Past Chairman, Mr. Nalin Wijekoon, Council Member, Mr. Romani De Silva, Mr. Brandon Morris and immediate Past Chairman, Mr. Ravi Yatawara gave away the awards to winners





Mr. Kithsiri Wanigasekara, Chairman, FHASL gave away the awards to the Overall Runners-up CDB and Champions, Kanrich Finance in the presence of Chairman, (Sports Festival), Mr. Roshan Abeygoonawardana and Mrs. Srma Wimalasena.



## Final Results

<b>Cricket</b>	-	<b>Champion</b>	-	Mercantile Investments & Finance PLC
	-	<b>Runner-up</b>	-	Arpico Finance PLC
	-	<b>Man of the Series</b>	-	Mr. Malan Priyanka (Mercantile Investments & Finance PLC)
	-	<b>Man of the Match</b>	-	Mr. Ravindu Lakshan (Mercantile Investments & Finance PLC)
	-	<b>Best Batsman</b>	-	Mr. Malan Priyanka (Mercantile Investments & Finance PLC)
	-	<b>Best Bowler</b>	-	Mr. Rakitha (Arpico Finance PLC)
<b>Netball</b>	-	<b>Champion</b>	-	CDB
	-	<b>Runner-up</b>	-	Kanrich Finance PLC
	-	<b>Netball Queen</b>	-	Ms. Abitha Tharunarajah (CDB)
	-	<b>Best Defender</b>	-	Ms. Kaveesha Ekanayake (Kanrich Finance PLC)
	-	<b>Best Shooter</b>	-	Ms. S Elilathini (CDB)
	-	<b>Best Center</b>	-	Ms. Vinuri Nethmini (Kanrich Finance PLC)
<b>Volley Ball</b>	-	<b>Champion</b>	-	Kanrich Finance PLC
	-	<b>Runner-up</b>	-	CDB
	-	<b>Best Player</b>	-	Mr. R.M. Manil Dilusha (Kanrich Finance PLC)
<b>Rugger</b>	-	<b>Champion</b>	-	Kanrich Finance PLC
	-	<b>Runner-up</b>	-	CDB
	-	<b>Best Player</b>	-	Mr. Dhanuka Rathnayake (CDB)
<b>Athletic (Female)</b>	-	<b>1st Place</b>	-	Ms. Dilini Fernando (PLC)
	-	<b>2nd Place</b>	-	Ms. W.M.M. Madubashini (Abans Finance PLC)
	-	<b>3rd Place</b>	-	Ms. Anne Stephanie (Commercial Credit Finance PLC)



### Athletic

(Male)	-	1st Place	-	Mr. Janith Chathuranga (Kanrich Finance PLC )
	-	2nd Place	-	Mr. H.R. M. Ismath (HNB Grameen )
	-	3rd Place	-	Mr. Saman Kumara (PLC )

FHA Queen	-	1st Place	-	Ms. Shalini Fernando (Commercial Credit PLC)
	-	2nd Place	-	Ms. Hasheli Neranjana (Melsta Regal Finance PLC)
	-	3rd Place	-	Ms. Menushi Liyanage (LB Finance PLC)

Overall Winner	-	Kanrich Finance PLC
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Overall Runners Up	-	CDB
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## SEMINARS

### Seminar on Property Mortgages:

Mrs. Shiranthi Gunawardene, Attorney at Law and Notary public and the Legal Consultant of the FHASL conducted the above seminar at the Management Development & Training Centre in Galle on 17th January 2017. Managers & staff of member companies in the Southern Region participated.







### Seminar on Recovery Management

The Chief Operating Officer of LOLC Finance PLC, Mr. Chandana Jayalath conducted the seminar at the Sinhaputhra Auditorium in Kandy on 17th February 2017. Participants of member companies representing branches in the Kandy Region attended the seminar.



### Seminar on Recovery Management

Mr. Chandana Jayalath - Chief Operating Officer of LOLC Finance conducted the above seminar at the Management Development Training Centre in Galle on 19th May 2017.



### Seminar on Credit Evaluation

The FHASL organized a seminar on Credit Evaluation on 24th March 2017 at Excel World in Colombo. The Resource Person was Mr. Indika Ariyawansa, Assistant General Manager (Credit) at LOLC Finance PLC. Representatives of member companies from Colombo attended the seminar.





## Special Assignments.

### 1. Industry Study on Non Bank Financial Institutions Sector

The Finance Houses Association of Sri Lanka has initiated the above study to be conducted by by the Faculty of Management and Finance of University of Colombo. The study team comprises of senior academics of the faculty and will work on the directions of Dr. Mrs. R. Senathiraja, Dean, Faculty of Management and Finance.

The other members of the academic staff are;

Dr. A.A. Azeez ,Head of Department of Finance

Dr. H. M. Hennayake, Senior Lecturer in Business Economics

Dr K.G.S.J. Kehelwalatenne, Senior Lecturer in Accounting

Dr. S. Buwanendra, Senior Lecturer in Finance

The study will cover the following.

1. An overview of the NBFI sector
2. Performance of the NBFI sector
3. Contribution of the NBFI sector to the Sri Lankan Economy and the society
4. Sustainability of the NBFI sector
5. A comparison of the Banks and the NBFI sector
6. Recommendations

The FHASL seeks the cooperation of all member companies with the provision of requisite information to the study team for the successful completion of the study.

The Study is a recommendation of the Sector Stability Committee of the FHASL that has the following objectives.

- a. to ensure the prevalence of a stable LFC sector
- b. to intervene in a pro-active manner to information gathered through intelligence on member companies that are likely to make an adverse impact on the sector due to regulatory or other action.
- c. to react to information disseminated by electronic and print media on LFCs that are likely to trigger a wave of public reaction on the LFC sector.
- d. to enter in to a dialogue with LFCs that in the opinion of the committee is experiencing issues on stability and continuity in business to assist to overcome such issues wherever possible.



## **2. Development of a Road Map for Sustainable Finance in Sri Lanka-Central Bank of Sri Lanka**

Mr. Romani de Silva, Council Member is the FHASL's nominee to the above committee which will engage in the development of the Road Map for Sustainable Finance in Sri Lanka. The committee comprises of Central Bank officials, Nominees of Banks and the FHASL nominee. The Road Map is an initiative of the International Finance Corporation (IFC).

## **3. New Developments in Relation to Legal and Regulatory Framework of the Central Bank of Sri Lanka**

The FHASL made its submissions to the CBSL on above for consideration and appropriate action. The submissions were made in response to a communication received from the CBSL for the purpose of identifying deficiencies in the existing legal and regulatory framework pertaining to the financial sector of Sri Lanka. Mr. Chaminda Hettiarachchi, Council Member/Chairman Legal Affairs compiled an array of requirements for this purpose that included the following.

