

# Annual Report 2018



**Sri Lanka Ports Authority**

# OUR VISION AND MISSION

## VISION

### **“LOGISTIC EXCELLENCE IN THE SILK ROUTE”**

Envisioning the future of Sri Lankan Ports, the Sri Lanka Ports Authority (SLPA) is making a paradigm shift from being a container hub to becoming a global logistics hub, anticipating a boom in international trade that will open up a range of opportunities as well as challenges. The Ports Authority plans to strengthen its complex logistic approaches with a “one touch” information flow of all processes, while benchmarking National and International best practices at every level, in order to improve the overall economic environment of Sri Lanka.

## MISSION

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

With a view to create a global logistics hub port in Sri Lanka, the Ports Authority is expected to construct multi-dimensional logistics system to integrate logistic functions by launching a deep-water sea port with excellent maritime access that will enable Sri Lanka to receive and operate large vessels in sophisticated, specialized terminals.

In anticipation of exponential growth in both the port and the region, the SLPA plans to create and manage a logistics platform serving the biggest players in the ports, maritime, industrial and logistics sectors; a world-class industrial and logistics zone free of urban restrictions, with the potential and capacity for future expansion.

The SLPA will keep its pledge of value to thousands of stakeholders we serve by operating an economically efficient and environmentally sound organization of port facilities and terminals that will benefit all visitors while creating wealth for the nation.

## CONTENTS

Aspirations	3
Corporate Objectives	4
About the SLPA	5
Operational Highlights	6
Financial Highlights	9
Our Minister	10
Chairman’s Review	11
Board of Directors	13
Management Team and Audit Committee	17
Business Development	19
Milestones	21
Operational Review	27
Financial Review	72
Human Capital	76
Corporate Social Responsibility	77
Corporate Governance Report	78
Ports Statistics	83
Financial Statements	88
Report of the Board of Directors	89
Directors’ Responsibility for Financial Reporting	91
Audit Committee Report	92
Statutory Compliance Statement	93
Operational Highlights	94
Statement of Financial Position	95
Statement of Comprehensive Income	96
Statement of Changes in Equity	97
Cash Flow Statement	98
General Accounting Policies	99
Notes to the Financial Statements	112
Graphical Review	133
Auditor General’s Report	135
Corporate Information	142

## By 2020 . . . .

- ◆ To become a Centre for Maritime Excellence.
- ◆ To achieve 200 Million Tonnage in Cargo Handling.
- ◆ To achieve US\$ One Billion in Revenue.
- ◆ To achieve US\$ 10 Billion in Port Investments (Within the Ports).
- ◆ To become a leading Contributor to the National Economy.
- ◆ To be a 'green' Port Operator.

## Strategies

- ◆ Develop Infrastructure and Super Structure Facilities in Colombo.
- ◆ Consolidate the Port of Colombo ranking as a Centre of Maritime Excellence.
- ◆ Introduce Sector Specific Marketing and Business Development Programme.
- ◆ Develop Magam Ruhunupura Mahinda Rajapaksa Port (MRMR Port) as an international Services, industrial and container handling Port.
- ◆ Enhance Safety and Security for Cargo and Port Users.
- ◆ Mark our Global Presence in Strategic Locations.
- ◆ Restructure and Re-design organizational Administrative Procedures.
- ◆ Implement advanced Financial Management Systems.
- ◆ Reduce our Carbon Footprint.
- ◆ Develop other regional Ports with regard to their individual strengths and competitive advantages.
- ◆ Diversify our business activities.
- ◆ Provide facilities for Oil and Gas supply.
- ◆ Deliver efficient Vessel Oriented Services.
- ◆ Increase focus on Corporate Social Responsibility.

## CORPORATE OBJECTIVES

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

## ABOUT THE SLPA

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

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

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

In terms of Section 5 (1) of the SLPA Act, the Ports Authority has a Board of 09 Directors appointed by the Hon. Minister.

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

## OPERATIONAL HIGHLIGHTS

### Ship Arrivals (All Ports)

Description	2017	2018	Variance (%)
Port of Colombo	4,329	4,331	0.0
Port of Galle	87	84	-3.4
Port of Trincomalee	233	189	-18.9
KKS, Myliddy, PP & Karainagar	63	59	-6.3
Port of Hambantota	230	270	17.4
<b>Total</b>	<b>4,942</b>	<b>4,933</b>	<b>-0.2</b>

### Container Throughput (TEUs) of Port Of Colombo

Description	2017	2018	Variance (%)
<b>Sri Lanka Ports Authority (SLPA)</b>			
Imports	208,948	174,671	-16.4
Exports	179,334	154,142	-14.0
Transshipment	1,609,114	1,965,987	22.2
Re-stowing	13,306	9,734	-26.8
<b>Total</b>	<b>2,010,702</b>	<b>2,304,534</b>	<b>14.6</b>
<b>South Asia Gateway Terminals (SAGT)</b>			
Imports	179,321	190,018	6.0
Exports	196,623	189,921	-3.4
Transshipment	1,406,265	1,644,336	16.9
Re-stowing	27,626	42,483	53.8
<b>Total</b>	<b>1,809,835</b>	<b>2,066,758</b>	<b>14.2</b>
<b>Colombo International Container Terminal (CICT)</b>			
Imports	300,903	303,713	0.9
Exports	318,422	330,784	3.9
Transshipment	1,726,203	1,992,035	15.4
Re-stowing	43,003	49,662	15.5
<b>Total</b>	<b>2,388,531</b>	<b>2,676,194</b>	<b>12.0</b>
<b>Port of Colombo</b>			
Imports	689,172	668,402	-3.0
Exports	694,379	674,847	-2.8
Transshipment	4,741,582	5,602,358	18.2
Re-stowing	83,935	101,879	21.4
<b>Total</b>	<b>6,209,068</b>	<b>7,047,486</b>	<b>13.5</b>

## OPERATIONAL HIGHLIGHTS

### Cargo Throughput (All Ports)

Description	2017	2018	Variance (%)
Total Cargo Throughput (MT Mn)	93.9	105.0	11.8

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

Description	2017	2018	Variance (%)
Containerized	14,167	15,533	9.6
Break Bulk	814	679	-16.6
Dry Bulk	2,501	2,826	13.0
Liquid Bulk	5,759	5,929	3.0
<b>Total</b>	<b>23,241</b>	<b>24,967</b>	<b>7.4</b>

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

Description	2017	2018	Variance (%)
Containerized	11,625	13,547	16.5
Break Bulk	29	13	-55.2
Dry Bulk	0	0	-
Liquid Bulk	106	690	550.9
<b>Total</b>	<b>11,760</b>	<b>14,250</b>	<b>21.2</b>

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

Description	2017	2018	Variance (%)
Containerized	25,792	29,080	12.7
Break Bulk	843	692	-17.9
Dry Bulk	2,501	2,825	13.0
Liquid Bulk	5,865	6,619	12.9
<b>Total</b>	<b>35,001</b>	<b>39,216</b>	<b>12.0</b>



## OPERATIONAL HIGHLIGHTS

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

Description	2017	2018	Variance (%)
Discharged	3,119	2,951	-5.4
Loaded	778	609	-21.7
<b>Total</b>	<b>3,897</b>	<b>3,560</b>	<b>-8.6</b>

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

Description	2017	2018	Variance (%)
Discharged	712	729	2.4
Loaded	0	0	-
<b>Total</b>	<b>712</b>	<b>729</b>	<b>2.4</b>

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

Description	2017	2018	Variance (%)
Discharged	23	18	-21.7
Loaded	0	0	-
<b>Total</b>	<b>23</b>	<b>18</b>	<b>-21.7</b>

### Port of Hambantota (In Thousand Tonnes)

Description	2017	2018	Variance (%)
Discharged	156	344	120.5
Loaded	57	150	163.2
<b>Total</b>	<b>213</b>	<b>494</b>	<b>131.9</b>

### Total Number of Employees

Description	2017	2018	Variance (%)
Port of Colombo	8,625	8,948	3.7
Port of Trincomalee	401	400	-0.2
Port of Galle	351	362	3.1
<b>Total</b>	<b>9,377</b>	<b>9,710</b>	<b>3.6</b>

## FINANCIAL HIGHLIGHTS

<b>All PORTS</b>	<b>(Rs. Million)</b>		
<b>Description</b>	<b>★ 2017</b>	<b>2018</b>	<b>Variance (%)</b>
<b>Revenue and Expenditure</b>			
Total Revenue	43,963.0	52,282.9	18.9
Expenditure	(27,967.7)	(30,013.4)	(7.3)
<b>Profit/(Loss) before Tax, Foreign Loan Interest and Foreign Exchange Gain /(Loss)</b>	<b>15,995.3</b>	<b>22,269.5</b>	<b>39.2</b>
Foreign Loan Interest	(1,808.1)	(2,256.6)	(24.8)
Foreign Exchange Gain/(Loss)	(2,193.7)	(11,316.8)	(415.9)
<b>Profit/(Loss) Before Tax &amp; After Foreign Exchange Gain /(Loss)</b>	<b>11,993.5</b>	<b>8,696.1</b>	<b>(27.5)</b>
<b>Taxes</b>			
Income Tax	-	-	-
Deemed Dividend Tax	-	-	-
Differed Tax	102.0	(4,448.9)	<b>(4,461.3)</b>
Social Responsibility Levy	-	-	-
<b>Net Profit/(Loss) After Provision for Taxes</b>	<b>12,095.5</b>	<b>4,247.2</b>	<b>(64.9)</b>
<b>Balance Sheet</b>			
Non-Current Assets	388,451.8	383,737.3	(1.2)
Current Assets	144,978.5	57,639.5	(60.2)
Current Liabilities	119,212.1	17,519.2	85.3
Equity and Other Capital	7,591.4	7,591.4	0.0
Reserves and Provisions	302,654.8	302,629.6	(0.0)
Non-Current Liabilities	103,972.1	113,636.6	(9.3)
<b>Ratios</b>			
Operating Profit to Revenue	34.0	40.0	
Annual Revenue Growth	4.3	18.9	
Return on Capital Employed	1.9	2.6	

★ For the comparison purpose Port of Hambanthota has been removed from the 2017 Actual Values.

**Sagala Ratnayaka**  
**Hon. Minister of Ports & Shipping and**  
**Southern Development**

## Overview

It's my pleasure to present the 2018 SLPA Annual Report marking a number of milestone achievements. In 2018 the Port of Colombo improved its rank to the 11<sup>th</sup> place in the global container connectivity index of Drewry Maritime research strengthening its position as a transshipment hub. In terms of Annual container throughput the Port of Colombo handled 7 million TEU's for the first time and improved its global rank to 22<sup>nd</sup> and ranked number one in terms of growth rate as measured by Alphaliner. These are significant milestones in ensuring the ports role as a regional logistics hub.

## Financial Performance

The SLPA recorded an operating profit of Rs. 22 billion in 2018 compared to Rs. 15 billion in 2017. Gross revenue in 2018 was Rs. 52 billion compared to Rs. 44 billion in 2017, an increase of Rs. 8 billion. Total expenditure before tax, foreign loan interest and foreign exchange gain/loss was Rs. 30 billion in 2018 whereas in 2017 it was Rs. 28 billion, an increase of 7%. In 2018, the cost of foreign loan interest increased by 24.8%. Foreign exchange fluctuation (loss) for 2018 was Rs.11 billion compared to Rs. 2 billion in 2017. This had significant impact on the year end net profit which stands at Rs. 4.2 billion after provision for taxes.

## Port Operations and Logistics

The SLPA terminals, SAGT and CICT recorded positive growth. Productivity enhancement programs and infrastructure developments yielded gains that are expected to continue. During the completed year SLPA entered into five Terminal Service Agreements (TSA) while adding four main line and one feeder line services. These together with the increased efficiency in operational activities contributed to the increase of container throughput in the SLPA owned terminals. To increase the ease of trade, electronic documentation is facilitated and a Warehouse Management System (WMS) was implemented at CFS – I as a pilot project.

## National Port Master Plan

The SLPA completed a National Port Master Plan under the aegis of the Asian Development Bank (ADB). This that envisages the next phases in the development of the Port of Trincomalee, the Port of Galle, and the Port of Colombo. In the long term, Galle will focus on the development of additional tourism related facilities and infrastructure. Trincomalee presents several avenues for development including energy, industry and tourism. The staging sequences of these activities will be fleshed out in the coming months. The Port of Colombo will focus on berth / capacity expansion, better and faster connectivity to the expressway road network and the development of a dry – port logistics hub that will increase cargo volumes and enhance Colombo's attractiveness to main liners and logistics operators.

## East Container Terminal - Colombo Port Expansion Project

Capacity enhancement is critical considering growth potential. East Container Terminal (ECT) will be developed as the second deep draft container terminal in the South Harbor with annual capacity of 2.4 million TEUs, a 1350m quay length with a basin depth of 18m.

## CHAIRMAN'S REVIEW

SLPA has already developed 440m of the quay, adjacent yard area and connected facilities at ECT, with the next step being to operationalize this.

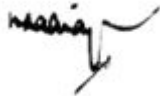
### **Increasing accessibility within the port**

The existing 4 lane internal port road from Ingurukade Junction to Gate 01 needs widening up to 6 lanes to cater to the expected traffic volumes within the port premises together with South Port Development. With this road widening, it is a requirement to widen the two existing bridges at Fort area and the bridge over Bloemendhal Road on the Port Access Road. Internal Port Road (IPR) widening works have been carried out phase by phase. During 2018 Rs. 81.79 million works (financial progress) have been completed. The total financial progress of the project is Rs. 847.89 million up to December 2018.

### **Conclusion**

Through timely action, business development, and improved efficiency, SLPA has seen business growth. These steps have also resulted in good financial performance and profitability. I am confident that SLPA is geared to continue this growth with continuing investments in people, infrastructure and technology.

I thank the Honorable Minister of Ports & Shipping and Southern Development, the Honorable Deputy Minister, the Secretary to the Ministry, the Ministry officials, SLPA Management, the SLPA Directors, the SLPA staff and employees SAGT, CICT, our Clients, and all other Stakeholders for their encouragement and support. Working collaboratively with our stakeholders and the greater port community will enable us to contribute even more towards the National Economy.



**Kavan D. Ratnayaka**  
**CHAIRMAN**

# BOARD OF DIRECTORS

## **Dr. Parakrama Dissanayake** **Chairman**

Dr. Parakrama Dissanayake, a Maritime Economist was appointed as Chairman, SLPA with effect from 01<sup>st</sup> June 2017.

He was the Chairman of SLPA from 2002 January to 2004. During his tenure Dun & Bradstreet Corporation (UK) ranked SLPA as the most profitable organization in Sri Lanka amongst State and Public listed companies.

He was recently elected as the first Non British International President of the Institute of Chartered Shipbrokers UK, founded in 1911, Royal charter conferred in 1913.

Before assuming duties, he was Chairman/CEO Aitken Spence Maritime, Ports and Logistics and a Main Board Director of Aitken Spence PLC. He gave leadership to Aitken Spence Ports International, the first Sri Lankan Company to venture in to Port Management overseas and first Sri Lankan Company to pursue a Public Private Partnership in ports overseas.

Some of the industry related leadership positions he has held includes, Chairman Chartered Institute of Logistics & Transport (Sri Lanka), Chairman Institute of Chartered Shipbrokers (Sri Lanka), Chairman Sri Lanka Transport Board Advisory Council and Chairman Ceylon Chamber of Commerce (SC) on Ports, Aviation and Logistics.

In addition to his numerous academic qualifications in General and Marketing Management, he has obtained the highest Chartered Qualification in Shipping (FICS) UK, In Logistics / Transport (FCILT) UK, In Marketing, (FCIM) UK and graduated from Norwegian Shipping Academy (OSLO).

He is a University of Oxford (UK) Business Alumni, Alumni of University of Sri Jayawardenapura and a Fellow of Harvard Business School, Boston (USA), Norad and JICA.

## **Mr. P G Dassanayake** **Vice Chairman**

Mr. Dassanayake, is the Vice Chairman of SLPA and holds the position of board member in the Boards of CICT, SAGT and JCT Ltd.

He has vast experience in the Plantation Sector and has been holding many high positions in most of the reputed Government Plantation Institutions in Sri Lanka such as Sri Lanka State Plantation Corporation and Janatha Estate Development Board. Further, he had the opportunity to disseminate his knowledge and experience in the industry by working as a Director at the Ministry of the Plantation Industries. Thereafter, he was appointed as the Chairman, Livestock and Agro Company wherein he was immensely recognized for the contribution he made to the progress and growth of the Company.

Subsequently, Mr. Dassanayake was appointed as the Chairman of the National Institute of Co-operate Development. He also held the Chairmanships of the German Technical Training Institute and State Printing Corporation, enabling him to transform his knowledge into a different type of experience.

## BOARD OF DIRECTORS

Thereafter, he joined the Independent Television Network as the Working Director and later as the Vice Chairman of NAITA. He contributed immensely for the development of the Institution from the experience and knowledge he has gathered throughout his illustrious career. During his tenure, these institutions were made to engage in various other industries thus making a significant contribution to the economy of the Country.

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

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

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

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

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

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

### **Mr. Nilan Wickramasinghe** **Executive Director**

Mr. Wickramasinghe counts more than 30 years of experience in the hospitality and tourism arena. He created Lion Royal Tourism in 1999 in response to a long-felt need and coined the theme, “More for less”. Specialized in French and Japanese inbound tourism, the company today is recognized as an award winning enterprise under his Chairmanship. He initiated then Lion Royal Resorts and Spas fashioned by “Affordable star class tourism” revolutionizing the conventional notion of leisure vacation.

In recognition of his service and his contribution to the growth of Sri Lanka tourism economy, he was honoured in national and international levels and was appointed as a member of the Board of Directors in charge of Hospitality and Tourism in Ministry of Skills Development and Vocational Training. During his tenure, he was privileged to attend as a Special Delegate in the Non-Aligned Movement held in the Island of Margarita, Bolivarian Republic of Venezuela 2016.

Mr. Wickramasinghe’s service as Member of Board of Directors of SLPA, Member of Board of Directors of JCT, Member of Board of Directors of HIPS, member of Board of Directors of HIPG and Managing Director of MPMC.

# BOARD OF DIRECTORS

## **Mrs. P S M Charles** **Director**

Mrs. Charles is an officer of the Sri Lanka Administrative Service who presently holds the post of Director General of Customs.

She obtained her first degree in 1983 on BA (Hons.) followed by Post Graduate Diploma in Management, Master of Science and Master of Business Management.

She joined the Sri Lanka Administrative Service in 1992 and worked as Government Agent (GA) Vavuniya and Batticaloa.

During her carrier as GA in Vavuniya, the district was able to achieve the highest rate in eliminating poverty in the country. While she was the GA in Vavuniya district, the district achieved the highest poverty elimination rate in Sri Lanka (2.3%)

Mrs. Charles was a fellow member of Global Disaster Resilience Leadership Network.

She worked as District Administrator, Disaster Risk Manager as well as a Humanitarian Co-ordinator, to fulfill the requirement of internally displaced people during and after last phase of the civil conflicts in the North.

She established Family Tracing and Reunification (FTR) with the support of UNICEF for unaccompanied and separated children, leading to number of successful family reunifications after the war.

She had been working on improving the small medium industries in Batticaloa district and monitoring and guiding and woman Self-Development Centers in Batticaloa district to achieve the goal of improving the Women Entrepreneurship in the district.

She had been working on Batticaloa town beautification projects, Fort beautification projects, and various other development projects and also working on mitigating the effects of natural disaster in Batticaloa district.

Mrs. Charles also engaged on Tourism Development projects in Batticaloa district.

She was awarded as the ‘Inspirational Woman of the year 2012/2013’ in the annual island wide awarding ceremony organized by Woman in Management Institute.

## **Mr. H G Sumanasinghe** **Director**

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

Previously, Mr. Sumanasinghe served as the Import Export Controller General of the Department of Import and Export. Prior to that, he served in various posts at the General Treasury as an Additional Director General of the Department of Public Finance, a Director



## **BOARD OF DIRECTORS**

of the Department of Project Management and Monitoring, an Assistant Director of the Department of External Resources and the Ministry of Finance.

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

### **Mr. Nishantha Wickramasinghe Director**

Mr. Wickramasinghe has been appointed as the Member of a Board of Directors of SLPA who presently holds the post of Additional Secretary (Development) of the Ministry of Fisheries and Aquatic Resources Development.

### **Mr. Suranga P Hidellarachchi Director**

Mr. Suranga worked for Hon. Mahinda Samarasinghe, MP, since 2002 with executive experience in administration and development sectors in Sri Lanka. he served as a Coordinating Secretary, Media Secretary, Private Secretary, Chairman and Director in Government organisations, which included, the Ministries of Labour & Foreign Employment, Disaster Management & Human Rights, Plantation, Finance, Skills Development & Vocational Training and Ports & Shipping.

Mr. Suranga served as the Chairman of the "Thuru Saviya" Fund, in the Ministry of Plantation from 2011 to 2012. In that period he was able to produce a loan scheme for Rubber Small Holders at first time in Sri Lanka and established the Group Processing Centres to increase the price and quality of products. He was the Chairman of the National Institute of Plantation Management (NIPM) and also served as the Director of the National School of Business Management (NSBM).

### **Mr. Raaj Obeyesekere Director**

Founder Director of Stassen Group of Companies.

Over 35 years of experience in Trade and Commerce, Strategic Management and Operational Oversight in Development of Entities.

Former Chairman, Sri Lanka Bureau of Foreign Employment, Former Deputy Chairman, Sri Lanka Insurance Corporation.

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

# MANAGEMENT TEAM AND AUDIT COMMITTEE

## Management Team

Dr. Parakrama Dissanayake  
**Chairman**

Mr. P G Dassanayake  
**Vice Chairman**

Capt. Athula Hewavitharana  
**Managing Director**

Mr. Nilan Wickramasinghe  
**Executive Director**

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

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

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

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

Dr. D P S Lokuge  
**Director (Information Systems)**

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

Mrs. D G I C Lokuhewage  
**Director (Technical)**

Mr. P Ranatunga  
**Director (Human Resource Develop)**

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

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

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

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

Mr. Upul Jayatissa  
**Chief Manager (Marketing & BD)**

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

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

Mr. W N Jayatissa  
**Chief Manager (Conventional Cargo)**

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

Mrs. Aparna Tilakaratne  
**Chief Law Officer**

Air Cmdr. D C Premaratne  
**Chief Security Manager**

Miss Kanthi Gunawardena  
**Chief Finance Manager**

Mr. I K Gnanathilaka  
**Chief Manager (Container Operations)**

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

Mr. Nirmal de Fonseka  
**Chief Human Resource Manager**

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

Mr. D L R Weerasinghe  
**Chief Manager (W & IR)**

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

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

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

# MANAGEMENT TEAM AND AUDIT COMMITTEE

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

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

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

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

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

## **Audit Committee**

Mr. H G Sumanasinghe  
**Chairman**

Mrs. P S M Charles  
**Member**

Mr. K P G Hemaratne  
**Member**

Mrs. Shirani Wanniarachchi  
**Member**

Mr. D U W De Zoysa  
**Member**

Mr. D A J I Perera  
**Member**

Mr. L Premasiri De Silva  
**Secretary**

## **Changes in the Senior Management in 2018**

### **Retirements**

**Mr. H D A S Premachandra**, Managing Director retired from the SLPA having completed his term

**Mr. A D T Gunasekara**, Additional Managing Director retired from SLPA

**Mr. H M U B Galagoda**, Chief Manager (IS) retired from SLPA

### **Appointments**

**Capt. Athula Hewavitharana**, was appointed as Managing Director

**Mr. D U W De Zoysa**, was appointed as Additional Managing Director

**Mr. P Ranatunga**, was appointed as Director (Human Resource Development)

**Mr. D L R Weerashinghe**, was appointed as Chief Manager (Welfare & Industrial Relations)

**Mr. S S Devapriya**, was appointed as Chief Engineer (Civil)

**Mr. D G R M Pathiwila**, was appointed as Chief Engineer (Contract & Design)

**Mr. K G S Dayananada**, was appointed as Chief Training Manager

**Mr. Darshaka Perera**, was appointed as Chief Manager (Information Systems)

**Capt. K M N P Silva**, was appointed as Harbour Master

## International Achievements – Port of Colombo

### ◆ **Fastest growing Port in 2018**

During the year 2018 The Port of Colombo has been ranked as the world's fastest growing port from among the top 30 container ports in the world. Port of Colombo handled a record breaking 7 million Teu's in the year 2018 which was a 13.5% growth compared to the year 2017. Jaya Container Terminal recorded the highest growth rate of 14.6% closely followed by SAGT 14.2% and CICT 12.0% compared to 2017. The Transshipment growth at JCT was quite remarkable recording 22.2%. According to Alphaliner this the first time in history the Port of Colombo reached the number 01 rank.

### ◆ **Port Connectivity Index**

Port of Colombo was ranked 11<sup>th</sup> in the Global container port connectivity index score for the 3<sup>rd</sup> Quarter of the year 2018 by the Drewry maritime research which is a two rank advancement compared to 2017.

### ◆ **Ports Authority of the Year Award by the Global Ports Forum (GPF)**

The SLPA was awarded the Ports Authority of the Year Award by the Global Ports Forum (GPF) in 2018 for its dedicated performance to uplift the position of the Port of Colombo on the world maritime map.

## Performance of other Ports

- ◆ 270 ships arrived at Port of Hambanthota recording an increase of 17.4%, while the cargo handled increased by 131.6% % compared to 2017.
- ◆ Vehicle handling at Port of Hambanthota recorded a 115.9% increase.
- ◆ The cargo handled at Port of Galle increased by 2.5% though the Number of ships arrived decrease by 3.4% compared to 2017.
- ◆ The number of ships arrived at Port of Trincomalee decreased by -18.9% and the cargo handled decreased by -8.7%

## Initiatives taken towards Business Development

### ◆ **Memorandum of Understanding (MOU) – March 2018**

In March 2018 the three terminal operators at the Port of Colombo - JCT under SLPA, the SAGT and the CICT reached a Memorandum of Understanding (MOU) to operate collectively to promote the Port of Colombo. Moreover under the new collective agreement, it is expected to minimize the total turnaround time of all container vessels.

### ◆ Port of Colombo Awards Night – July 2018

In 2018 the initiation was taken to appreciate over 30 top level foreign officials of Shipping Lines calling the Port of Colombo. As a result the Port of Colombo Awards Night was organized by SLPA in collaboration with the JCT, SAGT and the CICT. The Awards night evaluated the invaluable services of the 22 main lines and eight feeder services that are engaged with the Port of Colombo for container operations and thereby the Top five main lines and the Top five Feeder lines were awarded. The Port of Colombo Awards 2018 is an encouragement to increase the volumes of the port in its course to make Sri Lanka the Mega Hub of the region.

## MILESTONES

- 1505 Colombo became known to the Western World after Portuguese commenced using it as a Naval Base/ Harbour.
- 1875 9th Dec. King Edward VII laid the foundation Stone for the South West Break Water.
- 1882 Harbour Board established to administer the Port of Colombo.
- 1885 Completion of the 1285 meter long South West Breakwater.
- 1898 Completion of the 335 meter long North East Breakwater.
- 1899 Commencement of the construction of the Dry Docks.
- 1906 Completion of the 814 meter long Island Break water.
- 1906 Completion of the Dry Dock.
- 1909 Completion of the 250 meter long Guide Pier for the Dry Docks. (The First deep water alongside berth)
- 1912 Completion of 18 coaling jetties at the present Jaya Container Terminal site.
- 1912 Completion of the 550 meter long extension arm of the South West Break water.
- 1913 Colombo Port Commission created to develop and maintain the Port.
- 1922 Completion of Petroleum oil facilities.
- 1950 Commencement of construction of fifteen alongside berths of 9-11 meters draught and two coaster berths of 7.5 meter draught and 55.800 sq. meter of adjacent transit sheds and warehouse accommodation.
- 1954 Inauguration by Her Majesty Queen Elizabeth II of the completion of construction of the alongside berths at the South West Break water and naming it “Queen Elizabeth Quay” – The Royal Yacht, “Gothic” – the first vessel to berth at Queen Elizabeth Quay.
- 1956 Completion of 17 alongside berths, transit sheds and warehouses.
- 1958 Port (Cargo) handling activities of the Port of Colombo nationalized and the Port (Cargo) Corporation established.
- 1964 Cargo handling activities of the Port of Galle nationalized.
- 1967 Port Tally and Protective Services Corporation established.
- 1967 Cargo handling activities of the Port of Trincomalee nationalized.

## MILESTONES

- 1979 The Sri Lanka Ports Authority formed by unifying the Colombo Port Commission, the Port (Cargo) Corporation and the Port Tally and Protective Services Corporation.
- 1980 Master plan for the Port of Colombo established with assistance from the Government of Japan.
- 1980 Inauguration of the New Terminal at Queen Elizabeth Quay.
- 1982 Commissioning of the first Gantry Crane – TANGO 80.
- 1982 Contract for the construction of the New Container Terminal signed with M/s. Penta Ocean Wakachiku Joint Venture of Japan.
- 1983 Inauguration of the Construction of Stage I of the fully equipped container Terminal.
- 1984 Inauguration of the Construction of Stage II of the fully equipped container Terminal.
- 1984 Installation of four Hitachi Transfer Cranes at Queen Elizabeth Quay Container Berth.
- 1985 Ceremonial Opening of Stage I of the “Jaya” Container Terminal.
- 1987 Inauguration of SLPA – Mahapola Training Institute.
- 1987 Inauguration of Stage II of the “Jaya” Container Terminal.
- 1988 Commissioning of the off-shore installation of the Single Point Buoy Mooring.
- 1994 Completion of new Port Access Road.
- 1995 Inauguration of Stage III of the “Jaya” Container Terminal.
- 1996 Inauguration of Stage IV of the “Jaya” Container Terminal.
- 1998 Inauguration of the Unity Container Terminal.
- 1998 Symposium of Affiliate Ports.
- 1999 Commissioning of the Oluvil Light House in the East Coast and opening of the Oluvil Maritime Training Institute.
- 1999 Commencement of the Development of the South Asia Gateway Terminal QCT.
- 1999 Commencement of construction of Alongside Berth Project in Trincomalee.
- 2000 Commencement of Colombo South Harbour Feasibility Study.

## MILESTONES

- 2000 Commencement of a new Berth in Port of Galle.
- 2000 Inauguration of Peliyagoda Container Freight Station.
- 2000 Submission of Final Report for development of the Port of Galle as a Regional Port.
- 2000 Commencement of North Pier development phase II.
- 2000 Inauguration of the One – Stop Documentation Centre.
- 2001 Inauguration of the New Jetty in Port of Galle.
- 2003 Inauguration of construction of Oluvil Port Access Road.
- 2003 Inauguration of Customer Service Centre for LCL and break-bulk cargo.
- 2003 Opening of the SLPA Maritime Museum.
- 2003 Ceremonial inauguration of Unity Container Terminal with the completion of the civil works.
- 2004 Ceremonial inauguration of Container Handling Operations at Unity Container Terminal.
- 2004 25<sup>th</sup> Anniversary celebrations of the SLPA.
- 2004 National Productivity Award in large scale service sector was won by JCT.
- 2004 Handling of 2 million containers at the Port of Colombo.
- 2005 Commencement of construction of the Port and Housing Scheme in Oluvil.
- 2005 A certificate of merit was awarded to the SLPA Mahapola Training Institute under Medium Category /Service Sector by the National productivity Secretariat.
- 2006 Commissioning of Container Security Initiative and Megaport Initiative in the Port of Colombo.
- 2006 Signing of MOU for the proposed Colombo Port Expansion Project to construct the Colombo South Harbour.
- 2006 Signing of MOU concerning detailed design works of Hambantota Port Development Project (Phase I).
- 2007 Commencement of construction work and Signing of the Financial Agreement of the Hambantota Port Development Project.
- 2008 Commencement of construction work of Oluvil Port Project.



## MILESTONES

- 2008 Commencement of construction work of Colombo Port Expansion Project.
- 2008 Signing of Contract Agreement for construction of Bunkering facility and Tank farm at Hambantota.
- 2009 Laying of Foundation Stones for the Bunkering Facility and Tank Farm Project and Administration Building at Hambantota.
- 2009 The JCT Terminal Management System upgrade to “NAVIS”.
- 2010 Ceremony of Sea Water Filling to the Harbour Basin of Magam Ruhunupura Mahinda Rajapaksa Port (MRMRP) - 15.08.2010.
- 2010 Ceremonial inauguration of (MRMRP) - 18.11.2010.
- 2010 Handling of 02 Million Containers at the JCT.
- 2010 Handling of 04 Million Containers at the Port of Colombo.
- 2011 Arrival of 06 Nos. New Gantry Cranes and 30 Nos. Transfer Cranes.
- 2011 Capacity enhancement at Colombo Oil Terminal of the SLPA.
- 2011 Arrival of 50 Nos. Terminal Tractors.
- 2011 Signing of Agreement for the South Container Terminal under the Colombo Port Expansion Project.
- 2011 Ground Breaking Ceremony at the MRMRP to open new business ventures.
- 2011 Ground Breaking Ceremony for commencement of construction work of the South Container Terminal.
- 2012 Commencement of handling RO-RO Vessels at Magam Ruhunupura Mahinda Rajapaksa Port.
- 2012 Replacing the dilapidated existing bunker fuel pipe line from the Bloemendhal Oil Terminal to the Port of Colombo.
- 2013 Ceremonial Inauguration of the Colombo Port Expansion Project with monumental breakwater of 6.8 Km and South Container Terminal.
- 2013 Ceremonial Inauguration of the Port of Oluvil.
- 2013 Implementation of Import FCL Module of Cargo Management System.
- 2013 Ceremonial Inauguration of Administration Building at MRMR Port.

## MILESTONES

- 2014 Ceremonial Inauguration of Bunkering Facilities and Tank Farm Complex at MRMR Port.
- 2014 Commencement of construction work of Colombo Port City Development Project.
- 2015 Ceremonial Inauguration of the East Container Terminal.
- 2015 Obtained ISO 9001 - 2008 Certification for Quality Management System.
- 2015 Ceremony of Sea Water Filling to the Harbour Basin of Magam Ruhunupura Mahinda Rajapaksa Port Phase – II.
- 2015 Handling of 05 Million TEUs at the Port of Colombo.
- 2016 Re-establishment of CFS I Operation Centre. (10.08.2016)
- 2016 Manufacture of a New Low Bed Trailer by Mechanical Works Engineering Division at JCT. (31.08.2016)
- 2016 The largest ever Container Vessel – MSC Maya tcalls at the CICT of Port of Colombo. (16.09.2016)
- 2017 Operations of Fully Re-constructed Container Freight Station – 01 (CFS 1) (31/05/2017)
- 2017- Concession Agreement between China and Sri Lanka for Port Operations of the Port of Hambanthota (29/07.2017)
- 2017 SLPA hosts the 19<sup>th</sup> Symposium on International Network of Affiliated Ports (INAP) Conference (07-08/11/2017)
- 2017 Signing of Shareholders Agreement and Land Lease Agreement of the Port of Hambanthota (08/12/2017)
- 2017 Generation of 01<sup>st</sup> Payment under Hambanthota Port Concession Agreement between Sri Lanka Ports Authority and China Merchants Holdings Company Ltd. (09/12/2017)
- 2017 Port of Colombo Handling of 6 Million TEUs (20/12/2017)
- 2018 Generation of 02<sup>nd</sup> Payment under Hambantota Port Concession Agreement between Sri Lanka Ports Authority and China Merchants Port Holdings Compnay Ltd.**
- 2018 The SLPA enters into MOU with SAGT and CICT to collectively promote the Port of Colombo.**
- 2018 The SLPA won Ports Authority of the year 2018 Award at Global Ports Forum.**

## MILESTONES

- 2018**      **Generation of last tranche under Hambantota Port Concession Agreement between SLPA and China Merchants Port Holdings Company Ltd.**
- 2018**      **The Port of Colombo organised the first ever Colombo Port Award Night.**
- 2018**      **Port of Colombo Ranked as the World's Highest Container Growth Port in the first half of 2018 – Alphaliner.**
- 2018**      **Handling of 7 million TEUs by the Port of Colombo.**



# **OPERATIONAL REVIEW**

**ANNUAL REPORT 2018**

## DIVISIONAL PERFORMANCE

### OPERATIONAL SERVICES

#### THE OPERATIONS DIVISION

The Operation Division of the SLPA activated the following in an effort to improve on productivity levels achieved in 2018, and to further enhance the container throughput handled by the JCT.

- ◆ At the end of year 2018 the “Landlord” own terminals (JCT/UCT) have operated, 2,304,534 TEUs compared to the volume handled in previous year (2017), 2,010,702 TEUs. It has been recorded the highest growth rate among container terminals in Port of Colombo; a 14.6% volume increment, Further SLPA terminals have gained a 22.2% growth rate in transshipment container.
- ◆ The gross crane productivity for the main line vessels during 2018, recorded as 26.63 (moves per hour) against the year 2017 which recorded 27.2 and it is 2.1% slight decline. For the feeder line vessels, the gross crane productivity recorded as 23.09 (moves per hour) compared to previous year 2017 that recorded 24.28 again a 4.9% slight decline. Whilst the total annual container volume has been increased by 14.6%; it is imperative to observe the reported decline slightly. This has got connotations in working with aged equipment those contributed to unprecedented down times coupled with the non-consistent supportive system operated equipment as well.
- ◆ In conventional terminals the total dry bulk tonnage handled has been increased from 2,501,363 in 2017 to 2,825,454 in 2018 which was recorded as a 13% increment. Further the total liquid bulk tonnage handled has been increased from 5,865,240 in 2017 to 6,618,328 during 2018 that was recorded as 12.8% increment.
- ◆ Total cargo tonnage handled by Port of Colombo (containers; break bulk, dry bulk, liquid bulk) have been increased from 89,034,541 in 2017 to 100,151,715 during 2018; which was recorded as 12.5% increased.
- ◆ Conducted continuous employee awareness programs on how to deliver a quality service expected by international shipping lines and how to achieve success in a competitive business environment. The programs also discussed how we could overcome the internal and external challenges faced by the JCT in 2018 and in the years ahead.
- ◆ A specially designed awareness motivation program targeting JCT/UCT operational staff in order to maintain the continuous efficiency improvement together with safety procedures in terminal operational and administrative matters related to different employee categories; had been successfully conducted with the guidance and participations of the top management, JCT Duty Manager and respective Executive Officers and scheduled to be continued until all operational staff categories go through it.

