

Sri Lanka Export Credit Insurance Corporation

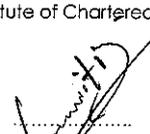
STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2025

(All amounts are in Sri Lankan Rupees)	Note	Current Year 2025	Prior Year Restated 2024
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant & Equipment	9	397,931,829	135,106,143
Intangible Assets	9A	151,863	359,719
Long-term Financial Investments (Over 1 Year)	10	1,315,416,938	97,664,710
<b>Total Non Current Assets</b>		<b>1,713,500,630</b>	<b>233,130,571</b>
<b>Current Assets</b>			
Stock of Stationery & Consumables		1,144,431	818,264
Trade Debtors		58,360,322	24,239,798
Sundry Debtors, Deposits and Pre-payments	11	80,232,392	18,299,675
Interest Receivable	12	181,209,165	281,132,793
Short-term Financial Investments (Less than 1 Year)	13	4,441,397,558	5,049,451,227
Cash and Cash Equivalents	14	31,332,352	33,284,977
<b>Total Current Assets</b>		<b>4,793,676,219</b>	<b>5,407,226,734</b>
<b>Total Assets</b>		<b>6,507,176,849</b>	<b>5,640,357,305</b>
<b>EQUITY</b>			
Stated Capital	15	150,000,000	150,000,000
Reserves	16	2,616,826,940	2,355,411,772
Retained Earning	17	3,515,021,002	2,636,812,048
<b>Total Equity</b>		<b>6,281,847,942</b>	<b>5,142,223,820</b>
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
Staff Gratuity Payable	18	15,439,282	10,396,679
<b>Total Non Current Liabilities</b>		<b>15,439,282</b>	<b>10,396,679</b>
<b>Current Liabilities</b>			
Sundry Creditors, Accrued Expenses & Provisions	19	59,077,900	158,645,347
Provision for Future Claims	20	147,851,683	326,131,418
Premium in Advances		2,960,041	2,960,041
<b>Total Current Liabilities</b>		<b>209,889,625</b>	<b>487,736,807</b>
<b>Total Liabilities</b>		<b>225,328,907</b>	<b>498,133,485</b>
<b>Total Liabilities &amp; Equity</b>		<b>6,507,176,849</b>	<b>5,640,357,305</b>

These Financial Statements have been prepared in accordance with the requirement of the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka.

  
Sukithe Akalanka  
Prepared By (AM-Fin)

  
Ravin Ovitigala  
AGM-Finance

The Accounting Policies and Notes to the Accounts form an integral part of these Financial Statements.  
The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
The Financial Statements were approved by the Board of Directors and signed on their behalf.

  
Prof. (Dr.) Aruna Shantharachchi  
Chairman & Managing Director

  
Ms. M. K. C. Peiris  
Director

  
Ms. S. M. Rajapaksha  
Director

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

*(All amounts are in Sri Lankan Rupees)*

	Note	Current Year 2025	Prior Year 2024
<b>Revenue</b>			
Gross Written Premium	1	533,508,099	578,731,235
Net Change in Reserve for Unearned Premium	1a	8,760,968	(34,929,833)
Gross Earned Premium		<b>542,269,067</b>	<b>543,801,402</b>
Other Operational Income	2	14,311,662	17,120,790
<b>Total Net Revenue from Operations</b>		<b>556,580,729</b>	<b>560,922,192</b>
<b>Other Income</b>			
Investment Income	3	390,723,606	492,854,685
Sundry Income		2,510,936	48,193,771
		<b>393,234,541</b>	<b>541,048,456</b>
<b>Total Net Revenue</b>		<b>949,815,270</b>	<b>1,101,970,648</b>
<b>Claims and Operating Expenses</b>			
Net Claims	4	3,622,836	133,449,512
Status Reports		8,821,565	7,497,485
Establishment Expenditure	5	31,694,828	29,803,855
Administrative Expenditure	6	111,543,714	90,621,174
Selling & Marketing Expenditure	7	16,540,815	15,483,806
Finance Charges	8	455,185	460,718
<b>Net Claims and Operating Expenses</b>		<b>172,678,943</b>	<b>277,316,551</b>
<b>Operating Profit</b>		<b>777,136,327</b>	<b>824,654,097</b>
Non Operating Expenses	8a	184,958,636	265,000,000
<b>Profit/Loss Before Value Added Tax</b>		<b>592,177,691</b>	<b>559,654,097</b>
VAT on Financial Services	8b	-	-
<b>Profit Before Income Tax</b>		<b>592,177,691</b>	<b>559,654,097</b>
Income Tax	8c	-	219,061,590
<b>Profit after tax</b>		<b>592,177,691</b>	<b>340,592,507</b>
<b>Other Income/Expenses</b>			
Exchange Gain/(Loss)		168,265,080	(244,723,314)
<b>Net Profit For the Year</b>		<b>760,442,771</b>	<b>95,869,194</b>
<b>Other comprehensive income</b>			
Net gain on revaluation of property, plant and equipment		270,176,137	-
<b>Total Comprehensive income for the year</b>		<b>1,030,618,908</b>	<b>95,869,194</b>