1. Finance Leasing Act No.56 of 2000
  - 1.1 Recovery of Possession through court
  - 1.2 Illegal sale and possession of leased assets
2. Consumer Credit Act No. 29 of 1982
  - 2.1 Fraudulent sale and disposal of asset
3. Debt Recovery (Special Provisions) Act No.2 of 1990
  - 3.1 Definition of the term "debt"; vide Section 30
4. Mortgage Act No. 6 of 1949 as amended
  - 4.1 Property liable for sale vide Section 46
  - 4.2 Right to sell movables-Section 85
5. Absolute Owner's rights Vs RMV
6. Cheque Returns

The Governor of the CBSL, Dr.Indrajith Coomaraswamy at the last meeting with the CEOs drew his attention to the subject and we are confident that our submissions will receive due consideration.







## **MEMBER COMPANY NEWS 2016/17**



### Alliance Finance Co. PLC receives a Merit Award in the Large Scale Service Sector

Alliance Finance Company PLC (AFC), Received a merit award in the large scale category under the services sector at the Social Dialogue & Workplace Cooperation competition organized by the Labour Department of Sri Lanka.

This competition is held nationally aimed at building work place harmony through the promotion of social dialogue and work place cooperation. The competition was held under four categories namely the Service sector, Production sector, Estate sector and Apparel sector.



Commenting on the award, Mr. Romani de Silva Managing Director of AFC said: “This award is a strong testament to the fact that Alliance Finance Co. PLC as an organization considers its employees as the most valuable asset and continuously strives to facilitate a rewarding career with growth and also imbue innovative and sustainable people practices. All internal operations at AFC are geared towards supporting each and every stage of the employee life cycle with a focus on delivering excellence and value for our employees. This recognition helps our organization in keeping the philosophy of the triple bottom line concept – People, Planet and Profit” concluded Mr. de Silva.

Alliance Finance deals with Leasing, Fixed Deposits, Savings, Gold Loans, Micro Finance and Personal Loans. AFC also takes particular interest in offering credit facilities to suit the financial needs of individuals, who need such assistance, in addition to the above services. In order to provide excellence in our micro finance services, the company takes a very special interest in this segment, and we are happy to have recorded unprecedented results, in a very short span of time. AFC also provides Small and Medium Loans, Micro Leasing, Micro Housing Loans, Micro Personal Loans, Micro Mortgage Loans, Agricultural Loans and Institutional Loans to its customers.

The head office of Alliance Finance is located in Colombo, with 81 service points in the country, serving over 129,000 credit support customers and managing a portfolio of over 16 billion. While providing direct employment to 1,100 workers as in-house staff, it also provides a large component of benefits through indirect employment.



## **Alliance Finance PLC becomes the first financial institution in the Banking and Non-Banking sector of Sri Lanka to pledge its commitment to Agenda 2030 and U.N Sustainable Development goals by signing the “Karlsruhe Resolution” on Sustainable Finance**

Delegates to the 7th Global Sustainable Finance Conference (GSFC 7) supporting the U.N.-backed sustainable development goals (SDGs) and the Paris Climate Agreement (COP21), collectively referred to as “Agenda2030”, have signed the “Karlsruhe Resolution” at the City Hall, Karlsruhe, Germany on the 13th of July 2017.

The signing ceremony drew over 200 delegates from over 30 countries including high-ranking public officials and senior members of the international finance industry who watched the signing of the resolution, among others, by Mr. Arshad Rab, CEO, European Organization for Sustainable Development and Mr. Romani De Silva, Managing Director of Alliance Finance Co. PLC (AFC), Sri Lanka. The Lord Mayor of Karlsruhe, Dr. Frank Mentrup also signed the resolution as a witness.

Deputy Chairman / Managing Director of Alliance Finance Romani de Silva said, this resolution strengthens our position as a key promoter of sustainable financing in Sri Lanka in keeping with our vision, core values and the triple bottom line oriented business philosophy. The signing of this resolution reaffirms our continued commitment and contribution to the transformation of our economy facilitating financial inclusion whilst being in alignment with sustainable development goals.

The resolution stresses the important role of the financial services industry in achieving the aspirations of Agenda 2030 such as, among others, financing and investing in the implementation of the SDGs and COP21 projects in their respective countries, calling on governments and regulatory institutions to create policy frameworks that promote investments in innovation that will contribute in creating a green, inclusive and sustainable economy and calling for a collective global action to ensure a level playing field for all financial sector players.



The crafting of the “Karlsruhe Resolution” was a joint undertaking of the European Organization for Sustainable Development (EOSD), the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), the Association of African Development Finance Institutions (AADFI) and the City of Karlsruhe.

From Left to Right;

Mr. Erwin Embuscado, Head, Resource Mobilization and Corporate Communications at ALALAY SA KAUNLARAN (ASKI) INCORPORATED, Philippines; Ms. Namita Vikas, Group President and Global Head, Climate Strategy and Responsible Banking, YES BANK Ltd, India; Ms. Celeste Burgos, Senior Vice President, Land Bank of the Philippines; Mr. Romani K.E.P. de Silva, Deputy Chairman & Managing Director, Alliance Finance Company PLC. Sri Lanka; Ms. Miranda Ramaj, Advisor to the Governor, Bank of Albania; Ms. Patricia Ojangole, Chief Executive Officer, Uganda Development Bank Ltd.; Mr. Francis Blankson, Head of Financial Stability, Bank of Ghana; Mr. Octavio Peralta, Secretary General, Association Development Financing Institutions in Asia and the Pacific; Mr. Kafui Amegah, Chief Executive Officer, Eclipse Microfinance Ghana; Mr. Joseph Amihere, Secretary General, African Association Development Finance Institutions; Mr. Frank Mentrup, Lord Mayor of Karlsruhe and Chairman of the Board, Sparkasse (Savings Bank) Karlsruhe, Germany; Mr. Arshad Rab, Chief Executive Officer, European Organisation of Sustainable Development, Germany



## L B Finance PLC Awards



### CA Sri Lanka 52nd Annual Report Awards

Organised by The Institute of Chartered Accountants of Sri Lanka, this award acknowledges companies with transparency, accountability and good governance in financial reporting. We grabbed the overall special Gold award for Integrated Reporting best disclosure on Capital Management, Silver award for Finance & Leasing Companies Category and Bronze award for Corporate Social

Responsibility Reporting for our Annual Report 2015/16.







History dating back to 1995, Citizens Development Business Finance PLC (CDB) was set up with the aim of enriching people's life through extension of financial services. We have expanded our operations gradually to become a challenging presence amongst the top non-banking financial institutions in Sri Lanka.

Our stakeholders, our products are built on a responsible and ethical platform and are designed to promote economic empowerment. Our culture, which animates all our work, drives every one of us to improve the experience we offer our customers every day. Our Board and experienced Management Team are focused on ensuring that our Company delivers effective product innovation and offers stand out customer service all the time.

Optimising on our technological edge, ground work was laid for the launch of CDBiNet, an online omni channel transactional platform with a 360 degree application for customer. The highly successful online vehicle trading platform Patpat.lk was launched during the year, now one of the best performing vehicle trading portals in the country, is owned by a fully owned subsidiary of CDB.

Given our value creating ethos, CDB's entire persona is one of corporate stewardship, a trait which has been rewarded on numerous occasions including being named among the Ten Best Corporate Citizens in Sri Lanka, by the Ceylon Chamber of Commerce.