## OPERATIONAL REVIEW

- ◆ Implemented a process to ensure that the changing of equipment would only occur at the terminal, Quay/ Yard and be undertaken by container handling equipment operators under the direct supervisions of the officers with a view to minimize the idle time. This process is continuously monitored and continuing the same way to increase productivity and throughput during the year.
- ◆ Terminal took a dramatic turn on yard planning in the first quarter the year 2018 to ease the ITT (volume) and also to optimize the yard utilization for transshipment and local cargo by considering the whole yard as one unit with efficient and effective yard management further just in time deployment of the yard cranes also kept terminal velocity on required level.
- ◆ Special team consist of representatives from all there terminals had been introduced in order to streamline the ITT (Inter Terminal Trucking) process and to coordinate all stake holders and finally for contingency planning and implementation. The team meeting is being held in daily basis at JCT premises.
- ◆ The quay side roadways, and lanes (RTG) including the stacking (empty/laden) area of the yard were further rehabilitated for smoother operation of the prime movers RTGs which positively uplifted the terminal efficiency since the beginning of 2018.
- ◆ The empty pool operations were expanded during 2018 by introducing new categories (T/S, Export, ECR) for generating an additional revenue in view of securing the efficient connectivity, (volume) from the various sectors through prominent shipping lines. (MSC/EMC/ZIM/HHM/KMTC/COSCO/OOCL).
- ◆ The highest container volume handled from a single vessel in SLPA history had been recorded in November 2018, operating a total of 7450 containers from MV. ARBATAH who berthed on 10<sup>th</sup> November.
- ◆ The surveillance audit to retain the ISO-9001/2015 certificate that had been won by JCT; has been conducted on mid of November last year and event was successfully completed by crowing JCT for the next year as well.

### THE LOGISTICS DIVISION

The main function of the Logistics Division is to effect the delivery of all cargo comprising FCL, LCL Containers Break Bulk, Bulk bags and Motor Vehicles, Project Cargo that discharged to the Port and other cargo related services rendering to the customers.

During the year 2018, 160,470 TEUs of FCL containers were directly delivered and revenue of Rs. 1,884.80 million was earned from the Customers Services Centre by providing round the clock services as practiced earlier. To enhance the services provided to the customer and to minimize the time spent for documentation, the cargo management system was used in an effective manner.

A total cargo volume of 31,025 TEUs of LCL containers and 704 TEUs of full TS containers (31,729) were handled by SLPA. Out of that volume, 8,676 TEUs (General/Dangerous cargo) and 1,076 TEUs (personal baggage), a total of 8,478 were handled at Peliyagoda CFS for de-stuffing operation whilst providing the warehouse space

## OPERATIONAL REVIEW

inside the Port for local. TS, Multi Country Consolidation (MCC) operation and special type of cargo Revenue of Rs. 257.94 million has been generated from de-stuffing LCL container and recovered Rs. 1,883.3 million for landing and delivery charges. Revenue from the MCC was 207.46 million. In addition, revenue of Rs. 21.61 million has been earned as demurrage on empty containers and charges for change of status of containers.

With the enhancement of bonding cargo warehouse facilities by renovating CFS V warehouse, demand for bonding trade was increased and total revenue of Rs.82.21 million has been collected.

By conducting public tenders and auctions to dispose of abandoned cargo a total of Rs. 197.72 million was collected whilst generating additional revenue of Rs. 6.94 million disposing scrap iron, waste oil and used tires etc. through SLPMC Ltd.

During the year, 168 new licenses have been issued to the clearing agencies and 1,100 licenses were renewed making a total of 1,268 licenses generating a revenue of Rs.26.83 million. By issuing and renewing wharf identity cards to wharf clerks of both categories A and B, total of revenue of Rs. 8.90 million has been collected. The total “A” passes issued and renewed during the year has been recorded as 2,752 while “B” passes were 304.

The revenue generated by Logistics Division in 2018 from the services rendered, amounting to Rs. 4,831.1 million during the year.

On 2018, 19 applications have been received for waiver of rent from the consignees through the Ministry of Ports and Shipping, out of them 08 applications were recommended and 09 were rejected. The balance is pending decision from the Ministry.

Steps are being taken to extend the electronic delivery of documentation facility for LCL cargo and direct delivered cargo during 2018. It is to be fully implemented in 2019.

### **Improvements and development during 2018**

- ◆ LCL Cargo Management System (CMS) has been introduced to CFS I and the online destuffing and payment facilities were enabled through the system for customers’ convenience.
- ◆ Online manifesting has been implemented for all LCL containers.
- ◆ FCL delivery process simplified by integrating NAVIS and ASYCUDA System of Sri Lanka Customs.
- ◆ CCTV camera system has been installed in CFS I and actions are being taken to install the same at Bandaranayake Quay warehouses to ensure safety of cargo.
- ◆ Taking initiative to construct a fully-fledged Logistics Centre adjacent to Unity Container Terminal.
- ◆ Acceleration of sales section’s efficiency has enabled to free the warehouses from discarded cargo.
- ◆ Enhancement of Personal cargo handling area and its services (Peliyagoda).

# OPERATIONAL REVIEW

## THE NAVIGATION DIVISION

### Pilotage

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

Type of Ship	No. of Ships	Purpose of Call	No. of Ships
Container	3,739	Bunkering	33
Conventional	51	Repairs	50
Dry Bulk	153	Passenger	55
Liquid Bulk	210	Other Services	8
Roll on Roll off	31		
Other Cargo	01		
<b>Total</b>			<b>4,331</b>

### Master of Tugs Section

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

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

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

### Total Number of Vessels Attended by Tugs

A total of 17,194 movements were performed by the Berthing Tugs and the details are given below;

Name of Tug	No of Movements
MT Raja	05
MT Nandimithra (55 BP)	2,553
MT Suranimala (65 BP)	3,036
MT Gotaimbara (65 BP)	2,433
MT Vijayabahu	1,783
MT Barana – II	43
MT Airawana	1,315
MT Ravana	3,013
MT Pandukabhaya	3,013
<b>Total</b>	<b>17,194</b>



## Hired Tugs in Colombo

- ◆ Tug Hercules
- ◆ Tug Push Hardy
- ◆ Tug Push Husky

## Trincomalee

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

## Galle

- ◆ M/T. Kanchadeva

## KKS

- ◆ M/T. Indra

## Revenue Earned – Tug Services (Colombo)

Year	Rs. Million
2017 Actual	872.33
2018 Revised	998.03
2019 Projected	1092.70

## Chief Engineering Officer's Section

### Staff

Adequate staff was available during the year 2018 in keeping with the operational and repair requirements of all tugs and pilot and mooring launches.

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

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

### Port Fire Brigade (PFB)

An effective emergency service was provided by Port Fire Brigade during the year, 2018 mitigating adverse effects of fire and other emergencies while implementing and maintaining local fire safety standards.

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

## OPERATIONAL REVIEW

Fire responded	21
Navy rehearsal test calls	02
Stand by duties for oil tankers	190
Stand by duties for gas tankers	38
Stand by duties for hot works on vessels	580
Stand by duties for d/c handling	06
Supplying water to wash piers/warehouses etc.	46
Pumping out water	02
Oil pollution control work	18
Inspection visits to oil tankers	660
Supply fire water bowser to tug	192
Emergency evacuation drill	13
Emergency calls	31

### Fire Safety Activities

- ◆ Fire safety inspection in all buildings /cranes/vessels/were carried out.
- ◆ Fire equipment in Colombo Harbour and Galle Harbour were inspected/ checked twice a year fire equipment in light houses/circuit bungalows/ Trincomalee were inspected once a year.
- ◆ During the year total No. of fire extinguishers. Checked/ Serviced = 3,002.
- ◆ Combine fire drill was carried simulating a fire at oil bank with Colombo Fire Brigade.
- ◆ Combine fire drill was carried out simulating a fire at SAGT with SAGT staff.
- ◆ Combine fire drill was carried out simulating a fire at CICT with CICT staff.

### Revenue

Revenue earned by Port Fire Brigade in 2018;

Description	US \$	Rs.
Fire calls	12,950.00	91,500.00
Stand by duties for gas tankers	54,840.00	
Stand by duties for oil tankers	283,372.00	
Stand by duties for hot work	32,190.50	
Stand by duties for dangerous cargo	2,540.00	30,000.00
Charges for inspection visits	8,300.00	
Charges for oil pollution control	4,700.00	1,010,375.00
Emergencies	540.00	10,000.00
<b>Total Income</b>	<b>399,432.50</b>	<b>1,141,875.00</b>
<b>US\$ 399,433.50 x 183.00</b>	<b>73,096,330.00</b>	<b>1,141,875.00</b>
<b>Total Income</b>	<b>SLR. 74,238,205</b>	

## Harbour Safety Section

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

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

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

- ◆ 5,508 vessels called at the Port of Colombo and discharged 445,382.145 MT of dangerous Cargo, local cargo and 891,186.318 MT as Transshipment cargo.
- ◆ 39,010 Nos. of freight containers of transshipment hazardous cargo were handled.
- ◆ 8,715 MT of high explosive (GPIE) and 6,774.742 MT of explosive nature substances (GP IAE/IIIE) were handled.
- ◆ Inspection of warehouses including dangerous cargo warehouse was carried out periodically with the assistance of Assistant Harbour Safety Inspectors.
- ◆ Inspection for granting hot work permission and carried out Inspection of sea pollution incidents, guidance and monitoring for combating sea pollution incidents.
- ◆ Handling, storage and transportation of dangerous cargo in the Port and allied safety aspects were introduced as a course of lectures for employees in Operation Division.
- ◆ Personal safety of employees at JCT and UCT and mooring gangs attached to Navigation Division were monitored, especially in using of Personal Protective Equipment with the assistance of Asst. Harbour safety Inspectors.
- ◆ LP gas and (petroleum) Oil discharging activities were inspected regularly with the assistance of Assistant Harbour Safety Inspectors.
- ◆ Garbage and sludge oil removing activities carried out by contractors were regularly monitored with MEPA Approvals.
- ◆ Regular inspection of Dangerous Cargo stacking at JCT/UCT yard were carried out with the assistance of Asst. Harbour Safety Inspectors. Action were taken against the Vessel Agents for non-declaration of Dangerous Cargo.
- ◆ SLPA schedule of Dangerous goods as per the amendment 37-2014 of IMDG code was prepared for publishing due course.
- ◆ Conducted the training programmes for Handling, storage and Transportation of Dangerous Cargo in the port and allied safety aspects as required by IMO Audit (iii code) through Mahapola Training Institute with the assistance of Harbour Safety Section.

Three Hundred and Eight (308) various types of tankers were called at Port of Colombo and discharged cargo as follows;

## OPERATIONAL REVIEW

Types of Cargo	Quantity (MT)
Liquid Petroleum Gas	407,763.577
Gas Oil/Jet Ai/Gasoline/Kerosene	3,111,037.538
Crude Oil	1,529,550.000
Fuel Oil	904,323.053
Base Oil	6,170.000

### Coast Lights Section

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

### Light Buoys in Channels

Light Buoys were regularly checked and maintained. Mariners were duly warned of any malfunctions by way of Circulars to CASA, SLAVO, LASO and the UK Hydrographic Division.

### Revenue – Light Dues - All three Ports

	2016 Actual Rs. Million	2017 Actual Rs. Million	2018 Budget (Revised) Rs. Million
Revenue Light Dues	1,073.23	1,164.89	1,372.10

### Harbour Craft Section

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

### Hydrographic Survey Section

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

### Ports of Colombo

- ◆ Approach Channel Soundings
- ◆ South Port Soundings
- ◆ Inner Harbour Basin and Berths Soundings
- ◆ Buoy Position Survey of Approach Channel

# OPERATIONAL REVIEW

- ◆ Colombo Port Map Revision Work
- ◆ Surveying and Leveling of Port Internal Road Widening and Elevated Highway
- ◆ Surveys and Plan work for lease agreement
- ◆ Survey consultation service for JCT – V project.
- ◆ Boundary Surveys and demarcation of Mahara Quarry.
- ◆ Port City Boundary Demarcation Surveys
- ◆ Observation and Maintenance of Colombo Tidal data station.

## Port of Galle

- ◆ Observation and Maintain of Galle Tidal and metrological data station.
- ◆ Participate for Galle Land committee meetings.
- ◆ Survey and Plan work for lease agreement.
- ◆ Topographic Survey for rehabilitation of Main Breakwater
- ◆ Field investigation committee work of house purchase as resident bungalows.
- ◆ Inner Harbour Basin and Entrance Sounding for dredging maintenance.

## Port of Trincomalee

- ◆ Survey for preparing Leased plans.
- ◆ Observation and Maintain of Trinco Tidal and metrological data station.
- ◆ More than 150 allotments surveys due to new Encroachments.
- ◆ Attending the Trinco land programme arranged by Governor of Eastern Province
- ◆ Participate for Investigation and data analyzing committee of Drone Survey

## Hambanthota Harbour

- ◆ Buoy Position Survey of approach channels.
- ◆ Survey of constructed sea areas vested to SLPA, under supervision of Survey Dept.
- ◆ Other related survey work detailed by Project Engineers.

## KKS Harbour

- ◆ KKS Harbour rehabilitation project – survey under supervision of survey dept.
- ◆ Hydrographic and Leveling work of New Pier.
- ◆ Port boundary and new gate location setting – out work
- ◆ Gazette Detail documents preparing for KKS port.

## Oluvil Harbour

- ◆ Compensation and resettlement committee activities.
- ◆ Resettlement Surveys for identified persons.
- ◆ Hydrographic and leveling survey over harbour entrance
- ◆ Participate for Oluvil special committee meeting arranged by Minister.

# OPERATIONAL REVIEW

## Nautical Section

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

Name of the License	No. issued	Revenue
Ship Repair License	141	13,503,332.49
Dockyard License	65	2,818,017.59
Survey License	40	3,414,621.78
Ship Chandlers License	96	8,228,619.90
Boat License	46	5,364,030.47
SAGT and Other License	12	541,053.76
<b>Total</b>		<b>Rs. 33,869,675.92</b>

## DEVELOPMENT PROJECTS

### THE PLANNING AND DEVELOPMENT DIVISION

#### 1. East Container Terminal - Colombo Port Expansion Project

##### East Container Terminal - Phase 1

##### Project Details

East Container Terminal (ECT) will be the second-deep draft container terminal in the South Harbour with annual capacity of 2.4 million TEUs, 1200m quay wall at -18m depth. The SLPA intends to award a BOT concession for the development and operation of ECT. SLPA has already developed 440m of the quay wall, adjacent yard area and connected facilities at ECT.

##### Present Progress

Prequalification process of the project was commenced with the public announcement of Expression of Interest (EOI) on 6<sup>th</sup> June 2016 and closed on 20<sup>th</sup> September 2016. Invitation for EOI was closed on 20.09.2016 and the received EOI Applications were evaluated by the CANC with the assistance of Asian Development Bank (ADB).

The CCEM at its meetings held on 23.11.2016 and 07.12.2016 instructed to adopt certain new criterion when selecting an investor for the project. A Note to the Cabinet was submitted by the Hon. Minister of Ports and Shipping and Southern Development by enlightening the possible negative consequences of additional selection criteria in the whole bidding process. Cabinet of Ministers decided to refer this matter to CCEM again and the bidding process has become inactive since 21.12.2016.

First draft of the Concession Agreement prepared by the ADB has been reviewed by SLPA and comments have been forwarded to ADB.

Considering the potential requirement of new deep container berths at Port of Colombo. Hon. Minister of Ports and Shipping has forwarded the Cabinet Memorandum to obtain the approval of Cabinet of Ministers to operate the ECT – Phase I.

### **2. Galle Yacht Marina Project**

The Government of Sri Lanka is in the process of expanding the Port of Galle, through the SLPA.

The overall objective of the Government and the SLPA is to develop the Port of Galle as a regional port for tourism and commercial activities. In order to reach these objectives, it is proposed to develop the already constructed Yacht marina facility area for the operation of Yacht Marina.

The SLPA intends to develop the above projects in collaboration with the Private Sector. The objective of this RFP is to obtain proposals from interested parties and to identify credible Bidders, whose Bids show proven commercial, management, technical and financial capacity to design, construct, commission and operate and transfer activities for the operation of yacht marina in the port of Galle.

Accordingly, the Private Sector will finance, design, build and operate the activities for the operation of yacht marina in the Port of Galle. The investor shall be responsible for build, operate and transfer of high-quality international standard marina facilities. This include marina concession complex and provide a variety of goods and services including restaurants, retail shops and associated services, marina clubs and entertainment, events and promotions, hospitality and all associated services to make Galle as an attractive destination for sailing and related leisure activities.

The closing date of the receiving Proposals was 21<sup>st</sup> August 2018. Accordingly, the evaluation of the Request for Proposals is in progress.

### **3. Passenger Terminal (BQ) Project**

Cruise tourism is a steadily growing market segment in the leisure industry. It is closely connected with port functions as pilotage, mooring of vessels and facilitations for passengers is the responsibility of port authorities. Although Port Authority has been providing these facilities to match its organic growth it needs the inputs of other drivers of this market, to embark upon future expansion programmes to improve the functions and develop the facilities. In this context, it is required to identify the capacity and access, potential players in this industry are having growth patterns and future plans to enable the SLPA to develop a model for development of facilities, operation of related tourism services in an alliance with SLPA.

The SLPA Board of Directors has decided to obtain the approval of Cabinet of Ministers for the project.

## 4. Trincomalee Port Development Project

### Project Details and Present Progress

Trincomalee conceptual Master Plan was prepared based on short term and long-term project proposals. The investment proposals from Oceanpick and Dimo selected and recommending through RFP proposal have been forwarded to CCEM and the proposal for fish farming was approved by the secretaries committee.

The rail transportation of coal and clinker from Trincomalee port is identified as priority project. SLPA, GA Trincomalee and Rail department jointly work to identify the railway path. The survey will be carried out by the CGR and once this is developed, future access road and the resettlement plan will be made by SLPA.

A new warehouse of 24m x 96m has been completed using the roof structure and the columns of the CFS – 2 warehouses of Port of Colombo. The new warehouse is located at the same location of warehouse 2 and 3 of Port of Trincomalee, and this will be utilized to store coal, clinker and general cargo.

The existing warehouse No. 6 in dilapidated condition. Therefore, SLPA seek to remove the warehouse No. 06 and construct new warehouse of 30 m x 96 m in the same location. Preliminary works were commenced.

It is planned to install fourteen (14) numbers of channel buoys with sinkers, chains and self-illuminating solar lights for the port hand and starboard hand side of the navigational channel at Port of Trincomalee. Further, reactivation of lighthouses to be implemented under this project. The estimated project cost is one billion Yen. The project is in progress.

Drone survey for lands belong to SLPA has been completed. The SLPA is in the process of identifying the land usage in SLPA lands.

## 5. Development of Kankasanthurai (KKS)

### Project Details and Present Position

The Cabinet of Ministers approval has been obtained to vest 50 acres land to SLPA for the Port of KKS to commence its operations with the consent of Ministry of Industry and Commerce. Initially it is approved for 15 acres land to fence it for the safe and secure port operations with a gate house and warehouse facilities.

The survey map for these areas to be obtained from the Department of Survey, Jaffna and the SLPA is waiting to get the survey map to initiate erecting the boundary fence and construct the gate house and warehouse.

## 6. National Port Master Plan

### Project Details and Present Progress

The Government of Sri Lanka (GOSL) has obtained the Technical Assistance (TA) from ADB for the transport sector. With the above TA, the Port sector was supported by



## OPERATIONAL REVIEW

providing TA grant of US\$ 1.5 million to prepare the National Port Master Plan. Accordingly, ADB has engaged the Maritime and Transport Business Solutions (MTBS) Netherlands in November 2016 for 18 months period for preparation of the National Port Master Plan (NPMP) for SLPA. The scope of this consultancy service in preparation of NPMP consisting of;

- (a) National Port Directions (NPD).
- (b) The Colombo Port Development Plan.
- (c) Trincomalee Port Development Plan.
- (d) Prioritized projects for logistics and hinterland connectivity.
- (e) Technical review of the final design of the Port Access Elevated Highway Project (PAEH).

Further, in this study it is identified following eight (08) short term priority projects for the study under pre-feasibility phase in Port of Colombo and Port of Trincomalee. In the pre-feasibility the Scope definition, financial viability (FIRR), Economic viability and Development model will be included.

### Port of Colombo

1. JCT Modernization Plan
2. LNG Handling and Storage Facility at Port of Colombo
3. Dedicated Passenger Terminal at Port of Colombo
4. Port Community System
5. BQ Warehousing Relocation Plan
6. PVQ Upgrade Plan

### Port of Trincomalee

7. Ashraf Jetty Upgrade Phase 1
8. Deep-water oil jetty

The MTBS has submitted all the final reports incorporating the pre-feasibility studies.

## OUTER PORT PROJECTS DIVISION

### 1. Rehabilitation of Kankesanthurai Port

As per the government policy to develop Northern region, GOSL has decided to develop KKS Port as a commercial port to establish and expand basic port facilities.

#### Main Rehabilitation Work (to be funded through foreign funded loan granted by Ex-Im Bank, India)

- ◆ GOSL has entered into a Line of Credit Agreement with Export-Import Bank of India on 10<sup>th</sup> January 2018 to provide financial assistance of USD 45.27 million for the rehabilitation of KKS Harbour.
- ◆ On Lending Agreement between SLPA and GOSL has been signed on 17<sup>th</sup> October 2018.

## OPERATIONAL REVIEW

- ◆ Floating of Pre-Qualified document to select a suitable Project Management Consultant for the project by Ex-Im bank has been completed and tender process has been started to select Project Management Consultant from Pre-Qualified list. The contract is scheduled award to the selected Project Management Consultant in October 2019.
- ◆ As per the tentative schedule, the main construction work is scheduled to commenced in July 2020.

### **Preliminary development works to facilitate the main rehabilitation work (funded by SLPA)**

- ◆ To facilitate the main development project, some preliminary development works are being carried out by SLPA by own funds. The construction works of Boundary Fence/Wall and Gate Complex has been commenced on 18th October 2018 and Rs. 8.5 Mn of advance payment has been made to the contractor. Now, modification of existing office building is completed and commenced the excavation work for foundation of boundary wall construction.

### **2. Trincomalee Port Development Project**

- ◆ In order to accommodate the increasing demand for bulk cargo handling at the Port of Trincomalee, it has been decided to extend the existing Ashraf Jetty by 160m at the Port of Trincomalee.
- ◆ Required initial approvals from the Management Committee, SLPA Board of Directors and Cabinet approval have already been granted to execute the project work.
- ◆ As the preliminary work to execute the project, it is required to carry out a Borehole Investigation covering the area proposed for the Ashraf Jetty Expansion Work. Accordingly, a tender has been called and selected a bidder to carryout for Borehole Investigation and its work will be commenced at the beginning of 2019.

### **3. Hambantota Port Development Project Phase II**

- The project construction work has been completed and taken over. One year of defect liability period is activated now and retention money is yet to be released in year 2019.
- As directed by the Government, SLPA has entered into a Concession Agreement with China Merchant Port Holding Company Limited to operate Hambantota Port on Private Public Partnership in 2017 July. Accordingly, all port operations / port assets / administration works related to Hambantota Port has been handed over to Hambanthota International Port Services Ltd and Hambanthota International Port Group Ltd.

## **THE CONTRACTS AND DESIGNS DIVISION**

The Contracts and Designs (C&D) Division is mainly responsible for designing of port related structures and execution of Civil Engineering projects carry out by SLPA. Designing of structures includes port infrastructures such as quay walls, piers, buildings, roads to facilitate the SLPA in its main business. Further, C&D Division undertakes all designs /drawing work for all maintenance and development requirements of all the

# OPERATIONAL REVIEW

divisions of SLPA including all regional ports. Management and execution of projects includes tender proceedings, consultancy services, construction supervision, quality controlling and contract management of such projects.

In addition to above, division also undertakes minor construction works in Port of Colombo utilizing its direct labour force.

Constructions and development works carried out by the division during the year 2018 are summarized as below.

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

It has been identified that the existing 4 lane Internal Port Road from Ingurukade Junction to Gate 01 needs to be widening up to 6 lanes to cater to the expected traffic volumes within the port premises with the completion of South Port developments. Together with the road widening, it is a requirement to widen the two existing bridges at Fort area and bridge over Blumenthal Road in the Port Access Road.

In order to widen the road for 6 lanes, it was required to demolish and relocate the existing buildings, offices, workshops, facilities etc. Widening of Internal Port Road was commenced in 2011 and the construction works are being carried out in stages in road stretches where all demolitions are completed.

### **Project Progress**

Internal Port Road (IPR) widening works have been carried out in phase by phase. During 2018 Rs. 81.79 million works (financial progress) have been completed. The total financial progress of the project is Rs. 847.89 million up to December 2018.

The construction work of Road Stretches; CFS - III to Medical Center has been completed and Dockyard bend to De-Seram Gate is in progress.

For the Roads Construction work from Harthal Bridge to Boat House to SLNS; tenders were called but as per the decision of MPC, action has been taken to revisit and Re-tendering of this tender with amended tender document in 2019.

## **2. Widening of Port Access Road**

Soil investigations were completed, and it has been identified that soil improvement is required due to existence of weak soil/peat layer underneath, prior to commencement of road widening work. Hence a proposal was obtained from the Central Engineering Consultancy Bureau (CECB) for designing of soil improvement and road widening work and it has been approved by the Central Tender Board. Work has been awarded to CECB.

### **Project Progress:**

CECB has submitted the preliminary report for soil improvements and they requested the final trace of the Port Access Elevated Project to finalize the designs/drawings. However as per the letter received from RDA on 23<sup>rd</sup> March 2018, they have already completed the

soil investigation for soft ground treatment, and they will arrange road widening of Port Access road along with proposed-Port Access Elevated Road Project.

### **3. Rehabilitation of Terminals/Piers at Port of Colombo**

#### **Paving Works at Bandaranayke Quay**

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

Paving works at Bandaranayke Quay – Stage (I) has completed in year 2017.

#### **Project Progress**

Paving Works at Bandaranayke Quay – Stage II has been completed at the total cost of Rs. 28.05 million in year -2018.

### **4. Rehabilitation of JCT - III Terminal (M and N Lanes)**

Existing container stacking yard including the roads at JCT - III needs to be rehabilitated as most of the container stacking areas and roadways have experienced settlements. Rehabilitation works have undertaken in stages to avoid the disturbances when container operations at the terminal are ongoing.

#### **Project Progress**

Rehabilitation of JCT - III Terminal – M & N Lanes was completed in second quarter of 2018 with a total cost of Rs. 49.68 million

### **5. Paving Works at Prince Vijaya Quay (PVQ) – Phase II**

Entire yard area of the PVQ area has been damaged and need improvements of re-surfacing and storm water drainage system. Improvements have been planned for two phases in order to minimize port operation.

#### **Project Progress**

Contract of Stage – I was awarded in January 2017 at total cost of 37.6 million and work is completed.

For Stage - II, Planning and Designing works are in progress and project to be scheduled to complete in 2019.

### **6. Relocation of workshops at CFS II area**

Due to the Port Access Elevated Highway Project running from Ingurukade to Gate No 01 through the port premises, it has been identified that several offices, workshop buildings are needed to be relocated. Accordingly, two Mechanical Plants and one Electrical Workshop will be relocated at CFS -II areas.

## **Project Progress**

Tender closed and evaluation is in progress for one Mechanical Workshop Building.

### **7. Rehabilitation of Ashraf jetty at port of Trincomalee**

It has been identified that the existing Ashraf Jetty needs some improvements and re-surfacing as the yard has been subsided and has affected to the operation activities at the terminals. Tenders were called, but the selected lowest tender was terminated due to contractor's fault (Non-acceptance) and preparing of Tender document is in progress with revised scope.

## **Project Progress**

New documents are under preparation for retendering, considering site condition.

### **8. Construction of additional floor for administration building at port of Trincomalee**

It has been decided to increase the floor for existing Administration Building in order to centralize all offices in one location.

## **Project Progress**

Construction work commenced in 2018 and work is in progress, total contract value is 25.3 million.

### **9. Rehabilitation of closenberg jetty at port of Galle**

It has been identified that the existing Jetty at Galle Port needs some improvements and resurfacing as the yard has been subsided and has affected to the operation activities at the terminals.

## **Project Progress**

Construction work carried out in two stages; Phase – I of the projects was substantially completed in year 2018 with a total contract value of Rs. 60.29 million and Phase – II of the projects is in progress with a total contract value of Rs. 24.39 million.

### **10. Rehabilitation of breakwater of Port of Galle**

It has been decided to rehabilitate the main breakwater of port of Galle due to dislocation of armor units of the structure. The work planned to be done in two stages as follows.

Stage 1: Main Breakwater 1 (MB-1): from SL Navy Camp about 150m length and MB -2: Behind SIAM City Cement Company lease area about 120m length.

Stage 2: MB-3: Breakwater arm about 300m length.

Design of the breakwater has been done and preparation of tender documents for Stage - I is in progress.

## **11. Comprehensive study on littoral drift at Oluvil coastal areas**

It has been decided to undertake remedial works to arrest the problem of coastal erosion presently experienced beyond the northern boundary of the Oluvil Port and huge sand accumulation below the southern boundary, along the south breakwater and sand siltation in and around the port entrance channel. As a precursor to such works, a comprehensive engineering study has been proposed to be carried out to determine the sediment transport and morphological changes in the coastal areas at Oluvil, and the remedial measures to be adopted.

Ministry of Foreign Affairs of Denmark (DANIDA), the funding agency for the Oluvil Port Development Project provided the financial assistance for the Study on grant basis. Secretary, Ministry of Ports and Shipping awarded to Consultancy services to the successful consultant, M/s DHI, Denmark to carry out the study.

In April 2017 final draft report of the study was presented by DHI with the participation of representatives from DANIDA and local relevant stakeholders at conference room of SLPA.

Subsequently a meeting was held at External Resources Department with participation of SLPA, DANIDA and DHI and decided to extend the study to figure out more low cost options. Ministry of Ports and Shipping has granted the permission to obtain scope and cost proposal from DHI. Hence DHI has been informed and looking forward their response.

Scope and Cost Proposal was received from DHI for extending the study as decided at the meetings held in April 2017. Final report of study was submitted on 20-06-2017 and paid the final payment as well.

A letter was sent to Embassy of Denmark requesting financial and technical assistance in this regard.

### **Project Progress**

The SLPA successfully conduct series of meetings with participation of Investment Fund for Developing countries (IFU) in Denmark/ DHI representatives and relevant stakeholders during fourth week of January (22<sup>nd</sup> and 23<sup>rd</sup>) 2018.

Cabinet Memorandum has been forwarded to the cabinet in order to continue this process and make Oluvil Port operational.

## **ENGINEERING**

### **THE MARINE ENGINEERING DIVISION**

Role of Marine Engineering Division is to ensure the availability of adequate number of floating crafts in order to meet the operational requirement of Navigation, Operation, and Civil Engineering divisions in Colombo Ports and other ports such as Galle, Trincomalee

# OPERATIONAL REVIEW

and KKS Ports. Marine Engineering division performs all major maintenance activities in deck, under water and engine room machineries for all SLPA vessels and crafts. And also hull and deck repair works including steel and timber renewals and grit blasting and painting works for all crafts and vessels accordingly carried out by this division. The Marine Engineering Division is also responsible for maintaining the class status of relevant vessels and technical reviewing and implementing shipbuilding projects in SLPA.

Marine Engineering Division provided required services successfully in the year 2018 to all relevant divisions in SLPA and also outside parties who are willing to obtain necessary services from Marine Engineering Division. We further believe that this is a successful year of achievements. And also, staff of the Marine Engineering Division is expecting to enhance the productivity and the efficiency of the division in the next year.

The Marine division consists of two main sections and each sectional achievement in year 2018 are as follows;

## **Marine 1 Section**

### **Refit Engineering Section**

Refit Engineering Section that comes under Marine - I section, is mainly responsible for conducting of maintenance and repairs to all Harbour Berthing Tugs, Fire float “Mega”, Dredgers of the SLPA. This section was able to meet the operational requirement of five berthing tugs for Colombo, two berthing tugs for Trincomalee, one berthing tug for Galle. One berthing tug for KKS, while carrying out machinery repairs with fulfilling classification Survey requirements of these floating crafts.

And also this section maintained two dredgers namely Trailing Suction Dredger “Hansakawa” and Grab Hopper Dredger “Diyakowulla” in good operational condition during the year 2018. Refit section also carried out the routine repair and maintenance of all the outboard motors used by Navigation and Civil Engineering Divisions of the SLPA.

Also, in water surveys in lieu of docking surveys and other surveys are done and all vessels kept under class in this year.

### **Engineer Harbour Craft Section**

This section is mainly responsible for repair and maintenance of pilot launches, mooring launches and other Crafts. This section was able to meet the operational requirements of the Navigation Division as well as the other ports under SLPA.

The Pilot launches - “Pilot 11” and “Pilot 15” were refurbished during the year 2018 by the Engineer Harbour Craft section. Preventive maintenance and other repairs of all pilot launches, mooring launches and other Crafts of SLPA were successfully concluded including repairs works for the Crafts at Trincomalee and Galle in the Year 2018.

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

# OPERATIONAL REVIEW

## Marine II Section

### Shipwright section

All wooden repair works, grit blasting and painting works, and fiberglass repair works of floating crafts and vessels of SLPA are carried out by Shipwright section and also responsible for the repairs of wooden paneling work and timber fender repair works of the berthing Tugs, launches, barges and other crafts used in SLPA. And also, this section undertakes slipping and unslipping operations of vessels at the 600-ton Patent slipway and its maintenance works.

During the year 2018 M/T Velusumana was slipped to the Patent slipway and completed major hull repairs and underwater machinery repairs. And other slipping operation was done for the vessel (Barge Matara) belonging to outside party in this year. Other fiberglass repair works, and wooden paneling repair works for berthing tugs and launches were carried out in this year.

### Cargo Craft Section

Cargo Craft Section responsible for steel repair works and wooden repair works of Pilot Launches and Mooring Launches used by the Navigation Division and Towing Tugs, Motor Launches, Water Barges, and Deck Barges used by the Operation Division. And also, this section has the capacity to carry out grit blasting and painting works for these steel crafts.

Pilot Launches 10, 11, 12, 13, 14 and other crafts of SLPA were slipped during the year 2018 for necessary steel repairs, fender repairs and paintings.

This section is capable of manufacturing and supplying of wire slings in different sizes and also capable of producing different sizes of curtains, different sizes of canvas covers awnings, and tent clothes to the other sections of the SLPA and to outside parties. And these mentioned works were done according to the received work orders in the year 2018.

### New Beira Yard Section

New Beira Yard is mainly responsible for steel repairs grit blasting and painting works to the Tugboats and launches used by the Navigation and steel cargo lighters and water barges used by the Operation division. Steel repairs to MT Velusumana, steel repairs to cargo lighter and painting works to water barge 18 were done during the year 2018.

Marine Engineering Division provided required services successfully in the year 2018 to all relevant divisions in SLPA and also outside parties who are willing to obtain necessary services form Marine Engineering Division. We further believe that this is a successful year of achievements. And also, staff of the Marine Engineering Division is expecting to enhance the productivity and the efficiency of the division in the next year.

## THE MECHANICAL PLANT ENGINEERING DIVISION

The highest priority is given by the Mechanical Plant Engineering Division to plan and carry out proper maintenance programs for the container handling equipment of JCT and



# OPERATIONAL REVIEW

UCT. Special attention has been given to maintain the over 90% availability of STS and Transfer cranes in 2018.

The SLPA's fleet of other cargo handling equipment of containerized and conventional cargo was maintained satisfactorily by the Division during 2018 by carrying out a planned maintenance program in combination with a Quick Response Strategy to attend to all instances of equipment breakdown.

In addition to the maintenance of cargo handling equipment Mechanical Plant Engineering Division's responsibilities extend to the maintenance of a fleet of motor vehicles (buses, lorries, vans, double cabs, cars, three wheelers and motorcycles) of the SLPA.

The bulk oil installation at Summer Hill which store imported edible oils operates under the supervision of Mechanical Plant Division and contributed satisfactorily to raise SLPA revenue in 2018.

Several procurements under the replacement of aging equipment have been processed under the Division. Agreement has been signed to supply 14 Nos. terminal tractors to JCT and it will be delivered in middle of 2019.

04 Nos, 15Ton forklift trucks will also be delivered in 2019 for logistics operations.

## THE MECHANICAL WORKS ENGINEERING DIVISION

The main purpose of Mechanical Works Engineering Division is to keep all structures, structures of all operational/non-operational equipment in all ports in operational/proper working conditions. This include the providing services for steel repairs to berthing tugs, pilot launches, dredgers and all structural repairs of container handling cranes, container semi-trailers attached to JCT and UCT, new constructions of steel Buildings, warehouses and other structures; removal of old steel buildings and structures. This division also engages in Machining, fabricating, casing of new spare parts required for cargo handling equipment, marine crafts and all other works of all ports and port related activities. Division also responsible for testing of chains and shackles and maintaining grabs for operational requirements.