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**STATEMENT OF CASHFLOW**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

*(All amounts are in Sri Lankan Rupees)*

	Current Year 2025	Prior Year 2024
<b>Cash Flows from Operating Activities</b>		
Net profit before taxation	592,177,691	559,654,097
<b>Adjustments for;</b>		
Depreciation	18,173,475	13,685,410
Accrual	86,030	1,716,778
Provision for Gratuity	5,042,603	2,239,037
Provision for Claims	3,622,836	133,449,512
Unearned premium adjustment	(8,760,968)	34,929,833
Special Levy	150,000,000	265,000,000
Foreign Exchange gain	(168,265,080)	244,723,314
Investment income	(390,723,606)	(492,854,685)
Provision for Future Claims	3,622,836	(191,675,680)
<b>Operating Profit before Working Capital Changes</b>	<b>204,975,817</b>	<b>570,867,616</b>
(Increase)/Decrease in Trade & Other Receivables	(34,120,523)	28,416,198
(Increase)/Decrease in Deposits & Prepayments	(61,932,718)	(751,118)
Increase/(Decrease) in Trade Creditors & Other Payables	53,354,600	245,000
Increase/(Decrease) in Refundable Deposits Retained from Customers	(366,800)	(178,500)
Decrease / (Increase) in Inventories	(326,167)	(614,002)
<b>Cash Generated from / (Used in) Operation</b>	<b>161,584,209</b>	<b>597,985,195</b>
Gratuity paid	-	(4,113,323)
Claims Paid	(39,920,915)	(26,958,061)
Payment of VAT on FS	-	-
Income Tax Paid	(152,836,017)	(296,144,876)
Special Levy Paid to Treasury	(150,000,000)	(265,000,000)
<b>Net Cash from / (Used in) Operating Activities</b>	<b>(181,172,723)</b>	<b>5,768,935</b>
<b>Cash flows from Investing Activities</b>		
Purchase of Property, Plant & Equipment	(10,615,168)	(2,594,185)
Interest income	490,647,234	211,721,892
Fixed Deposits	(469,077,049)	(532,959,543)
<b>Net Cash from / (Used in) Investing Activities</b>	<b>10,955,017</b>	<b>(323,831,837)</b>
<b>Cash flows from Financing Activities</b>		
Treasury Loan Received / Repayments	-	-
Capital Contributed	-	-
Repayment of Loans	-	-
Foreign Exchange gain	168,265,080	(244,723,314)
<b>Net Cash from / (Used in) Financing Activities</b>	<b>168,265,080</b>	<b>(244,723,314)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,952,626)</b>	<b>(562,786,216)</b>
Cash and Cash Equivalent Beginning of the Year (Note A)	33,284,978	596,071,193
<b>Cash and Cash Equivalent End of the Year (Note A)</b>	<b>31,332,352</b>	<b>33,284,978</b>

**NOTE A**

**Cash & Cash Equivalents**

Hatton National Bank Current Accounts	9,835,968	12,806,420
Hatton National Bank Debit Tax Exempt current	2,041,102	1,468,526
Bank of Ceylon Current Account	4,360,755	8,254,923
People's Bank Current Account	54,680	1,611,525
NSB Saving Account	6,282	5,555
DFCC Current Account	5,173,497	-
Bank of Ceylon - US Dollar Account	4,833,587	4,516,128
People's Bank - US Dollar Account	4,912,724	4,509,655
EURO Savings Account	44,657	44,657
BOC - Investment Fund Account	67,100	65,589
Cash in Hand	2,000	2,000