Exceptional performance and consistent growth momentum also enable CDB in securing the Gold award at the National Business Excellence Awards 2016, organized by the National Chamber of Commerce. In addition we clinched two silver awards for Service Brand of the Year and CSR Brand of the Year by the SLIM Brand Excellence awards 2016. We also successful in securing the runner up position at the ACCA Sustainability Reporting Awards for the Finance Services and Insurance Sector in 2016. Our commitment to preserving our planet is evident by being the first ISO 14064-1 carbon verified financial institution in South Asia by the Sri Lanka Carbon Fund (Pvt) Limited in 2015. CDB also recognised as the Finalist at the Asia Sustainability Reporting Awards, by CSR works – Singapore. Our Annual Report for the Financial year 2015/16 won the Grand Award at the ARC award - USA, recognised among the Ten Best Integrated Reports by CMA Sri Lanka, Bronze award at the CA Sri Lanka Annual Report Awards 2016.

Commenting on the same above, our members have witness their true talents in Cricket (Mercantile Cricket Association 'Champions' Division 'D'), Rugby (Mercantile Rugby Association 'Winner of Girs Tag rugger, Winner in Shield and Runner up in Plate,, Finance House Meet 'Champions', Synergy Islamic Banking Unit 'Tag' Rugby 'Champions') Netball (Mercantile Netball Tournament 'A' 2nd Runner up, Sports Dot Com Champions 'B' Division, Mixed Tournament – Runners Up) Basket Ball (Mercantile Basketball Association 'Division E' Quarter Finalist Athletics Mercantile Athletic Meet - 2 Gold Medals, 5 Silver Medals & 7 Bronze Medals)

Marking remarkable milestones for over two decades, all these assuredly place us in a position of sound financial stability, showcasing that our fundamentals are strong, while governance, ethics and principles are uncompromising. The impressive financial and non-financial results underscore that we are on the right path have instituted apt strategies and possesses the right systems and processes to take the company forward.



## FHASL MEMBER COMPANIES NEWS 2016/2017



### SINHAPUTHRA FINANCE PLC

Established on 6th November, 1978 and listed in Colombo Stock Exchange on 2nd June 2010, the Company has its office at No 11, Hill Street, Kandy. The Company joined FHA on 22nd September, 1982. First Chairman was Mr.Tissa Wijeyeratne, Barrister at-Law (Inner Temple). The present Board of Directors consists of:

- Dr. Amal Randhir Karunaratna - Chairman
- Mr. Ravana Wijeyeratne – Managing Director
- Mr. Saliya De Alwis – Director Operations
- Mr. Premalal Ekanayake
- Mr. T.M.S. Bulankulame

Senior Consultants to the Board

- Mr. K.H.K. Wijayadasa
- Mr. A.M.G. Weerakoon

#### Legal Form

Quoted Public Company, Incorporated in Sri Lanka on 06th November 1978. Licensed under “The Finance Companies Act No. 78 of 1988” An approved Credit Agency under: “The Mortgage, Act No. 06 of 1949” and “The Trust Receipts Ordinance No. 12 of 1947”.

A Registered Finance Leasing Establishment under the “Finance Leasing Act No. 56 of 2000.” Registered under the New Companies Act No. 07 of 2007. Sinhaputhra Finance Limited listed in Colombo Stock Exchange on 2nd June 2010 and the Company changed it’s name to “Sinhaputhra Finance PLC”.

Main lines of business are Accepting of Time Deposits, Accepting of Savings Deposits, Finance Leasing, Hire Purchase, Business Loans, Personal Loans, Real Estates Developers, Pawn Broking, Sub Agents for Insurance, Sub Agents for Western Union Money Transfer and Foreign Currency Exchange.

The Company maintains public communication on telephone numbers 081- 222 3235, 081-555 5555. Fax 081-220 3403 and E-mail: [info@sinhaputhra.com](mailto:info@sinhaputhra.com). Web Site: [www.sinhaputhra.lk](http://www.sinhaputhra.lk)



### Melsta Regal Finance launches debit card and online banking

Melsta Regal Finance achieved another milestone by launching the Melsta Debit Card and Melsta Online in order to enhance customer experience and convenience, complementing the busy lifestyles of its customers. The company's new innovative solutions incorporate state-of-the-art security enhancements available to all clientele at their fingertips, helping them meet all financial needs.

The Melsta Regal Debit Card meets customer expectations for more secure transactions. This chip-enabled card provides extra layers of security. Further, as customer wishes, their name can be embossed on the card as an additional safeguard,"

The Melsta Debit Card caters to the evolving needs of its customers who seek faster, secure, smarter and convenient ways to make payments. The Debit Card enables customers to withdraw money from over 3,000 ATMs of the VISA network locally and from over 1.9 Million worldwide.

Embracing the rapid progression of technology, Melsta Regal now offers its customers the convenience of secure Online Financial Services, 'Melsta Online'

NO.	BRANCH	OPENED DATE
1	Gampaha	16 <sup>th</sup> of November 2016
2	Kalutara	3 <sup>rd</sup> of May 2017





### Abans Finance PLC

Abans Finance PLC is a member of the prestigious Abans Group. The Abans Group consists of a large diversified set of companies and divisions overlooking the sale and financing of consumer durables/ household appliances, motor vehicles, environmental services, logistics, hospitality and finance.

Abans Finance PLC was the recipient of a Compliance award for its Annual Report 2016 at the 52nd Annual Reports ceremony held on 6th December 2016, organised by the CA Sri Lanka.



2016



2011

2012

2014

2015

The Company was also recognized by the Institute of Chartered Accountants of Sri Lanka for its Annual reports for the years 2011,2012,2014 and 2015, with Certificates of Compliance.



**ARPICO FINANCE**  
COMPANY PLC

### Arpico Finance recently celebrated the journey of 66 years on May 26th

Arpico Finance recently celebrated their journey of 66 years on May 26th. Since its inception in 1951, they have been on a constant growth and thus gradually climbed to new heights. It stands tall today as the second oldest financing company that has been responsible in taking care of lives, and providing financial solutions for over six decades. They have been a part of Associated Motors Finance Company (AMF) and have been deemed as a highly reputable and trusted financial institute for its undeniably dedicated service to its people. Within the long continuum of personalised financial solutions, Arpico finance provides an array of services such as fixed deposits, leasing, business and personal loans, micro financing, hire purchase and Islamic financing. Moreover Arpico Finance has not only contributed to a better quality of life, for a magnitude of people but also funded a fair share for the growth of the Sri Lankan economy. Therefore it has been rewarded with a solid customer base, in lieu of staying true to their core values through their honourable years of service which lies in the care and dedication that has geared them to better serving people.