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

- ◆ Installation of ECT in Gate – completed and Out Gate – 60% completed
- ◆ Demolition of PVQ warehouse and modification of its conveyor belt structure.
- ◆ Construction of Trinco Warehouse using materials taken by the demolition of Kochchikade warehouse.
- ◆ Replacing of J-12 Gantry Cranes Trolley rails.
- ◆ Repairing of J-9, J-11, J-12, J-18 gantry cranes Trolley rails
- ◆ Repairing of J-1, J-2, gantry cranes handrails
- ◆ Repairing of J-12 sill beam – 75% completed.
- ◆ Modification of CFS V and Paranthan warehouse.
- ◆ Construction of cargo racks for BQ warehouse.
- ◆ Total repair of top roof of the Chaithya lift house and construction of resting Building visitors in Chaithya premises.

## OPERATIONAL REVIEW

- ◆ Constructions of Buoy for Trincomalee.
- ◆ Renovation of Sampur Light house – 40% completed.

In addition to the above, anchor chain testing for Sri Lanka Navy and galvanizing work, machining of worn-out spare parts for prime movers, casting of bushes, fitting and repairing of water pumps, lathe machining works were carried out by the 07 workshops of Mechanical Work Division for the various Divisions in SLPA such as 100 nos. of major jobs and 3,105 nos. of smaller jobs.

### THE CIVIL ENGINEERING

The Civil Engineering Division is one of the foremost segments of the SLPA maintaining port structures, buildings, internal roads, yards, quarters, maintain of harbour depths inside the harbour basin and approaches and providing various other services to its stakeholders, it is service further broadening to maintain facilities at all other ports and harbours and lighthouses all over the country.

Major civil maintenance activities have been planned in the line with the requirements identified in advance and minor maintenance activities have been carryout based on the urgency of work by in-house-staff.

Cleanliness inside the port mainly comes under the purview of the Division and with the collaboration with respective authorities, successful solid waste management system has been carried out by Civil Engineering Division.

During the year 2018, following major works have been successfully completed by Civil Engineering department in addition to the numerous minor maintenance work carryout in the Port of Colombo.

- ◆ Construction of new warehouse at Port of Trincomalee
- ◆ JCT container yard rehabilitation work
- ◆ Rehabilitation of Lighthouse at Jaffna peninsula
- ◆ Harbour basin dredging in Port of Galle.
- ◆ Renovation of Nuwara-Eliya Circuit Bungalow.
- ◆ Relocation of Legal Division
- ◆ Relocation of Security Division
- ◆ Renovation of Finance Division
- ◆ Renovation of Canteens inside the port premises
- ◆ Renovation of toilets blocks inside the port premises.

### HUMAN RESOURCE DEVELOPMENT

#### THE HUMAN RESOURCE DIVISION

Human Resource Division plays a vital role in achieving organizational objectives by appointing required personnel among all the divisions including other ports as well. This has been expedited by deploying Human Resource functions in timely manner to the satisfaction of the management and the employees.

## OPERATIONAL REVIEW

The total workforce in the SLPA at the beginning of the year 2018 was 9,377 which includes all the categories of permanent, contract and other employees as follows

	Permanent	C/Basis	Others	Total
Executives	579	10	0	589
Non-Executives	5,246	26	0	5,272
Technical	1,835	0	0	1,835
Non-Technical	1,678	1	2	1,681
<b>Total</b>	<b>9,338</b>	<b>37</b>	<b>2</b>	<b>9,377</b>

However, the total workforce at the beginning of the year was 9,651 while 9,710 at the end of year 2018 and the port wise breakdown is as follows;

	Permanent	C/Basis	Others	Total
Port of Colombo	8,929	18	1	8,948
Port of Galle	362	0	0	362
Port of Trincomalee	400	0	0	400
<b>Total</b>	<b>9,691</b>	<b>18</b>	<b>1</b>	<b>9,710</b>

### Internal promotions in the port for the year 2018

In accordance with the Human Resource Plan vacant posts were filled internally from eligible and qualified candidates, as per the Scheme of Recruitment and external recruitment was utilized for post where no suitable candidates identified for the same internally.

### Details of External Requirements and the Internal Promotions within the year 2018

During the year 2018, Six Hundred and Ninety-Five employees were recruited externally on permanent and contract basis. The following chart depicts the details pertaining to such recruitments.

Employees Category	Permanent	Contract Basis	Total
Executive	17	1	18
Non-Executive	192	0	192
Technical	263	0	263
Non-Technical	222	0	222
<b>Total</b>	<b>694</b>	<b>1</b>	<b>695</b>

### Reinstated Employees in 2018 as follows.

- Non-Executives : 01
- Non-Technical : 03
- **Total** : **04**

## Exit Employees Details

The total no of exit employees reported during the year 2018 is 366 and the breakdown is as follows

<b>Reason for Exit</b>	<b>Number of Employees</b>
Retirement	294
Death	28
Resignation	11
Vacation of Post	10
Retirement on Medical Ground	01
Termination	22
<b>Total</b>	<b>366</b>

## Accidents and Compensations

Total number of accidents happened during the year 2018 were 53 including 48 SLPA staff and 05 outsiders. Reportedly there is only one employee deceased due to accident and paid Rs. 440,000 as compensations.

## Ex-gratia Payments

A sum of Rs. 443,000 had been paid to Colombo Port employees as ex-gratia payments to the dependents of the employees who died due to natural causes and another Rs. 50,000 due to be paid for the year 2018. There were no Ex-gratia payments made in other outer ports employees during this period.

## Induction Programs

Fifteen induction programs were held at the MPMA to newly recruited employees.

## Awarding Gold Coins

<b>Weight</b>	<b>No. of Coins</b>
01 Sovereign	51
01 ¼ Sovereign	178
01 ½ Sovereign	44

## Disciplinary Activities

Human Resource Division has handled 241 disciplinary cases and other 88 cases those were carried forward from the year 2017, among them 166 cases were finalized, and 163 cases were pending at the year end.

## THE WELFARE AND INDUSTRIAL RELATIONS DIVISION

The SLPA pays a significant attention to its human resource to achieve its objectives and aims. Human Resource Management cannot be done in the same manner that Financial

and Material Management is done. Two sections functions under the Welfare and Industrial Relations Division with the aim of providing facilities and opportunities to the employees to improve the quality of their life.

- ◆ Main office
- ◆ Central Kitchen Section

The welfare programs executed by the Welfare and Industrial Relations Division are as follows.

### 1. Main office

#### **Employees' Health Insurance Scheme**

The Employees Health Insurance Scheme which was implemented under the National Insurance Trust Fund ended on 31<sup>st</sup> August 2018. The Employees Health Insurance Scheme implemented up to date was brought under a structural change by the SLPA Circular No. 28/2018 dated 01.11.2018, issued by the Chairman with his signature.

Rs. 7,500 granted for outdoor treatment and Rs. 5,000 granted for spectacles has been increased up to Rs. 10,000 respectively. The employees can reimburse these amounts from the Welfare and Industrial Relations Division on recommendation of the Medical Division. A supplementary budget has been submitted to the Managing Director and approval has been obtained for allocation of provisions.

According to the above Circular, expenses incurred by employees on outdoor treatments and spectacles can be reimbursed from 01.09.2018. Accordingly, the preliminary work with regard to these payments are being carried out by the Welfare and Industrial Relations Division.

#### **Scholarship Scheme**

Two scholarships amounting to Rs.750 each are awarded for students who are the children of SLPA employees for GCE (A/L) and for University Education for a period of 24 months.

Scholarships are awarded on the basis that the scholars who are the children of SLPA employees do not claim Mahapola Scholarships or bursaries granted by the Universities.

These scholarships are awarded for a period from 3 to 5 years, and this payment is made only for a period of 10 months per year depending on the duration of the course of study. An amount of Rs. 25,000 is paid annually for three-year degree course and Rs. 25,000 is also paid in the same manner for 04 to 05-year duration of full-time degree courses. Accordingly, an amount of Rs. 75,000 for scholars who are following three-year general degree courses, Rs. 100,000 for those who are following four years Basic Degree courses and Rs. 125,000 for those who are following five-year Medical Degree and an amount of Rs. 25,000 is paid for each scholar annually.

Requests have been received to increase the amounts of the present scholarships in par with the Mahapola scholarships and this has been brought to the notice of the higher management.

## OPERATIONAL REVIEW

Payments have been made in the following manner; Rs. 100,000 for the year 2011/2012, Rs. 200,000 for the year 2012/2013, Rs. 975,000 for the 2013/2014, Rs. 1,775,000 for 2014/2015 and Rs. 3,650,000 for 2015/2016 Rs. 1,925,000 for 2016/2017.

Rs. 9,000 has been paid to each student who obtained all “A” passes or more than 06 “B” passes and for those who have passed in all subjects at the GCE (O/L) Examination. Thus in 2018, Rs. 5,190,600 has been paid to GCE (O/L) students.

### **Ayurvedic Medical Centre**

The Ayurvedic Medical Centre which was established in 2016 for the SLPA employees is functioning successfully. By now 2,528 patients have been registered at the centre and in 2018, 3,905 patients have received treatment. Acupuncture and Ayurvedic massage treatments are also available at this Centre, in addition to ayurvedic treatments. A sum of Rs. 2 million was allocated for the Ayurvedic Medical Centre as recurrent expenditure and a similar amount has been allocated for the year 2019 as well. The staff of the Ayurveda Medical Centre has been recruited through the Port Management and Consultancy Services (Private) Ltd and it has been recommended to the Human Resource Division to recruit a permanent staff having included it in the Human Resource plan of the SLPA.

### **Housing Loan Scheme**

A Housing loan scheme subject to a maximum of Rs. 500,000 is implemented for the permanent employees of the SLPA with the assistance of the State Mortgage and Investment Bank either to construct a new house or to purchase a land to construct a new house or to add an extension to the existing house. A provision of Rs. 50 million is annually allocated to implement this loan scheme, and this amount is released to the Bank as per financial requirements. A concessionary interest rate of 6% is levied when providing loans. In 2018, Rs. 2,500,000 was released to provide loans.

In 2018, the amount allocated for housing loan scheme was Rs. 50 million. But only Rs. 250,000 was released to the bank in 2018, due to receiving a lesser number of applications for housing loans and this is a 5% of the allocated amount. The amount of the housing loan which was Rs. 350,000 was increased up to Rs. 500,000 in 2006.

The amount of the housing loan has not been increased for 12 years, from 2006 to 2018, even though the prices of building materials and lands have increased rapidly throughout previous years. To increase the loan amount, Trade Unions have made requests to the higher management of the Authority and employees also have made requests to the Welfare Division.

The interest of employees in this housing loan scheme has declined acutely. This can be implemented by increasing the loan amount even by increasing the monetary allocation made for the Housing loan scheme’

### **Buses for welfare matters**

This Division has deployed 06 buses for pilgrimages, excursions and to attend funerals of the employees of SLPA and their family members. 03 buses have been deployed for internal transportation of port workers free of charge.

## OPERATIONAL REVIEW

In the event of a death of an employee, a bus is provided free of charge for the employees of the Division/Section to attend the funeral. In addition, buses are also provided to employees at a concessionary rate of Rs.12 per 1km for pilgrims, trips and weddings at Rs. 15 per 1 km to travel with family members for the same purposes.

The buses made 871 trips during 2018.

### **The Crèche and the Pre-school**

This facility provides care for children of SLPA employees aged from 2 ½ to 05 years. Admissions are open from January to 31<sup>st</sup> August. A concessionary monthly fee of Rs. 1,300 is charged monthly per child. In 2018, 30 children were accommodated in the Crèche and Pre-school and 19 of them left in December 2018 to gain admission to schools on completion 05 years of age.

The SLPA supplies snacks and lunch for children at the Creche and Pre-school. The approval of the Board of Directors was obtained to recruit staff for the Creche through the Port Management and Consultancy Services (Pvt) Ltd for a proper functioning of the Creche and Pre-school.

The amount received as monthly fee from January to December 2018 is Rs. 569,400.

### **Library Facilities**

Monitory provision is allocated for libraries maintained by the employees of the SLPA with the aim of improving their reading habits and gain new knowledge and skills. In 2018, Rs. 200,000 has been granted for 20 libraries to purchase books.

### **Payments for Special Leave Entitlement**

When an employee has used all his leave entitlement, he is granted leave with pay for a maximum period of 180 days in the event of illness or an accident, until he is fit for duty, on medical recommendation. Leave with pay or without pay is approved as a concession, subject to the recommendation of the Chief Medical Officer. From January to December 31<sup>st</sup>, 2018, 102 applications have been received and approval has been granted for 254 days on approved no pay leave, 3,487 days on approved leave with pay.

### **Maritime Museum**

A variety of replicas, plaques and items illustrating the historical evolution of the Port, objects relating to navigation and items that were used at the old Port premises are exhibited at this Museum. Excessive group of school children, majority of whom are from distant parts of the Island, visit the Museum as it has a great educational value. In addition, adults from elders' homes and children from pre-schools also visit the Museum very frequently.

The Maritime Museum is open from 8.00 a.m. to 5.00 p.m. on weekdays, including Sundays and Poya days. 42,776 persons have visited the museum in 2018.

# OPERATIONAL REVIEW

Preliminary work is in progress to bring the Maritime Museum to the international standards. Accordingly, preliminary work of fixing air-conditioners and lighting has started. The amount allocated for this in 2018 and 2019 was Rs. 25 million.

## Rewards to Employees

All employees of the SLPA who have completed 30 years of service are rewarded with souvenirs. Accordingly, awarding of souvenirs for employees who have completed 30 years of service is handled by the Welfare and Industrial Relations Division. Accordingly, the number of qualified employees for receiving awards in 2018, was 405.

## Welfare Canteens

Thirteen canteens operate within the Port premises to cater the requirements of the employees of the Authority and of Port Users who call in the port for variance purposes. Lessees to maintain the canteens are selected by calling for annual tenders. The total revenue collected during 2018 amounted to Rs. 5,263,399. Arrangements are being made to construct a new canteen in the defunct kitchen building at Kochikade.

In addition, funds have been allocated to complete the maintenance work of all canteens and this work is expected to be completed in 2019.

## Circuit bungalow No. 11 at Kataragama

The circuit bungalow No. 11 at Kataragama was transferred to the Welfare and Industrial Relations Division by the Chairman's Circular No. 29/2017 dated 06.10.2017. The number of employees of the SLPA who have been provided with accommodation from 01.01.2018 to 31.12.2018, is 385 as follows;

Executive officers	- 161	Non-Executive Officers	- 224
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Monetary provisions have been allocated for renovation work of the circuit bungalow which is expected to be completed in 2019.

## 2. Central Kitchen Section

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

The employees who work on shift basis are provided with lunch/dinner and tea/snacks and porridge as well. Only lunch is provided for office staff and when employees engage in overtime after 10.00 p.m., they are provided with dinner too. The amount spent on providing lunch/dinner/tea/snacks in 2018 was Rs. 873,003,968. The expenditure on supply of lunch/dinner in Rs. 649,767,694 and on tea, snacks and porridge it is Rs. 223,236,274.

### Refreshments for special functions

Refreshments are provided for special functions such as the First Day Celebration of the year, the SLPA Anniversary Celebration, Year End Function of the Creche on prior approval of the Managing Director.



## OPERATIONAL REVIEW

In addition, on approval of the higher management cooked food parcels are also supplied when the country is affected by natural disasters.

### THE MEDICAL DIVISION

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

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

Accident and emergency services were provided promptly.

Weekly checking for dengue breeding sites was carried out within the Port Premises by the Dengue Control team attached to each division, under the supervision of the Divisional Head and the Committee Member of the Divisional Dengue Prevention Committee for SLPA. A monthly report from each division was sent to the Secretary, Ministry of Ports and Shipping and Southern Development through the Chairman, SLPA.

The SLPA Dengue Prevention Committee Meetings were held monthly to discuss difficulties encountered and help to take corrective measures.

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

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

There were many recruitment medical examinations done in 2018.

### THE MAHAPOLA PORTS AND MARITIME ACADEMY

The SLPA, the Mahapola Ports and Maritime Academy is committed to achieve its main objective of providing training facilities to the Port employees, Port users and others in the Maritime Sector. Further, as per the annual training calendar it has focused on series of lectures, seminars, workshops and practical training programmes to enhance knowledge, skills and attitude of the targeted groups. Several workshops on productivity improvement, team building, upgrading technical skills, customer services and quality improvements were conducted during the year 2018. MPMA facilitated pathways for Port employees to upgrade their competency level and to specialize their skills of Port Operations through customer-oriented courses that lead on to value added certificates.

During the year 2018, MPMA has trained about 8,325 candidates (excluding on-the-job training) covering up to 401,273 Man-Hours. In addition, MPMA has provided on the job training for 346 candidates of University Undergraduates, Students of Technical Colleges and other similar Vocational Training Institutes etc...

# OPERATIONAL REVIEW

## Overall Training Performance during the Year 2018

<b>Stream</b>	<b>No. of Candidates Trained</b>	<b>Total Man Hours</b>
Equipment Operations	994	17,382
Cargo Operations	11	264
Management	3,458	233,885
Information Systems	790	65,102
Technical (Electrical/Mechanical workshop)	490	30,134
Fire, Safety and Occupational Health	1,040	11,275
Maritime and Seamanship	1,542	43,222
NAITA Apprentices, VTA and Technical Colleges	178	180,600
University Undergraduates	168	141,120
<b>Total (without OJT)</b>	<b>8,325</b>	<b>401,273</b>
<b>Total (with OJT)</b>	<b>8,671</b>	<b>722,993</b>

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

It was observed that several port employees are stagnated without any promotional prospects due to non- availability of educational qualifications. To avoid this situation MPMA has designed a structured bridge training programme and NVQ certification with collaboration of TVEC/NAITA to exempt this qualification as appropriate to SLPA.

Moreover, for the benefit of executive officers Diploma in Port Operation Management, Diploma in Port Security Management, Diploma in Accounting and Audit and Diploma in HR Management were conducted during the year 2018. Additional to this a new programme was conducted to enhance competency of woman Gantry Crane operators of SLPA.

### Enhancing overall port productivity

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

1. Port Finance/Accounts
2. Auditing
3. Procurement and Stores Management
4. Clerical Skills Development and Administration
5. HR Management
6. Positive Thinking
7. Health and Safety Aspects
8. Ports Management
9. Engineering Drawing for supervisors and Technicians
10. Motor Control Circuits

11. Electronics for Electricians
12. Welding Course
13. Computer Training
14. Equipment Training etc...

During the year 2018, Thirty-Nine such, Equipment Operation programmes were conducted for 994 participants. Moreover, a series of safety awareness programmes were conducted for 761 private truck drivers to enhance the safety of human lives and equipment at container terminals. This programme towards to reduce Truck Turnaround Time and improve the safety of the terminal activities.

### **Supports to local and international Maritime Industry**

MPMA makes a significant contribution to the Global Maritime Industry by providing Maritime related Training Programmes. Thousands of Sri Lankan youths, who were unemployed and under privileged, obtained employment from international shipping lines through these programmes. During the year 2018, Seventy-Six such programmes were conducted for 1,542 candidates.

### **05. ISO 9001:2015 Certification**

MPMA is the pioneer educational institution in Sri Lanka which has achieved ISO 9001:2015 certification for its Quality Management System which is a mandatory requirement to conduct IMO/STCW training programmes for seafarers. It has conducted three Management Reviews and four internal quality Audits (IQA) one Merchant Shipping Secretariat (MSS) Audit and IRQS Audit during the year 2018.

### **Use of Modern Technology**

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

There were 23 candidates trained with the use of its own established Mechatronic Laboratory.

Container Simulator is also being used to train 24, Gantry Crane and Transfer Crane Operators.

### **Potential Work Force**

MPMA is in the process of maintaining a pool of skilled workers to fulfill the future requirement and to cope with newly developed ports. For this purpose, during the year 2018 about 233 port equipment operators were trained.

### **Enhancing Language and IT Skills.**

As customer satisfaction is a vital factor for a Global Business. SLPA has highly concerned to improve the language skills of its employees and to empower them with IT skills and knowledge to enhance customer satisfaction. MPMA shoulder the responsibility to make it possible and during the Year 2018, it has conducted various IT programmes and trained

# OPERATIONAL REVIEW

790 employees. Moreover, language programmes including Sinhala, Tamil and English were conducted for chosen 331 candidates, in addition to 23 Top level executives trained for Presentations Skills programme conducted by British Council in collaborating with MPMA.

## **Providing Industrial Support**

SLPA is in the process of supporting the state Universities, Technical Colleges and Vocational Training Agencies by providing industrial training to their students to complete their courses of studies. During the year 2018, One Hundred and Sixty-eight undergraduates from various universities and 178 others were given opportunities at SLPA to complete their training part.

## **MPMA Providing services to Maritime Institutes**

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

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

## **Revenue Earned**

During the period of January to December 2018, MPMA has earned a total sum of Rs. 21,304,422 as revenue for the Port Authority from the fee levying programmes conducted for outsiders. The revenue earned from various divisions of SLPA by conducting training to their employees to improve the overall efficiency of port operations was Rs.22,525,668. Therefore, total revenues earned by MPMA during the year 2018 was Rs.43,830,050.

Total expenses for courses conducted at MPMA was Rs. 8,902,870 during the year 2018.

## **SUPPORT SERVICES**

### **SECRETARIAT DIVISION**

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

Issuing circulars and enacting legislation on instruction of the higher management and speedily replying the correspondence from the Ministry of Ports and Shipping and Southern Development are among the key functions of this Division in order to maintain the administrative activities and services of the SLPA smoothly without any disruption. In addition to the administrative work, the preparation of the Annual Report and the Action Plan of the Authority gathering all information and data through interaction with other

## OPERATIONAL REVIEW

Divisions, replying the parliamentary questions, preparing the reports of the Committee on Public Enterprises (COPE) are performed by this Division. Various programmes/celebrations were also organized during the year.

Another important task of the Division is to furnish replies to the Auditor General's report issued in respect of the SLPA and to immediately furnish the details required by the Superintendent of Audit for audit purposes. Audit queries received, progress reports of operational performance, Financial Performance and of the cadre of the SLPA are submitted to the Ministry of Finance through the Ministry of Ports and Shipping and Southern Development monthly, quarterly and annually by this Division.

Employees Health Insurance Scheme "Agrahara" (Gold) which has been introduced by the Government covering all Semi Government Employees and currently implemented for SLPA employees too with better and more benefits than the earlier scheme is coordinated by the Secretariat Division and under this, benefits have been increased as follows;

1. Maximum insurance cover of Rs. 200,000 for treatments at a private hospital has been increased up to Rs. 350,000.
2. Rs. 100,000 ex-gratia payment in a natural death has been increased up to Rs. 700,000.
3. Rs. 1,000,000 compensation in a sudden accidental death has been increased up to Rs. 2,000,000.
4. Payments in the undermentioned critical illnesses too have been increased as follows;

for heart operations up to Rs. 1,000,000

for brain and kidney operations up to Rs. 1,200,000

for cancer operations up to Rs. 600,000

In 2018, Under the co-operate social responsibilities dry food items were distributed among the indoor patients at Maharagama Apeksha Hospital and a tree planting programme inside the port premises jointly with the Department of Agriculture and the Coconut Research Institution was conducted in parallel to the 39<sup>th</sup> Anniversary Celebration of the SLPA. As a social meritorious act, a blood donation campaign was also organized.

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

"Anti-Drug Walk" starting from the Secretariat Division up to Mahapola Ports and Maritime Academy, in which officers and employees of the Authority took part with a view to distracting the youths from addicting to drugs, a deadly menace to the country was organized, in support of the "Drugs Elimination Week" declared by His Excellency President.

Reservation of Nuwara Eliya, Galle, Oluvil and Katharagma (Special) welfare circuit bungalows for officers and employees for private or official purposes as the case may be is

## OPERATIONAL REVIEW

arranged under the approved concessionary rates. Renovation and maintenance work of these bungalows are timely effected in collaboration with the Engineering Division.

Timely delivering of letters to all Divisions/ Sections, of the Authority collecting them from each Division, acting as the “Centre for Delivery of letters”, is carried out by this Division managing the time, utilizing its own vehicles, fuel and staff of the Division.

Appeals to the chairman by officers/employees appealing discharge them from disciplinary action taken against them for committing misconducts, are forwarded to the respective committees appointed for reviewing such appeals, in terms of the disciplinary code.

### THE INFORMATION SYSTEMS DIVISION

#### **Terminal Management System (TMS)**

Upgrade the Terminal Management System with using new technology to improve productivity, efficiency in container handling process, gate automation, Yard automation, Artificial intelligence based analytical tools, Radio Frequency Identification, Global Positioning System, Optical Character Recognition, etc will be introduced with the proposed upgrade system to optimize and improve business process in SLPA.

#### **RFID based Security System**

RFID based ID card system phase I has already introduced to port customers and SLPA staff. The second phase of the system has web enabled with Mobile Apps. to experience e-submission of applications, e-payments and high availability of SLPA services.

#### **Electronic Document (e-Docs) Management System**

SLPA will be implemented an e-Doc system in the near future. This system will digitize all the documents available in SLPA and provide easy access, sharing of documents. The system will reduce the wastage, storage, time and money spent on managing physical documents in SLPA.

#### **Upgrade the Finance and Procurement System (Oracle e-Business suite)**

The new system will be upgraded with the existing modules with enhancements. The new Finance and Procurement Management systems will allow port users to enjoy electronic payments and new facilities.

### THE LEGAL DIVISION

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

#### **Advices**

During the year 2018 over 500 advices have been given to the Management and Heads of Divisions.

# OPERATIONAL REVIEW

In addition, drafting executing and attending to other matters pertaining to Contracts, Agreements, Bonds, Deeds (Transfers, Leases, Declarations, Mortgages etc.) which the SLPA is a party to, also comes under the purview of the Legal Division.

## **Contracts, Agreements, Bonds and Deeds**

During the year 2018, 18 Lease Agreements, and 23 Agreements/Contracts and Memorandum of Understanding (MOU) have been executed by the Legal Division. In additions to those instruments, following Agreements and Bonds have been executed: -

- ◆ 09 Agreements and Bonds in respect of No-Pay Leave for Employment abroad.
- ◆ 29 Agreements and Bonds in respect of Training and Education in Sri Lanka and Abroad.

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

## **Litigation**

By end of December 2017 altogether 398 cases/complaints/applications were pending before Supreme Court, Court of Appeal, High Courts, District Courts, Labour Tribunals, Magistrate Courts, Labour Department, Human Rights Commission, Ombudsman, Labour Courts, Workmen Compensation and Arbitration Centers.

During the year 2018, 109 new cases/complaints/applications have been filed against/by SLPA (i.e. before Supreme Court, Court of Appeal, High Court, District Court, Labour Tribunal, Magistrate Court, Human Rights Commission, Labour Commissioner, Labour Department, Arbitrators and Workmen Compensation Tribunal), Custom Inquiries. From the total 507 cases, 82 cases have been concluded during the year 2018.

As at 31.12.2018, 424 cases/complaints/applications/inquiries are pending before the said Forums.

### **Supreme Court cases**

At the end of year 2017, 32 cases were pending, During the year 2018, 08 new cases have been filed. Out of all 40 cases, 02 cases were dismissed, 01 was concluded and 02 were withdrawn. As at 31.12.2018, 35 cases were pending before the Supreme Court.

### **Court of Appeal Cases**

24 cases were pending as at 31.12.2017. During the year 2018, 02 new cases have been filed against SLPA. Out of total 26 cases, 04 cases were dismissed. As at 31.12.2018, there were 22 cases pending before the Court of Appeal.

### **High Court cases**

As at 31<sup>st</sup> December 2017, 15 cases were pending at the High Court. 01 new case has filed during the year 2018. Out of total 16 cases, 01 case was dismissed, 01 case was withdrawn. As at 31.12.2018, there were 14 cases pending before the High Court.

## **District Court cases**

09 cases were pending as at 31.12.2017. During the year 2018, 03 new cases have been filed against SLPA. Out of total 12 cases, 01 case was concluded, 02 new were dismissed and 01 case was withdrawn. As at 31.12.2018 there were 08 cases pending before the District Court.

## **Magistrate Court cases**

As at 31.12.2017, 22 cases were pending at Magistrate courts. During the year 2018, 72 new cases have been filed in Magistrate Courts. Out of 94 cases, 01 case was withdrawn, 02 cases were dismissed, and 49 cases were concluded. As at 31.12.2018 there were 42 cases pending before the Magistrate Courts.

## **Labour Tribunal cases**

As at 31.12.2017, 05 cases were pending in Labour Tribunals. During the year 2018, 03 new cases filed against SLPA and out of total 08 Labour Tribunal cases, 05 were dismissed. As at 31.12.2018 there were 03 cases pending before the Labour Tribunals.

## **Applications made in Human Rights Commission, complaints made to the Labour Department regarding Labour Disputes (Conciliation cases), complaints made to the Ombudsman and Applications made to the Commissioner for Workmen compensation Tribunal.**

As at 31.12.2017, 163 Human Rights Commission (HRC) applications, 100 complaints of conciliation before Labour Commissioner, 18 complaints before Ombudsman and 01 complaint to the Workmen Compensation Tribunal were pending.

During the year 2018, 05 new applications were made to the HRC, 01 new complaints before Ombudsman and 14 new conciliation complaints were made to the Labour Commissioner while no application was made to the Workmen Compensation Tribunal. 04 HRC Applications, 04 Conciliation complaint and no complaint to the Workmen Compensation Tribunal were concluded during the year 2018.

Accordingly, as at 31.12.2018, 164 HRC applications, 110 conciliation complaints and 19 complaints before Ombudsman and 01 complaint to the Workmen Compensation Tribunal were pending.

## **Arbitrations**

As at 31.12.2017, 03 Commercial Arbitration matters, and 06 Industrial Arbitration matters were pending. During the year 2018, no industrial arbitrations were filed against SLPA. 01 industrial arbitration was settled, and 01 commercial arbitrations was concluded. Accordingly, as at 31.12.2018, 02 commercial arbitrations and 05 industrial arbitrations were pending (although concluded, two commercial arbitrations are considered as pending since appeals have been filed by SLPA against the awards made by the arbitral tribunals).

## **Custom Inquiries**

As at 31.12.2017, there were 02 customs inquiries. 01 inquiry was pending as at 31.12.2018.



# OPERATIONAL REVIEW

## THE SUPPLIES AND MATERIAL MANAGEMENT DIVISION

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

### Progress of the year 2018

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

Description	No. of Tender Board Meeting	No. of Tender Board Approvals
DPC (Above Rs. 2,000,000/-)	13	130
mPC-A Above Rs. 500,000/- 2,000,000/-)	51	1,474
mPC-B (Approval limit less than Rs. 500,000/=)	91	5,412

#### Total Expenditure during the year 2018 on Foreign Purchases

- C and F Value
  - i. Non-Capital Items - Rs. 249.51 million
  - ii. Capital Items - Rs. 46.058 million
- No. of letters of credit opened (including D/A, D/P) - 53
- No. of Telegraphic Transfer orders opened - 45

#### Details of the Goods Cleared by the Wharf Section in 2018

Sea Freight	59
Air Freight	37
Parcel Post	03

**Value of Stocks as at 31.12.2018 - Rs. 762,389,366.53**

#### Main Stores and Stocks Control

- Value of Goods received at Stores (during the year 2018 (Non-Capital)) Rs.2,104,745,177.24
- Value of Goods received at stores (during the year 2018 (Capital)) Rs. 241,461,466.44
- Value of Goods issued to User Section (Non-Capital) Rs.2,087,065,197.54

## THE SECURITY DIVISION

The Security Division plays a major role in the SLPA. The prime responsibility of this Division is to provide Security for all the port operations while protecting the properties and human resource of all the ports administered by the SLPA, all ports users, port premises and marine boundaries. Providing protective services to handling of cargo and to service-oriented vessels are among the other services of this Division. In addition, the Security Division is responsible for maintaining its activities in such a standard in achieving these objectives. This Division also earns an income through various other services.

Accordingly, the Division has earned Rs. 560,054,657.51 by issuing different types of permits in 2018, as in previous years. Types of permits issued are as follows.

- ◆ Annual Vehicle Permits
- ◆ Regular Port User Permits (annual)
- ◆ Monthly Vehicle Permits
- ◆ Monthly RPU Permits
- ◆ Angling Permits
- ◆ Temporary Vehicle and RPU permits
- ◆ Special Vehicle Permits (On approval of the Minister)
- ◆ Approved vehicle Permits
- ◆ SLPA Officers' Permits
- ◆ SLPA Employees' Permits
- ◆ Pool Vehicle Permits
- ◆ SLPA Employees Vehicle Permits

In addition to that, free passes for persons and vehicles were also issued. Action was also taken to issue passes for vehicle suppliers who supply vehicles for internal transportation with the approval of the Hon. Minister of Ports and Shipping and Southern Development maintaining maximum transparency.

### **New programs implemented**

Instead of annually renewable RPU Permits valid for five years a new system was introduced to issue annual RPU Permits which problems caused by port users entering without renewing their Permits will be avoided.

- ◆ Arrangements have been made to issue monthly and annual port entry permits online to streamline the process at issuing permits efficiently in order to avoid difficulties faced by those who apply for permits. This system will be effective from the year to come.
- ◆ Action was taken to put up hoardings covering relevant places of all the ports in 2018 according to International Shipping and Port Security Code (ISPS).
- ◆ Training programmes according to the International Shipping and Port Security Code (ISPS code) were conducted for employees of subsidiary companies of SLPA in 2018.
- ◆ Installation of a high-tech CCTV camera system was planned in 2017 to streamline the security system covering all gates, yards, terminals. The evaluation of this project is now completed and has been submitted to the Ministerial Procurement Committee.

## OPERATIONAL REVIEW

- ◆ Preliminary work of procuring high tech scanners for checking persons and baggage at the gates of the port and this has been submitted to the Ministerial Procurement Committee to proceed with the future activities.

The Security Navigation section was re-organized and a new programme was implemented jointly with the Navigation Division of the Sri Lanka Police and Sri Lanka Navy to streamline the security within the port and the out-port limits. Accordingly, the Navigation Section of the Security Division was able to control illegal activities such as casting of drag nets etc. by fishermen within the port limits.

The requirement of trained human resources to successfully carry out all the aforementioned activities was identified and hence vacancies were filled with new recruitments and action was taken to provide proper training for them at the Mahapola Port and Maritime Academy. Moreover, Training programmes were conducted covering every post in order to maintain a quality security service by improving their knowledge, skills and attitudes to increase their performance. The training was provided to Security Officers not only in the Port of Colombo and in other regional ports as well.

Training Programmes implemented;

- ◆ Preventing dangerous cargo and weapons from moving through the Port.
- ◆ Introducing training courses for Security Guards to promote to the rank of security sergeant.
- ◆ Giving a basic knowledge about office procedures.

This Division has succeeded in extending the fullest corporation to achieve the aims of the Authority by providing a quality security service in 2018.

### THE COMMUNICATION AND PUBLIC RELATIONS DIVISION

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

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

The CPRD has taken extensive steps to collaborate with local and international media institutes, stakeholders and other interested parties of the industry. The division has taken a constructive approach to attract more channels and provide positive publicity by strengthening public relations on the activities and programmes conducted by the SLPA over the last year (2018).

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

## OPERATIONAL REVIEW

and implementing strategies to generate popularity and a positive reputation and sentiment of the SLPA. This has been done by organizing events such as media visits, receptions and conferences, designing, editing and producing press releases, video documentaries, photo albums and other presentations; and by compiling reports on activities and performances of the CPRD.

In 2018, the CPRD has continued its existing regular publications and introduced new online publications to expand the audience and network by aiming for generating greater awareness of SLPA activities and achievements.

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

Now in its twelfth year of the publication, in 2018 four issues of the ‘Theertha’ a regular printed newspaper was published and disseminated amongst the employees of the SLPA and other stakeholders, free of charge. Each issue of the newspaper has covered various important subjects such as current affairs of ports and shipping, management strategies of the SLPA, the attractive employment environment in the SLPA, achievements of the family member of the employees in the SLPA, and events organized by the various divisions of the SLPA. Among other subjects, the newspaper has given prominence to those who retired after long service at the SLPA.

A book titled ‘Kavyanjalee’ a collection of selected poems written by employees of the SLPA has been published. The 80 pages book contained 60 poems.

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

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

To attract rapidly growing social media, the SLPA scheduled the launch its official Twitter account and added to the Facebook and YouTube pages used to promote the objectives of the SLPA. The CPRD believes optimizing communications across multiple online, mobile and social channels, while keeping traditional media outlets, is necessity to foster the image of the SLPA.

The CPRD has recorded, edited and published numbers of video productions in the last year to vitalize and visualize public relations. The CPRD produced 88 videos on functions, such as the retirement of SLPA employees and 72 videos have been produced on news events related to the SLPA in 2018. News videos produced by the SLPA were shared with the television channels in the country and respectively they were telecasted in their news hours.

The CPRD as the communication arm of the SLPA has efficiently performed through its Video Camera, Photography, video Editing, graphic designing and media units to

## OPERATIONAL REVIEW

successfully accomplish a number of targets vested upon them last year. These include in-house video production of several tele-documentaries, archiving of milestone event visuals and press material, photography compilations of important events for record keeping and distribution as well as organizing various events to expand public relations and enhance opportunities to interact with stakeholders of the SLPA and the Port of Colombo.

The Port of Colombo Awards Night organized by SLPA in collaboration with the JCT, SAGT and the CICT, for the first time, was held in Colombo this year. The CPRD coordinated the entire event. The 2018 Port of Colombo Awards has recognized their invaluable services towards increasing the volumes of the Port in its course to make Sri Lanka mega hub of the region. The Port of Colombo Awards 2018 has felicitated the mainline operators and feeder operators, recognizing their contributions to the Port of Colombo.

The CPRD has participated in two exhibitions organized by the Government of Sri Lanka to display the role of the SLPA. Amongst were the Boat show and Boat festival Sri Lanka 2018, which was organized by the Boat Building Technology Improvement Institute (BTI) and Sri Lanka Export Development Board (EDB), in association with the Ministry of Development Strategies and International Trade, the Ministry of Industry and Commerce and the Ministry of Ports and Shipping at Galle Yacht Marina, Port of Galle and the Enterprise Sri Lanka, the first entrepreneurial exhibition focusing on the development of enterprises organized by the Ministry of Finance and Mass Media of the Government of the Sri Lanka in Moneragala.

The CPRD also represented SLPA at the Global Port Forum held in Dubai in the beginning of the year where the SLPA won the prestigious Port Authority of the year, 2018 award.

The CPRD coordinated the designing, publishing and disseminating the annual calendar and diaries. The role played by the CPRD, as the most important component of the SLPA in constructing and maintaining the bridge between the institutes and public is significant. 722,993

### THE INTERNAL AUDIT DIVISION

#### Responsibility

The activities of the Internal Audit Division were guided by the Annual Audit Programme and it is recommended by the Audit Committee Meeting and approved by the Board of Directors. The Audit Committee helps the Board of Directors to discharge their fiduciary responsibilities. The Board of Directors has ensured the implementation of an effective and comprehensive system of Internal Control in the SLPA through Audit Committee. As an important initial internal control measure, the committee adopted the internal plan and the Audit Programme under review. Several important activities were carried out with a view to help the authority to improve its governance.

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

## **Internal Checks**

### **Attendance of the employees**

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

### **Cash**

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

### **Audit Revenue**

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

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

### **Audit of Expenditure**

Test checks were carried out in respect of capital and recurrent expenditure and also on stores payment vouchers. Excess payments and other irregularities detected. Vehicle running charts and vehicle authorization forms were checked and shortcomings pointed out.

A regular check on the preparation of wages and salaries was carried out and discrepancies detected were reported.

### **Physical Verification of Stores**

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

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

### **Investigations**

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

### **Final Accounts**

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

## Pre-Audit

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

## Ports of Hambantota, Galle and Trincomalee

Stores verification and special Audit were carried out in Port of Hambantota, Galle and Trincomalee.

## Audit Committee

The Audit Committee consists of the representative of the General Treasury who is in the Board of Directors and two other directors of the Board. In order to ensure those regular meetings could be held, the Board decided to appoint Treasury Representative as a Chairman of the Audit Committee.

The Audit Committee review policies and procedures of internal control ascertain the efficiency of such policies and procedures, review of Internal Auditors' reports and letters of Government Audit and follow up of their recommendations are actioned through the Board and complied with by the Divisional Heads. It also ensures that with the guidance from the Board that the Authority has processes and mechanisms in place to identify risks both financial and operational and such risks are managed and addressed through a well-defined action plan.

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

## OTHER PORTS

### PORT OF TRINCOMALEE

#### STS Operations

STS operations has been carried out at Port of Trincomalee since April 2015.

#### Crafts

The available crafts in Trincomalee Port are as follows;

- ◆ Tugs – 02 Nos. - Operational and lying at TTA
- ◆ Launches – 04 Nos. - Operational – 02 Nos. – Non-Operational – 02 Nos.
- ◆ Tannac - 01 No. - Operational and lying at TTA

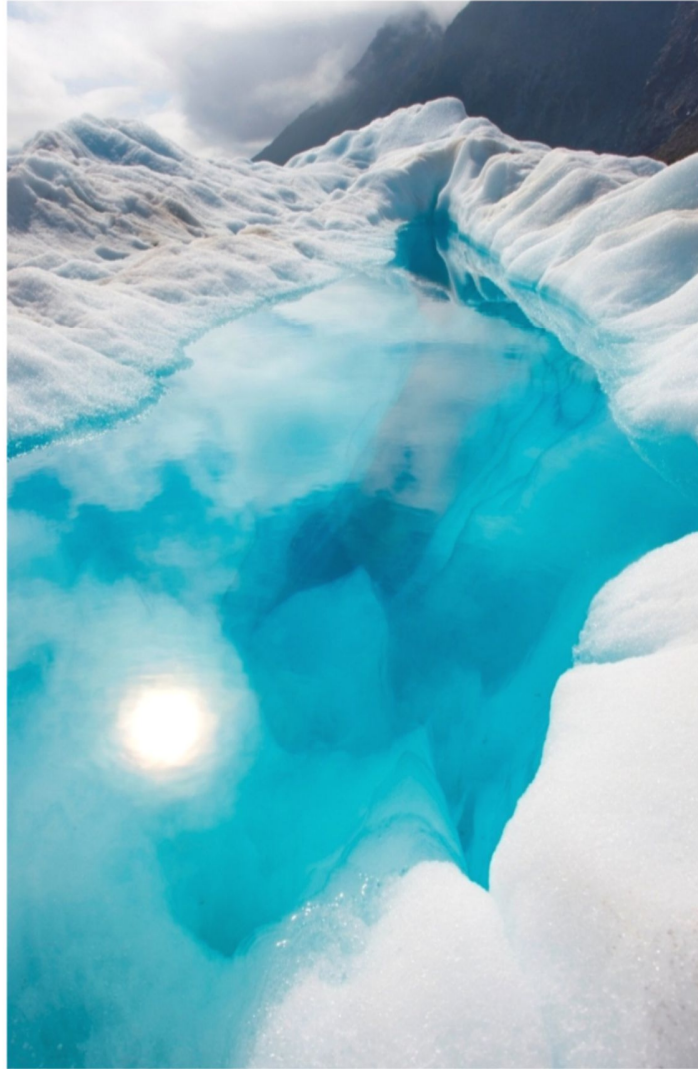
# OPERATIONAL REVIEW

## PORT OF GALLE

### Vessels called at Galle Harbor

Type of Vessels	Nos.
Clinker Vessels	71
Clinker Barges	02 (STS OPS 23 TRIPS)
Gypsum	04
Bulk Cement	Nil
Bag Cement	Nil
Slag vessel	01
Passenger Vessels (in Port)	05
Passenger Vessels (Anchorage)	02
Other Vessels (Including M/yachts, passenger vessels, fishing vessels and other vessels for repair Bunkering and other purpose)	56
OPL	8,690
Anchorage	119
Sailing yachts	36





# **FINANCIAL REVIEW**

**ANNUAL REPORT 2018**

## FINANCIAL REVIEW

### Revenue (All Ports)

Description	2018 ★ 2017		Revenue (Port Activity Break-up) (Rs. Million)	
	2018	★ 2017	Description	2018 ★ 2017
Revenue from Port Activities	38,546	35,389	Navigation	10,583 8,145
Other Revenue	13,737	8,574	Stevedoring	18,257 16,873
			Wharf Handling	5,607 5,325
			Port Facilities	3,226 3,773
			Other Service Operations	873 1,274
<b>Total Revenue</b>	<b>52,283</b>	<b>43,963</b>	<b>Sub Total</b>	<b>38,546 35,389</b>

★ For the comparison purpose Port of Hambanthota has been removed from the 2017 Actual Values.

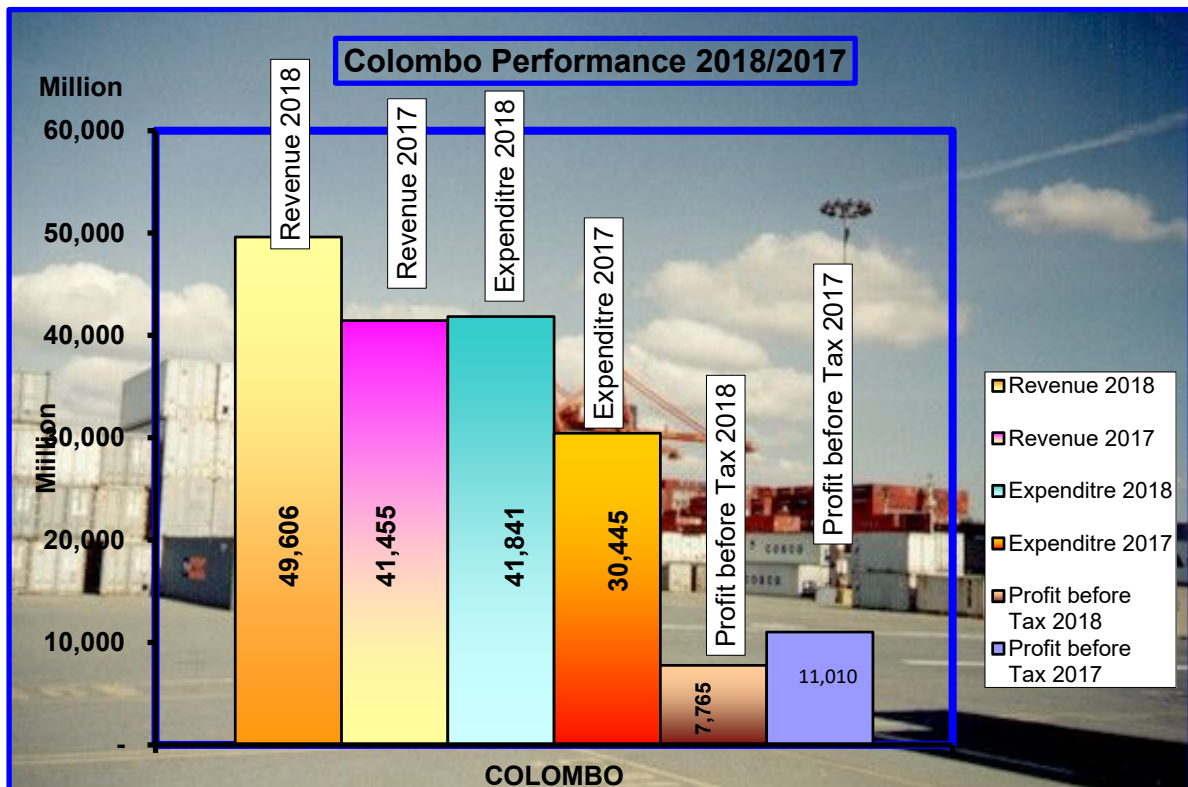
### Operating and Other Expenses (All Ports)

Description	2018 ★ 2017		Rs. Million	
	Expenditure	★ Expenditure	(Increase)/Decrease	%
Maintenance of Assets	1,323	1,324	0	0
Fuel, Electricity and Water	2,328	2,148	(180)	(8)
Interest on Foreign Loan	2,257	1,808	(448)	(25)
Overtime	4,688	3,795	(893)	(24)
Depreciation	4,047	5,571	1,522	27
Wages, Salaries and Allowances	15,087	12,523	(2,564)	(20)
Others	2,540	2,608	67	3
<b>Expenditure</b>	<b>32,270</b>	<b>29,776</b>	<b>(2,494)</b>	<b>8</b>
Foreign Exchange (Loss)/Gain	11,317	2,194	(9,122)	(416)
<b>Total Expenditure Including FEL</b>	<b>43,587</b>	<b>31,970</b>	<b>(11,617)</b>	<b>(36)</b>

## Port Wise Performance

### Port of Colombo

The Port of Colombo recorded operating profit of Rs.19,484 million in year 2018. The gross revenue of 2018 was Rs.49,606 million as compared to Rs.41,455 million in 2017 an increase of Rs.8,151 million. Total expenditure before tax remained at Rs.41,841 million (including FEL Rs.11,195 million) in 2018 whereas 2017 expenditure was Rs.30,445 million (including FEL Rs.2,161 million) which is an increase of 37%.



#### Note:

This revenue and expenses transfer to the Port of Colombo in 2018 due to the Concession Agreement (CA) dated 29<sup>th</sup> July 2017 has been entered into between SLPA, Government of Sri Lanka, China Merchant Port Holdings, HIPG and HIPS to operate the Port of Hambantota.

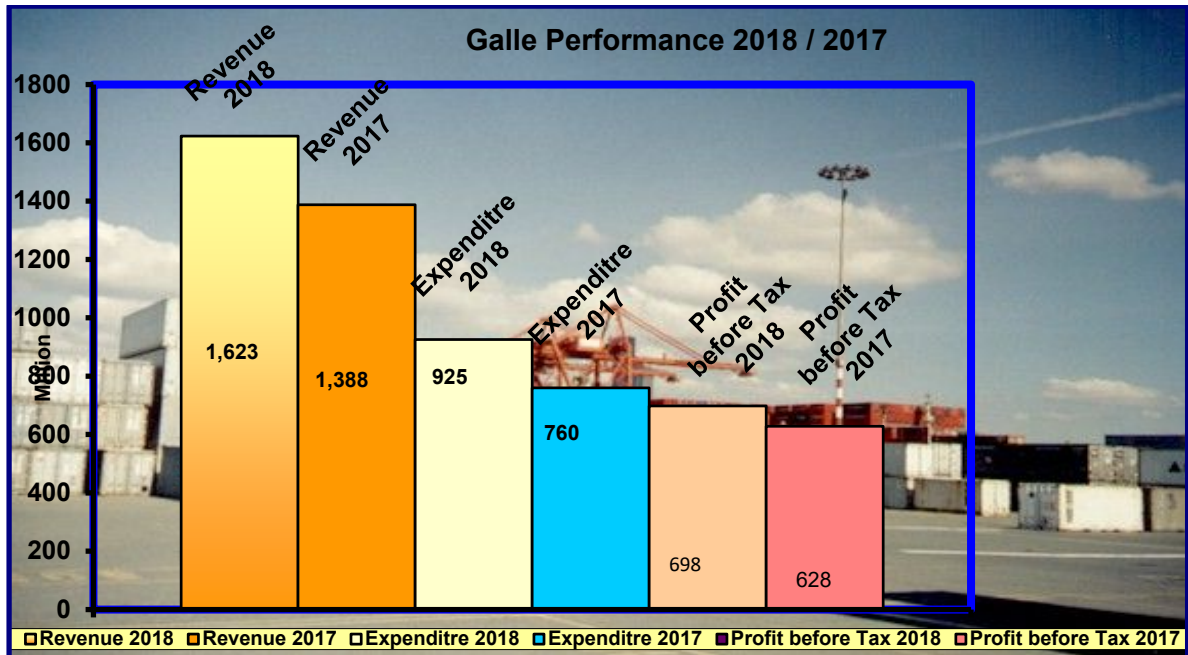
Hence for the comparison purpose of year 2017 Revenue and Expenditure except for following items were removed from SLPA accounts and following mentioned item added to Colombo Port.

2017 Revenue included Port of Hambantota other revenue amount of Rs. 131 million and 2017 Expenditure included Port of Hambantota depreciation Rs. 2,641 million and Management fees paid to MPMC Rs. 616 million.

## Port of Galle

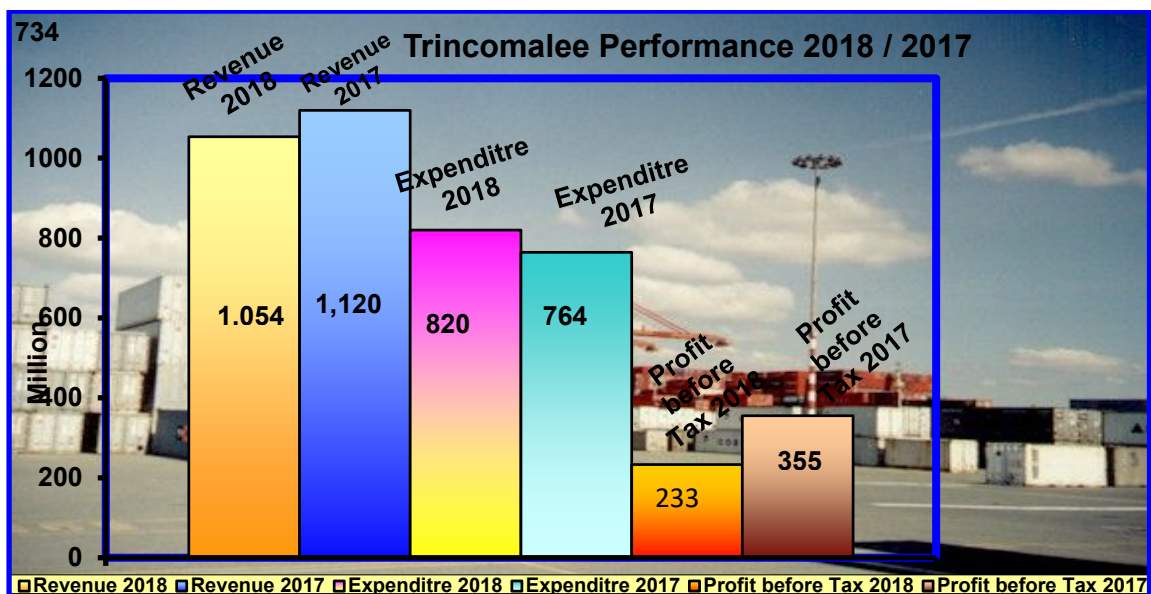
The Port of Galle recorded operating profit of Rs.499 million in 2018. The gross revenue of 2018 was Rs. 1,623 million as compared to Rs.1,388 million in 2017 an increase of Rs. 235 million.

Total expenditure before tax remained at Rs.925 million (including FEL Rs.122 million) in 2018 whereas 2017 expenditure was Rs. 760 million (including FEL 32 million) which is an increase of 22%.



## Port of Trincomalee

The Port of Trincomalee recorded operating profit of Rs.160 million in year 2018. The gross revenue of 2018 was Rs. 1,054 million as compared to Rs. 1,120 million in 2017 a decrease of Rs. 67 million. Total expenditure before tax remained at Rs. 820 million in 2018 whereas 2017 expenditure was Rs. 764 million, which is an increase of 7%.



## HUMAN CAPITAL

Sri Lanka Ports Authority has recognized Human Capital as the main driving force of the organization and has taken measures to derive the best outcome from this invaluable resource by introducing a Human Resource Policy that addresses the ways and means of developing the human resource as the competitive advantage of the organization.

The MPMA is the main training arm of the organization that focuses on training and development of the Human Resource. At this academy, various training programs are being conducted including Diploma Courses and other workshops, seminars and practical sessions. Further, steps have been taken to conduct practical examinations for the skilled grade categories to enable them to obtain National Vocational Qualification (NVQ) through MPMA.

Action has been taken to revisit and revise the Scheme of Recruitment (SOR) and the Cadre as the necessity was arisen to obtain the approval of the Department of Management Services (DMS) for same. The proposed SOR will be designed according to a guide line and frame work introduced by the DMS. The demand for training programs at MPMA has shown a marked increase during the recent years. 8,325 employees trained at Mahapola Ports & Maritime Academy during the year 2018.

The intended Human Resource Policy will revisit the manual of Administrative Procedure, Disciplinary Procedure, Scheme of Recruitment, Human Resource Requirements of different divisions in order to provide the best environment for the human resource to perform their functions freely to achieve the co-operate goals. Further, this Policy will ensure equal opportunity for all categories while maintaining gender balance and non-discrimination in all forms of human resource related activities especially during promotions.

## CORPORATE SOCIAL RESPONSIBILITY

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

- ◆ Awarding of scholarships for the children of the Port employees who have excelled at the GCE (O/L) and GCE (A/L) Examinations.
- ◆ A fully fledged crèche is managed by the SLPA for well-being of the children of the Port employees.
- ◆ The Fire Brigade has assisted the Colombo Municipal Council in firefighting as well as other emergencies within Colombo and suburbs.
- ◆ Maintenance of a Ward at the Mental Hospital in Mulleriyawa.

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

## **Board of Directors and Board Sub-Committees**

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

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

# CORPORATE GOVERNANCE REPORT

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

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

The function of the Chairman, Vice Chairman and Managing Directors are clearly separated and defined. All the Non-Executive Directors provide a considerable depth of knowledge and experience. The names of the Directors of the Authority who held offices as at the dates of this statement and their profiles are given from pages 13 to 16.

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

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

The Board meets regularly and during the year under review the Board met on fourteen (14) occasions. The Board has timely access to information it needs to carry out its duties. The Secretary to the Board sets the agenda for the Board Meeting in consultation with the Chairman and all Board Directors receive a detailed report of information prior to each Board meeting. The matters discussed at the Board meetings include among other items reviews of operational and financial performance indicators, approval of major capital expenditure projects and proposals within its limits.

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

## **Management Committee**

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



# CORPORATE GOVERNANCE REPORT

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

The Management Committee at its meetings carefully perused all policy matters and also implementation of decisions taken before they were referred to the Board of Directors for approval and concurrence. To enable this process and to avoid any delays, Management Committee meets twice a month and decisions were taken. The Management Committee had eleven (11) meetings during the year.

## **Audit Committee**

The Audit Committee consists of the representative of the General Treasury who is on the Board of Directors and four (04) other Directors of the Board. The Audit Committee was re-appointed in December, 2018.

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

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

## **Internal Controls**

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

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

## **Internal Auditors**

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

# CORPORATE GOVERNANCE REPORT

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

## **Rules of Discipline**

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

The key elements of the Rules of Discipline are;

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

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

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

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

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

## **Related Party Disclosures**

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

## **Accountability**

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

# CORPORATE GOVERNANCE REPORT

## **Future**

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



# PORTS STATISTICS

ANNUAL REPORT 2018

## PORT OF COLOMBO

### Port Dimensions

#### Harbour Area

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

#### Working Hours

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

### Cargo Throughput

#### 2018

A - Containerized	89.9%
B - Break Bulk	0.7%
C - Dry Bulk	2.8%
D - Liquid Bulk	6.6%

## NEW PORT OF COLOMBO

### Harbour Area

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

## PORT OF GALLE

### Port Dimensions

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

#### Working Hours

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

# PORTS STATISTICS

## Deviation Time

From Main East-West Route None

## Berthing Facilities

### Total Number of Alongside Berths 05

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

## Warehouse Facilities

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

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

## PORT OF TRINCOMALEE

### Port Dimensions

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

### Working Hours

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

## Berthing Facilities

### SLPA Berths

Berth	Total Length (M)	Alongside Draught (M)
Ashraf Jetty	250	12.5
Side Berth-Ashraf Jetty	90 X 2	8.5
Jetty at Mudcove	45	3.5
Jetty at TTA	190	2.0-4.0
Ceylon Jetty	50	2.5
Town Jetty	50	2.5
Muther Jetty	60	3.0
VSO Jetty	25	1.5
Old Town Jetty	60	2.0
Oil Jetty	130	9.75

### Other Berths

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

### Details of Warehouse – TTA

Warehouse	Dimension (Ft)	Average Height (Ft)	Area in SQ (Ft.)	Stacking Height (Ft.)	Capacity (Cu. Ft.)
No. 01	75 X 34	-	2,550	12	30,600
No. 02 & 03	90 X 70	15	6,300	12	75,600
No. 04	190 X 95	19	18,050	14	252,700
No. 05 A	150 X 110	25	16,500	15	247,500
No. 05 B	150 X 80	15	12,000	12	144,000
No. 06	300 X 110	20	33,000	15	495,000
No. 07	96 X 36	-	3,456	12	41,472

**MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT – AT PRESENT**

**Port Dimensions**

**Harbour Area**

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

**Quay Lengths**

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

**MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT – ON COMPLETION PHASE - II**

**Port Dimensions**

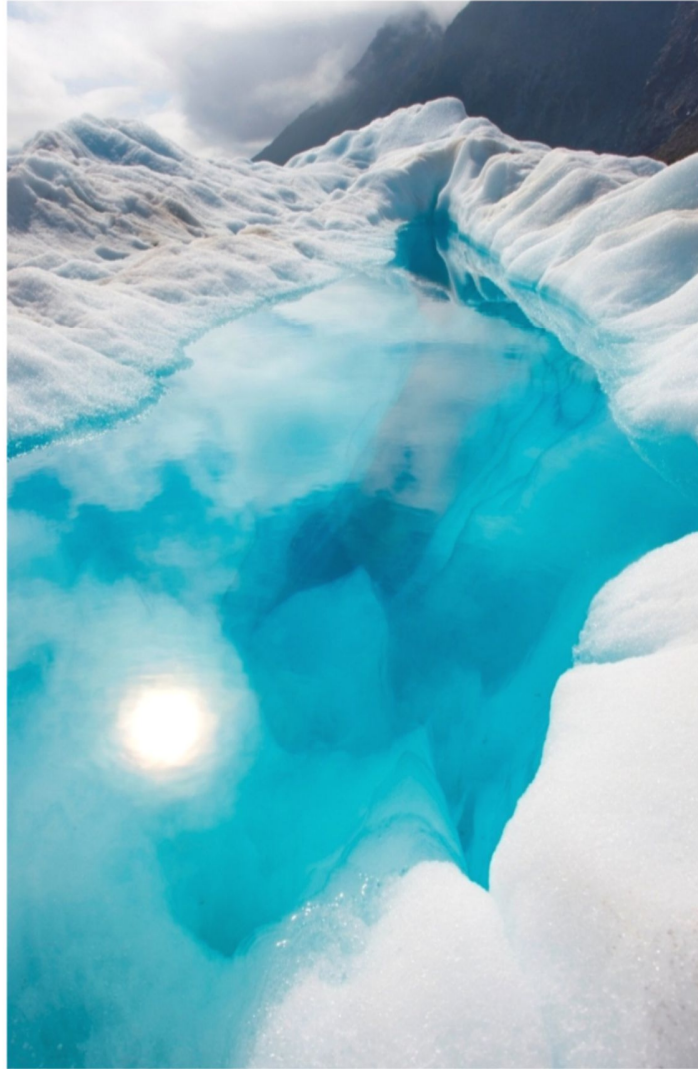
**Harbour Area**

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

**Quay Lengths**

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





# **FINANCIAL STATEMENTS**

**ANNUAL REPORT 2018**

# REPORT OF THE BOARD OF DIRECTORS

The Board of the Directors of the Sri Lanka Ports Authority as at 31.12.2018 are as follows:

**Dr. Parakrama Dissanayake**  
Chairman

**Mr. P G Dassanayake**  
Vice Chairman

**Capt. Athula Hewavitharana**  
Managing Director

**Mr. Nilan Wickramasinghe**  
Executive Director

**Mrs. P S M Charles**  
Director

**Mr. H G Sumanasinghe**  
Director

**Mr. Nishantha Wickramasinghe**  
Director

**Mr. Suranga P Hidellarachchi**  
Director

**Mr. Raaj Obeyesekere**  
Director

The Board had fourteen meetings during the year under review.

The Management Committee which functioned as a Sub-Committee of the Board of Directors had eleven meetings during the year 2018. The other Sub-Committee of the Board of Directors, viz. the Audit Committee had four meetings during the year 2018. The following Directors of the Board functioned as members of the Audit Committee.

Mr. H G Sumanasinghe  
**Chairman**

Mrs. P S M Charles  
**Member**

During the year 2018 the Port of Colombo has been ranked as the world's fastest growing port from among the top 30 container ports in the world. Port of Colombo handled a record breaking 7 million TEUs in the year 2018. JCT recorded the highest growth rate of 14.6% closely followed by SAGT 14.2% and CICT 12.0% compared to 2017. The Transshipment growth at JCT was quite remarkable recording 22.2%. According to Alphaliner this the first time in history the Port of Colombo reached this top position.

## REPORT OF THE BOARD OF DIRECTORS

The SLPA Terminals handled 2,304,534 TEUs compared to 2017 recording an increase of 14.6% even with the challengers of increasing ship dimensions, formation of new alliances/mergers/acquisitions, and competitive rates and concessions offered by other private terminal operators, Both the SAGT and CICT recorded positive growth of 14.2% & 12.0% respectively.

- ◆ The Port of Colombo's container handling throughput increased from 6,209,068 TEUs in 2017 to 7,047,486 TEUs in 2018 (increase of 838,418 TEUs or 13.5%)
- ◆ Transshipment container handling throughput in the Port of Colombo increased by 18.2% (860,776TEUs) compared to 2017.
- ◆ The Port of Colombo's overall tannage handling increased by 12.5% compared to 2017.

A comparison of ship arrivals in the Port of Colombo in 2018 compared to last year reflects that ship arrivals remained almost same to 4,329 in 2017 to 4,331 in 2018. The number of container ship arrivals increased from 3,683 in 2017 to 3,739 in 2018, recording an increase of 1.5%.

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

The SLPA built deep water facilities at the Colombo South Harbor to cater to Ultra Large Container Ships (ULCS). CICT operations achieved 2.6 million TEUs (12% growth) in 2018, and 308 container ships called at CICT with draughts exceeding 14.25m. these have resulted in Port of Colombo strengthening its position as a transshipment hub in the region. Port of Colombo was ranked 11<sup>th</sup> in the Global container port connectivity index score for the 3<sup>rd</sup> Quarter of the year 2018 by the Drewry maritime research which is a two rank advancement compared to 2017.

The SLPA revenue in 2018 was Rs. 52,283 million, which was an increase of 18.9% when compared with the previous year. Operating Profit (before Foreign Loan Interest and FEL/FEG) of the SLPA in 2017 increased to Rs. 22,270 million, from Rs. 15,995 million in 2017 which is an increase of 39.2%.

## **DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING**

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

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

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

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

By order of the Board



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

# AUDIT COMMITTEE REPORT

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

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

The Audit Committee is headed by Treasury Representative / Board Director SLPA and in the year under review several important activities were carried out with a view to help the authority to improve its governance.

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

As an important initial internal control measure, the Committee adopted the internal plan and the Audit Programme for the year 2018 and reviewed regularly the effectiveness of its implementation by obtaining monthly progress reports. Auditor General's draft report to the Parliament on the accounts of the authority for the year ended 31<sup>st</sup> December 2018 was reviewed together with responses of the Management thereto. Quarterly Financial Statements of the authority and the Financial Statements for the year ended December 2018 were reviewed continuously with the audit review and follow up action were taken on the directions of the Board. Salient issues highlighted at the Committee meetings were brought to the notice of the Board of Directors with the recommendations of the Audit Committee.

The Audit Committee is of the view that necessary "Checks & Balance" are in place to provide reasonable assurance that the Authority's assets are safeguarded and that the financial position and compliance and the results disclosed in the audited accounts are free from any material misstatements. During the year, the Committee made a significant contribution to improve governance and to help the authority to carry out its activities in a transparent manner.



**H G Sumanasinghe**  
**Chairman – Audit Committee**

# STATUTORY COMPLIANCE STATEMENT

The status of compliance on statutory requirements is detailed below.

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

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

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

## **Employees Trust Fund**

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

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

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

## **Income Tax**

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

## **The Annual Return**

Annual Return in respect of Income Tax of the Authority has been filed annually with the Department of Inland Revenue up to Year ending 31<sup>st</sup> December 2017. These have been completed and handed over before the due date of November 30, each year.

## **Annual Reporting**


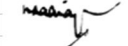

Annual Budget, Accounts & Annual Report have been submitted to the Parliament of Sri Lanka, General Treasury and Ministry

# OPERATIONAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER	SLPA				
	COLOMBO	TRINCOMALEE	GALLE	2018	2017 (Without HAM)
<b>NUMBER OF SHIPS CALLED (NO)</b>					
Cargo Ships	4,244	180	75	4,499	4,545
Other Ships	146	9	9	164	167
Other Vessels	689	46	59	794	818
	<b>5,079</b>	<b>235</b>	<b>143</b>	<b>5,457</b>	<b>5,530</b>
<b>TROUGHPUT</b>					
<b>CONTAINER TEU's (SLPA)</b>					
Transhipment	1,965,987	-	-	1,965,987	1,609,114
Domestic	328,813	-	-	328,813	388,282
Re-Stowing	9,734	-	-	9,734	13,306
<b>TOTAL TEU's</b>	<b>2,304,534</b>	<b>-</b>	<b>-</b>	<b>2,304,534</b>	<b>2,010,702</b>
<b>CONTAINER TEU's (SAGT)</b>					
Transhipment	1,644,336	-	-	1,644,336	1,406,265
Domestic	379,939	-	-	379,939	375,944
Re-Stowing	42,483	-	-	42,483	27,626
<b>TOTAL TEU's</b>	<b>2,066,758</b>	<b>-</b>	<b>-</b>	<b>2,066,758</b>	<b>1,809,835</b>
<b>CONTAINER TEU's (CICT)</b>					
Transhipment	1,992,035	-	-	1,992,035	1,726,203
Domestic	634,497	-	-	634,497	619,325
Re-Stowing	49,662	-	-	49,662	43,003
<b>TOTAL TEU's</b>	<b>2,676,194</b>	<b>-</b>	<b>-</b>	<b>2,676,194</b>	<b>2,388,531</b>
<b>CONTAINER TEU's (PORT OF COLOMBO)</b>					
Transhipment	5,602,358	-	-	5,602,358	4,741,582
Domestic	1,343,249	-	-	1,343,249	1,383,551
Re-Stowing	101,879	-	-	101,879	83,935
<b>TOTAL TEU's</b>	<b>7,047,486</b>	<b>-</b>	<b>-</b>	<b>7,047,486</b>	<b>6,209,068</b>
Conventional M/T	3,517,522	3,173,077	729,457	7,420,056	7,522,340
Liquid M/T	6,618,378	386,711	-	7,005,089	6,318,954
	<b>10,135,900</b>	<b>3,559,788</b>	<b>729,457</b>	<b>14,425,145</b>	<b>13,841,294</b>
<b>EQU (M/T) - SLPA</b>					
Containerised Cargo	29,080,139	-	-	29,080,139	25,791,290
Conventional Cargo	3,535,276	3,173,077	729,457	7,437,810	7,522,340
Liquid	6,618,378	386,711	-	7,005,089	6,318,954
<b>TOTAL EQU (M/T)</b>	<b>39,233,793</b>	<b>3,559,788</b>	<b>729,457</b>	<b>43,523,038</b>	<b>39,632,584</b>
<b>EQU (M/T) - SAGT</b>					
Containerised Cargo	27,042,195	-	-	27,042,195	23,622,195
Conventional Cargo	-	-	-	-	-
Liquid	-	-	-	-	-
<b>TOTAL EQU (M/T)</b>	<b>27,042,195</b>	<b>-</b>	<b>-</b>	<b>27,042,195</b>	<b>23,622,195</b>
<b>EQU (M/T) - CICT</b>					
Containerised Cargo	33,893,481	-	-	33,893,481	30,411,243
Conventional Cargo	-	-	-	-	-
Liquid	-	-	-	-	-
<b>TOTAL EQU (M/T)</b>	<b>33,893,481</b>	<b>-</b>	<b>-</b>	<b>33,893,481</b>	<b>30,411,243</b>
<b>EQU (M/T) - PORT OF COLOMBO</b>					
Containerised Cargo	90,015,815	-	-	90,015,815	79,824,728
Conventional Cargo	3,535,276	3,173,077	729,457	7,437,810	7,522,340
Liquid	6,618,378	386,711	-	7,005,089	6,318,954
<b>TOTAL EQU (M/T)</b>	<b>100,169,469</b>	<b>3,559,788</b>	<b>729,457</b>	<b>104,458,714</b>	<b>93,666,022</b>
<b>GROSS TONNAGE HANDLED (SLPA)</b>					
Containerised Cargo	54,053,066	-	-	54,053,066	54,109,284
Conventional Cargo	8,144,775	3,341,207	510,612	11,996,594	14,472,781
Others	4,849,320	239,667	61,493	5,150,480	4,760,974
<b>TOTAL TONNAGE</b>	<b>67,047,161</b>	<b>3,580,874</b>	<b>572,105</b>	<b>71,200,140</b>	<b>73,343,039</b>
<b>GROSS TONNAGE HANDLED (SAGT)</b>					
Containerised Cargo	49,409,665	-	-	49,409,665	42,569,709
Conventional Cargo	-	-	-	-	-
Others	-	-	-	-	-
<b>TOTAL TONNAGE</b>	<b>49,409,665</b>	<b>-</b>	<b>-</b>	<b>49,409,665</b>	<b>42,569,709</b>
<b>GROSS TONNAGE HANDLED (CICT)</b>					
Containerised Cargo	102,203,816	-	-	102,203,816	93,110,002
Conventional Cargo	-	-	-	-	-
Others	-	-	-	-	-
<b>TOTAL TONNAGE</b>	<b>102,203,816</b>	<b>-</b>	<b>-</b>	<b>102,203,816</b>	<b>93,110,002</b>
<b>GROSS TONNAGE HANDLED (PORT OF COLOMBO)</b>					
Containerised Cargo	205,666,547	-	-	205,666,547	189,788,995
Conventional Cargo	8,144,775	3,341,207	510,612	11,996,594	14,472,781
Others	4,849,320	239,667	61,493	5,150,480	4,760,974
<b>TOTAL TONNAGE</b>	<b>218,660,642</b>	<b>3,580,874</b>	<b>572,105</b>	<b>222,813,621</b>	<b>209,022,750</b>
<b>PERSONNEL</b>					
Number of Employees	8,948	400	362	9,710	9,377