### **Arpico Finance Co. PLC**

#### **1 . Special Awards Received during the period**

Non Banking and Financial Services Sector-Runner up (National Business Excellence Awards-2016)

Finance Companies and Leasing Companies Compliance Award – (Annual Report Awards-2016)

#### **2. Details on opening of new branches - we have not opened new branches during the year**



### **Mercantile Investments and Finance PLC** **Special Awards received during the year;**

- All Island Bronze Award for Best Integrated Report at CMA Awards in July 2016
- ARC Awards in New York for the FY 2015/16 Annual Report in August 2016
- CA Sri Lanka - Finance Companies sector– Silver Award in December 2016

#### **Details on opening of new branches**

- |               |                 |
|---------------|-----------------|
| • Wattala     | • Veyangoda     |
| • Avissawella | • Thambuthegama |
| • Gampola     |                 |





## **Company Overview and New Products**

Kanrich Finance Limited (KFL), a licensed financial company in Sri Lanka was incorporated in 1971 as Mutual Investment and Finance Limited, a fully-fledged finance company registered with the Central Bank of Sri Lanka (CBSL). The company is currently operated under the name of Kanrich, a Sinhalese word for “Mutual Consent” to give a face to its new strategy and corporate values. Kanrich Finance Limited has grown significantly from year 2010 by broad basing its operations and expanding its reach in all nine provinces of the country. Today, Kanrich Finance employs over 1500 human strength in its branch network of 36 branch locations across the Island.

Reviewing the financial industry position, within the Sri Lankan Licensed Finance Company Industry also benchmarking sustainable customer relations by demonstrating its growing relationships with more than 132,000 numbers of Sri Lankan families enriching the economic well being of the nation.

## **Achievements**

### **GLOBAL BANKING & FINANCE REVIEW AWARDS 2014 / 2015 / 2016**

Kanrich Finance Limited was honored with “THE FASTEST GROWING & EMERGING FINANCE COMPANY ” and “THE BEST MICRO FINANCE SERVICE PROVIDER” for three consecutive years for year 2014, year 2015 and year 2016, at the Global Banking & Finance Review Awards held in London, in pursuit of excellence in serving the Sri Lankan rural micro business community in ever inventive and genuine manner, bringing comfort and prosperity to thousands of rural lives coupled with its rapid growth across the island for catering to those who need its timely support.

### **ISO 14064-1 CERTIFICATION**

Kanrich Finance has understood its responsibility towards reducing their contribution to carbon footprint. The growing public awareness and concern over climate change have highlighted the need for both individuals and organizations to reduce their greenhouse gas (GHG) emissions. Accordingly, Kanrich Finance has taken measures to calculate its Carbon Footprint based on their operations in the country. Therefore, the company carried out a detailed Carbon Footprint analysis along with Sri Lanka Climate Fund (SLCF) under Ministry of Mahaweli Development and Environment. Thereby, based on the findings of the analysis SLCF has awarded Kanrich Finance with the ISO 14064-1.

### **ASIA RESPONSIBLE ENTREPRENEURSHIP AWARD 2017 IN SOCIAL EMPOWERMENT CATEGORY**

Kanrich Finance was honored for the best CSR practices across the Asia under the social empowerment category in 2017 at Asia Responsible Entrepreneurship Awards held recently in Thailand. This was awarded for its social education empowerment initiative “Kanrich Thaksalawa” the free English language education program conducted for the children of under-privileged customers in rural areas, who are eager to learn and improve as well as who are disadvantaged, post to the identification of minimal prospects of learning English language.

**New Branch Openings** - Kegalle and Nuwara Eliya (36 branches around Sri Lanka)



Continuing its tradition of achieving accolades, HNB Grameen has added yet another feather to its cap by winning three awards at the prestigious annual awards ceremony of "Great place to Work" held at Cinnamon Grand Hotel on 28th July 2017. It is significant to note that HNB Grameen Finance Limited was able to achieve the great recognition at its first entry to the competition.

The Awards were;

- o Top 25 best Companies to work for
- o Best in Pride & Advocacy
- o Bronze medal in the large Size Enterprises

The awards are a tribute to its employees who have wholeheartedly validated the award which is a manifestation of HNB Grameen's commitment to fulfill its internal customer expectations. The awards will further galvanize the bond between the management and staff that will propel the company to greater heights in many years to come.



## HNB Grameen - Indra Traders Entered into MoU



From left: HNB Grameen Assistant Manager Business Development Lakmal Wijayagunaratna, HNB Grameen Head of Legal Wickrama Punchihewa, HNB Grameen Manager Leasing Rangana Shamil, HNB Grameen Deputy General Manager SME and Leasing R.M.P. Dayawansa, HNB Grameen Managing Director/Chief Executive Officer B.M.D.C. Prabhath, Indra Traders Managing Director Rushanka Silva, Indra Traders Assistant General Manager Marketing Mahesh Palihakkara, Indra Traders Sales Manager Prabhudda Ovitipana, Sathiyamoorthy, Danushka Senevirathne, Indra Traders Regional-in-Charge Dinesh Gunawardena and Indra Traders Manager Branding and Business Development Lucian Benedict.



### **The Evolution of Sarvodaya Development Finance Limited**

The Sarvodaya Development Finance Company Limited (SDF) evolved from deep rooted commitment to nation building and development along the 'grass roots upwards' model of its parent, the Sarvodaya Movement. Guided by the social philosophy of Mahatma Gandhi and the spiritual teachings of Buddhism, Sarvodaya, founded by Dr. A T Ariyaratne, is currently the oldest non-governmental organization in Sri Lanka.

SDF was born out of a natural process of evolution in which Sarvodaya realised the need for an 'economic arm' that could support its aims of reducing poverty by empowering rural folk and creating sustainable livelihoods for all. This realisation led to the formation of SDF's predecessor, (SEEDS) (Gte) Limited, where the growing economic emancipation of the rural population required a dedicated institution that could take such emancipation forward via the providing of capital, training, information, advice and product marketing support.

Given SDF's history and legacy associated with Sarvodaya values, Sarvodaya Development Finance Limited would capitalise on the unique Sarvodaya brand recognition and widespread network of solid relationships to cater to the needs of the emerging SMEs and SMEs in Sri Lanka.

### **Special Awards**

**Sarvodaya Development Finance was rewarded with an award at the CA Sri Lanka Annual Report Awards -2016**



Sarvodaya Development Finance, a finance company registered at the Central Bank of Sri Lanka under the Finance Business Act No.42 of 2011, recently won a 'Certificate of Compliance' for the 2nd consecutive year at the 52st Annual Report Awards 2016 organized by the Institute of Chartered Accountants of Sri Lanka.

The theme of the report this year was 'Re – Energized', which was given with the meaning of re-energizing the Company to set course towards its ultimate goal of establishing the Company as a Development Bank of true worth in Sri Lanka.





## • Branch Re- locations

The Company has 30 branches and 22 Customer Service Centers spread over the island covering all districts.

Sarvodaya Development Finance Limited relocated nine of its outstation branches to provide greater accessibility and convenience to its customers.

- Kurunegala branch was relocated to No.24, Mihindu Mawatha, Kurunegala on the 22th of April 2016
- Piliyandala branch was relocated to No.24/A, Vidyala Mawatha, Piliyandala on the 06th of May 2016
- Medagama branch was relocated Nearby Bus Stand, Bibila Road, Medagama on 04th July 2016
- Kegalle branch was relocated to No.245, Colombo Road, Kegalle on 02nd September 2016
- Homagama branch was relocated to No.119/1/1, Katuwana Road, Homagama on 17th October 2016
- Gampaha branch was relocated to No.40, Colombo Road, Gampaha on 15th November 2016
- Polonnaruwa Branch was relocated to No: 21, Opposite the Police Station, Main Street, Kaduruwela, Polonnaruwa on 16th February 2017.
- Borella Branch was relocated to No.155/1, Baseline Road, Borella on 01st December 2016
- Kandy branch was relocated to No.102, Yatinuwara Veediya, Kandy on 02nd February 2017.