# STATEMENT OF FINANCIAL POSITION

Expressed in Sri Lankan Rupees

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	Note	Group		SLPA	
		2018	2017	2018	2017
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	3	147,060,913,673	149,445,346,188	147,011,659,779	149,426,989,444
Intangible Assets	4	230,312,403	57,039,427	230,312,403	57,039,427
Investment Properties	5	172,382,765,733	173,647,489,750	172,382,765,733	173,647,489,750
Investment in Subsidiaries	6	100	-	76,000,100	76,000,000
Investment in Associates	7	39,221,857,964	39,221,857,964	39,196,120,030	39,196,120,030
Available-for-Sale (AFS) Financial Assets	8	20,786,547,809	21,974,163,908	20,786,547,809	21,974,163,908
Amount Due From State Mortgage Bank	9	102,995,559	123,179,740	102,995,559	123,179,740
Receivable from General Treasury - PB Loan	10	3,950,858,870	3,950,858,870	3,950,858,870	3,950,858,870
<b>Total Non-Current Assets</b>		<b>383,736,252,111</b>	<b>388,419,935,847</b>	<b>383,737,260,283</b>	<b>388,451,841,169</b>
<b>Current Assets</b>					
Inventories	11	2,550,631,838	2,497,221,609	2,535,006,071	2,484,790,666
Trade and Other Receivables	12	12,962,975,602	115,568,661,254	11,958,215,682	114,562,457,908
Deposits and Advances	13	231,415,959	295,557,929	231,415,959	295,557,929
Prepaid Expenses		65,041,109	105,069,819	65,041,109	105,069,819
Employee Loans	14	5,012,492,331	4,297,024,012	4,979,815,402	4,270,311,802
Other Financial Assets	15	36,132,390,042	22,491,559,843	35,935,170,096	22,345,520,484
Cash and Cash Equivalents	16	2,754,881,161	1,736,048,989	1,934,879,597	914,764,144
Property, Plant & Equipment-MPMC ltd	17	998,823	998,823	-	-
<b>Total Current Assets</b>		<b>59,710,826,866</b>	<b>146,992,142,278</b>	<b>57,639,543,917</b>	<b>144,978,472,752</b>
<b>TOTAL ASSETS</b>		<b>443,447,078,977</b>	<b>535,412,078,125</b>	<b>441,376,804,200</b>	<b>533,430,313,920</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
Capital Employed	18	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
Capital Reserve	19	14,543,219,896	14,533,969,106	14,543,219,896	14,533,969,106
Other Reserves	20	1,125,903	1,125,903	1,125,903	1,125,903
Deferred Income	21	171,277,865,767	173,117,689,453	171,277,865,767	173,117,689,453
Loan Redemption Reserve	22	4,613,549,887	4,613,549,887	4,613,549,887	4,613,549,887
Revaluation Reserve	23	75,228,436,897	75,893,542,157	75,228,436,897	75,893,542,157
Available-for-Sale Financial Assets Reserve		(1,013,023,345)	174,592,753	(1,013,023,345)	174,592,753
Retained Earnings		36,524,981,185	32,780,151,598	37,978,458,423	34,320,307,691
<b>Total Equity</b>		<b>308,767,535,975</b>	<b>308,706,000,643</b>	<b>310,221,013,213</b>	<b>310,246,156,734</b>
<b>Non-Current Liabilities</b>					
Borrowings - Government of Sri Lanka	24.1	59,690,100,248	54,924,342,666	59,690,100,248	54,924,342,666
Borrowings - Financial Institutions	25.1	10,926,466,537	11,363,752,700	10,924,411,551	11,360,327,710
Government Grants	26	28,451,742,423	28,764,321,596	28,451,742,423	28,764,321,596
Deferred Tax Liabilities	27	9,198,644,245	4,191,116,180	9,198,644,245	4,191,116,180
Retirement Benefits Obligation	28	5,381,709,018	4,737,678,804	5,371,717,412	4,731,949,905
<b>Total Non-Current Liabilities</b>		<b>113,648,662,471</b>	<b>103,981,211,946</b>	<b>113,636,615,879</b>	<b>103,972,058,057</b>
<b>Current Liabilities</b>					
Supply of G & S and other creditors	29	1,783,098,873	106,228,718,883	1,478,725,009	105,914,892,043
Borrowings - Government of Sri Lanka	24.2	6,645,377,816	5,198,526,722	6,645,377,816	5,198,526,722
Borrowings - Financial Institutions	25.2	5,112,837,302	4,708,319,092	1,960,389,294	1,555,871,084
Deposits and Advances Received	30	2,207,268,553	2,215,795,483	2,207,268,553	2,215,795,483
Current Tax Payable	31	319,257,513	298,733,479	289,230,831	276,768,597
Provisions and Accrued Expenses	32	4,962,924,635	4,074,771,871	4,938,183,606	4,050,245,199
Deferred Tax Liabilities		115,834	-	-	-
<b>Total Current Liabilities</b>		<b>21,030,880,525</b>	<b>122,724,865,529</b>	<b>17,519,175,108</b>	<b>119,212,099,128</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>443,447,078,977</b>	<b>535,412,078,125</b>	<b>441,376,804,200</b>	<b>533,430,313,920</b>
<p>The Accounting policies on pages 99 - 111 and Notes to the Financial Statements on Pages 112 - 132 form an integral part of these Financial Statements.</p> <p>These Financial Statements give a true and fair view of the state of affairs of the Authority as at 31/12/2018</p>					
<p> Shirani Wanniarachchi DIRECTOR FINANCE</p>					
<p>The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. These Financial Statements were approved by the Board of Directors and signed on their behalf.</p>					
<p> Kavan D Ratnayaka CHAIRMAN</p>					
<p> Capt. Athula Hewavithrana MANAGING DIRECTOR</p>					
<p>Date : 28th February 2019</p>					
<p>Figures in brackets indicate deductions.</p>					



# STATEMENT OF COMPREHENSIVE INCOME

Expressed in Sri Lankan Rupees

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER	Note	Group		SLPA	
		2018	2017	2018	2017
Revenue	33	38,546,124,626	35,887,576,749	38,546,124,626	35,389,455,404
Direct Expenses	34	(21,255,413,995)	(20,577,453,769)	(21,112,085,564)	(20,011,306,204)
<b>Gross Profit</b>		<b>17,290,710,631</b>	<b>15,310,122,980</b>	<b>17,434,039,062</b>	<b>15,378,149,199</b>
Other Operating Income	35	11,577,690,595	6,936,504,408	11,577,478,847	6,924,202,305
Administrative Expenses	36	(8,661,394,247)	(7,701,478,049)	(8,868,026,841)	(7,907,367,241)
<b>Operating Profit</b>		<b>20,207,006,980</b>	<b>14,545,149,339</b>	<b>20,143,491,069</b>	<b>14,394,984,263</b>
Net Finance Cost	37	(81,453,526)	(269,436,216)	(130,554,275)	(207,764,536)
Foreign Exchange Gain/(Loss)	38	(11,316,830,420)	(2,266,439,579)	(11,316,830,420)	(2,193,749,789)
Share of Profit of Associate	7.2	-	(39,164,092)	-	-
<b>Profit Before Tax</b>		<b>8,808,723,034</b>	<b>11,970,109,452</b>	<b>8,696,106,374</b>	<b>11,993,469,938</b>
Income Tax Expenses	39	(21,322,032)	(20,354,391)	-	-
Deferred Tax Expenses	27	(4,448,860,301)	102,008,604	(4,448,860,301)	102,008,604
<b>Profit for the Year</b>		<b>4,338,540,701</b>	<b>12,051,763,665</b>	<b>4,247,246,073</b>	<b>12,095,478,542</b>
<b>Attributable to - Equityholders of the Parent</b>		<b>4,338,540,701</b>	<b>12,051,763,665</b>	<b>4,247,246,073</b>	<b>12,095,478,542</b>
<b>Other Comprehensive Income</b>					
Profit for the Year		4,338,540,701	12,051,763,665	4,247,246,073	12,095,478,542
Remeasurement of retirement benefit obligation		(351,550,704)	(176,382,793)	(347,934,931)	(177,735,321)
Change in Value of Available-for-Sale (AFS) Financial Assets	8.1	(71,925,684)	21,643,291	(71,925,684)	21,643,291
Provision for Impairment on Unlisted Shares	8.2	(1,115,690,415)	-	(1,115,690,415)	-
Total Other Comprehensive Income for the Year		(1,539,166,802)	(154,739,502)	(1,535,551,029)	(156,092,030)
<b>Total Comprehensive Income for the year</b>		<b>2,799,373,898</b>	<b>11,897,024,163</b>	<b>2,711,695,043</b>	<b>11,939,386,512</b>
<b>Attributable to - Equityholders of the Parent</b>		<b>2,799,373,898</b>	<b>11,897,024,163</b>	<b>2,711,695,043</b>	<b>11,939,386,512</b>

The Accounting Policies on pages 99 - 111 and Notes to the Financial Statements on pages 112 - 132 form an integral part of these Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

Expressed in Sri Lankan Rupees

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018									
	Capital Employed	Capital Reserve	Other Reserve	Deferred Income	Loan Redemption Reserve	Revaluation Reserve	Available-for-Sale Reserve	Retained Earnings (at debit)	Total
<b>Group</b>									
<b>Balance as at 01 January 2017</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,125,903</b>	<b>3,071,461,909</b>	<b>4,613,549,887</b>	<b>74,048,089,533</b>	<b>152,949,462</b>	<b>(13,661,974,306)</b>	<b>76,528,620,407</b>
Profit for the Year	-	-	-	-	-	-	-	12,051,763,665	12,051,763,665
Other Comprehensive Income	-	-	-	-	-	-	21,643,291	-	21,643,291
Total Comprehensive Income	-	-	-	-	-	-	-	-	-
Adjustment on Revaluation Surplus	-	-	-	-	-	2,157,158,929	-	-	2,157,158,929
Dividends Paid	-	-	-	-	-	-	-	(6,802,000)	(6,802,000)
Adjustment on Disposals	-	-	-	-	-	(311,706,305)	-	311,706,305	-
Prior year adjustment (Note 41)	-	-	-	-	-	-	-	33,033,174,743	33,033,174,743
Capital Gain/Loss on investment in HIPS	-	13,821,930,873	-	-	-	-	-	-	13,821,930,873
Reassessment of retirement benefit obligation	-	-	-	(103,534,286)	-	-	-	(176,382,793)	(279,917,479)
Upfront fee paid by CICT	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortization on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(6,829,041)	-	-	-	-	(6,829,041)
Amortization of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(596,774)	-	-	-	-	(596,774)
Amortization of Lump Sum Premium Tokiyo Cement Company (Lanka)PLC	-	-	-	309,000,000	-	-	-	-	309,000,000
Lump Sum Premium received from Distilleries company of Sri Lanka	-	-	-	370,000,000	-	-	-	-	370,000,000
Lump Sum Premium received from Tokiyo Cement Company (Lanka)PLC	-	-	-	72,388,674,280	-	-	-	-	72,388,674,280
Lease hold rights from HIPS acquisition	-	-	-	97,198,113,903	-	-	-	-	97,198,113,903
Lease hold rights from HIPG acquisition	-	-	-	(46,075,536)	-	-	-	-	(46,075,536)
Revenue and expenditure adjustment of Port of Hambanthota	-	-	-	(61,866,795)	-	-	-	1,228,665,984	1,228,665,984
Amortization of Leasehold rights-HIPS	-	-	-	(61,866,795)	-	-	-	-	(61,866,795)
<b>Balance as at 31 December 2017</b>	<b>7,591,379,785</b>	<b>14,533,969,106</b>	<b>1,125,903</b>	<b>173,117,689,453</b>	<b>4,613,549,887</b>	<b>75,893,542,157</b>	<b>174,592,753</b>	<b>32,780,151,598</b>	<b>308,706,000,643</b>
Profit for the Year	-	-	-	-	-	-	-	4,338,540,701	4,338,540,701
Other Comprehensive Income	-	-	-	-	-	-	(71,925,684.00)	-	(71,925,684.00)
Total Comprehensive Income	-	-	-	-	-	-	-	-	-
Adjustment on Revaluation Surplus	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Adjustment on Disposals	-	-	-	-	-	(106,437,496)	-	106,437,496	(0)
Prior year adjustment (Note 41)	-	-	-	-	-	-	-	(347,597,906)	(347,597,906)
Adjustment on Hambanthota Fixed Assets FD/AR/IE/09	-	9,250,790	-	-	-	-	-	-	9,250,790
Reassessment of retirement benefit obligation	-	-	-	-	-	-	-	(351,550,704)	(351,550,704)
Upfront Fee paid by CICT	-	-	-	(103,534,286)	-	-	-	-	(103,534,286)
Amortization on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortization of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(10,300,000)	-	-	-	-	(10,300,000)
Amortization of Lump Sum Premium Tokiyo Cement Company (Lanka)PLC	-	-	-	(12,333,333)	-	-	-	-	(12,333,333)
Amortization of Leasehold rights-HIPS	-	-	-	(731,198,730)	-	-	-	-	(731,198,730)
Amortization of Leasehold rights-HIPG	-	-	-	(981,799,130)	-	-	-	-	(981,799,130)
Deferred Tax adjustment on revaluation reserve	-	-	-	-	-	(558,667,764)	-	-	(558,667,764)
Adjustment on Unlisted Investment	-	-	-	-	-	-	(1,115,690,414)	-	(1,115,690,414)
<b>Balance as at 31 December 2018</b>	<b>7,591,379,785</b>	<b>14,543,219,896</b>	<b>1,125,903</b>	<b>171,277,865,767</b>	<b>4,613,549,887</b>	<b>75,228,436,897</b>	<b>(1,013,023,345)</b>	<b>36,524,981,185</b>	<b>308,767,535,975</b>
<b>SLPA</b>									
<b>Balance as at 01 January 2017</b>	<b>7,591,379,785</b>	<b>712,038,233</b>	<b>1,125,903</b>	<b>3,071,461,909</b>	<b>4,613,549,887</b>	<b>74,048,089,533</b>	<b>152,949,462</b>	<b>(12,170,982,560)</b>	<b>78,019,612,153</b>
Profit for the Year	-	-	-	-	-	-	-	12,095,478,542	12,095,478,542
Other Comprehensive Income	-	-	-	-	-	-	21,643,291	-	21,643,291
Total Comprehensive Income	-	-	-	-	-	-	-	-	-
Adjustment on Revaluation Surplus	-	-	-	-	-	2,157,158,929	-	-	2,157,158,929
Adjustment on Disposals	-	-	-	-	-	(311,706,305)	-	311,706,305	-
Capital Gain/Loss on investment in HIPS, HIPG	-	13,821,930,873	-	-	-	-	-	-	13,821,930,873
Prior year adjustment (Note 41)	-	-	-	-	-	-	-	33,033,174,743	33,033,174,743
Upfront fee paid by CICT	-	-	-	(103,534,286)	-	-	-	-	(103,534,286)
Amortization on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortization of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(6,829,041)	-	-	-	-	(6,829,041)
Amortization of Lump Sum Premium Tokiyo Cement Company (Lanka)PLC	-	-	-	(596,774)	-	-	-	-	(596,774)
Lump Sum Premium received from Distilleries company of Sri Lanka	-	-	-	309,000,000	-	-	-	-	309,000,000
Lump Sum Premium received from Tokiyo Cement Company (Lanka)PLC	-	-	-	370,000,000	-	-	-	-	370,000,000
Lease hold rights from HIPS acquisition	-	-	-	72,388,674,280	-	-	-	-	72,388,674,280
Lease hold rights from HIPG acquisition	-	-	-	97,198,113,903	-	-	-	-	97,198,113,903
Amortization of Leasehold rights-HIPS	-	-	-	(46,075,536)	-	-	-	-	(46,075,536)
Amortization of Leasehold rights-HIPG	-	-	-	(61,866,795)	-	-	-	-	(61,866,795)
Revenue and expenditure adjustment of Port of Hambanthota	-	-	-	-	-	-	-	1,228,665,984	1,228,665,984
Reassessment of retirement benefit obligation	-	-	-	-	-	-	-	(177,735,321)	(177,735,321)
<b>Balance as at 31 December 2017</b>	<b>7,591,379,785</b>	<b>14,533,969,106</b>	<b>1,125,903</b>	<b>173,117,689,453</b>	<b>4,613,549,887</b>	<b>75,893,542,157</b>	<b>174,592,753</b>	<b>34,320,307,691</b>	<b>310,246,156,736</b>
Profit for the Year	-	-	-	-	-	-	-	4,247,246,073	4,247,246,073
Other Comprehensive Income	-	-	-	-	-	-	(71,925,684.00)	-	(71,925,684.00)
Adjustment on Disposals	-	-	-	-	-	(106,437,496)	-	106,437,496	-
Adjustment on Hambanthota Fixed Assets FD/AR/IE/09	-	9,250,790	-	-	-	-	-	-	9,250,790
Prior year adjustment (Note 41)	-	-	-	-	-	-	-	(347,597,906)	(347,597,906)
Reassessment of retirement benefit obligation	-	-	-	-	-	-	-	(347,934,931)	(347,934,931)
Upfront Fee paid by CICT	-	-	-	(103,534,286)	-	-	-	-	(103,534,286)
Amortization on Lump Sum Premium Laughs Terminal Ltd	-	-	-	(658,207)	-	-	-	-	(658,207)
Amortization of Lump Sum Premium Distilleries company of Sri Lanka	-	-	-	(10,300,000)	-	-	-	-	(10,300,000)
Amortization of Lump Sum Premium Tokiyo Cement Company (Lanka)PLC	-	-	-	(12,333,333)	-	-	-	-	(12,333,333)
Amortization of Leasehold rights-HIPS	-	-	-	(731,198,730)	-	-	-	-	(731,198,730)
Amortization of Leasehold rights-HIPG	-	-	-	(981,799,130)	-	-	-	-	(981,799,130)
Deferred Tax adjustment on revaluation reserve	-	-	-	-	-	(558,667,764)	-	-	(558,667,764)
Adjustment on Unlisted Investment	-	-	-	-	-	-	(1,115,690,414)	-	(1,115,690,414)
<b>Balance as at 31 December 2018</b>	<b>7,591,379,785</b>	<b>14,543,219,896</b>	<b>1,125,903</b>	<b>171,277,865,767</b>	<b>4,613,549,887</b>	<b>75,228,436,897</b>	<b>(1,013,023,345)</b>	<b>37,978,458,423</b>	<b>310,221,013,213</b>

The Accounting Policies on pages 99 - 111 and Notes to the Financial Statements on pages 112 - 132 form an integral part of these Financial Statements.

# CASH FLOW STATEMENT

Expressed in Sri Lankan Rupees

STATEMENT OF CASH FLOW STATEMENT FOR THE YEAR ENDED	Group 2018	2017	SLPA 2018	2017
<b>Profit Before Tax</b>	<b>8,808,723,034</b>	<b>11,970,109,452</b>	<b>8,696,106,374</b>	<b>11,993,469,938</b>
<i>Adjustments for</i>				
Share of Profit of Associate (Net of Dividends)	-	39,164,092	-	-
Depreciation	4,022,189,767	5,560,486,512	4,016,616,489	5,547,819,038
Revenue exp. Adjustment port of Hambantota	-	1,228,665,984	-	1,228,665,984
Amotisation of Intangible Assets	30,655,643	23,924,336	30,655,643	23,695,026
Gratuity Charge for the Year and related costs	702,582,527	628,563,266	700,899,467	632,614,189
Dividend Income	(2,240,351,509)	(839,681,509)	(2,240,351,509)	(839,681,509)
Interest Income	(2,208,920,317)	(1,735,779,887)	(2,159,268,568)	(1,650,080,928)
Interest Expenses	2,257,106,666	2,229,389,034	2,256,555,666	2,082,018,395
Amotisation of Government Grants	(309,174,484)	(61,171,076)	(309,174,484)	(61,171,076)
Net Exchange Loss	11,316,830,420	2,278,909,051	11,316,830,420	2,205,937,060
Upfront fees by CICT	(103,534,286)	(103,534,286)	(103,534,286)	(103,534,286)
Amortised during the year Laughs terminal Ltd	(658,207)	(658,207)	(658,207)	(658,207)
Amortised during the year Distilleries company of Sri Lanka	(10,300,000)	(6,829,041)	(10,300,000)	(6,829,041)
Amortised of lease hold rights -HIPG/HPS	(1,712,997,860)	(107,942,330)	(1,712,997,860)	(107,942,330)
Recivable from General Treasury -PB Loan	-	3,950,858,870	-	3,950,858,870
Recivable from General Treasury -PB Loan	-	(3,950,858,870)	-	(3,950,858,870)
Amortised during the year Tokiyo Cement Company (Lanka)PLC	(12,333,333)	(596,774)	(12,333,333)	(596,774)
CSR expenses	-	(17,467,352)	-	(17,467,352)
Profit on Disposals of Fixed Assets	(16,024,922)	(18,139,866)	(16,024,922)	(18,139,866.00)
<b>Operating Profit Before Working Capital Changes</b>	<b>20,523,793,139</b>	<b>21,067,411,396</b>	<b>20,453,020,890</b>	<b>20,908,118,258</b>
<b>Changes in working Capital</b>				
Inventories	(53,410,229)	450,476,599	(50,215,405)	(23,504,214)
Trade and Other Receivables	104,348,692,534	(104,687,905,948)	104,362,666,803	(103,740,921,708)
Deposits and Advances	64,141,970	(88,758,338)	64,141,970	(88,758,338)
Prepaid Expenses	40,028,709	(53,070,210)	40,028,709	(53,070,210)
Employee Loans / Others	(709,503,599)	8,611,631	(709,503,599)	8,611,631
Trade and Other Creditors	(104,434,693,187)	106,896,579,377	(104,436,167,034)	106,897,012,310
Deposits and Advances Received	(8,526,930)	(2,041,110,620)	(8,526,930)	(2,041,110,620)
Recivable from General Treasury -PB Loan	-	4,369,842	-	4,369,842
Provisions and Accrued Expenses	887,938,307	(5,401,104,932)	887,938,307	(5,862,884,744)
<b>Cash Generated from Operations</b>	<b>20,658,460,714</b>	<b>16,155,498,797</b>	<b>20,603,383,711</b>	<b>16,007,862,204</b>
Interest Paid	(1,996,843,394)	(3,147,988,754)	(1,996,292,394)	(3,191,434,497)
Gratuity Paid	(410,103,017)	(428,803,093)	(409,066,891)	(428,588,159)
Taxes Paid	(312,810,824)	(313,871,591)	(298,406,936)	(299,155,517)
<b>Net Cash from Operating Activities</b>	<b>17,938,703,480</b>	<b>12,264,835,358</b>	<b>17,899,617,491</b>	<b>12,088,684,032</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant and Equipment	(163,222,860)	(234,744,363)	(126,752,432)	(226,747,761)
Proceeds from Disposal of Fixed Assets	16,166,413	41,889,593	16,166,413	24,107,030
Lump Sum Premium Distilleries company of Sri Lanka	-	309,000,000	-	309,000,000
Lump Sum Premium Tokiyo Cement Company (Lanka)PLC	-	370,000,000	-	370,000,000
Capital Work-in-Progress	(225,551,518)	(13,448,381,643)	(225,551,518)	(13,448,381,643)
Acquisition of Intangible Assets	(205,681,089)	(11,187,222)	(205,681,089)	(11,187,222)
Dividend Received	2,239,351,509	832,879,509	2,240,351,509	839,681,509
Interest Received	1,760,133,597	1,140,142,394	1,710,481,848	1,098,540,547
Amount Due From State Mortgage Bank	20,184,181	24,232,164	20,184,181	24,232,164
Net Proceeds from Other Financial Assets	(13,640,830,199)	(4,125,404,192)	(13,589,649,612)	(4,050,571,836)
Investment in Available-for-Sale Financial Assets	-	-	-	-
<b>Net Cash from (used in) investing activities</b>	<b>(10,199,449,965)</b>	<b>(15,101,573,763)</b>	<b>(10,160,450,700)</b>	<b>(15,071,327,214)</b>
<b>Cash Flows from Financing Activities</b>				
Borrowings from Government of Sri Lanka	-	12,016,727,822	-	12,016,727,822
Borrowings from Financial Institution	-	-	-	-
Repayment of Borrowings to Government of Sri Lanka	(5,179,100,598)	(6,959,384,915)	(5,179,100,598)	(6,959,384,915)
Repayment of Borrowings to Financial Institution	(1,541,320,743)	(1,743,449,323)	(1,539,950,739)	(1,742,079,319)
<b>Net Cash From (used in) Financing Activities</b>	<b>(6,720,421,341)</b>	<b>3,313,893,584</b>	<b>(6,719,051,337)</b>	<b>3,315,263,589</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>	<b>1,018,832,172</b>	<b>477,155,179</b>	<b>1,020,115,453</b>	<b>332,620,407</b>
Cash & cash Equivalents at Beginning of the year	<b>1,736,048,989</b>	<b>1,258,893,810</b>	<b>914,764,144</b>	<b>582,143,737</b>
<b>Cash &amp; Cash Equivalents at End of the Year (Note 16)</b>	<b>2,754,881,161</b>	<b>1,736,048,989</b>	<b>1,934,879,597</b>	<b>914,764,144</b>

The Accounting Policies on pages 99 - 111 and Notes to the Financial Statements on pages 112 - 132 form an integral part of these Financial Statements.

## 1 CORPORATE INFORMATION

### 1.1 GENERAL

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

### 1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

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

### 1.3 FINANCIAL YEAR

The Authority's financial reporting period ends on 31<sup>st</sup> December.

### 1.4 REGISTERED OFFICE

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

### 1.5 NUMBER OF EMPLOYEES

The number of employees of the Authority as at 31 December 2018 was 9,710 (2017-9,377)

### 1.6 DATE OF AUTHORIZATION FOR ISSUE

The financial statements of the Authority for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the board of directors dated 22<sup>nd</sup> February 2019.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

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

### 2.2 Consolidation

#### 2.2.1 Subsidiary

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

control is transferred to the group. It is excluded from consolidation from the date that control ceases.

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

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

### **2.2.2 Associate**

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

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

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

### **2.3 Foreign Currency Translation**

#### **2.3.1 Functional and Presentation Currency**

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

#### **2.3.2 Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities

## GENERAL ACCOUNTING POLICIES

denominated in foreign currencies are recognized in the statement of comprehensive income.

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

### 2.4 Property, Plant and Equipment

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

**2.4.2** Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Property, plant and equipment are stated at deemed cost less accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Assets Category	Rates	
Operational Buildings & Structures	5 -100 Years	1% -20%
Floating Equipment	2 -22 Years	4.5% - 50%
Handling Equipment	2 -20 Years	5% - 50%
Plant and Machinery	2 -20 Years	5% - 50%
Office and Welfare Buildings	2 -100 Years	1% - 50%
Computer Hardware	1 – 5 Years	20% - 100%
Motor Vehicle	5 – 15 Years	6.6% - 20%
Electrical and Electronic Equipment	1 – 20 Years	5% - 100%
Furniture	1 – 20 Years	5% - 100%
Other Assets	1 – 20 Years	5% - 100%

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

The policy of Work-In-Progress is “Cost laying in the working progress Accounts will be capitalized once the work completion certified issued by the relevant department”.

### 2.4.3 Intangible Assets

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

Computer Software	1 – 6 Years	16.6% - 100%
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Costs associated with maintaining computer software programmers are recognized as an expense as incurred.

### 2.4.4 Investment Properties

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

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

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

Investment Properties	10-100 Years	1% - 10%
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### 2.4.5 Impairment of Non-Financial Assets

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

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



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

### 2.5 Financial Assets

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

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

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

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

**b) Loans and receivables**

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

**c) Available for sale (AFS)**

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

### 2.5.2 Recognition and Initial Measurement

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

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



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

### 2.5.3 Subsequent Measurement

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

HTM investments are measured subsequently at amortized cost using the effective interest method less any impairment losses. Amortized cost is computed taking into account of discount or premium on acquisition and transaction costs.

#### b) Loans and receivables

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

#### c) Available for sale (AFS)

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

### 2.5.4 Impairment of Financial Assets

#### a) Assets carried at amortized cost

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

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

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

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

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For quoted equity investments, a

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

For unquoted equity investments, a significant or prolonged decline in the value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the unquoted investments, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### **2.6 Inventories**

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

### **2.7 Trade Receivables**

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

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

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

## GENERAL ACCOUNTING POLICIES

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

	<b>Basis</b>	
i) Sri Lanka Forces	Up to 12 Months	No Provision
	After 12 Months	50%
ii) Government Institutions	Up to 12 Months	No Provision
	After 12 Months	100%
iii) Shipping Agents Under Litigation		100%
iv) Shipping Agents - Suspended and Non-operating		100%
v) Shipping Agents –With Significant amounts (More than one million)	Up to 12 Months	No Provisions
	After 12 Months	100%

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

Shipping Agents – With Non-Significant amounts (Under than one million)	Up to 12 Months After 12 Months	No Provisions 1%
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### **2.8 Cash and Cash Equivalents**

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

### **2.9 Capital Employed**

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

### **2.10 Financial Liabilities**

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

### **2.11 Trade and Other Payables**

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

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

### 2.12 Borrowings

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

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

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

### 2.13 Borrowing Cost

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

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

### 2.14 Government Grants

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

Government grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

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

### 2.15 Current and Deferred Tax

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

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting period end applicable for the Authority its subsidiaries operate and

generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

### **2.16 Employee Benefits**

The group has both defined benefit and defined contribution plans.

#### **a) Defined Contribution plan**

A defined contribution plan is a post employment benefit plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due.

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

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

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

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

The retirement benefit obligation is not externally funded.

**c) Short-term employee benefit**

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

**2.17 Provisions and Contingent Liabilities**

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

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

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

**2.18 Revenue Recognition**

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

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

**a) Landing and Delivery Services**

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

**b) Navigation and Related Services**

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

**c) Stevedoring Services**

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

**d) Royalty Income**

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties from South Asia Gateway

Terminals Ltd (SAGT) determined on the basis that “Total Annual Throughputs” are paid by agreed “TEU Fee” over the period of the agreement.

Royalty of CICT determined based on Minimum Guaranteed Throughput indicated in the BOT agreement.

**e) Interest Income**

Interest income is recognized using the effective interest method.

**f) Dividend Income**

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

**g) Lease and Rental Income**

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

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

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

**2.19 Expenses**

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

**2.20 Events Occurring after the Reporting Period**

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

**2.21 Commitments**

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

**2.22 Significant Accounting Estimates and Judgments**

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

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

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

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

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

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

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

**(b) Defined benefit plan**

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



# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lanka Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018					
<b>3</b>	<b>Property, Plant &amp; Equipment</b>				
		As At	Additions	(Disposals)	Re_Class /Adustment
	<b>Group</b>	<b>01 January 2018</b>			<b>As At</b>
	<b>3.1 At Cost</b>				<b>31 December 2018</b>
	Land	51,868,120,202	596,000	-	(61,980,000)
	Operational Buildings & Structures	113,247,673,784	531,675,875	-	(33,175,000)
	Floating Equipment	7,027,897,794	570,215	-	-
	Handling Equipment	22,212,009,530	65,197,487	(103,928,703)	-
	Plant & Machinery	607,352,301	136,848,673	(8,644,829)	-
	Office & Welfare Buildings	825,662,329	174,960	-	(10,000,000)
	Staff Quarters and Other Buildings	454,839,491	-	-	-
	Computer Hardware	371,729,114	84,981,826	(1,235,890)	-
	Electric & Electronic Equipment	2,205,950,119	45,111,686	(3,383,707)	-
	Office Furniture & Equipment	162,563,930	14,427,186	(3,956,457)	-
	Motor Vehicles	881,906,050	40,799,360	(30,104,504)	-
	Other Assets	371,714,427	46,397,059	(2,122,939)	-
		<b>200,237,419,071</b>	<b>966,780,327</b>	<b>(153,377,029)</b>	<b>(105,155,000)</b>
					<b>200,945,667,369</b>
	<b>3.1.1 Depreciation</b>	<b>As At</b>	<b>Charge for the</b>	<b>(Disposals)</b>	<b>Re_Class /Adustment</b>
		<b>01 January 2018</b>	<b>Year</b>		<b>As At</b>
					<b>31 December 2018</b>
	Operational Buildings & Structures	26,986,573,612	1,631,930,334	-	(20,931,266)
	Floating Equipment	6,653,446,868	118,454,922	-	-
	Handling Equipment	13,872,790,190	730,632,265	(103,813,236)	1,326,384
	Plant & Machinery	532,002,372	32,531,430	(6,548,067)	7,167,454
	Office & Welfare Buildings	301,747,958	25,164,208	-	(5,161,500)
	Staff Quarters and Other Buildings	215,455,630	16,881,721	-	-
	Computer Hardware	334,551,178	21,392,136	(1,234,654)	2,729,684
	Electric & Electronic Equipment	2,066,622,712	43,621,667	(3,172,340)	333,987
	Office Furniture & Equipment	127,349,699	12,552,436	(3,900,376)	244,112
	Motor Vehicles	787,945,717	21,425,632	(30,074,400)	-
	Other Assets	329,636,833	24,422,274	(1,989,864)	689,920
		<b>52,208,122,769</b>	<b>2,679,009,025</b>	<b>(150,732,937)</b>	<b>(13,601,225)</b>
					<b>54,722,797,632</b>
	<b>3.1.2 Net Carrying Values</b>			<b>As At</b>	<b>As At</b>
				<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>Property, Plant &amp; Equipment</b>				
	Land			51,806,736,202	51,868,120,202
	Operational Buildings & Structures			85,148,601,979	86,261,100,172
	Floating Equipment			256,566,219	374,450,926
	Handling Equipment			7,672,342,711	8,339,219,340
	Plant & Machinery			170,402,956	75,349,929
	Office & Welfare Buildings			494,086,623	523,914,371
	Staff Quarters and Other Buildings			222,502,140	239,383,861
	Computer Hardware			98,036,706	37,177,936
	Electric & Electronic Equipment			140,272,072	139,327,407
	Office Furniture & Equipment			36,788,788	35,214,231
	Motor Vehicles			113,303,957	93,960,333
	Other Assets			63,229,384	42,077,594
				<b>146,222,869,737</b>	<b>148,029,296,304</b>
	<b>Capital Work-in-Progress</b>	<b>(Note 3.2)</b>		720,136,439	1,067,510,159
				<b>146,943,006,176</b>	<b>149,096,806,463</b>
	<b>Group</b>			<b>As At</b>	<b>As At</b>
	Property Plant Equipment Clearing			<b>31 December 2018</b>	<b>31 December 2017</b>
				117,907,497	348,539,725
				<b>117,907,497</b>	<b>348,539,725</b>
				<b>147,060,913,673</b>	<b>149,445,346,188</b>
	Clearing Account comprises of Land 113,185,199.33, Computer hardware and software 629,850.20, Electrical and Electronic 2,221,411.32, Floting equipment 38,350. Furniture and office equipment 1,439,930.63, Motor vehicle 1,271.38, Plant and machinery 330,844.54 and other assets 60,640.00				
	Rs.44,997,418.24 worth of assets are used as religious				
	As per the asset register the total value of the fully depreciated assets still in use as at 31.12.2018 Rs 30,404,646,533.28				
	The remaining useful life of the asset categories, Floating, Handling equipments, staff quarters and other Building , computer Hardware and software and Moter Vehicles were reviewed and the net book values have been adjusted accordingly. The other assets categories also will be reviewed as a continuous process.				
	<b>Reclassification Adjustments</b>				
	<b>The identified assets classified as investment Property-Land &amp; Building from category property plant - Land and Building</b>				
	Land Reclassified as investment property		Rs.61,980,000		
	Operational Building and structure		Rs.33,175,000		
	Office & welfare Building		Rs.10,000,000		

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lanka Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018						
<b>3</b>	<b>Property, Plant &amp; Equipment</b>	<b>As At</b>	<b>Additions</b>	<b>(Disposals)</b>	<b>Re_Class /Adjustment</b>	<b>As At</b>
	<b>SLPA</b>	<b>01 January 2018</b>				<b>31 December 2018</b>
	<b>3.1 Cost</b>					
	Land	51,868,120,202	596,000	-	(61,980,000)	51,806,736,202
	Operational Buildings & Structures	113,247,673,784	531,675,875	-	(33,175,000)	113,746,174,659
	Floating Equipment	7,027,897,794	570,215	-	-	7,028,468,009
	Handling Equipment	22,212,009,530	65,197,487	(103,928,703)	-	22,173,278,314
	Plant & Machinery	592,618,157	113,010,249	(8,644,829)	-	696,983,577
	Office & Welfare Buildings	825,662,329	174,960	-	(10,000,000)	815,837,289
	Staff Quarters and Other Buildings	454,839,491	-	-	-	454,839,491
	Computer Hardware	369,153,315	84,227,526	(1,235,890)	-	452,144,951
	Electrical & Electronic Equipment	2,205,950,119	45,111,686	(3,383,707)	-	2,247,678,098
	Office Furniture & Equipment	155,098,388	11,599,482	(3,956,457)	-	162,741,413
	Motor Vehicles	863,949,930	31,749,360	(30,104,504)	-	865,594,786
	Other Assets	371,714,427	46,397,059	(2,122,939)	-	415,988,547
		<b>200,194,687,466</b>	<b>930,309,899</b>	<b>(153,377,029)</b>	<b>(105,155,000)</b>	<b>200,866,465,336</b>
	<b>3.1.1 Depreciation</b>	<b>As At</b>	<b>Charge for the</b>	<b>(Disposals)</b>	<b>Re_Class /Adjustment</b>	<b>As At</b>
		<b>01 January 2018</b>	<b>Year</b>			<b>31 December 2018</b>
	Operational Buildings & Structures	26,986,573,612	1,631,930,334	-	(20,931,266)	28,597,572,680
	Floating Equipment	6,653,446,868	118,454,922	-	-	6,771,901,790
	Handling Equipment	13,872,790,190	730,632,265	(103,813,236)	1,326,384	14,500,935,603
	Plant & Machinery	523,599,348	30,228,384	(6,548,067)	7,167,454	554,447,119
	Office & Welfare Buildings	301,747,958	25,164,208	-	(5,161,500)	321,750,666
	Staff Quarters and Other Buildings	215,455,630	16,881,721	-	-	232,337,351
	Computer Hardware	332,492,652	21,081,129	(1,234,654)	2,729,684	355,068,811
	Electrical & Electronic Equipment	2,066,622,712	43,621,667	(3,172,340)	333,987	2,107,406,026
	Office Furniture & Equipment	124,805,096	11,277,976	(3,900,376)	244,112	132,426,808
	Motor Vehicles	776,577,007	19,740,867	(30,074,400)	-	766,243,474
	Other Assets	329,636,833	24,422,274	(1,989,864)	689,920	352,759,163
		<b>52,183,747,906</b>	<b>2,673,435,747</b>	<b>(150,732,937)</b>	<b>(13,601,225)</b>	<b>54,692,849,491</b>
	<b>3.1.2 Net Carrying Values</b>				<b>As At</b>	<b>As At</b>
					<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>Property, Plant &amp; Equipment</b>					
	Land				51,806,736,202	51,868,120,202
	Operational Buildings & Structures				85,148,601,979	86,261,100,172
	Floating Equipment				256,566,219	374,450,926
	Handling Equipment				7,672,342,711	8,339,219,340
	Plant & Machinery				142,536,458	69,018,809
	Office & Welfare Buildings				494,086,623	523,914,371
	Staff Quarters and Other Buildings				222,502,140	239,383,861
	Computer Hardware				97,076,140	36,660,663
	Electric & Electronic Equipment				140,272,072	139,327,407
	Office Furniture & Equipment				30,314,605	30,293,292
	Motor Vehicles				99,351,312	87,372,923
	Other Assets				63,229,384	42,077,594
					<b>146,173,615,845</b>	<b>148,010,939,560</b>
	<b>Capital Work-in-Progress</b>	<b>(Note 3.2)</b>			720,136,439	1,067,510,159
					<b>146,893,752,284</b>	<b>149,078,449,720</b>
	<b>SLPA</b>				<b>As At</b>	<b>As At</b>
	Property Plant Equipment Clearing				117,907,497	348,539,725
					<b>117,907,497</b>	<b>348,539,725</b>
					<b>147,011,659,779</b>	<b>149,426,989,444</b>
	Clearing Account comprises of Land 113,185,199.33, Computer hardware and software 629,850.20, Electrical and Electronic 2,221,411.32, Floting equipment 38,350.00, Furniture and office equipment 1,439,930.63, Motor vehicle 1,271.38, Plant and machinery 330,844.54 and other assets 60,640.00					
	Rs.44,997,418.24 worth of assets are used as religious					
	As per the asset register the total value of the fully depreciated assets still in use as at 31.12.2018 Rs 30,404,646,533.28					
	The remaining useful life of the asset categories, Floating, Handling equipments, staff quarters and other Building, computer Hardware and software and Motor Vehicles were reviewed and the net book values have been adjusted accordingly. The other assets categories also will be reviewed as a continuous process. Operational Building & Structures were reviewed and Net Book Value has been adjusted accordingly. The other asset categories also will be reviewed as a continuous process.					
	<b>Reclassification Adjustments</b>					
	<b>The identified assets classified as investment Property-Land &amp; Building from category property plant - Land and Building</b>					
	Land Reclassified as investment property		Rs.61,980,000			
	Operational Building and structure		Rs.33,175,000			
	Office & welfare Building		Rs.10,000,000			