## Investment opportunities



## Loan Facilities





## SENKADAGALA FINANCE PLC

Served with Perfection

Throughout nearly half a century, Senkadagala Finance PLC has embodied the majesty and fortitude of the city of its inception - Kandy. Growing steadily from 1968, the Company was listed on the DiriSavi Board of the Colombo Stock Exchange in March 2011. The Company has since been recognized as one of the largest licensed finance companies in Sri Lanka that showcases a gamut of experience coupled with operating excellence.

The Company provides diverse services, such as finance leases, commercial loans and hire purchases, in addition to accepting deposits in the form of savings deposits, fixed deposits and certificates of deposit. The Company also provides pawn brokering and foreign currency exchange services considering the growing needs of its customers. With a view to diversify and expand operations further, the Company incorporated Senkadagala Insurance Brokers (Pvt) Ltd. in April 2012 as a subsidiary for the provision of insurance broking services while acquiring 100% ownership of Newest Capital Ltd., a Specialised Leasing Company in August 2014.

Dispersed throughout the island are the 49 branches and 41 service centres established by Senkadagala Finance. Out of 49 branches 10 branches were opened during this year and the locations are Akuressa, Athurugiriya, Dehiaththakandiya, Kirindiwela, Maho, Mawathagama, Narammala, Piliyandala, Pothuhera and Thambuttegama. The Company's excellent performance, healthy asset quality, improved credit control systems and long operating history have been recognized by Fitch Ratings Lanka Ltd. which affirmed the BBB+ (lka) credit rating of the Company. The registered office of the Company is situated at 2nd Floor, No. 267, Galle Road, Colombo 03.



Bimpuh Finance celebrated their Colours Night for the second consecutive time at the Golden Rose Hotel. The event recognized Bimpuh's top performing branches and regions with Gold, Silver and Bronze awards as well as Best Documentation and Accounting Practices awards. Jaffna branch clinched the Island wide Best Branch Award for the second time in a row and R M Kirubakaran (Northern region) was recognized as the Best Regional Manager. Bimpuh Finance was incorporated in 2007 and licensed under the Finance Business Act No. 42 of 2011. The company is engaged in micro finance, deposit mobilization, vehicle and equipment leasing, hire purchases, housing and MSME loans and also offers many other financial products.







# **Financial Statements And Auditors Report 2016/17**



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE FINANCE HOUSES ASSOCIATION OF SRI LANKA

#### Report on the Financial Statements

We have audited the accompanying financial statements of The Finance Houses Association of Sri Lanka, which comprise the statement of financial position as at 31<sup>st</sup> March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Board's Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### 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

Date: 27/08/2017

Colombo



**A.M.Jawaamil FCA, FCMA, B.Com (Hons), M.Thavaraj FCA, FCMA**



**THE FINANCE HOUSES ASSOCIATION OF SRI LANKA**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST MARCH 2017**

	Note	2016/2017 Rs.	2015/2016 Rs.
<b>Income</b>	<b>3</b>	3,660,163.66	4,246,530
Other income	4	<u>1,016,571.08</u>	<u>707,190</u>
<b>Gross income</b>		4,676,734.74	4,953,720
Administrative expenses	5	<u>(4,666,669.02)</u>	<u>(3,619,637)</u>
Surplus before Interest & Taxation		10,065.72	1,334,083
Finance costs	6	<u>(6,900.00)</u>	<u>(7,018)</u>
<b>Surplus before Taxation</b>		3,165.72	1,327,065
Income tax expense	7	<u>(18,439)</u>	<u>(15,303)</u>
<b>Surplus after Taxation</b>		<u><u>(15,272.95)</u></u>	<u><u>1,311,762</u></u>

The accounting policies and notes form an integral part of these Financial Statements.





THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH 2017

	Note	31.03.2017 Rs.	31.03.2016 Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	8	270,750.66	329,581
Investment - Fixed Deposits	9	7,832,046.65	7,758,399
Investment - shares	10	37,410.00	37,410
		<u>8,140,207.31</u>	<u>8,125,390</u>
<b>Current Assets</b>			
Due from Members	11	65,000.00	50,000
Deposit and Advance	12	330,000.00	97,500
Other Receivables	13	226,354.04	277,604
Interest Receivable		430,783.90	232,990
Income Tax	14	251,886.95	174,387
Cash and Cash Equivalents	15	1,579,339.56	1,996,183
		<u>2,883,364.45</u>	<u>2,828,664</u>
<b>Total Assets</b>		<u>11,023,571.76</u>	<u>10,954,054</u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
Accumulated funds		5,735,706.62	5,750,981
Other funds	16	4,795,427.88	4,795,427.88
		<u>10,531,134.50</u>	<u>10,546,408</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	17	386,600.00	272,250
		<u>386,600.00</u>	<u>272,250</u>
<b>Current Liabilities</b>			
Trade and Other Payables	18	105,837.26	77,804
Bank over draft		-	57,592
		<u>105,837.26</u>	<u>135,396</u>
<b>Total Equity and Liabilities</b>		<u>11,023,571.76</u>	<u>10,954,054</u>

The accounting policies and notes form an integral part of these Financial Statements.

Approved on behalf of the Council of Management on .....

*Li*

Chairman

*R. Simm*

Vice Chairman







**THE FINANCE HOUSES ASSOCIATION OF SRI LANKA**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED 31ST MARCH 2017**

**OTHER FUNDS**

	Accumulated Fund	Development Fund	Building Reserve	Legal Circle Fund	Medical Fund	NBFI Sector Stability Fund	Other Funds Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2015	4,439,218.78	1,242,640.88	1,350,000.00	300,000.00	29,000.00	1,873,787.00	4,795,427.88
Net Profit for the year	1,311,761.77	-	-	-	-	-	-
Balance as at 31st March 2016	5,750,980.55	1,242,640.88	1,350,000.00	300,000.00	29,000.00	1,873,787.00	4,795,427.88
Balance as at 1st April 2016	5,750,980.55	1,242,640.88	1,350,000.00	300,000.00	29,000.00	1,873,787.00	4,795,427.88
Net Profit for the year	(15,272.95)	-	-	-	-	-	-
Balance as at 31st March 2017	5,735,706.62	1,242,640.88	1,350,000.00	300,000.00	29,000.00	1,873,787.00	4,795,427.88

The accounting policies and notes form an integral part of these Financial Statements.