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018						
<b>3.2 Capital Work-in-Progress</b>						
<b>Group/ SLPA</b>	<b>As At 01 January 2018</b>	<b>Adjustment</b>	<b>Incurred During the Year</b>	<b>Transferred</b>	<b>Adjustment</b>	<b>As At 31 December 2018</b>
Colombo Port Development	493,161,382		125,482,129	477,569,792	(63,050)	141,010,670
Galle Port	33,965,798		40,380,985	7,434,036		66,912,747
Galle Development Project	418,028,350					418,028,350
Plant & Machinery	9,714,934					9,714,934
Trincomalee Port	12,584,690		40,191,345	-		52,776,035
Terminal Management System	9,418,819			617,500		8,801,319
Port City Development	2,339,286				584,821	2,924,107
Purchasing of Capital Assets (Local)	33,872,403		3,495,784	33,307,081		4,061,106
Head Office Building	3,436,385					3,436,385
Development of East Container Terminal	50,988,112		16,001,276	53,996,830	(521,771)	12,470,786
	<b>1,067,510,160</b>	<b>-</b>	<b>225,551,518</b>	<b>572,925,239</b>	<b>-</b>	<b>720,136,439</b>
The policy of Work- In – Progress is “Cost laying in the working progress Accounts will be capitalized once the work completion certificate issued by the relevant department” disclosed under the 2.4.1 of Notes to Financial Statements.						
<b>4 Intangible Assets</b>						
<b>Group</b>	<b>As At 01 January 2018</b>	<b>Additions / Adjustments</b>	<b>(Disposals)</b>			<b>As At 31 December 2018</b>
<b>4.1 At Cost</b>						
Computer Software	976,074,435	214,429,006	-			1,190,503,441
<b>Total</b>	<b>976,074,435</b>	<b>214,429,006</b>	<b>-</b>			<b>1,190,503,441</b>
<b>4.2 Amotisation</b>						
Computer Software	927,782,925	30,655,643	1,752,470	-		
<b>Total</b>	<b>927,782,925</b>	<b>30,655,643</b>	<b>1,752,470</b>	<b>-</b>		
<b>4.3 Net Carrying Values</b>						
					<b>As At 31 December 2018</b>	<b>As At 31 December 2017</b>
Computer Software					230,312,403	48,291,510
Intangible Assets Clearing AC					-	8,747,917.00
					<b>230,312,403</b>	<b>57,039,427</b>
					<b>As At 31 December 2018</b>	<b>As At 31 December 2017</b>
Computer Software					230,312,403	48,291,510
					<b>230,312,403</b>	<b>48,291,510</b>
					<b>230,312,403</b>	<b>57,039,427</b>
<b>4 Intangible Assets</b>						
<b>SLPA</b>	<b>As At 01 January 2018</b>	<b>Additions</b>	<b>Adjustments</b>	<b>(Disposals)</b>		
<b>4.1 At Cost</b>						
Computer Software	976,074,435	214,429,006	-	-		
<b>Total</b>	<b>976,074,435</b>	<b>214,429,006</b>	<b>-</b>	<b>-</b>		
<b>4.2 Amotisation</b>						
Computer Software	927,782,925	30,655,643	1,752,470	-		
<b>Total</b>	<b>927,782,925</b>	<b>30,655,643</b>	<b>1,752,470</b>	<b>-</b>		
<b>4.3 Net Carrying Values</b>						
					<b>As At 31 December 2018</b>	<b>As At 31 December 2017</b>
Computer Software					230,312,403	48,291,510
Intangible Assets Clearing AC					-	8,747,917.00
					<b>230,312,403</b>	<b>57,039,427</b>

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018							
5	<b>Investment Properties Cnt.</b>		<b>As At</b>	<b>Transferred/Adj</b>	<b>Additns</b>	<b>(Disposals)</b>	<b>As At</b>
	<b>Group/Authority</b>		<b>01 January 2018</b>	<b>stment</b>			<b>31 December 2018</b>
	<b>5.1 At Cost</b>						
	Land		42,256,121,009	61,980,000		-	42,318,101,009
Buildings		143,333,443,837	43,175,000		-	143,376,618,837	
<b>Total</b>		<b>185,589,564,846</b>	<b>105,155,000</b>			<b>185,694,719,846</b>	
			<b>As At</b>	<b>Transferred/Adj</b>	<b>Charge for the</b>	<b>(Disposals)</b>	<b>As At</b>
			<b>01 January 2018</b>	<b>stment</b>	<b>Year</b>		<b>31 December 2018</b>
	<b>5.1.1 Depreciation</b>						
	Buildings		11,942,075,097	26,698,275	1,343,180,742	-	13,311,954,114
<b>Total</b>		<b>11,942,075,097</b>	<b>26,698,275</b>	<b>1,343,180,742</b>		<b>13,311,954,114</b>	
					<b>As At</b>	<b>As At</b>	
					<b>31 December 2018</b>	<b>31 December 2017</b>	
<b>5.1.2 Net Carrying Values</b>							
Land					42,318,101,009	42,256,121,009	
Buildings					130,064,664,723	131,391,368,740	
					<b>172,382,765,733</b>	<b>173,647,489,750</b>	
					<b>172,382,765,733</b>	<b>173,647,489,750</b>	
6	<b>Investment in Subsidiaries</b>		SLPA		SLPA		
			2018	2017	2018	2017	
	<b>Unlisted</b>	<b>No of Shares</b>	<b>% of Holding</b>				
Jaya Container Terminals Limited	100,000	100%		-	1,000,000	1,000,000	
Maganpura Port Management Company	7,500,000	100%		-	75,000,000	75,000,000	
Lanka Gas Terminal (Pvt) Ltd	1	100%		100	100	-	
				<b>100</b>	<b>76,000,100</b>	<b>76,000,000</b>	
7	<b>Investment in Associates</b>		Group		SLPA		
			2018	2017	2018	2017	
	<b>Unlisted</b>						
Sri Lanka Port Management & Consultancy Services Ltd	(Note 7.1)	70,879,884	70,879,884	40,030	40,030		
Hambanthota International Port Services Ltd	(Note 7.2)	39,150,978,080	39,150,978,080	39,196,080,000	39,196,080,000		
		<b>39,221,857,964</b>	<b>39,221,857,964</b>	<b>39,196,120,030</b>	<b>39,196,120,030</b>		
<b>Movement of Investments in Associate Companies</b>							
<b>7.1 Sri Lanka Port Management &amp; Consultancy Services Ltd</b>							
<b>Balance at 01 January</b>		70,879,884	64,942,056	40,030	40,030		
Share of Net Results of Associates		-	5,937,828	-	-		
Dividends Received		-	-	-	-		
<b>Balance at 31 December</b>		<b>70,879,884</b>	<b>70,879,884</b>	<b>40,030</b>	<b>40,030</b>		
<b>7.2 Hambanthota International Port Services Ltd</b>							
<b>Balance at 01 January</b>		39,150,978,080	39,196,080,000	39,196,080	-		
Share of Net Results of Associates		-	(45,101,920)	-	39,196,080		
Dividends Received		-	-	-	-		
<b>Balance at 31 December</b>		<b>39,150,978,080</b>	<b>39,150,978,080</b>	<b>39,196,080</b>	<b>39,196,080</b>		
<b>Total of SLPMS &amp; HIPS</b>							
<b>Balance at 01 January</b>		39,221,857,964	39,261,022,056	39,236,110	40,030		
Share of Net Results of Associates		-	(39,164,092)	-	-		
Dividends Received		-	-	-	-		
<b>Balance at 31 December</b>		<b>39,221,857,964</b>	<b>39,221,857,964</b>	<b>39,236,110</b>	<b>39,236,110</b>		
<b>7.2 Summary of Financial Results of Associate, and its aggregated assets and liabilities</b>							
<b>Sri Lanka Port Management &amp; Consultancy Services Ltd</b>							
	<b>No. of Shares</b>	<b>% of Holding</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net Profit</b>	
At 31 December 2018	4,003	39.97%					
At 31 December 2017	4,003	39.97%	215,394,599	56,655,861	81,467,514	14,855,712	
<b>Hambanthota International Port Services Ltd</b>							
	<b>No. of Shares</b>	<b>% of Holding</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net Profit</b>	
At 31 December 2018	3,919,608,000	42.00%					
At 31 December 2017	3,919,608,000	42.00%	93,958,082,294	44,588,586	8,257,689	(107,385,524)	

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018				
<b>Categories of Financial Assets and Financial Liabilities</b>				
The carrying amounts of financial assets and financial liabilities in each category are as follows:				
<b>Group</b>				
<b>Financial Assets</b>	<b>Available-For- Sale</b>		<b>Loans and Receivables</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Listed Investments	121,552,220	193,477,904		
Unlisted Investments	20,664,995,589	21,780,686,004		
Investment in Quoted Debentures				
Trade and Other Receivables			13,065,971,161	115,691,840,994
Deposits and Advances			231,415,959	295,557,929
Employee Loans			5,012,492,331	4,297,024,012
Investment in Government Securities and Fixed Deposits			36,132,390,042	22,491,559,843
Cash and Cash Equivalents			2,754,881,161	1,736,048,989
<b>Total</b>	<b>20,786,547,809</b>	<b>21,974,163,908</b>	<b>57,197,150,656</b>	<b>144,512,031,767</b>
<b>Authority</b>				
Listed Investments	121,552,220	193,477,904		
Unlisted Investments	20,664,995,589	21,780,686,004		
Investment in Quoted Debentures				
Trade and Other Receivables			12,061,211,241	114,685,637,648
Deposits and Advances			231,415,959	295,557,929
Employee Loans			4,979,815,402	4,270,311,802
Investment in Government Securities and Fixed Deposits			35,935,170,096	22,345,520,484
Cash and Cash Equivalents			1,934,879,597	914,764,144
<b>Total</b>	<b>20,786,547,809</b>	<b>21,974,163,908</b>	<b>55,142,492,297</b>	<b>142,511,792,008</b>
<b>Financial Liabilities</b>	<b>Group</b>		<b>SLPA</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Other Financial Liabilities</b>				
Non-Current Borrowings				
Government of Sri Lanka	59,690,100,248	54,924,342,666	59,690,100,248	54,924,342,666
Financial Institution	10,926,466,537	11,363,752,700	10,924,411,551	11,360,327,710
Current Borrowings				
Government of Sri Lanka	6,645,377,816	5,198,526,722	6,645,377,816	5,198,526,722
Financial Institution	5,112,837,302	4,708,319,092	1,960,389,294	1,555,871,084
Trade and Other Creditors	1,783,098,873	106,228,718,883	1,475,157,023	105,914,892,043
Deposits and Advances Received	2,207,268,553	2,215,795,483	2,207,268,553	2,215,795,483
<b>Total</b>	<b>86,365,149,329</b>	<b>184,639,455,546</b>	<b>82,902,704,484</b>	<b>181,169,755,708</b>
*Trade and other receivable include Rs.5,149,981,343.93 is receivable from General Treasury.				

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER		Group/ SLPA			
		2018	2017		
<b>8</b>	<b>Available-for-Sale (AFS) Financial Assets</b>				
	Listed Investments (Note 8.1)	121,552,220	193,477,904		
	Unlisted Investments (Note 8.2)	20,664,995,589	21,780,686,004		
		<b>20,786,547,809</b>	<b>21,974,163,908</b>		
	<b>8.1 Listed Investment (Colombo Dockyard Pvt Ltd)</b>				
	Balance at 01 January	193,477,904	171,834,613		
	Net Gains / (Losses) Transfer to AFS Reserve	(71,925,684)	21,643,291		
	Balance at 31 December	<b>121,552,220</b>	<b>193,477,904</b>		
	<b>8.2 Unlisted Investments</b>				
	Where the fair values of financial assets of Colombo International Container Terminals (pvt) Ltd and South Asia Gate way Terminal Limited recorded on the Financial Statements of Financial Position cannot be derived from active markets, they are determining using a variety of valuation techniques that include the use of mathematical models. Due to the unavailability of information, fair value adjustment of Lanka Coal Company and Hambanthota International Port Group has not been carried out.				
		Group/ SLPA			
		No of Shares			
		2018	2017		
	Lanka Coal Company	200,000	2,000,000		
	Colombo International Container Terminal Ltd	28,456,515	1,313,979,580		
	South Asian Gateway Terminals Limited (SAGT)	56,827,288	1,007,616,009		
	Hambanthota International Port Group Ltd	1,834,140,000	18,341,400,000		
			-		
		<b>20,664,995,589</b>	<b>21,780,686,004</b>		
	Balance at 01 January 2018 (CICT)	2,859,913,891	-		
	Net Gains / (Losses) Transfer to AFS Reserve	(1,545,934,311)			
	Balance at 31 December	<b>1,313,979,580</b>			
	Balance at 01 January 2018 (SAGT)	577,372,113			
	Net Gains / (Losses) Transfer to AFS Reserve	430,243,896			
	Balance at 31 December	<b>1,007,616,009</b>			
<b>9</b>	<b>Amount Due from State Mortgage Bank</b>				
	The balance represents the amount transferred to State Mortgage and Investment Bank to grant housing loan to SLPA employees less recoveries of principal repayments received from the bank.				
		Group/ SLPA			
		2018	2017		
	Opening Balance	123,179,740	147,411,904		
	Transferred during the year	(20,184,181)	(24,232,164)		
	Closing Balance	<b>102,995,559</b>	<b>123,179,740</b>		
<b>10</b>	<b>Receivable From General Treasury - PB Loan</b>				
	As per the Cabinet Decision dated 05.12.2017 General Treasury has to provide provisions in respect of the repayment and servicing of interest and capital to SLPA for the loan obtained to settle the ICC arbitration (No.21959/CYK/PTA) between 1. China Harbour Engineering Company Ltd 2.Sinohydro Coporation Vs. SLPA - Construction of Sooriyawewa International Cricket Stadium at Hambanthota under variation order no.6 of Hamabnthota Port Development Project (Phase I). Hence this will not have any impact on Statement of Comprehensive Income of the SLPA since secretary to the Treasury has given an undertaking to provide required budgetary Provision. This is in addition to the note no. 37 in Page No. 32.				
<b>11</b>	<b>Inventories</b>	Group		SLPA	
		2018	2017	2018	2017
	Goods in Stock	2,519,078,304	2,460,657,496	2,519,078,304	2,460,657,496
	Stock in Hand - Admiralty Kitchen	12,359,440	7,891,908	12,359,440	7,891,908
	Sawmill - New Beira	2,018,765	5,550,232	2,018,765	5,550,232
	Stock in Medical Stores	1,391,854	1,189,725	1,391,854	1,189,725
	Obsolete & Slow Moving Stock	-	109,221	-	109,221
	Inventry Material Overhead Value	192,607	(162,553)	192,607	(162,553)
	Inventry receiving clearing accounts	(34,900)	9,554,637	(34,900)	9,554,637
	Inter Lock Blocking	3,025,969	3,025,969	-	-
	Crusher - Chips	3,989,926	3,989,926	-	-
	Fire Foam	1,770,000	1,770,000	-	-
	Fuel Stock	3,589,334	3,589,334	-	-
	Others	3,250,538	55,714	-	-
		<b>2,550,631,838</b>	<b>2,497,221,609</b>	<b>2,535,006,071</b>	<b>2,484,790,666</b>
	Less : Provision for impairment of inventories	-	-	-	-
		<b>2,550,631,838</b>	<b>2,497,221,609</b>	<b>2,535,006,071</b>	<b>2,484,790,666</b>
	In SLPA provision to write-down has not been made for slow moving stocks as the inventories are usable.				
<b>12</b>	<b>Trade and Other Receivables</b>	Group		SLPA	
		2018	2017	2018	2017
	Trade Receivable	3,360,031,330	2,294,383,455	2,862,918,268	1,797,270,393
	Shipping Agents Dispute	19,920,615	61,532,367	19,920,615	61,532,367
	Agent Revenue	1,018,725,281	929,288,606	1,018,725,281	929,288,606
	Consignee Receivables	1,052,504	6,101,088	1,052,504	6,101,088
	Other Receivable (Note 12.1)	7,584,791,146	111,802,063,812	7,074,748,210	111,290,577,450
	Income Tax Receivable (Note 12.3)	1,482,250,100	900,823,810	1,482,250,100	900,823,809
		<b>13,466,770,976</b>	<b>115,994,193,138</b>	<b>12,459,614,978</b>	<b>114,985,593,712</b>
	Provision for Impairment	(503,795,374)	(425,531,883)	(501,399,295)	(423,135,804)
		<b>12,962,975,602</b>	<b>115,568,661,254</b>	<b>11,958,215,682</b>	<b>114,562,457,908</b>
	Consignee Receivable includes the amount of Rs.1,695,536.00 which relates to the legal case number 58/2012.SLPA filed against Midland Enterprises for the unsettled bills and a bank guarantee to the value Rs.5,183,000.00 has been kept with regard to receivable amount.				

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018				
As at 31 December 2017, the Authority's trade receivables amounts to Rs.1,195,259,717 (2016:Rs 1,195,259,717 ) were past due but not impaired. These relate to a number of significant customers including shipping agents, who are individually reviewed for impairment and for whom there are no reliable evidence for recovery in the reporting year. The age analysis of these trade receivables is as follows:				
<b>Ageing of Trade Receivable</b>	<b>Group</b>		<b>SLPA</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Up to 6 Months	2,276,253,593	1,114,298,165	2,276,253,593	1,114,298,165
6 to 12 Months	43,753,714	50,906,715	43,753,714	50,906,715
	<b>2,320,007,308</b>	<b>1,165,204,880</b>	<b>2,320,007,308</b>	<b>1,165,204,880</b>
Trade receivables have been reviewed for impairment. Certain trade receivables are found to be impaired and provision for impairment has been made on the basis as stated in note 2.7. The impaired trade receivables are mostly due from Government institutions and the shipping agents who are under litigation.				
<b>The Details of Provision for Impairment of the Trade Receivables</b>	<b>Group</b>		<b>SLPA</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Shipping Agents Under Litigation	368,836,490	386,702,803	368,836,490	386,702,803
Sri Lanka Forces	149,442	-	149,442	-
Government Institutions	810,077	36,433,002	810,077	36,433,002
Shipping Agents	131,603,286	-	131,603,286	-
Others	-	-	-	-
	<b>501,399,295</b>	<b>423,135,805</b>	<b>501,399,295</b>	<b>423,135,805</b>
<b>12.1 Other Receivable</b>				
Royalty SAGT	107,398,457	89,648,157	107,398,457	89,648,157
Royalty CICT	108,722,250	86,544,609	108,722,250	86,544,609
Lease Rent-SAGT	41,094,440	33,725,732	41,094,440	33,725,732
Receivable Revenue HIPG	5,028,366	-	5,028,366	-
Receivables from the Ministry	305,158	577,827	305,158	577,827
Supply of Fuel to Ministry	3,604,980	3,610,421	3,604,980	3,610,421
Meals & Tea Supplied to Outside Parties	9,869,377	5,510,362	9,869,377	5,510,362
Jaya Container Terminals Ltd	247,662	319,888	247,662	319,888
Electricity for SLPA employees and outside parties	25,015	476,993	25,015	476,993
Supply of fuel to SLMPCS	10,647,472	-	10,647,472	-
Supply of Fuel to MPCL	5,800,921	1,804,652	5,800,921	1,804,652
Foreign Purchase Advance Non Budgeted	519,219,841	-	519,219,841	-
Receivable from Treasury Operations	5,149,981,344	5,056,086,436	5,149,981,344	5,056,086,436
Receivable from Treasury Operations - PB Loan	-	4,369,842	-	4,369,842
Receivable from C.M Port	-	104,960,332,400	-	104,960,332,400
Receivable from HIPS	4,306,510	568,354	4,306,510	568,354
Prepaid Staff Benefit	-	-	-	-
Shares Receivables- SAGT (Note 12.2)	141,632,944	141,632,944	141,632,944	141,632,944
Intercompany Receivables	826,873,407	825,937,832	826,873,407	825,937,832
Other Receivable	509,806,191	514,039,803	(236,745)	2,553,440
Advance payment for Nidahas Sewaka Sangamaya	-	499,964	-	499,964
	<b>7,444,564,336</b>	<b>111,725,686,216</b>	<b>6,934,521,400</b>	<b>111,214,199,854</b>
<b>12.1.1</b>				
Rent Debtors	111,578,285	72,099,947	111,578,285	72,099,947
Electricity Debtors	92,579,265	67,955,790	92,579,265	67,955,790
	<b>204,157,549</b>	<b>140,055,737</b>	<b>204,157,549</b>	<b>140,055,737</b>
Provision for Impairment	(63,930,740)	(63,678,141)	(63,930,740)	(63,678,141)
	<b>140,226,809</b>	<b>76,377,596</b>	<b>140,226,809</b>	<b>76,377,596</b>
	<b>7,584,791,146</b>	<b>111,802,063,812</b>	<b>7,074,748,210</b>	<b>111,290,577,450</b>
<b>12.2 Share Receivable - SAGT</b>				
Share receivable from SAGT represents the balance receivable from South Asia Gateway Terminal Ltd ( SAGT) arising from the difference between the initial value of cranes given to SAGT and shares issued for in-kind contribution. However, SAGT has resolved on 14 May 2010 that the SLPA will be entitled to be issued an additional "in kind" shares in SAGT to the extent of USD 2,424,285 equivalent to Rs.141,632,943.84 only in the event of further capital call for the phase 1 facilities. No provision for impairment has been made for the receivable since, the Ministry of Finance and Planning has instructed the Authority to show the balance USD 2,424,285 equivalent to Rs.141,632,943.84 as share receivable from SAGT in the Financial Statements.				
<b>12.3 Income Tax Receivable</b>				
<b>Economic Service Charge</b>				
Balance at 01 January	798,157,817	574,168,289	798,157,817	574,168,289
Incurred During the year	106,750,663	105,200,230	106,750,663	105,200,230
write off B/F amount- year 2013	-	-	(140,812,908)	-
Provide for the 2018	150,296,517	118,789,298	150,296,517	118,789,298
<b>Balance as at 31st December</b>	<b>914,392,089</b>	<b>798,157,817</b>	<b>914,392,089</b>	<b>798,157,817</b>
<b>Withholding Tax</b>				
Balance at 01 January	102,665,993	41,454,280	102,665,993	41,454,280
Incurred During the year	465,192,018	61,211,713	465,192,018	61,211,713
<b>Balance as at 31st December</b>	<b>567,858,011</b>	<b>102,665,993</b>	<b>567,858,011</b>	<b>102,665,993</b>
Income Tax Receivable				
	<b>1,482,250,100</b>	<b>900,823,810</b>	<b>1,482,250,100</b>	<b>900,823,809</b>
<b>12.3 Income Tax Receivable</b>				
<b>13 Deposits and Advances</b>	<b>Group</b>		<b>SLPA</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Government Deposits	64,558,502	64,558,502	64,558,502	64,558,502
Corporation Deposits	111,301,463	114,362,812	111,301,463	114,362,812
Company Deposits	20,490,137	20,265,137	20,490,137	20,265,137
Advances for Capital Expenditure & Consumables	-	-	-	-
Advance to Suppliers	18,201,108	83,330,559	18,201,108	83,330,559
Advance to Contractors - Capital Expenditure	16,864,749	13,040,919	16,864,749	13,040,919
	<b>231,415,959</b>	<b>295,557,929</b>	<b>231,415,959</b>	<b>295,557,929</b>
	<b>231,415,959</b>	<b>295,557,929</b>	<b>231,415,959</b>	<b>295,557,929</b>

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018	Group		SLPA	
	2018	2017	2018	2017
<b>14 Employee Loans</b>				
Advances	27,851,232	24,391,368	27,851,232	24,391,368
Receivables from Employees	1,793,037	2,552,366	1,793,037	2,552,366
Vehicle Loan	858,286,815	634,274,105	858,286,815	634,274,105
Loans	4,116,557,326	3,602,102,494	4,084,164,802	3,602,102,494
Mis. Loans Given to Employees	8,003,921	33,703,679	7,719,516	6,991,469
	<b>5,012,492,331</b>	<b>4,297,024,012</b>	<b>4,979,815,402</b>	<b>4,270,311,802</b>
<b>15 Other Financial Assets</b>				
REPO's	1,279,268,099	1,820,734,376	1,279,268,099	1,820,734,376
Fixed Deposits - Local	10,364,673,688	12,264,847,934	10,167,453,742	12,118,808,575
Fixed Deposits - Foreign	24,486,301,202	8,401,937,069	24,486,301,202	8,401,937,069
Call Deposits	2,133,854	4,023,462	2,133,854	4,023,462
Savings	13,200	17,002	13,200	17,002
	<b>36,132,390,042</b>	<b>22,491,559,843</b>	<b>35,935,170,096</b>	<b>22,345,520,484</b>
			(0)	
Fixed deposit placed in National Saving Bank represents the fines collected from employees who are charged for misconduct. The deposit is maintained separately as required by No 51 Sri Lanka Ports Authority Act.				
<b>16 Cash and Cash Equivalents</b>				
<b>Favourable Balances</b>				
Cash and Bank Balances - LKR	2,751,062,482	1,732,856,633	1,931,060,918	911,571,788
Bank Balances - Foreign Currency	3,818,680	3,192,356	3,818,680	3,192,356
	<b>2,754,881,161</b>	<b>1,736,048,989</b>	<b>1,934,879,597</b>	<b>914,764,144</b>
<b>17 Property, Plant &amp; Equipment-MPMC Ltd</b>				
<b>Cost</b>				
		1,110,905		
<b>Depreciation</b>				
		112,082		
<b>Written Down Value</b>				
	<b>998,823</b>	<b>998,823</b>		
<b>18 Capital Employed</b>				
Capital represents all movable and immovable properties including money in the funds and all debts, liabilities and obligations in connection with or appertaining to such properties transferred and vested to Sri Lanka Ports Authority from Colombo Port commission, Port Cargo Corporation and Port Tally and Protective Services Corporation.				
<b>19 Capital Reserve</b>				
This represents the value of the capital assets transferred from Lanka Marine Services Ltd and other institutions.				
<b>22 Loan Redemption Reserve</b>				
Loan Redemption Reserve has been created according to Finance Act Section 10(d) which requires the Authority to transfer to this reserve, when there is cumulative retained earnings				
<b>20 Other Reserves</b>				
<b>Other Reserves</b>	1,125,903	1,125,903	1,125,903	1,125,903
<b>21 Deferred Income</b>				
Upfront Fee Paid by CICT (21.1)	2,848,860,000	2,952,394,286	2,848,860,000	2,952,394,286
Lump Sum Premium Laughs Terminal Ltd (21.2)	14,216,923	14,875,131	14,216,923	14,875,131
Lump Sum Premium Distilleries Company of Sri Lanka	291,870,959	302,170,959	291,870,959	302,170,959
Lump Sum Premium Tokyo Cement Co.Ltd (21.4)	357,069,892	369,403,226	357,069,892	369,403,226
Lease Hold Rights HIPS (21.5)	71,611,400,014	72,342,598,744	71,611,400,014	72,342,598,744
Lease Hold Rights HIPG (21.6)	96,154,447,978	97,136,247,108	96,154,447,978	97,136,247,108
	<b>171,277,865,767</b>	<b>173,117,689,454</b>	<b>171,277,865,767</b>	<b>173,117,689,454</b>
<b>21.1 Upfront Fee Paid by CICT</b>				
<b>Balance at 01 January</b>	2,952,394,286	3,055,928,572	2,952,394,286	3,055,928,572
Received during the year	-	-	-	-
Amortized During the year	(103,534,286)	(103,534,286)	(103,534,286)	(103,534,286)
<b>Balance at 31 December</b>	<b>2,848,860,000</b>	<b>2,952,394,286</b>	<b>2,848,860,000</b>	<b>2,952,394,286</b>
As per the Royalty agreement between SLPA and CICT a Lump sum premium of US\$ 15 million has been received in the year 2012 and US\$ 10 million has been received in the year 2016. This lump sum premium is amortized over 35 years.				
<b>21.2 Lump Sum Premium Laughs Terminal Ltd</b>				
<b>Balance at 01 January</b>	14,875,131	15,533,338	14,875,131	15,533,338
Received during the year	-	-	-	-
Amortized During the year	(658,207)	(658,207)	(658,207)	(658,207)
<b>Balance at 31 December</b>	<b>14,216,923</b>	<b>14,875,131</b>	<b>14,216,923</b>	<b>14,875,131</b>
Lump Sum payment Rs.16,455,184.23 received from M/S Laughs Terminals Ltd for the leased out property (A land called Lewaya Egodaha part of reclaimed area by SLPA Hambanthota situated at koholana Village in Hambanthota) for the period of 25 years from 07.08.2015 to 06.08.2040.				
<b>21.3 Lump Sum Premium Distilleries Company of Sri Lanka PLC</b>				
<b>Balance at 01 January</b>	302,170,959	309,000,000	302,170,959	309,000,000.00
Received during the year	-	-	-	-
Amortized During the year	(10,300,000)	(6,829,041)	(10,300,000)	(6,829,041)
<b>Balance at 31 December</b>	<b>291,870,959</b>	<b>302,170,959</b>	<b>291,870,959</b>	<b>302,170,959</b>
Lump Sum payment Rs.309,000,000 received from M/S Distilleries Company Sri Lanka PLC for the leased out property (PVQ Repository Warehouse at Colombo Port) for the period of 30 years from 04.05.2017 to 03.05.2047.				
<b>21.4 Lump Sum Premium Tokyo Cement Co.Ltd</b>				
<b>Balance at 01 January</b>	369,403,226	370,000,000	369,403,226	370,000,000
Received during the year	-	-	-	-
Amortized During the year	(12,333,333)	(596,774)	(12,333,333)	(596,774)
<b>Balance at 31 December</b>	<b>357,069,892</b>	<b>369,403,226</b>	<b>357,069,892</b>	<b>369,403,226</b>
Lump Sum payment Rs.370,000,000 received from M/S Tokyo Cement (Lanka) PLC for the leased out property (No.01 warehouse of Prince Vijaya Quay in Colombo Port) for the period of 30 years from 14.12.2017 to 14.12.2047.				



# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

	Group		SLPA	
	2018	2017	2018	2017
<b>21.5. Lease Hold Rights - HIPS</b>				
Balance at 01 January	72,342,598,745		72,342,598,745	
Received from Assets transfer		72,388,674,280		72,388,674,280
Amortized during the year	(731,198,730)	(46,075,536)	(731,198,730)	(46,075,536)
<b>Balance at 31 December</b>	<b>71,611,400,014</b>	<b>72,342,598,744</b>	<b>71,611,400,014</b>	<b>72,342,598,744</b>
<b>21.6. Lease Hold Rights - HPG</b>				
Balance at 01 January	97,136,247,108	97,198,113,903	97,136,247,108	97,198,113,903
Received from Assets transfer				
Amortized during the year	(981,799,130)	(61,866,795)	(981,799,130)	(61,866,795)
<b>Balance at 31 December</b>	<b>96,154,447,978</b>	<b>97,136,247,108</b>	<b>96,154,447,978</b>	<b>97,136,247,108</b>
	167,765,847,992	169,478,845,852	167,765,847,992	169,478,845,852
	<b>171,277,865,767</b>	<b>173,117,689,454</b>	<b>171,277,865,767</b>	<b>173,117,689,454</b>
As per the concession agreement lease out the Hambanthota Port and all assets transferred for 99 years operating lease and lease hold right also amortized over 99				
<b>22. Loan Redemption Reserve</b>				
Loan Redemption Reserve has been created according to Finance Act Section 10(d) which requires the Authority to transfer to this reserve, when there is cumulative retained earnings				
<b>23. Revaluation Reserve</b>				
The revaluation reserve relates to the revaluation surplus of property, plant and equipment, once the respective revalued assets have been disposed, portion of revalued surplus is transferred to retained earnings.				
<b>24. Borrowings - Government of Sri Lanka</b>			Group/ SLPA	
			2018	2017
<b>Carrying Amount at Amortized Cost</b>				
<b>24.1 Settlement Fall Due More than One Year</b>				
Colombo Port Development Project			13,458,224,465	14,576,702,489
Galle Port Development Project			641,727,765	558,568,728
Colombo Port Expansion - (South Harbor)			45,590,148,019	39,789,071,449
			<b>59,690,100,248</b>	<b>54,924,342,666</b>
<b>24.2 Settlement Fall Due Within One Year</b>				
Colombo Port Development Project			4,421,289,959	3,662,602,031
Galle Port Development Project			38,670,174	31,831,191
Colombo Port Expansion - (Southern Harbor)			2,185,417,683	1,504,093,500
			<b>6,645,377,816</b>	<b>5,198,526,722</b>
			<b>66,335,478,064</b>	<b>60,122,869,388</b>
The above borrowings were provided by the Government of Sri Lanka for ports expansion projects and development projects under subsidiary loan agreement. The loan granted to Colombo Port Expansion carries floating rate of interest and others are at fixed rates of interest.				
Loans obtained for the development of Hambanthota Port and repayments of those loans obtained for construction of Port of Hambanthota were undertaken by the General Treasury as per the Cabinet Decision for Cabinet Memorandum No 17/1538/737/026 of 14th July 2017. Therefore SLPA has no obligation on that.				
<b>Terms and conditions of borrowing facilities are in page 132</b>				
			Group/ SLPA	
			2018	2017
<b>The carrying amounts of the borrowings are denominated in the following currencies:</b>				
Japan Yen loans in sri lankan Rupee Terms			18,559,912,362	18,829,704,439
United States Dollars in sri lankan Rupee Terms			47,775,565,702	41,293,164,949
			<b>66,335,478,064</b>	<b>60,122,869,388</b>
<b>24.3 Movement of the Loans</b>				
Balance at 01 January			60,122,869,388	224,840,402,306
Obtained During the Year			-	4,150,165,246
Future Disbursements			-	7,866,562,576
Paid During the Year			(5,476,405,293)	(8,366,105,711)
Exchange (Gain) / Loss on reversed				(27,103,643,638)
Exchange (Gain) / Loss on Translation			11,131,446,002	2,098,412,795
Accrued interest under Short Term			557,567,967	297,304,695
Transferred to General Treasury			-	(143,660,228,881)
<b>Balance at 31 December</b>			<b>66,335,478,064</b>	<b>60,122,869,388</b>
<b>25. Borrowings - Financial Institutions</b>				
			2018	2017
<b>Carrying Amount at Amortized Cost</b>				
<b>25.1 Settlement Fall Due More than One Year</b>				
Bank of Ceylon -CPEP Construction of ECT loan	6,973,552,681	7,409,468,840	6,973,552,681	7,409,468,840
Bank of Ceylon Others	2,054,986	3,424,990	-	-
Peoples Bank-Construction of Sooriyawewa Sta	3,950,858,870	3,950,858,870	3,950,858,870	3,950,858,870
	<b>10,926,466,537</b>	<b>11,363,752,700</b>	<b>10,924,411,551</b>	<b>11,360,327,710</b>
<b>25.2 Settlement Fall Due Within One Year</b>				
Bank of Ceylon -CPEP Construction of ECT loan	1,960,389,294	1,551,501,241	1,960,389,294	1,551,501,241
Bank of Ceylon Others	1,370,004	1,370,004	-	-
Peoples Bank-Construction of Sooriyawewa Stadium		4,369,842	-	4,369,842
HNB-Bunkering Facility (MPMC)	3,151,078,004	3,151,078,004	-	-
	<b>5,112,837,302</b>	<b>4,708,319,092</b>	<b>1,960,389,294</b>	<b>1,555,871,084</b>
	<b>16,039,303,839</b>	<b>16,072,071,792</b>	<b>12,884,800,845</b>	<b>12,916,198,794</b>
The above ECT loan secured by Negative pledge over assets of East Container Terminal.				
<b>Terms and conditions of borrowing facilities are in page 132</b>				
The carrying amounts of the borrowings are denominated in the following currency.				
Sri Lankan Rupees	3,950,858,870	3,955,228,712	3,950,858,870	3,955,228,712
United States Dollars	12,088,444,969	12,116,843,080	8,933,941,975	8,960,970,082
	<b>16,039,303,839</b>	<b>16,072,071,792</b>	<b>12,884,800,845</b>	<b>12,916,198,794</b>
			2018	2017
<b>25.3 Movement of the Loans</b>				
Balance at 01 January	15,852,380,529	15,436,937,109	12,916,198,794	12,505,550,365
Obtained During the Year	-	3,955,653,864	-	3,950,858,870
Paid During the Year	(1,539,950,739)	(1,742,079,319)	(1,539,950,739)	(1,742,079,319)
Exchange (Gain) / Loss on Translation	1,508,552,790	226,907,317	1,508,552,790	226,907,317
Exchange (Gain)/Loss reversed	-	(355,287,570)	-	(355,287,570)
Accrued Interest Under Short Term		4,369,842		4,369,842
Transferred to General Treasury		(1,674,120,714)		(1,674,120,714)
<b>Balance at 31 December</b>	<b>15,820,982,580</b>	<b>15,852,380,529</b>	<b>12,884,800,845</b>	<b>12,916,198,794.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018		Group		SLPA	
		2018	2017	2018	2017
<b>26</b>	<b>Government Grants</b>				
	<b>Balance at 01 January</b>	<b>28,764,321,596</b>	<b>2,112,806,647</b>	<b>28,764,321,596</b>	<b>2,112,806,647</b>
	Grants Received During the Year	-	26,712,686,000	-	26,712,686,000
	Amortisation of Government Grants	(312,579,173)	(61,171,051)	(312,579,173)	(61,171,051)
	<b>Balance at 31 December</b> (Note 26.1)	<b>28,451,742,423</b>	<b>28,764,321,596</b>	<b>28,451,742,423</b>	<b>28,764,321,596</b>
	<b>26.1 The Carrying Values</b>	<b>2018</b>	<b>2017</b>		
	Mega Port Project	89,851,183	89,851,183	89,851,183	89,851,183
	Kankasanturai Break Water Project	9,614,749	9,614,749	9,614,749	9,853,399
	Hambantota Port Development Project	87,208,364	87,208,364	87,208,364	92,053,273
	Oluvil Port Development Project	15,918,977	15,918,977	15,918,977	19,900,000
	Colombo Port Expansion Project	1,456,291,546	1,456,291,546	1,456,291,546	1,483,259,908
	Hambantota Bunkering and Tank	2,189,374	2,189,374	2,189,374	2,277,536
	Renovation project of UCT Terminal	361,600,000	361,600,000	361,600,000	366,933,333
	Motor Vehicle Received as Grant	-	-	-	1,136,667
	Galle Yatch Marina Development	3,210,021	3,210,021	3,210,021	3,282,976
	Crown Land for Hambantota Port Project-HIPS	4,408,705,912	4,408,705,912	4,408,705,912	4,453,721,652
	Crown Land for Hambantota Port Project-HIPG	22,017,152,299	22,017,152,299	22,017,152,299	22,241,961,670
		<b>28,451,742,423</b>	<b>28,451,742,423</b>	<b>28,451,742,423</b>	<b>28,764,321,596</b>
	The above grants received from the Government of Sri Lanka and International Government Agencies for the development of ports and other constructions. The amounts spent have been capitalised either work-in-progress or under the relevant class of property, plant and equipment respectively. The corresponding grant is being amortised over the useful life of the related assets.				
	Balance amount of the grant received for Mega Port Project have been utilised to carry out Maintenance Expenses of Mega Port Project since the useful life of the related asset is over by 2015				
	Estimated Value for the Crown Land is obtained based on the valuation Department letter which will be adjusted after receiving correct values.				
<b>27</b>	<b>Deferred Tax Liabilities</b>			<b>Group / SLPA</b>	
				<b>2018</b>	<b>2017</b>
	<b>Balance at 01 January</b>			4,191,116,180	12,114,566,119
	Recognised in Profit or Loss			4,448,860,301	(102,008,604,000)
	Recognised as Prior period Adjustments			-	(5,664,282,405,12)
	Recognised in Revaluation Reserve			558,667,764	(2,157,158,929,26)
	<b>Balance at 31 December</b>			<b>9,198,644,245</b>	<b>4,191,116,180</b>
				<b>Group / SLPA</b>	
				<b>2018</b>	<b>2017</b>
<b>27.1</b>	<b>The Analysis of Deferred Tax Assets and Liabilities</b>				
	<b>Deferred Tax Assets</b>				
	Opening Tax deferred Tax Liability			(4,191,116,180)	
	From Provision for Gratuity			5,371,717,411	(12,114,566,120)
	From Accounting Provisions			3,885,071,974	-
	From Brought Forward Tax Losses			6,760,956,096	-
				<b>11,826,629,301</b>	<b>(12,114,566,120)</b>
	<b>Deferred Tax Liability</b>				
	From Accelerating Depreciation			(21,025,273,546)	7,923,449,939
				<b>(21,025,273,546)</b>	<b>7,923,449,939</b>
	<b>Net Deferred Tax Liability</b>			<b>(9,198,644,245)</b>	<b>4,191,116,180</b>
	Inland revenue Act ,No24 of 2017(New Inland Revenue Act) comes into operation with effect from April 01,2018 and the Tax Exemption enjoyed by the SLPA under section 13 (yyyy) and 13 (yyyy) of the Inland revenue Act ,No 10 of 2006 has been terminated with effect from March 31,2018. Therefore the said tax exemption is not available after March 31,2018.				
<b>28</b>	<b>Retirement Benefits Obligation</b>			<b>Group</b>	<b>SLPA</b>
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Balance at 01 January</b>	<b>4,737,678,804</b>	<b>4,356,194,793</b>	<b>4,731,949,905</b>	<b>4,350,188,554</b>
	Expense Recognised in the Statement of Comprehensive Income (Note 28.1)	702,582,527	633,904,311	700,899,467	632,614,189
	Benefit Paid During the Year	(410,103,017)	(428,803,093)	(409,066,891)	(428,588,159)
	Actuarial (Gain) / Loss on Obligation	351,550,704	176,382,793	347,934,931	177,735,321
	<b>Balance at 31 December</b>	<b>5,381,709,018</b>	<b>4,737,678,804</b>	<b>5,371,717,412</b>	<b>4,731,949,905</b>
	<b>28.1 Expense Recognised in the statement of comprehensive income</b>				
	Interest Cost	472,016,537	435,619,479	471,443,647	435,018,855
	Current Service Cost	230,565,990	198,284,832	229,455,820	197,595,334
		<b>702,582,527</b>	<b>633,904,311</b>	<b>700,899,467</b>	<b>632,614,189</b>
	These assumptions are developed by independent actuarial consultant is based on the management's best estimates of variables used to measure the retirement benefits obligation				
	The principal actuarial assumptions used are as follows				
	For group, assumptions are expressed as range				
	Discount rate [%]	*9-10	10	10	11
	Future Salary Increases - Salary [%]	*2-6	6	6	6
	- Allowances [%]		5	5	5
	Staff Turnover Factor - Up to age 50 Yrs [%]	2.2%	0.5	1	0.5
	- after 50 Yrs	0	0	-	0
	Retirement age [Yrs]	60	60	60	60
	Discount rate is determined by examining the market rates of interest on short-term corporate bonds/ government bond and the anticipated long-term rate of inflation. Other assumptions such as mortality, staff turnover, disability and promotion are used by the actuarial consultants are based on management's historical experience.				
<b>29</b>	<b>Supply of Goods and services and other creditors</b>			<b>Group</b>	<b>SLPA</b>
		<b>2018</b>	<b>2017</b>	<b>2,018</b>	<b>2017</b>
	Supply of Goods & Service Creditors	1,008,480,848	492,289,442	1,007,732,148	491,540,742
	Other Creditors	10,953,088	10,953,088	7,058,660	7,058,660
	Payable to General Treasury	-	104,960,332,400	-	104,960,332,400
	Jaya Container Terminals Limited	(544,684)	(544,684)	34,366,364	24,913,388
	Supply of fuel to MPMCL	(56,144,828)	(56,144,828)	71,819,156	71,819,156
	Shipping Agents - Credit Balance	265,399,746	247,913,722	265,399,746	247,913,722
	Compensation Payments	463,849,768	466,399,768	1,244,000	3,794,000
	Salary Abatements	86,065,586	104,213,991	86,065,586	104,213,991
	Unclaimed Wages	5,039,350	3,305,985	5,039,350	3,305,985
		<b>1,783,098,873</b>	<b>106,228,718,883</b>	<b>1,478,725,009</b>	<b>105,914,892,043</b>

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018		Group		SLPA	
		2018	2017	2018	2017
<b>30</b>	<b>Deposits and Advances Received</b>				
	Deposits - Shipping Agents	202,360,390	174,429,914	202,360,390	174,429,914
	Deposit for Landing & Delivery	29,885,607	30,079,058	29,885,607	30,079,058
	Bonding Deposits	3,961,139	6,373,914	3,961,139	6,373,914
	Shipping Agents Advance	649,259,166	811,335,752	649,259,166	811,335,752
	Deposit from customers	9,181,169	8,984,017	9,181,169	8,984,017
	Employers Fidelity Deposits	722,986	693,514	722,986	693,514
	Rent Deposit	224,245,601	196,768,743	224,245,601	196,768,743
	Trading deposits	424,168,638	324,277,040	424,168,638	324,277,040
	Contractor deposits	567,466,090	570,317,131	567,466,090	570,317,131
	Special Deposits	23,996,832	20,149,352	23,996,832	20,149,352
	Miscellaneous Deposits	72,020,935	72,387,047	72,020,935	72,387,047
		<b>2,207,268,553</b>	<b>2,215,795,483</b>	<b>2,207,268,553</b>	<b>2,215,795,483</b>
<b>31</b>	<b>Current Tax Payable</b>				
	<i>Summary of current tax payable is as follow:</i>				
	Corporate Tax	20,130,601	13,328,291		
	Value Added Tax	87,300,827	137,247,288	77,404,746	128,610,697
	Withholding Tax	39,581,126	6,058,452	39,581,126	6,058,452
	Economic Service Charge	145,021,902	118,379,666	145,021,902	118,379,666
	National Building Tax	18,959,747	23,719,782	18,959,747	23,719,782
	Construction Levy (CIGFL)	2,204,858	-	2,204,858	-
	Ports and Airport Development Levy	6,058,452	-	6,058,452	-
		<b>319,257,513</b>	<b>298,733,479</b>	<b>289,230,831</b>	<b>276,768,597</b>
<b>31.1</b>	<b>Corporate Tax</b>				
	Balance at 01 January	7,689,972	648,187	-	-
	Charge for the Period	(1,622,262)	7,041,785	-	-
	Balance at 31 December	<b>6,067,710</b>	<b>7,689,972</b>	-	-
<b>32</b>	<b>Provisions and Accrued Expenses</b>				
	Provision for Volume Rebate	1,652,416,664	1,179,323,964	1,652,416,664	1,179,323,964
	Accrued Expenditure	1,579,251,955	959,033,247	1,554,510,926	934,506,575
	Provision for Claims	1,731,256,016	1,936,414,659	1,731,256,016	1,936,414,659
		<b>4,962,924,635</b>	<b>4,074,771,871</b>	<b>4,938,183,606</b>	<b>4,050,245,199</b>
<b>33</b>	<b>Revenue</b>				
		Group		SLPA	
		2018	2017	2018	2017
			Without port of Hambantota		Without port of Hambantota
	Navigation (Note:33.1)	10,582,829,024	8,145,145,302	10,582,829,024	8,145,055,541
	Stevedoring (Note: 33.2)	18,257,298,637	16,873,114,972	18,257,298,637	16,873,114,972
	Wharf Handling	5,606,578,496	5,325,220,128	5,606,578,496	5,325,220,128
	Port Facilities (Note: 33.3)	3,226,158,663	4,270,533,421	3,226,158,663	3,772,501,837
	Other Service Operations (Note: 33.4)	873,259,807	1,273,562,925	873,259,807	1,273,562,925
		<b>38,546,124,626</b>	<b>35,887,576,749</b>	<b>38,546,124,626</b>	<b>35,389,455,404</b>
	(Note:33.1)				
	Navigation	10,808,928,024	8,343,055,541	10,808,928,024	8,343,055,541
	Less: Rebate on Navigational Charges	(226,099,000)	(198,000,000)	(226,099,000)	(198,000,000)
		<b>10,582,829,024</b>	<b>8,145,055,541</b>	<b>10,582,829,024</b>	<b>8,145,055,541</b>
	(Note: 33.2)				
	Stevedoring	21,184,685,005	18,954,356,520	21,184,685,005	18,954,356,520
	Less : Rebate on Stevedoring Charges	(2,927,386,368)	(2,081,241,548)	(2,927,386,368)	(2,081,241,548)
		<b>18,257,298,637</b>	<b>16,873,114,972</b>	<b>18,257,298,637</b>	<b>16,873,114,972</b>
	(Note: 33.3)				
	Port Facilities	3,466,443,488	4,597,221,146	3,466,443,488	4,099,189,562
	Less: Rebate on Storage	(240,284,825)	(326,687,725)	(240,284,825)	(326,687,725)
		<b>3,226,158,663</b>	<b>4,270,533,421</b>	<b>3,226,158,663</b>	<b>3,772,501,837</b>
	(Note: 33.4)				
	Other Service Operations	1,060,336,188	1,329,645,611	1,060,336,188	1,329,645,611
	Less :	(187,076,381)	(56,082,686)	(187,076,381)	(56,082,686)
	Supply of electricity for reefer containers	<b>873,259,807</b>	<b>1,273,562,925</b>	<b>873,259,807</b>	<b>1,273,562,925</b>
	* Rebate on storage and Inter Terminal Trucking included in stevedoring Revenue in the year 2018.				
	Rebate on stevedoring charges include: Volume rebates on transshipment containers,Volume rebates on domestic containers,rebates on Transshipment Containers (ECI ,2% etc.) Rebates on Domestic Containers 2%,Rebate on Conventional Cargo (15%,20% & Etc.) and charge on carrier rebate.				
	Rebate on stevedoring charges include: Volume rebates on transshipment containers,Volume rebates on domestic containers,rebates on Transshipment Containers (ECI ,2% etc.) Rebates on Domestic Containers 2%,Rebate on Conventional Cargo (15%,20% & Etc.) and charge on carrier rebate.				
	Rebate on stevedoring charges include: Volume rebates on transshipment containers,Volume rebates on domestic containers,rebates on Transshipment Containers (ECI ,2% etc.) Rebates on Domestic Containers 2%,Rebate on Conventional Cargo (15%,20% & Etc.) and charge on carrier rebate.				
<b>34</b>	<b>Direct Expenses</b>				
		Group		SLPA	
		2018	2017	2018	2017
	<b>Operational Expenses</b>				
	Salaries wages & Allowances	6,316,340,013	5,407,099,632	6,210,412,155	5,331,134,603
	Overtime	2,315,137,838	1,895,547,232	2,315,137,838	1,895,547,232
	Traveling Subsistence & Fuel Allowance	1,331,566	523,240	1,331,566	523,240
	Fuel Electricity & Other Expenses	1,913,504,960	1,692,385,977	1,882,114,435	1,669,184,584
	Cost of Water	48,455,403	44,058,509	48,260,606	43,840,906
	External Hire Charges / Contracts	1,349,070,222	697,090,816	1,349,070,222	697,090,815
	Contract works for Rep. & Main.	66,797,391	91,330,396	66,797,391	82,766,935
	Insurance & License	27,188,210	13,164,958	27,188,210	13,164,958
	Material Issued for Operational activities	3,506,588	1,869,464	1,022,014	1,869,463
	Bunkering	-	449,577,133	-	-
	Lashing and Unlashing Expenses	-	4,343,404	-	-
	Crusher and Inter Lock Blocking	-	2,595,750	-	-
	Depreciation	3,376,550,909	5,309,316,500	3,374,247,863	5,307,632,710
		<b>15,417,883,100</b>	<b>15,608,903,011</b>	<b>15,275,582,300</b>	<b>15,042,755,447</b>
	<b>Repair and Maintenances Expenses</b>				
	Salaries Wages & Allowances	3,466,436,483	2,863,204,424	3,466,436,483	2,863,204,424
	Overtime	1,294,223,260	1,002,131,661	1,294,223,260	1,002,131,661
	Traveling, Subsistence & Fuel Allowances	5,247,887	5,794,696	5,247,887	5,794,696
	Fuel Electricity & Other Expenses	32,316,790	115,557,985	32,316,790	115,557,985
	External Hire Charges/ Contracts	49,100	54,000	49,100	54,000
	Contract works for Rep. & Main.	15,999,414	8,292,669	11,776,959	8,292,669
	Insurance & License	20,107,105	3,039,320	20,107,105	3,039,320
	Material Issued for Operational Activities	972,876,761	940,148,724	976,071,585	940,148,724
	Depreciation	30,274,096	30,327,279	30,274,096	30,327,279
		<b>5,837,530,895</b>	<b>4,968,550,758</b>	<b>5,836,503,264</b>	<b>4,968,550,758</b>
		<b>21,255,413,995</b>	<b>20,577,453,769</b>	<b>21,112,085,564</b>	<b>20,011,306,204</b>

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER	Group		SLPA	
	2018	2017	2018	2017
		Without port of Hambantota		Without port of Hambantota
<b>35 Other Operating Income</b>				
<i>Other Services - Non Operational</i>				
Hire of Equip. & Floating Craft other than Cargo Handling	2,529,275	10,142,504	2,529,275	10,142,504
Supply of water for local consumption	904,809	707,207	904,809	707,207
Supply of electricity for local consumption	64,902,896	45,786,720	64,902,896	45,786,720
Telephone calls and medical facilities	51,753	46,880	51,753	46,880
Training fees	-	58,500	-	58,500
Special Jobs done for outside parties	3,137,508	5,384,449	3,137,508	5,384,449
Income from specialized Activities	1,124,664	2,992,530	1,124,664	2,992,530
	<b>72,650,905</b>	<b>65,118,789</b>	<b>72,650,905</b>	<b>65,118,789</b>
<i>Port Estate</i>				
Lease out lands	2,245,316,780	1,890,848,183	2,245,316,780	1,890,848,183
Royalty	3,143,863,175	2,489,283,165	3,143,863,175	2,489,283,165
Rent on housing scheme	2,262,717	2,149,399	2,262,717	2,149,399
Revenue from circuit bungalows	1,166,516	1,183,221	1,166,516	1,183,221
Rent / lease out buildings / warehouse	96,962,155	57,413,964	96,962,155	57,413,964
Miscellaneous	18,500	-	18,500	-
Debit note issued by Ledger & Credit Control	-	15,000	-	15,000
Auditorium & class room hiring charges	46,870	17,043	46,870	17,043
Interest from deferred lease rent of CICT	36,669,050	33,368,539	36,669,050	33,368,539
Rent lease out sea Area	2,945,411	-	2,945,411	-
	<b>5,529,251,174</b>	<b>4,474,278,515</b>	<b>5,529,251,174</b>	<b>4,474,278,515</b>
<i>Miscellaneous</i>				
Dividend Received	2,240,351,509	839,681,509	2,240,351,509	839,681,509
Penalty and surcharge on L & D Bills/ Stevedore Billing	18,695,486	22,009,521	18,695,486	22,009,521
Surcharge on overdue bills	5,674,088	5,977,408	5,674,088	5,977,408
Proceed on sale of assets	16,024,922	18,139,866	16,024,922	18,139,866
Tender sales revenue	27,373,859	33,549,379	27,373,859	33,549,379
Surcharges on employees	226,483	61,914	226,483	61,914
Charges on dishonored bonds items & debtors balances	1,463,569	1,526,622	1,463,569	1,526,622
Fines & Insurance Commission	18,618	19,662	18,618	19,662
Administration charges from CICT	-	-	-	-
	<b>2,309,828,533</b>	<b>920,965,879</b>	<b>2,309,828,533</b>	<b>920,965,879</b>
<i>Central Division</i>				
Port entry permits	26,906,655	19,000,660	26,906,655	19,000,660
Temporary port permit charges	338,363,996	378,437,987	338,363,996	378,437,987
Annual vehicle permits & casual vehicle permits	160,883,747	94,474,783	160,883,747	94,474,783
Fees on chandler's license & survey fees	30,310,761	25,947,864	30,310,761	25,947,864
Licensing of wharf clearing agencies in three ports	30,463,962	29,047,508	30,463,962	29,047,508
Licensing of harbour craft	374,938	931,324	374,938	931,324
Proceeds on hire of welfare buses	1,968,559	3,156,308	1,968,559	3,156,308
Canteen income	6,000	6,000	6,000	6,000
Miscellaneous	70,639,721	86,217,990	70,427,973	73,915,887
Sale of Books & Publications	209,220	456,704	209,220	456,704
Compensation receipts	5,840,737	8,073,460	5,840,737	8,073,460
Galleface green collection	1,384,565	-	1,384,565	-
Grant Income	309,174,483	61,171,076	309,174,483	61,171,076
Administration & Infrastructure Fee	639,047,303	548,963,712	639,047,303	548,963,712
Upfront fee paid by CICT	103,534,286	103,534,286	103,534,286	103,534,286
Admission/Monthly/Term fees for SLPA creche	520,000	679,900	520,000	679,900
Hydrographic survey office -Tide data (CPCDP)	5,000	10,030	5,000	10,030
Lump Sum Premium Laughs Terminal Ltd	658,207	658,207	658,207	658,207
Lump Sum Premium Distilleries company of Sri Lanka	10,300,000	6,829,041	10,300,000	6,829,041
Charges for copies of information	36,651	5,280	36,651	5,280
Lump Sum Premium Tokiyo Cement Company (Lanka)PLC	12,333,333	596,774	12,333,333	596,774
Amortization of Lease hold rights-HIPS and HIPG	1,712,997,860	107,942,331	1,712,997,860	107,942,331
Lump Sum Premium NFCL Penna Port Storage	210,000,000	-	210,000,000	-
	<b>3,665,959,983</b>	<b>1,476,141,224</b>	<b>3,665,748,235</b>	<b>1,463,839,121</b>
	<b>11,577,690,595</b>	<b>6,936,504,408</b>	<b>11,577,478,847</b>	<b>6,924,202,305</b>

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER	Group		SLPA	
	2018	2017	2018	2017
<b>36 Administrative Expenses</b>				
Salaries Wages & Allowances	5,441,347,511	4,660,824,274	5,409,956,746	4,328,557,631
Overtime	1,078,683,357	897,597,018	1,078,683,357	897,597,018
Traveling Subsistence & Fuel Allowance	4,459,578	53,346,282	4,459,578	732,130
Fuel / Electricity & Other Expenses	240,898,264	234,524,078	238,520,071	183,222,705
Cost of Water	127,158,197	137,729,163	126,631,930	136,193,630
External Hire Chargers / Contracts	58,027,840	42,546,232	49,857,858	40,578,582
Contract Works for Rep. & Main.	268,029,056	291,312,306	267,771,761	290,625,103
Communication Expenses	43,547,498	45,102,344	42,871,653	42,738,764
Rent on Premises / Rates & Taxes	48,390,813	50,562,554	47,813,813	48,732,842
Insurance & License Fees / Legal Fees	49,251,944	35,083,147	45,875,209	25,000,472
Office Requisites / Security Charges	72,711,935	130,817,069	56,853,175	47,828,247
Training Expenses	41,437,891	39,349,880	41,057,834	37,158,406
Welfare Expenses	304,028,814	227,393,069	294,671,742	217,689,400
Publicity & Public Relations	20,168,049	20,084,134	20,168,049	20,084,134
Sundry Expenses	(143,625,088)	224,506,365	(144,483,828)	179,098,014
Depreciation	615,364,761	220,842,932	612,094,529	209,859,049
Amotisation of Intangible Assets	30,655,643	22,919,462	30,655,643	22,690,152
Business Promtion / Other Charges	20,243,510	404,100	19,393,195	-
Miscellaneous Balance A/C Written Off	3,252,287	-	836,904	-
Bad & Doubtful Debt	113,648,689	22,432,842	113,638,189	22,376,508
Expenses on VAT	73,337,302	67,200,566	73,337,302	67,200,566
Stamp Duty	659,100	683,525	658,800	683,275
NBT Payments	-	212,225,561	-	212,225,561
Audit Fees	3,160,053	2,768,478	2,684,350	2,289,826
Management Fees paid to MPMC	-	12,323,258	-	616,162,893
Admin & Infrastructure Fees paid to JCT Ltd	5,868,802	5,041,504	293,440,088	252,075,175
Non Inventory Expense Account	152,516	-	152,516	-
Inter Invenry Transfer Credit	(528,024)	34,563,498	(528,024)	-
Director Fees	-	3,178,527	-	-
NBV-Retirement	141,491	5,967,158	141,491	5,967,158
Inrecoverable ESC Expences	140,812,908	-	140,812,908	-
Bank Chargers	109,548	148,723	-	-
	<b>8,661,394,247</b>	<b>7,701,478,049</b>	<b>8,868,026,841</b>	<b>7,907,367,241</b>
	<b>* Sundry Expenses includes credit balance of Rs.205,158,643.54 for Provision for claims.</b>			
<b>37 Net Finance Cost</b>				
<b>Interest Income</b>				
Interest on treasury bills & call deposits	1,957,995,259	1,453,007,179	1,957,995,259	1,453,007,179
Interest on securities / investments	47,118,163	84,140,786	1,014,266	1,407,620
Interest on loans given to outside parties	11,665	83,331	11,665	83,330
Interest on loans to employees	203,795,229	197,807,453	200,247,377	194,841,660
	<b>2,208,920,316</b>	<b>1,735,038,748</b>	<b>2,159,268,567</b>	<b>1,649,339,789</b>
<b>Interest Expenses</b>				
Interest on Loans	(2,257,042,559)	(1,955,469,922)	(2,256,555,666)	(1,808,099,283)
Other Finance Charges	(33,331,283)	(49,005,042)	(33,267,176)	(49,005,042)
	<b>(2,290,373,842)</b>	<b>(2,004,474,964)</b>	<b>(2,289,822,842)</b>	<b>(1,857,104,325)</b>
	<b>(81,453,526)</b>	<b>(269,436,216)</b>	<b>(130,554,275)</b>	<b>(207,764,536)</b>
	*Above Finance charges include Rs.22,188,343.21 which was paid as Bank Gurantee Charges.			
<b>39 Income Tax Expenses</b>				
Inland revenue Act ,No24 of 2017(New Inland Revenue Act) comes into operation with effect from April 01,2018 and the Tax Exemption enjoyed by the SLPA under section 13 (yyyy) and 13 (yyyy) of the Inland revenue Act ,No 10 of 2006 has been terminated with effect from March 31,2018. Therefore the said tax exemption is not available after March 31,2018.				
<b>Major components of income tax are as follows:</b>				
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current Tax Expense for the Year	21,322,032	20,354,391	-	-
	<b>21,437,866</b>	<b>20,354,391</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

FOR THE YEAR ENDED 31 DECEMBER 2018	Group		SLPA	
	2018	2017	2018	2017
<b>39.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.</b>				
Accounting Profit Before Taxation - Exempt	17,586,561,204	13,339,200,728	8,696,106,374	13,222,135,920
Disallowed Expenses			5,854,165,373	-
Allowable Expenses			(12,631,572,856)	-
Other Income Liable for Tax - Interest Income	2,158,959,884	1,392,691,638	(1,779,704,013)	1,351,089,791
Taxable Profit Subsidiary		(117,716,177)	-	-
<b>Statutory Income</b>	<b>2,158,959,884</b>	<b>1,274,975,461</b>	<b>(8,557,111,496)</b>	<b>1,351,089,791</b>
Tax Losses Utilized/		(577,528,325)		(472,881,427)
<b>Assessable Income / Taxable Income</b>	<b>2,158,959,884</b>	<b>697,447,136</b>	<b>(8,557,111,496)</b>	<b>878,208,364</b>
Less: Qualifying payment		(1,072,552,603)		(878,208,364)
Taxable Income				
<b>Tax Chargers at Statutory Tax Rates of 28%</b>	<b>-</b>	<b>12,328,717</b>	<b>-</b>	<b>-</b>
<b>Current Tax on Ordinary Activities</b>	<b>-</b>	<b>12,328,717</b>	<b>-</b>	<b>-</b>
<b>Tax Losses</b>				
<b>Loss Brought Forward</b>	<b>4,932,057,393</b>	<b>5,404,938,820</b>	<b>4,932,057,393</b>	<b>5,404,938,820</b>
Loss Incurred	1,826,971,142	-	1,826,971,142	-
Loss Utilised	-	(472,881,427)	-	(472,881,427)
<b>Loss Carried forward</b>	<b>6,759,028,535</b>	<b>4,932,057,393</b>	<b>6,759,028,535</b>	<b>4,932,057,393</b>
<b>40</b>	<p>For the years of Assessments 2007/2008, 2008/2009, 2009/2010 and 2010/2011 the Department of Inland Revenue has made assessments disallowing the deduction of foreign loan interest claimed under section 32 of the Inland Revenue Act No. 10 of 2006 instead of under 25 (f) of the same Act and also disallowing the deduction claimed on foreign exchange losses relating to foreign loans under section 25(1) of the Inland Revenue Act.</p> <p>SLPA referred appeals to the Tax Appeal Commission against the determination of the Commissioner General of Inland Revenue. For the year of assessment 2010/2011 the appeal is pending before the Tax Appeals Commission and for the years of assessment 2007/2008 and 2008/2009 Tax Appeals Commission has given their decision confirming the assessment. Since SLPA is not agreeable with this decision given by Tax Appeals Commission SLPA referred the matter to the Court of Appeal on questions of law. In the matter 2009/2010, the Tax Appeals Commission held in favor of SLPA (i.e. the assessment is invalid due to the reason it was not signed), the Department of Inland Revenue appeal to the Court of Appeal against the decision of the Tax Appeals Commission.</p> <p>Tax loss carried forwarded has been adjusted based on the actual Income tax return submitted to the Department of Inland Revenue 2017</p>			
<b>41 Capital and Other Commitments</b>	As per the concession agreement financial commitments has been approved by the Board of Directors as at the reporting period end.			
<b>42 Sooriyawewa Cricket Stadium construction cost</b>	<p>Following decisions have been informed as per the Board Decision (PA/HD/33) on settlement of ICC arbitration (No.21959/CYK/PTA) between 1.China Harbour Engineering Company Limited 2.Sinohydro Corporation Vs. Sri Lanka Ports Authority issued on 13th December 2017 on construction of sooriyawewa International Cricket at hambantota under variation order No.6 of Hambantota Port Development Project (Phase I).</p> <p>*To enter into the "Loan Agreement enabling SLPA to obtain the loan amounts to Rs.3,950,858,869.57 directly from People's Bank as per the cabinet decision dated 05.12.2017</p> <p>*To amend the settlement Agreement appropriately by a supplementary Agreement/Addendum to the same and execute the same by SLPA</p> <p>As informed by Chief Legal Officer the provision made in 2016 Rs.5,838,489,259.62 has been reversed in 2017.</p> <p>* Rs.72 million is retained (Miscellaneous Deposit account) in SLPA if any penalty is raised by Commissioner General of Inland Revenue for delay in payment of taxes.</p>			
<b>43 Settlement of Court of Appeal Case Bearing No.CA (PHC) APN 45/2006-MV "JAAMI"</b>	As per the board decision No.PAM/61/2017 dated 23/02/2017 the Board of Directors decided to appropriately share (Proportion to be minimum 50%) the remaining balance in order to settle the above case and legal division forwarded a letter to Managing Director of Sri Lanka Shipping Company Limited on 29/03/2017.Sri Lanka Shipping Company Limited agreed for the said proposal and this matter was mentioned in the Court of Appeal on 29/06/2017 the counsels for the both parties agreed to file the settlement motion. Accordingly SLPA have sent the said motion to the counsel and the settlement terms are not entered in the Court of Appeal and this matter is listed to mention on 01.02.2018			

# NOTES TO THE FINANCIAL STATEMENTS

Expressed in Sri Lankan Rupees

<b>44</b>	<b>Cases in Tax Appeal Commission and Court of Appeal</b>																																																																													
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	<p>The Authority has contingent liabilities in respect of legal claims arising in the ordinary course of business. Unless recognised as a provision (Note 29), management considers these claims to be unjustified and possibility of an outflow of resources for their settlement is remote. This evaluation is consistent with legal advices of the Authority's legal division. Accordingly, no contingent Liability has been made for legal claims.</p>																																																																													
<b>46</b>	<b>Restatement of Comparatives in the Group Financial Figures</b>																																																																													
	<p>The following items have been restated with the receipt of Audited Financial Statements of Subsidiary companies and associate company after Audited Financial Statements of SLPA were issued for the year 2017</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 50%;">Impact on the Consolidated Statement of Financial Position As at 31st December 2017</th> <th colspan="2" style="text-align: center;">Group</th> </tr> <tr> <th style="width: 10%;">Note</th> <th style="width: 40%;">2017 with Audited A/C</th> <th style="width: 10%;">2017 with Unaudited A/C</th> </tr> </thead> <tbody> <tr> <td>Property, Plant &amp; Equipment</td> <td></td> <td style="text-align: right;">149,445,346,188</td> <td style="text-align: right;">149,469,781,120</td> </tr> <tr> <td>Intangible Assets</td> <td></td> <td style="text-align: right;">57,039,427</td> <td style="text-align: right;">57,579,403</td> </tr> <tr> <td>Investment in Associates</td> <td></td> <td style="text-align: right;">39,221,857,964</td> <td style="text-align: right;">39,215,920,136</td> </tr> <tr> <td>Inventories</td> <td></td> <td style="text-align: right;">2,497,221,609</td> <td style="text-align: right;">2,971,202,423</td> </tr> <tr> <td>Trade and Other Receivables</td> <td></td> <td style="text-align: right;">115,568,661,254</td> <td style="text-align: right;">114,635,412,269</td> </tr> <tr> <td>Prepaid Expenses</td> <td></td> <td style="text-align: right;">105,069,819</td> <td style="text-align: right;">108,008,573</td> </tr> <tr> <td>Employee Loans</td> <td></td> <td style="text-align: right;">4,297,024,012</td> <td style="text-align: right;">4,296,739,607</td> </tr> <tr> <td>Other Financial Assets</td> <td></td> <td style="text-align: right;">22,491,559,843</td> <td style="text-align: right;">22,345,520,484</td> </tr> <tr> <td>Cash and Cash Equivalents</td> <td></td> <td style="text-align: right;">1,736,048,989</td> <td style="text-align: right;">1,762,527,731</td> </tr> <tr> <td>Property, Plant &amp; Equipment-MPMC Ltd</td> <td></td> <td style="text-align: right;">998,823</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Retained Earnings</td> <td></td> <td style="text-align: right;">32,780,151,598</td> <td style="text-align: right;">32,882,966,740</td> </tr> <tr> <td>Borrowings - Financial Institutions</td> <td></td> <td style="text-align: right;">11,363,752,700</td> <td style="text-align: right;">14,296,509,447</td> </tr> <tr> <td>Retirement Benefits Obligation</td> <td></td> <td style="text-align: right;">4,737,678,804</td> <td style="text-align: right;">4,743,019,850</td> </tr> <tr> <td>Supply of G &amp; S and other creditors</td> <td></td> <td style="text-align: right;">106,228,718,883</td> <td style="text-align: right;">105,806,896,751</td> </tr> <tr> <td>Borrowings - Financial Institutions</td> <td></td> <td style="text-align: right;">4,708,319,092</td> <td style="text-align: right;">1,555,871,084</td> </tr> <tr> <td>Current Tax Payable</td> <td></td> <td style="text-align: right;">298,733,479</td> <td style="text-align: right;">294,334,230</td> </tr> <tr> <td>Provisions and Accrued Expenses</td> <td></td> <td style="text-align: right;">4,074,771,871</td> <td style="text-align: right;">4,054,392,146</td> </tr> </tbody> </table>	Impact on the Consolidated Statement of Financial Position As at 31st December 2017	Group		Note	2017 with Audited A/C	2017 with Unaudited A/C	Property, Plant & Equipment		149,445,346,188	149,469,781,120	Intangible Assets		57,039,427	57,579,403	Investment in Associates		39,221,857,964	39,215,920,136	Inventories		2,497,221,609	2,971,202,423	Trade and Other Receivables		115,568,661,254	114,635,412,269	Prepaid Expenses		105,069,819	108,008,573	Employee Loans		4,297,024,012	4,296,739,607	Other Financial Assets		22,491,559,843	22,345,520,484	Cash and Cash Equivalents		1,736,048,989	1,762,527,731	Property, Plant & Equipment-MPMC Ltd		998,823	-	Retained Earnings		32,780,151,598	32,882,966,740	Borrowings - Financial Institutions		11,363,752,700	14,296,509,447	Retirement Benefits Obligation		4,737,678,804	4,743,019,850	Supply of G & S and other creditors		106,228,718,883	105,806,896,751	Borrowings - Financial Institutions		4,708,319,092	1,555,871,084	Current Tax Payable		298,733,479	294,334,230	Provisions and Accrued Expenses		4,074,771,871	4,054,392,146			
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# NOTES TO THE FINANCIAL STATEMENTS

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<b>38</b>	<b>Foreign Exchange Gain/Loss</b>				
	As per the LKAS 1 permitted additional line item which adjust the foreign exchange gain/loss has added to the Statement of Comprehensive Income, because such presentation is relevant to understanding of SLPA and group Financial Performance effectively as it make high impact to the net profit at the year end.				
<b>48</b>	<b>Consolidated Financial Statements 2018</b>				
	Jaya Container Terminals Ltd (JCT Ltd) which is the Subsidiary companies of SLPA has submitted unaudited Financial Statements for year 2018. Magampura Port Management Co. Ltd (MPMC Ltd) and Lanka Gas Terminal (Pvt) Ltd the Subsidiary companies and the associate companies of SLPA which is Sri Lanka Port Management and Consultancy Services Ltd (SLPMCS Ltd) and Hambantota International Port Services Ltd (HIPS) have not still submitted their Financial Statements. Therefore the consolidated Financial Statements has been prepared referring draft Financial Statement of JCT Ltd and not considering the MPMC Ltd and profit share of SLPMCS Ltd and HIPS Ltd. Auditor General's report for MPMC Ltd for the year ended 31st December 2017 given qualified opinion on 14th January 2019.				
<b>49</b>	<b>Capitalization of CICT land Value</b>				
	SLPA is awaiting for Attorney General's Department observations on regularization of transfer of CICT land to register these land in Land Registry. Until such decision is received SLPA is not in a position to capitalize the said land.				
<b>50</b>	<b>Capitalization of Port of Oluvil</b>				
	Cost laying in the Working Progress account as at 31.12.2017 with regard to Port of Oluvil has been capitalized.				
<b>51</b>	<b>Corporate Guarantee given for HNB LC facility</b>				
	The SLPA has given the corporate guarantee to Hatton National Bank for LC facility obtained by MPMC Ltd. However the corporate guarantee given is not in par with the offer letter agreed between MPMC Ltd and the HNB. Furthermore Corporate Guarantee has not been issued under the common seal of SLPA contrary to the Board Resolution Hence liability of SLPA is questionable. Furthermore MPMC is not liable to settle this facility and the Cabinet concurrence for the same was given on 22.11.2016.				
<b>52</b>	<b>Extra Ordinary Transaction taken place with respect to Port of Hambantota</b>				
	1. With the implementation of the Concession Agreement as approved by the Cabinet of Ministers following transactions are taken place.				
	i. The responsibility of the repayment of loans of Port of Hambantota was under taken by General Treasury by a Cabinet Decision dated 25-07-2017. Accordingly re-payments made from July to December 2017 has been indicated Treasury Receivable together with Stamp Duty incurred for Lease agreement signed between SLPA & HIPG/HIPS as per clause 55.2 of the concession agreement and the Cabinet Decision No. 17/2143/737/018-V dated 03-10-2017.				
	ii. As per the concession agreement 85% of the HIPG Share Capital was purchased by CM Port and an amount of Rs. 104,960,332,400 is receivable as at 31-12-2017				
	iii. Leasehold rights of the immovable property related to the Port of Hambantota were given to HIPG and HIPS Limited as per the conditions of cession agreement.				
	2. As per the Board Decision No.PA/HD/28 dated 12th December 2017 the board of Directors has granted approval for the following.				
	i. To transfer of inventory items of SLPA to HIPS				
	ii. To transfer immovable assets developed by SLPA under separate contracts but located within the lease area				
	iii. To hand over lease hold rights of the crowned land to HIPG and HIPS on the value obtained using lease rental proposed by Department of valuation.				
<b>53</b>	<b>Review of Useful Life Time of the Assets</b>				
	Useful life time of the floating and handling equipment, staff quarters and other building, computer Hardware and software and Moter Vehicles were reviewed during the year and net book value has been adjusted accordingly. Reviewing of assets of SLPA will be done as a continuous process				
<b>54</b>	<b>Cutoff Date of the Transactions of Port Of Hambantota</b>				
	The Financial Statements of Port of Hambantota have been prepared by considering the transactions occurred up to the effective date of the Concession Agreement; (09/12/2017)				
<b>55</b>	<b>Lifetime of the Investment Property at Port of Hambantota</b>				
	The estimated life time of the property leased for the 99 years period to HIPG and HIPS were taken as 100 years since the revenue from leasehold rights will be amortized during the same period				
<b>56</b>	<b>Compensation Paid for a Land Not Within Port of Hambantota Project Area</b>				
	The SLPA has paid a compensation for a land area in Port of Hambantota which is not within the project area handed over to the HIPG Limited. Since this land belongs to BOI at the moment it has not been capitalized in the books of SLPA.				
<b>57</b>	<b>Galle Port Development Project (SLP-85 LOAN)</b>				
	Out of JICA Loan of Yen 14,495 mn, Yen 458 mn has been disbursed and utilized for a feasibility study at Port of Galle has not been capitalized up to now				
<b>58</b>	<b>Reason for Not Determining Fair Value of Investment Properties</b>				
	Investment properties are port infrastructure mainly comprising of maritime developments and structures. Whilst recent port development projects of this nature are few if non exist. In these circumstances there was no basis to obtain a rational estimate for market value, whereas adequate sources data were apply for cost based valuation				
<b>59</b>	<b>Major development Projects</b>				
	Fixed Deposits Amounting to US\$ 91,651,500.00 were kept for payment of ECT Loan, Construction of JCT V and to purchase cranes for ECT.				
<b>60</b>	<b>Asset Clearing Accounts</b>				
	Asset clearing account is a temporary account provided to keep amounts until capitalized. The balance available in the asset clearing account remaining until goods are being delivered to the relevant division and till the documents are received to Finance Division for capitalization purpose.				
<b>61</b>	<b>Comparative Details Of 2018 Financial Statements</b>				
	2017 Financial Statements have been prepared including Port of Hambantota and had been Audited by the Auditor General. As per the Concession Agreement dated 29.07.2017 Port of Habantota operates as a Public Private Partnership Hence in order to carryout better comparison between 2018/2017 Financial Statements Port of Hambantota has been removed from 2017 Financial Statements.				