**THE FINANCE HOUSES ASSOCIATION OF SRI LANKA**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2017**

	2016/2017 Rs.	2015/2016 Rs.
<b>Cash flows from operating activities</b>		
Net profit / (loss) before Taxation	3,165.72	1,327,065
<b>Adjustments for:</b>		
Depreciation	82,205.17	86,381
Gratuity Provision	114,350.00	90,750
Interest Income	(938,905.16)	(622,885)
<b>Operating profit before working capital changes</b>	(739,184.27)	881,311
(Increase)/decrease in other receivables	51,250.08	(237,187)
(Increase)/decrease in due from members	(15,000.00)	(9,500)
(Increase)/decrease in income tax	(72,987.03)	
(Increase)/decrease in interest receivables	(197,793.55)	11,004
(Increase)/decrease in Deposit and Advance	(232,500.00)	412,500
Increase/(decrease) in trade and other payables	28,032.86	(78,756)
<b>Cash generated from operations</b>	(1,178,181.91)	979,371
Income Tax paid	(22,953.00)	-
Gratuity Paid	-	(88,000)
<b>Net cash flow from operating activities</b>	(1,201,134.91)	891,371
<b>Cash Flows from investing activities</b>		
Purchases of property, plant and equipment	(23,375.00)	(143,000.00)
Interest Received	938,905.16	622,885
Investment in fixed deposits & others	(73,647.30)	(450,247)
<b>Net cash used in investing activities</b>	841,882.86	29,637
<b>Cash flows from finance activities</b>		
<b>Net cash used in finance activities</b>	-	-
<b>Net Increase in cash and cash equivalents</b>	(359,252.05)	921,009
Cash and cash equivalents at the beginning of the year	1,938,591.61	1,017,583
<b>Cash and cash equivalents at the end of the year</b>	1,579,339.56	1,938,592
<b>Cash and cash equivalents comprises</b>		
Cash and bank balances	1,579,339.56	1,938,592
<b>1 Cash and cash equivalents comprises</b>		
Cash and bank balances	1,579,339.56	1,996,183
Bank over draft	-	(57,592)
	1,579,339.56	1,938,592

The accounting policies and notes form an integral part of these Financial Statements.





THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

**1. Corporate Information**

**1.1 General**

The Finance Houses Association of Sri Lanka ("The Association"), is an Association incorporated and domiciled in Sri Lanka. The registered office of the Association 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 Sri Lanka Accounting Standards 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.**

Previous year's 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.

There were no changes to the accounting policies of the Association in the year ended 31st March 2016.







**THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017**

**2.1 Accounting for the Receipt and Utilisation 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) NBFI Sector Stability Fund**

Developing NBFI Sector

**2.2 Assets and Bases of their Valuation**

**2.2.1 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:

	<b>Rates %</b>
Furniture & Fittings	15%
Office Equipments	15%
Computer Equipment	15%
Motor Vehicle	20%



**2.2.2 Investments in Fixed Deposits**

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

**2.2.3 Trade receivables**

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

**2.2.4 Other receivable**

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

**2.2.5 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 31ST MARCH 2017

**2.3 Liabilities and provisions**

All material liabilities at the Balance Sheet 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**

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. 10 of 2006, and amendments there to. The Association is liable for income tax at on its investment income.

**2.5 Income and Expenditure Account**

**2.5.1 Income recognition**

**a) Members**

Income derived from Subscription & Entrance fees of members are recognised 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 collectibility is in doubt.

**c) Other Incoming resources**

Income realized from Sports Festival 2015, Administrative Fees, Seminars and others are recognised 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 recognised 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 administrating 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 31ST MARCH 2017

		2016/2017	2015/2016
		Rs.	Rs.
<b>3. Income</b>			
Membership Subscription		2,050,000.00	2,200,000
Entrance Fees		-	400,000
Excess Income on Sports Festival	4.1	678,184.00	1,247,944
Excess Income on Seminars	4.2	849,499.25	363,114
HR Get-together	4.3	24,420.00	27,243
Directors Get together	4.4	58,060.41	8,230
		<u>3,660,163.66</u>	<u>4,246,530.12</u>
<b>4. Other Income</b>			
Sundry Income		-	500
Interest Income		938,905.16	622,885
Administration Fees		60,000.00	60,000
Donations		-	13,500
Staff Loan Interest		17,665.92	10,305
		<u>1,016,571.08</u>	<u>707,189.62</u>
<b>4.1 Excess Income on Sports Festival</b>			
Income		2,630,000.00	2,747,850
Less: Expenses		(1,951,816.00)	(1,499,906)
		<u>678,184.00</u>	<u>1,247,944</u>
<b>4.2 Excess Income on Seminars -</b>			
<b>a Excess Income on Seminars on Credit Evaluation</b>			
Income		330,000.00	721,500
Less: Expenses		(186,125.00)	(358,386)
		<u>143,875.00</u>	<u>363,114</u>







THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

	2016/2017 Rs.	2015/2016 Rs.
<b>b Excess Income on Seminars - Seminar on Property Mortgages</b>		
Income	1,062,000.00	-
Less: Expenses	(532,797.75)	-
	<u>529,202.25</u>	<u>-</u>
<b>c Excess Income on Seminars - Seminar on Recoveries Management</b>		
Income	297,500.00	-
Less: Expenses	(121,078.00)	-
	<u>176,422.00</u>	<u>-</u>
<b>Total Excess Income on Seminar</b>	<u>849,499.25</u>	<u>363,114</u>
 <b>4.3 HR Get together</b>		
Income	140,000.00	184,000
Less: Expenses	(115,580.00)	(156,757)
	<u>24,420.00</u>	<u>27,243</u>
 <b>4.4 Directors Get-to-gether</b>		
Income	603,500.00	570,500
Less: Expenses	(545,439.59)	(562,270)
	<u>58,060.41</u>	<u>8,230</u>





THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

	2016/2017 Rs.	2015/2016 Rs.
<b>5. Administrative Expenses</b>		
Salaries & Wages	1,584,408.00	1,261,950
Employees' Provident Fund	190,128.96	151,434
Employees' Trust Fund	47,532.24	37,859
Office Welfare	10,894.00	7,534
Gratuity	114,350.00	90,750
Rent	602,790.00	390,000
Write-off	50,000.00	4,500
Secretarial Fee	92,047.50	107,138
Printing & Stationery	234,123.50	30,765
Electricity	56,231.02	58,172
Telephone Charges	96,322.27	87,718
Mobile Telephone Charges	38,000.00	40,000
Internet / E-Mail Charges	5,435.35	3,722
Postage	5,665.00	7,325
Travelling & Transport	21,008.00	31,704
Audit Fees	77,000.00	70,000
Book Keeping Charges	-	30,000
Depreciation	82,205.17	86,381
AGM Expense	-	154,889
Ceylon Chamber of Commerce Fee	33,979.32	28,316
Out Sourcing Person	-	145,467
Sundry Expense	95,186.25	25,125
Travelling Allowance	385,200.00	276,300
Office Equipment Maintenance	58,950.00	99,425
Publicity Expenses	261,000.00	-
Bonus	344,700.00	272,250
Legal Circle Expenses	-	3,800
Water Charges	3,562.44	6,000
Special allowance	148,950.00	111,113
Fuel Allowance	27,000.00	-
	<u>4,666,669.02</u>	<u>3,619,637</u>
<b>6. Finance expenses</b>		
Bank Charges	6,900.00	7,018
	<u>6,900.00</u>	<u>7,018</u>
<b>7. Income tax expenses</b>		
Income tax for the year	<u>(10,789)</u>	<u>15,303</u>





THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

8. Property, Plant & Equipment

	..... COST .....		
	Opening Balance	Additions / (Disposals)	Closing Balance
Furniture & Fittings	151,166.23	-	151,166.23
Computer Equipment	384,428.00	4,975.00	389,403.00
Office Equipment	325,975.50	18,400.00	344,375.50
	<u>861,569.73</u>	<u>23,375.00</u>	<u>884,944.73</u>
	.... ACCUMULATED DEPRECIATION ....		
	Opening Balance	Depreciation for the year	Closing Balance
Furniture & Fittings	134,065.42	7,988.10	142,053.52
Computer Equipment	237,670.40	33,129.65	270,800.05
Office Equipment	160,253.08	41,087.42	201,340.50
	<u>531,988.90</u>	<u>82,205.17</u>	<u>614,194.07</u>
Net book value	<u>329,580.83</u>		<u>270,750.66</u>

	31.03.2017	31.03.2016
	Rs.	Rs.
9. Investments - Fixed Deposit		
Abans Finance PLC	200,000.00	200,000
Alliance Finance Co.,	50,000.00	1,068,000
Alliance Finance Co.,	18,000.00	-
Arpico finance Co., PLC	50,000.00	68,000
Arpico finance Co., PLC	18,000.00	-
TKS Finance Ltd	200,000.00	200,000
Asian Finance Ltd (TKS Finance Ltd)	22,025.00	22,025
Asia Assets Finance	32,843.10	
Asia Assets Finance	19,705.50	48,000
Associated Motor Finance Co. PLC	18,000.00	18,000
AMW Capital Leasing & Finance PLC	200,000.00	200,000
Orient Finance PLC	24,550.00	-
Orient Finance PLC	18,000.00	-
Colombo Trust Finance	10,000.00	-
Colombo Trust Finance	18,000.00	-
Central Finance	200,000.00	-
Central Finance	600,000.00	739,357
Central Investments Finance PLC	21,361.50	41,362
Central Investments Finance PLC	20,000.00	-
Citizen Development Business Finance	<u>200,000.00</u>	<u>200,000</u>
	<u>1,940,485.10</u>	<u>2,804,744</u>







THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

	31.03.2017	31.03.2016
	Rs.	Rs.
Commercial Credit PLC	1,940,485.10	2,804,744
Commercial Credit PLC	27,137.00	43,000
Commercial Credit PLC	18,000.00	-
Commercial Leasing & Finance PLC	200,000.00	200,000
Commercial Leasing & Finance PLC	1,000,000.00	-
City Finance Corporation Ltd	17,054.46	17,054
Sarvodaya Development Finance Ltd	200,000.00	200,000
ETI Finance PLC	50,000.00	50,000
Ideal Finance Ltd	218,900.00	218,900
LB Finance PLC	1,650,000.00	1,748,000
LB Finance PLC	50,000.00	-
LB Finance PLC	18,000.00	-
LOLC Finance PLC	75,000.00	75,000
LOLC Finance PLC	500,000.00	-
Mercantile Investments & Finance PLC	68,000.00	68,000
Merchant Bank of Sri Lanka & Finance	28,262.51	28,263
BRAC Lanka Finance	10,000.00	10,000
Nation Lanka Finance	200,000.00	200,000
HNB Grameen Finance Ltd	200,000.00	200,000
People's Leasing & Finance PLC	200,000.00	200,000
Richard Pieris Arpico Finance Ltd	200,000.00	200,000
Senkadagala Finance Co., PLC	43,000.00	43,000
Sinhaputhra Finance	102,200.00	102,200
Singer Finance (Lanka) PLC	200,000.00	200,000
Softlogic Finance PLC	200,000.00	200,000
UB Finance PLC	28,038.64	28,039
The Finance Co. PLC	23,748.98	131,749
Multi Finance Co. PLC	19,607.51	39,869
Multi Finance Co. PLC	23,669.00	-
Trade Finance & Investments PLC	48,000.00	48,000
Vallibel Finance PLC	25,000.00	25,000
Seylan Bank PLC	247,943.45	233,917
Bartleet Financial PLC	-	42,550
Capital Alliance Finance PLC	-	28,000
Chilaw Finance PLC	-	45,750
National Savings Bank	-	40,000
Bank of Ceylon (Borella)	-	287,365
	<u>7,832,046.65</u>	<u>7,758,399.35</u>





THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

	31.03.2017	31.03.2016
	Rs.	Rs.
<b>10. Investment in Shares</b>		
City Finance Ltd	37,410.00	37,410
	<u>37,410.00</u>	<u>37,410.00</u>
<b>11. Due from members</b>		
Citizen Development Business Finance PLC	50,000.00	50,000
Global HR Solution	15,000.00	
	<u>65,000.00</u>	<u>50,000</u>
<b>12. Deposit and Advance</b>		
Rent Deposit	330,000.00	97,500
	<u>330,000.00</u>	<u>97,500</u>
<b>13. Other receivables</b>		
Staff Loan	196,354.04	277,604
LASL	30,000.00	-
	<u>226,354.04</u>	<u>277,604</u>
<b>14. Income Tax</b>		
Balance Brought Forward	174,386.57	189,690
Tax Paid-2015/2016	15,303.00	-
2016/2017	7,650.00	-
Provision for the year	(18,438.67)	(15,303)
WHT	72,986.04	-
	<u>251,886.95</u>	<u>174,387</u>
<b>15. Cash and Cash Equivalents</b>		
Commercial Bank of Ceylon Ltd, Colombo 07	63,837.96	-
Commercial Bank Saving A/C	1,505,501.60	1,986,183
Cash in hand	10,000.00	10,000
	<u>1,579,339.56</u>	<u>1,996,183</u>
<b>16. Funds</b>		
Development Fund	1,242,640.88	1,242,641
Building Reserve	1,350,000.00	1,350,000
Legal Circle Fund	300,000.00	300,000
Medical Fund	29,000.00	29,000
NBFI Sector Stability Fund	1,873,787.00	1,873,787
	<u>4,795,427.88</u>	<u>4,795,428</u>
<b>17. Retirement benefit obligations</b>		
Balance as at 01st April 2016	272,250.00	269,500
Provision for the year	114,350.00	90,750
Payments during the year	-	(88,000)
Balance as at 31st March 2017	<u>386,600.00</u>	<u>272,250</u>







THE FINANCE HOUSES ASSOCIATION OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

		31.03.2017 Rs.	31.03.2016 Rs.
<b>18. Trade and other payables</b>			
Advance Received		2,540.00	-
Payable to Mrs.Wimalasena		17,350.00	-
Accruals	18.1	85,947.26	77,804
		<u>105,837.26</u>	<u>77,804</u>
<b>18.1 Accruals</b>			
Audit Fees Payable		77,000.00	70,000
Telephone Charges		-	7,452
Telephone & Fax Charges		8,947.26	-
Email Charges		-	352
		<u>85,947.26</u>	<u>77,804</u>
<b>19 Transaction with key management persons (KMPs) &amp; related party</b>			
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  
FOR THE YEAR ENDED 31ST MARCH 2017**