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018						
<b>46</b>	<b>Related Party Disclosures</b>					
	The Authority's related parties includes Treasury of Sri Lanka, Government related institutions, subsidiary, associate and key management personnel.					
<b>46.1</b>	<b>Transactions with Key Management Personnel</b>					
	According to the Sri Lanka Accounting Standards LKAS.24 "Related Party disclosures" key Management personnel are those having responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors including executive and Non-Executive Directors has been classified as key management personnel.					
	Transactions with Key Management Personnel are given below.					
					<b>2018</b>	<b>2017</b>
	Remuneration and Other Short-Term Employee Benefits				38,888,689	32,138,677
	Balance Outstanding - Loans and Advances				299,860	499,900
<b>46.2</b>	<b>Related Party Transactions</b>					
	Details of significant related party transactions that Authority carries out are as follows:					
	<b>Name of the Institution</b>	<b>Relationship</b>	<b>Name of Directors / Representatives</b>	<b>Nature of Transactions</b>	<b>Transaction Value</b>	<b>Payable</b>
	Treasury of Sri Lanka	Capital Contributor		Loan granted		
				Loan repaid	5,179,100,598	
				Interest paid	1,432,492,758	
	<b>Government Related Institutions</b>					
	Sri Lanka Customs	Related Entities		Shipping Agency Operations with SLPA	311,180.00	-
	Ministry of Fisheries and Aquatic Resource Development	Related Entities			-	-
	Shipping and Aviation Information Research Ltd	Related Entities			-	-
	Other Government related Entities	Related Entities		Services rendered		
				Settlement for services rendered		
				Supply of fuel Ministry of Ports & Shipping	1,824,239	347,078.73
	Director General of Merchant of Shipping			Supply of fuel to Merchant Shipping Secretariat	141,183	25,608.30
				Calibration Weighbridges registration	100,000	
				Annual Tonnage fee	311,180	
	Ceylon Petroleum Corporation			Shipping Agency Operations with SLPA		
	Ceylon Fertilizer Company Limited			Shipping Agency Operations with SLPA		
	Ceylon Shipping Corporation			Shipping Agency Operations with SLPA		
	Department of Survey			Survey charges	8,625	1,007,199
	Department of Valuation			Valuation Charges	174,730	2,676,800
	Sri Lanka Port Management & Consultancy Services (Pvt) Ltd	Associate Company		Payment for Janitorial Services received	35,088,429	3,862,330
				Payment of Salaries	93,093,026	31,468,001
				Payment for services received	109,687,525	10,985,151
				Vessel Operations	29,726,197	3,069,081
				Dividend receivable		
				Renovation of observation decks at Galleface Green		7,609,036
	Jaya Container Terminal Ltd	Subsidiary Company		Administrative & Infrastructure fee paid	293,440,088	34,366,364
				Dividend received	860,000	
				Supply of fuel	1,190,881	90,576.40
				Issuance of Medicines	59,801	86,236
				Telephone Bills	600,000	150,000
	South Asia Gateway Terminal (Pvt) Ltd	Related Company		Rent received	495,977,115	-
				Royalties received	1,154,499,262	-
				Dividend received	862,683,694	-
				Provide Maintenance Service	825,000	75,000
	Lanka Coal Company (Pvt) Ltd	Related Company		No Transactions are made during the year		
	Colombo International Container Terminal Ltd	Related Company	Dr Parakrama Dissanayake	Lease/Rent Received	1,447,840,698	-
			Mr.P.G Dasanayake	Royalty received	1,983,185,107	108,722,250
			Mrs.Shirani Wanniarachchi	Differed interest received	36,669,050	-
				Up front fee paid by CICT	103,534,286	-
				Monthly maintenance of Mega Port Installation	1,650,000	150,000.00
				Dividend Received	1,373,772,086	
	Maganpura Port Management Company	Subsidiary Company	Mr.Nilan A.S Wickramasinghe	Administration Fees Payable		71,819,156
			Mrs.Shirani Wanniarachchi	* Above fee paid after deducting following expenditure		5,800,921
				Salaries		
				Water		
				Electricity		
				Others		
	Colombo Dockyard PLC	Share Investment		Shipping Agency Operations with SLPA	9,481,712.15	72.11
				Dividend received		
	Hambanthota International Port Services Ltd		Dr Parakrama Dissanayake	Salary paid for piolets		4,306,510
			Mr.Nilan A.S Wickramasinghe			
	Hambanthota International Port Group Ltd		Dr Parakrama Dissanayake	Tug Services	394,812,657.73	
			Mr.Nilan A.S Wickramasinghe	Royalty		5,028,366.24

## Financial Risk Management

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

1. Credit Risk
2. Liquidity Risk
3. Market Risk (Currency Risk and Interest Rate Risk)

The financial instruments of the Authority comprise of equity investments (listed and unlisted), investment in debenture, term deposits, money market investments, and cash. The main purpose of investment in term deposits, money market investments are to raise and maintain liquidity for the operations. Investments in equity and debenture securities are strategic investments and the Authority has other financial instruments such as trade & other receivables and trade & other payables which arise directly from its business activities. Further, the Authority has interest bearing borrowings which were borrowed from the Government of Sri Lanka and financial institutions for ports expansion and development projects.

### 1. Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer fails to meet its contractual obligations and arises principally from the receivables from customers including Sri Lanka forces, other Government institutions and investment securities.

### Trade Receivables

The Authority trades mainly with shipping agents and Government institutions. The management assesses the credit quality of the shipping agents based on the past experience and other factors such as financial guarantees from shipping agents. In addition, outstanding balances are monitored on an ongoing basis in the management committee and the Board.

The Authority establishes policy for provision for impairment (Refer the note 2.7 to the financial statements) that represents the estimate of incurred losses in respect of trade receivables. The main components of provisions are individual impairment loss that relates to assessing significant customers individually and collective impairment loss for non-significant customers. The collective impairment loss is determined based on historical data of payment behavior. According to the impairment policy established, Sri Lanka forces, other Government institutions, shipping agents under litigation and significant shipping agents are reviewed individually to measure the impairment loss. Others are reviewed collectively. Please refer note 12 to the financial statements relating to trade receivables and details of provision for impairment losses.

### Other Financial Assets

Credit risk arising from other financial assets of the Authority comprises term deposits, cash and cash equivalents and investment in debentures. The authority's exposure to credit risk arises from default in meeting contractual obligation of contractual parties, with a maximum exposure equal to the carrying amount of these financial instruments. The

## NOTES TO THE FINANCIAL STATEMENTS

Authority manages its credit risks with regard to these financial instruments by mainly placing its fund with state financial institutions and other government institutions.

### 2. Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and unexpected conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Forecasting of operational cash flows (Recurring Budgets) and Capital Budgets are prepared annually. The finance division monitors the both capital and recurring budgets and liquidity requirements to ensure the Authority has sufficient cash to meet operational needs. At the end of the reporting period, the Authority held term deposits, short-term government securities and other liquid assets amounting to Rs. 37,870,049,694.00 (2017: Rs.23,260,284,628.21).

The following table depicts the Authority's financial liabilities maturity analysis based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

*Expressed in Sri Lanka Rs.*

Financial Liabilities	31-Dec-18			31-Dec-17		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 year	Total
Borrowings - Government	6,645,377,816	59,690,100,248	66,335,478,064	5,198,526,722	54,924,342,666	60,122,869,388
Borrowings - Financial Institutions	1,960,389,294	10,924,411,551	12,884,800,845	1,555,871,084	11,360,327,710	12,916,198,794
Trade and Other Creditors	1,478,725,009	-	1,478,725,009	105,914,892,043	-	105,914,892,043
<b>Total</b>	<b>10,084,492,118.84</b>	<b>70,614,511,799</b>	<b>80,699,003,918</b>	<b>112,669,289,849</b>	<b>66,284,670,376</b>	<b>178,953,960,225</b>

### 3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Authority's income or the carrying value of holdings of financial instruments.

#### 3.1 Currency Risk

The Authority's exposure to currency risk arising from fluctuations in the value of US Dollar (USD) against the Sri Lankan Rupee after Central Bank of Sri Lanka allowed the Sri Lanka Rupees to freely float against US Dollar during the reporting period. The Company's functional currency is Sri Lanka Rupees in which most of the transactions are denominated. However, Interest bearing borrowings in relating to ports expansion and development projects and certain bank balances and a shipping agent receivables (Example

## NOTES TO THE FINANCIAL STATEMENTS

“APL Lanka (Pvt) Ltd” etc.) are denominated in foreign currencies (Japan Yen and US Dollars).

As a result of the free floating of US Dollar, depreciation of the Sri Lanka Rupees against the USD had an impact on the operating results for the reporting period 2018 which amounts to Rs. 11,316,830,420.00 arising from re-payment of borrowings and invoicing of services rendered to shipping agent (example “APL Lanka (Pvt) Ltd” etc.) However, the Authority in order to mitigate the impact of currency movement for repayment of borrowings uses the same currency for repaying through bank deposits maintained in the same currency.

Please refer the note 21 and 22 to the financial statements relating to interest bearing borrowings and details of the borrowings denominated in foreign currencies.

### 3.2 Interest Risk

The Authority’s exposure to interest risk is the changes in market interest rates relate to the interest-bearing borrowings with a fixed and floating interest rate and bank deposits and Government securities.

Rs. 60,660,366,547 (2017: Rs. 54,209,363,742) of the Authority’s interest-bearing loans and borrowings carried interest at floating rates others amounts to Rs 18,559,912,362 (2017: Rs. 18,829,704,439) carried interest at fixed rates.

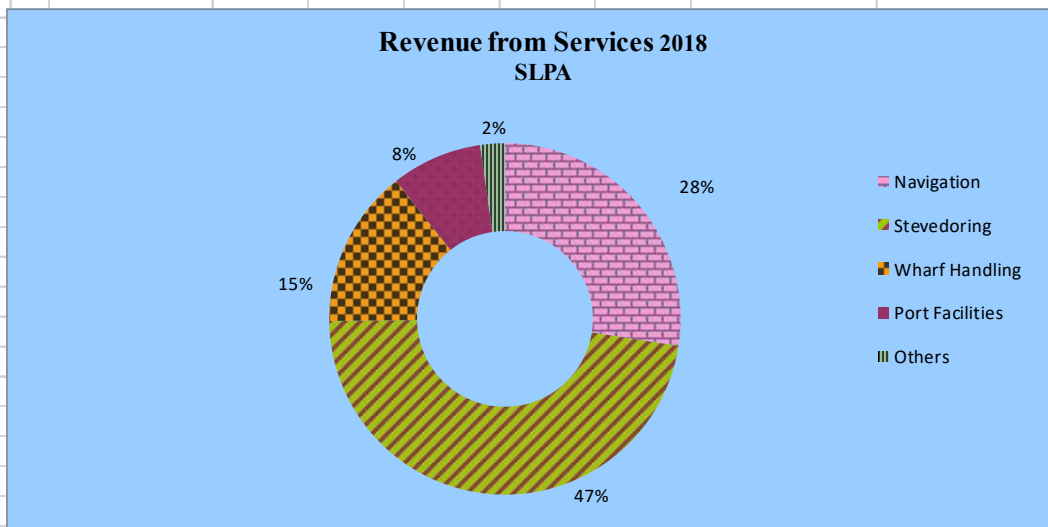
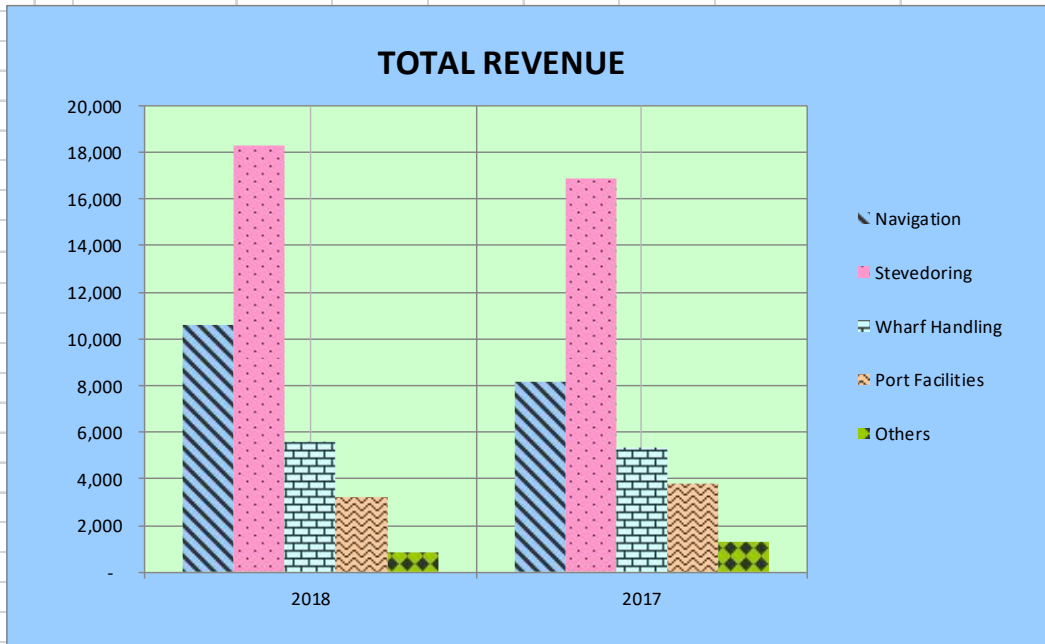
The Authority has cash and bank balances including deposits placed with the Government and state banks. The Authority monitors interest rate risk by actively monitoring interest rate movements.

Loan	2018 (Rs)	2017 (Rs)
<b>Floating Rate</b>		
Colombo Port Expansion(South harbor)	47,775,565,702	41,293,164,949
Terminal Tractors- (EXIM Bank of Malaysia)		
Bank of Ceylon-Development of ECT	8,933,941,975	8,960,970,082
Peoples Bank	3,950,858,870	3,955,228,712
<b>Fixed Rate</b>		
Colombo Port Development Project	18,559,912,362	18,829,704,439

## NOTES TO THE FINANCIAL STATEMENTS

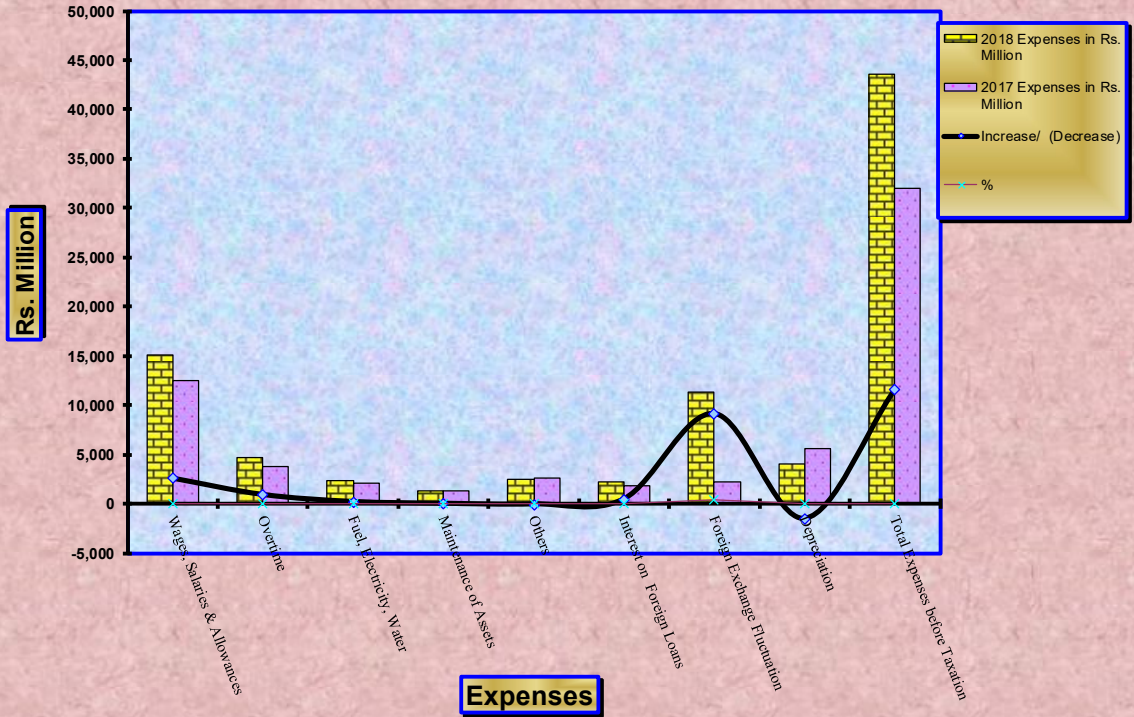
FOR THE YEAR ENDED 31 DECEMBER 2018								
Loan Name	Lending Institution	Currency	Interest Rate	Loan Amount (In Loan currency)	Out Standing Balance as @ 31/12/2018(Rs)	Borrowing cost (Rs)		
	SLP-23		JPY	5,703,407,055	703,806,807			
	SLP-27		JPY	10,432,338,189	2,145,615,895			
	SLP-30		JPY	19,962,268,331	5,747,909,062			
JBIC	SLP-33	JAICA	JPY	6,828,220,432	2,808,713,965			
	SLP-41		JPY	4,878,185,478	2,407,897,002			
	SLP-46		JPY	2,644,187,565	2,501,573,645			
	SLP-67 i		JPY	1,354,512,318	1,416,457,620			
	SLP-67 ii		JPY	0.75%	217,445,997	-		
	SLP-85		JPY	0.30%	14,495,000,000	679,476,457		
ADB-2319	Asian Development Bank	US \$	Libor+0.6%	300,000,000	47,366,459,644			
Construction of Sooriyawewa Stadium	Peoples Bank	LKR	AWPLR+2.5%	3,950,858,870	3,950,858,870			
East Container Terminal	Bank of Ceylon	US \$	6 Months Libor+4.25%	80,000,000	8,933,941,975			
			<b>Total</b>		<b>78,662,710,942</b>		<b>-</b>	
			Accrued Interest		557,567,967			
					<b>79,220,278,909</b>			
		Note 24	Borrowings - Government of Sri Lanka		66,335,478,064			
		Note 25	Borrowings - Financial Institutions		12,884,800,845			
					<b>79,220,278,909</b>			

FOR THE YEAR ENDED 31 DECEMBER



FOR THE YEAR ENDED 31 DECEMBER

**OPERATIONAL & OTHER EXPENSES**



# AUDITOR GENERAL'S REPORT

POS/A/SLPA/1/2018/3

31<sup>st</sup> May 2019

**Chairman**  
**Sri Lanka Ports Authority**

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

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## **1. Financial Statement**

### **1.1. Disclaim of Opinion**

The audit of Financial Statements of the Sri Lanka Ports Authority for the year ended 31<sup>st</sup> December 2018 comprising the Statement of Financial Status as at 31<sup>st</sup> December 2018, Comprehensive Income Statement, Statement of Changing Equity, Cash Flow Statement and the Notes to the Financial Statement for the year then ended and a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the National Audit Act No 19 of 2018 and the Finance Act No 38 of 1971. My report in terms of Article 154(6) of the Constitution will be tabled at the Parliament in due course.

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

### **1.2. Basis for Disclaim of Opinion**

- (a) Loan balance of Rs.147,746 million out of the foreign loan that had been obtained for construction of the Port of Hambanthota remained in the accounts of the Authority as at 30 November 2017, had been written off by the Authority without obtaining the concurrence of the General Treasury or approval of the Cabinet of Ministers and therefore the said loan amount had not been included in any of the government accounts. According to the documents of the Department of External Resources of the General Treasury, this loan balance as at 31<sup>st</sup> December 2018 was Rs.179,546 million. However, even by the end of the year under review, no concurrence had been arrived at between both parties in order to include this loan amount in the accounts. In relation to the aforesaid loan amount, foreign exchange conversion loss of Rs. 31,544 million for the period up to 30<sup>th</sup> November 2017 too had been written off from accounts of the Authority and foreign exchange cumulative loss of Rs. 28,396 million from 30<sup>th</sup> November 2017 to 31<sup>st</sup> December 2018 had not been included in any account. Accordingly, cumulative foreign



## AUDITOR GENERAL'S REPORT

- exchange conversion loss as at 31<sup>st</sup> December 2018 in relation to this loan amount had been Rs.59,940 million.
- (b) In preparing the Cash Flow Statement, according to Paragraph 20 of the Sri Lanka Accounting Standard 07, all non-financial items should be adjusted to profit before tax. However, in preparing the cash flow of the Authority in the year under review, separation of bad debt and doubtful debt of Rs. 113,638,189 which had been shown under administrative expenditure in the Financial Statement had not been adjusted.
  - (c) Despite the fact that, as per the Paragraph 51 of Sri Lanka Accounting Standard 16, the useful lifetime of fixed assets and debris value should be reviewed annually and variations, if any, should be adjusted in terms of Sri Lanka Accounting Standard 8, but six type of assets belonging to the Authority of which the net value amounting to Rs. 86,019 million as at 31<sup>st</sup> December 2018 had not been reviewed.
  - (d) It is stated in the Financial Statement that Rs.5,149.9 million inclusive of Rs. 5,056 million being the payment made by the Authority in 2017 for the loan obtained for the Hambanthota Port Construction Project, is an amount receivable from the General Treasury as at 31<sup>st</sup> December 2018, but this amount had not been received by the Sri Lanka Ports Authority as at the date of audit.
  - (e) The US\$ 24 million loan obtained from a private bank by Magampura Port Management Services (Pvt) Company Ltd., which had ceased operations since November 2017, had not been settled by the said company and as well sufficient funds had not been available with them to settle the loan as at the date of this report. However, a Letter of Demand dated 02<sup>nd</sup> April 2019 had been sent by the relevant bank to the Sri Lanka Ports Authority being the guarantor to the loan mentioning that a case would be filed to recover the outstanding balance of US\$ 22.3 million. Further, Sri Lanka Ports Authority had not allocated contingent liabilities for this.

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

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

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

# AUDITOR GENERAL'S REPORT

Responsibility in the process of financial reporting of the Authority held by the controlling parties.

As per Sub Section 16(1) of the National Audit Act No 19 of 2018, income, expenditure, assets and liabilities of the Authority should be properly maintained to enable the preparation of Annual and periodic Financial Statements of the Authority.

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

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

## 2. Report of the other legal and regulatory requirements

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

I was unable to obtain all information and clarifications necessary for auditing in terms of requirement mentioned in section 12 (a) of the National Audit Act No. 19 of 2018 and I was unable to determine that the Sri Lanka Ports Authority has maintained proper financial reports as it is apparent in my investigation.

Financial Statements submitted in terms of requirements in section 6 (1) (d) (III) of the National Audit Act No. 19 of 2018 of the Sri Lanka Ports Authority are compared with the Financial Statements submitted in the previous year.

Recommendations made by me in the previous year in terms of Section 6(i) (d) (IV) of the National Audit Act No. 19 of 2018, have not been included in the Financial Statements.

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

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

# AUDITOR GENERAL'S REPORT

<b>Reference to the laws, rules and regulations, or orders issued by the Board of Control</b>	<b>Description</b>
(a) Section 11 of the Finance Act No. 38 of 1971 the section 8.2.2 of the Public Enterprise Circular No. PED/12 dated June 02 <sup>nd</sup> 2003	The concurrence of the Minister of Finance had not been received for Rs. 35,935 million invested in fixed deposits and short-term deposits by the Sri Lanka Ports Authority as at 31 <sup>st</sup> December 2018.
(b) Section 10(5) of the Finance Act No. 38 of 1971	If there is any cash surplus in any State Corporation, the balance amount after deduction as shown in the accounts should be credited to the Consolidated Fund. However, the net profit of Rs. 18,607.12 million earned by the Sri Lanka Ports Authority from 2016 to 2018 had not been credited to the Consolidated Fund. Further, the above-mentioned profit includes the lease rent of Rs. 5,989 million and Rs. 7,617 million charged as royalty from the two companies engaged in the operational activities in the South Asia Gateway Terminal (SAGT) and Colombo International Container Terminal (CICT) which have been leased out on long term lease basis to the private sector. It was observed that these types of revenue do not come under the direct port operational revenue.
(c) Section 2.3 and 3.1 of the Public Enterprise Circular No. PED1/2015 dated 25 <sup>th</sup> May 2015.	As revealed by a sample survey, 10,764 liters of fuel had been issued during the month of December of the year under review for 135 officers as monthly fuel allowances against the provisions made in the Circular.
(d) Public Enterprises Circular No. PED/03/2016 dated April 29 <sup>th</sup> 2016.	Although PAYE tax should be deducted from the salaries of the officers of the Sri Lanka Ports Authority, the tax amounts had been paid from Sri Lanka Ports Authority funds. An amount of Rs. 2,841 million which is the total due from the

## AUDITOR GENERAL'S REPORT

assessment year 2011/2012 to December 2018 inclusive of Rs. 479 million paid for 2018 had been paid to the Department of Inland Revenue from the funds of the Sri Lanka Ports Authority as PAYE tax.

- (e) Circular No. SEC/2015/05 dated July 06<sup>th</sup> 2015 issued by the Department of Inland Revenue on March 07<sup>th</sup> 2011. When paying bonus for employees of public institutions, although the PAYE tax should be deducted from the bonus amount, these PAYEE taxes had been paid from the funds of the Sri Lanka Ports Authority.
- (f) Treasury Circular No. IAI/2002/2 dated November 28<sup>th</sup> 2002. A separate Fixed Asset Register had not been maintained for computer accessories and software of the Sri Lanka Ports Authority amounting to Rs. 452 million.
- (g) Section (40) (1) and (3) of the National Audit Act No. 19 of 2018, Circular No. DMA/2009(3) of the Department of Management Audit dated 01<sup>st</sup> October 2009 and Internal Audit Standards No 1110.A1 for public sector institutions of Sri Lanka. Even though, the internal audit reports need to be submitted to the Board of Control to ensure the independence of the internal audit, the internal audit reports of the Sri Lanka Ports Authority had been issued to each Head of Divisions.
- (h) Section 9.3.1 of Public Enterprises Circular No. PED/12 dated 02<sup>nd</sup> June 2003. The Scheme of Recruitment of the Authority had not been approved even up to 30<sup>th</sup> April 2019.
- (i) Circular No. 03/2018 dated July 18<sup>th</sup> 2018 of the Ministry of Finance and Mass Media. Salaries of 560 officers of the Sri Lanka Ports Authority had been increased from Rs. 17,700 to Rs. 31,150 in 2018 contrary to the Circular provisions.
- ◆ that, the Authority has acted in a manner which is inconsistent to the powers, tasks and duties of the Sri Lanka Ports Authority, in terms of requirements of Section 12 (g) of the National Audit Act No. 19 of 2018.
- ◆ that except for the following observation, the resources of the Sri Lanka Ports Authority have not been procured and utilized optimally, efficiently or productively

## AUDITOR GENERAL'S REPORT

within the time periods according to the relevant rules & regulations as per the requirements stated in Section (b) of the National Audit Act No. 19 of 2018.

A CCTV camera system had been planned to install at all gates and bonded warehouses through the capital budget of 2017 to ensure the safety of the port as a high security zone spending Rs. 60 million and although Rs. 150 million had been allocated in 2018, the installation was not completed even at the end of the year under review. As a result, the risk of not being able to obtain necessary information, in the event of a security issue, could not be disregarded.

### 3. Other Audit Observations

- (a) Although the settlement of charges should be finalized prior to the end of the credit period upon the provisioning of services of the Shipping Agents Debtor Balance as at 31<sup>st</sup> December 2018, the total Shipping Agents Debtor Balance that had exceeded 30-day credit period was Rs. 793,273,839. This is 28% of the total Shipping Agents Debtor balance.
- (b) 10 Nos. Old oil tanks of 6,400 metric ton capacity in the Port of Colombo belonging to the Sri Lanka Ports Authority had been under-utilized since 2015.
- (c) 1,782 employees exceeding the approved cadre of the Authority had been employed as at 31<sup>st</sup> December 2018. Further 384 positions in sections directly connected with operations had been vacant. In addition, there was a surplus of 574 employees in 15 sections who are not directly connected with operational activities of the Authority. However, Rs. 4,688 million had been paid to the employees as overtime including Rs. 971 million accrued for employees in sections where there was a surplus of employees during 2018.
- (d) Approval had been granted to give 100,000 cubic meters of crushed aggregates 11,250 cubic meters of quarry dust 90,000 cubic meters of rock blasters which had been stored at the Hambanthota Port premises had been given over free of charge to the local agent of the Chinese contractor of the Hambanthota Port construction. It was observed that, on calculation on the basis of premarket price of these materials the loss incurred by the Ports Authority was approximately Rs. 26,479,581. The decision of the Board of Directors taken to give away the above-mentioned materials had not been submitted for Audit.
- (e) Out of the Container handling terminals in the Port of Colombo, the only terminal where ships over 14.25 deep draft can call on, is the Colombo International Container Terminal where the annual handling capacity is 2.4 TEUs. In 2018, 308 ships of 14.25 deep draft had called on to this terminal and the volume of containers had handled over 2.6 million container units, which was observed as having recorded the highest volume. Accordingly, compared to the year 2017, this terminal had recorded a 12% growth and in the future too, provided that there would be an

## AUDITOR GENERAL'S REPORT

increase in the demand of terminal services, it was observed that the Port of Colombo will face with difficulties in providing terminal services.

However, although the construction of the development work of the East Container Terminal, relating to the extension of 440m in length at 18m depth with an annual handling volume of 800,000 container units with a construction cost of Rs. 11,168 million of the loan agreements entered into between the Government of Sri Lanka and the Asian Development Bank had been completed in April 2016, the Authority had not taken action to procure the equipment including Gantry Cranes required for the handling of cargo even up to 30<sup>th</sup> April 2019.

- (f) Although, there is provision for an appeal to be forwarded to the Minister of Finance against a decision arrived at under Section 165 of the Customs Ordinance, an appeal of such nature had not been forwarded to the Minister of Finance by the Authority seeking a concession for the customs penalty of Rs. 1,580 million imposed on 27 Nos. of Cranes imported in 2011 without informing the Sri Lanka Customs. However, contingent liabilities amounting to Rs.1,577.7 million had been allocated in the relevant accounts. The case filed by the Sri Lanka Ports Authority about this matter before the Court of Appeal, had been dismissed and an appeal had been filed before the Supreme Court against the judgment of the Court of Appeal.
- (g) As per the letter of the Department of Public Enterprises No. PE/PS/JCTL/GEN/2018 dated 24<sup>th</sup> April 2018 addressed to the Ministry of Ports and Shipping with copy to the Chairman of the Sri Lanka Ports Authority. It had been requested to receive a sum of Rs. 56,299,347 from Jaya Container Terminal, which is a fully owned company of the Sri Lanka Ports Authority, as dividend up to the year 2017 and remit same to the General Treasury but the request had not been fulfilled as yet.
- (h) Although the Authority had been informed by the letter of the Department of Public Enterprises No. PE/EN/REV/REQ/2018 dated 04<sup>th</sup> September 2018, that a sum of Rs. 350 million be remitted to the Consolidated Fund as the Dividend Contribution of the Public Enterprises, the Authority had not taken action to remit the amount.



**W P C Wickramaratne**  
**Auditor General**

# CORPORATE INFORMATION

## Name

Sri Lanka Ports Authority

## Statutory Status

The SLPA was established on the 1<sup>st</sup> August, 1979 with the amalgamation of the Colombo Port Commission, the Port (Cargo) Corporation, the Port Tally and Protective Services Corporation under the provisions of Parliament Act No. 51 of 1979.

## Our Corporate Values

The SLPA is one of the major contributors to the economy of Sri Lanka. As a key revenue earning and service providing agency, the role of the SLPA is linked directly to the excellence of its delivery services. In this regard, the value system of the Authority is the basis for the success of its operational relationship with the stakeholders. These values could be categorized under the following.

- ◆ Dependability
- ◆ Timeliness & Accuracy
- ◆ Accountability for Achievement
- ◆ Team Spirit
- ◆ Commitment
- ◆ Reward & Recognition
- ◆ Performance with integrity

It will be the responsibility of the Chairman/Chief Executive Officer, the Managing Director and other Senior Management staff to inculcate the above values at all levels of the Authority.

## Head Office

### Port of Colombo

No. 19, Chaithya Road  
Colombo – 01  
Tel: (+94 11) 2421201, 2421231  
Fax: (+94 11) 2440651

### Port of Galle

Closenberg Jetty  
Magalle  
Galle  
Tel: (+94 91) 2232213, 2234936

### Port of Trincomalee

New Administrative Building  
China Bay  
Trincomalee  
Tel: (+94 26) 2222460

## Bankers

Bank of Ceylon (Main Bank)  
People's Bank  
Hatton National Bank

## Auditors

The Auditor General  
The Auditor General's Department  
No. 306/72, Polduwa Road  
Battaramulla.

## Web

[www.slpa.lk](http://www.slpa.lk)