**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 31.03.2017
The Finance Houses Consortium (Pvt) Ltd	Administration	60,000.00 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 31.03.2017
Abans Finance PLC	Mr. Kithsiri Wanigasekara	200,000.00
Alliance Finance Co. PLC	Mr. Romani De Silva	1,068,000.00
Central Finance PLC	Mr. Chaminda Hettiarachchi	739,357.35
Citizen Development Finance PLC	Mr. R.H. Abeygoonewardene	200,000.00
Arpico Finance PLC	Mr. Shanil Dayawasana	200,000.00
LB Finance PLC	Mr. Ravi Yatawara	1,784,000.00
LOLC Finance PLC	Mr. Ashan Nissanka	75,000.00
Mercantile Investments PLC	Mr. Shermal Jayasuriya	68,000.00
Melsta Regal Finance Ltd	Mr. Nishaman Karunapala	
Peoples Leasing & Finance PLC	Mr. Rohan Thennakoon	200,000.00
Softlogic finance PLC	Mr. Nalin Wijekoon	200,000.00
Singer Finance PLC	Mr. Shantha Wijeweera	200,000.00
Sinhaputhra Finance PLC	Mr. Ravana Wijeratne	102,200.00
Vallible Finance PLC	Mr. Jayantha Rangamuwa	25,000.00
Commercial Leasing & Finance PLC	Mr. Krishan Thilakarathne	200,000.00

**21** 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  
STATEMENT FOR TAX COMPUTATION  
YEAR OF ASSESSMENT 2016/2017

	Annexure	Rs.
Interest Income		938,905
Staff loan interest income		17,666
		<u>956,571</u>
Interest as per Accounts		956,571
Interest receivable on 1/4/2016		232,990
		<u>1,189,561</u>
Interest receivable 31/03/2017		(430,784)
Interest received during the year		758,778
Interest income on which WHT deducted ( Annexure - I )	I	(574,391)
<b>Interest liable for tax</b>		<u><u>184,387</u></u>
Income tax @ 10%		18,439
Tax paid -2016/17		(7,650)
Income Tax payable		<u><u>10,789</u></u>







Annexure-I

<u>FIXED DEPOSIT NO.</u>	<u>Amount in deposits</u>	<u>Rate</u>	<u>Total interest</u>	<u>WHT</u>	<u>Net Interest</u>
2-0061-02-38023 (MAT)	40,000.00	8%	3,300.00	330.00	2,970.00
RED/FXD/00095435	58,000.00	9.50%	5,510.00	551.00	4,959.00
RED/FXD/00090072 Maturity	50,000.00	9.50%	4,750.00	475.00	4,275.00
FDS1997006187	50,000.00	8%	4,000.00	100.00	3,900.00
FDS1997008631	18,000.00	8%	1,440.00	36.00	1,404.00
HO/FD/TD/15/138759-00	28,262.51	8%	2,261.00	226.10	2,034.90
FD00113523	27,750.00	9%	2,365.21	236.52	2,128.69
001013654050	18,000.00	10%	1,804.93	180.49	1,624.44
c0408913	600,000.00	8%	48,000.00	3,840.00	44,160.00
FDEPHO3712	200,000.00	10%	20,054.79	2,005.48	18,049.31
HOFDTD0130626314	18,000.00	7.25%	1,305.00	130.50	1,174.50
HOFDTD1333212403 CT000410	500,000.00	9.75%	48,750.00	4,875.00	43,875.00
HOFDTD0130648414	50,000.00	7.25%	3,625.00	362.50	3,262.50
HOFDTD1333222803	500,000.00	9.75%	48,750.00	4,875.00	43,875.00
417723	75,000.00	10%	7,500.00	600.00	6,900.00
HOFDTD1300001803	218,900.00	9%	18,606.50	1,860.65	16,745.85
FDBR0000004	200,000.00	11%	22,060.27	1,764.82	20,295.45
HED106046	22,025.00	11%	2,431.60	243.16	2,188.44
HOFDNE1202242603	50,000.00	10%	5,125.00	512.50	4,612.50
KDFD1454150	18,000.00	10%	1,710.00	171.00	1,539.00
92/189/26	18,000.00	11%	1,981.80	198.18	1,783.62
HOFDTD1300043303	18,000.00	11%	1,981.80	198.18	1,783.62
HOFDTD1400072401	30,000.00	11%	3,303.00	330.30	2,972.70
KAFDTD1200014503	10,000.00	8%	800.00	80.00	720.00
KAFDTD1200019403	18,000.00	8%	1,440.00	144.00	1,296.00
403001	10,000.00	8%	802.00	80.20	721.80
HO/FD/TD/14/011024-02	200,000.00	10%	20,054.79	501.37	19,553.42
310001290	200,000.00	9%	17,000.00	1,700.00	15,300.00
CMBJF27416	200,000.00	11%	22,000.00	2,200.00	19,800.00
003800254606340001/3	200,000.00	9%	18,000.00	1,800.00	16,200.00
HOFDTD1300495603	200,000.00	9.50%	19,000.00	1,900.00	17,100.00
47534	200,000.00	10%	20,055.00	2,005.50	18,049.50
000000219415	292,838.13	8%	7,848.00	627.84	7,220.16
000000219415	299,823.53	10%	7,164.51	179.11	6,985.40
000000219415	307,044.43	11%	5,613.46	140.34	5,473.12
FD00323308	18,000.00	9%	1,534.19	153.42	1,380.77
FD00242561	50,000.00	8%	4,010.96	401.10	3,609.86
FD00493492	1,650,000.00	10%	165,452.05	16,545.21	148,906.85
FD00290231	30,000.00	10%	3,000.00	300.00	2,700.00
	<b>6,693,643.60</b>		<b>574,390.86</b>	<b>52,860.46</b>	<b>521,530.40</b>







## 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. Kithsiri Bandara Wanigasekera of Abans Finance PLC	Whom failing
Mr. Robert Shanthapriya Wijeweera of Singer Finance Lanka PLC	Whom failing
Mr. Krishan Thilakeratne of Commercial Leasing & Finance PLC	Whom failing
Mr. Ravindra Shanka 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. J P I Shanil Dayawansa of Arpico Finance Co. PLC	Whom failing
Mr. Roshan Hasantha Abeygoonewardena of Citizens Development Business Finance PLC	Whom failing
Mr. Chaminda Sampath Hettiarachchi of Central Finance Co. PLC	Whom failing
Mr. Ashan Nissanka of LOLC Finance PLC	Whom failing
Mr. Shermal Hemaka Jayasuriya of Mercantile Investment & Finance PLC	Whom failing
Mr. Kalinga Ravana Buddenipola Wijeyeratne of Sinhaputhra Finance PLC	Whom failing
Mr. Sarath Bandara Rangamuwa of Vallibel Finance Co PLC	Whom failing

.....  
To represent and vote for us and on our behalf at the Annual General Meeting to be held on 25th September 2017 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 of .....2017.



.....  
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 20th September 2017 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 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.

**THE FINANCE HOUSES ASSOCIATION OF SRI LANKA**

No : 150/3, Word Place, Colombo 07

Tel : 0112 670335

E-mail : [finass@sltnet.lk](mailto:finass@sltnet.lk)

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