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**

**Annual Financial Statements - 2025**

**Changes in Equity Statement As At 31st December 2025**

Description	Stated Capital Rs.	Retained Earnings Rs.	General Reserve Rs.	Revaluation Reserve Rs.	Investment Fund Rs.	Unearned Premium Rs.	Total Rs.
Balance as at 01st January 2024	150,000,000	1,895,167,402	2,120,880,985	124,016,888	68,507,949	17,076,117	4,365,649,342
Transferred from Property, Plant & Equipment Treasury Investment	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-
Net Profit for the Year 2024	-	645,775,452	-	-	-	-	645,775,452
Transferred during the year 2024	-	95,869,194	-	-	-	-	95,869,194
Un-Earned Premium 2024	-	-	-	-	-	34,929,833	34,929,833
Balance as at 31st December 2024	150,000,000	2,636,812,048	2,120,880,985	124,016,888	68,507,949	52,005,950	5,142,223,820
Transferred from Revaluation Gain Treasury Investment	-	-	-	270,176,136	-	-	270,176,136
Adjustments	-	-	-	-	-	-	-
Net Profit for the Year 2025	-	117,786,183	-	-	-	-	117,786,183
Over Provisioned re-adjusted	-	760,442,771	-	-	-	-	760,442,771
Un-Earned Premium 2025	-	-	-	-	-	(8,760,968)	(8,760,968)
Balance as at 31st December 2025	150,000,000	3,515,021,002	2,120,880,985	394,193,024	68,507,949	43,244,982	6,281,847,942

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts are in Sri Lankan Rupees)*

	Current Year 2025	Prior Year 2024
<b>Note</b>		
<b>1 Gross Written Premium</b>		
Pre-shipment Credit Guarantee	25,894	-
Post Shipment Credit Guarantee	507,819	474,242
Export Performance Guarantee	2,710,000	3,184,000
Cost of Passage Guarantee (APARA)	110,627,474	229,207,311
Export Payments Insurance Policy (Seller's Risk)	419,636,912	345,865,683
	<b>533,508,099</b>	<b>578,731,235</b>
(Increase)/Decrease in Unearned Premium	1a. 8,760,968	(34,929,833)
Gross Earned Premium	<b>542,269,067</b>	<b>543,801,402</b>
<b>1a Unearned Premium</b>		
Export Payments Insurance Policies Gross Unearned Premium		
Balance as at 1st January	17,740,321	14,279,450
Premium written during the year	419,636,912	345,865,683
Premium earned during the year	402,326,971	342,404,812
Balance as at 31st December	<b>35,050,262</b>	<b>17,740,321</b>
Credit Guarantee Gross Unearned Premium		
Balance as at 1st January	34,265,629	2,796,666
Premium written during the year	113,871,187	232,865,553
Premium earned during the year	139,942,095	201,396,590
Balance as at 31st December	<b>8,194,720</b>	<b>34,265,629</b>
Total Reserve as at 31st December	43,244,982	52,005,950
Total Reserve as at 1st January	52,005,950	17,076,117
Net Change in Unearned Premium Reserve	<b>(8,760,968)</b>	<b>34,929,833</b>
<b>2 Other operational Income</b>		
Guarantee, Policy, Administrative, Processing and BLL Fees	14,311,662	17,092,547
BizInfo Income	-	28,243
	<b>14,311,662</b>	<b>17,120,790</b>
<b>3 Investment Income</b>		
Treasury Bills / Bonds	31,415,093	26,104,916
SMIB Deposit	19,060	23,598
US Dollar Fixed Deposits	122,832,369	164,533,313
US Dollar Savings	97,138	119,342
Euro Fixed Deposit	3,351,798	3,675,363
LKR Fixed Deposit	231,714,712	296,867,821
Interest on Investment Fund	1,657	66,337
Interest on Staff Loans	130,155	92,417
Treasury Bill Interest on Gratuity Fund	1,160,897	1,367,284
Intrest Received on SLR SAVING	727	4,292
	<b>390,723,606</b>	<b>492,854,685</b>

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts are in Sri Lankan Rupees)

	Current Year 2025	Prior Year 2024
Note		
<b>4 Net Claims Paid</b>		
Claims Provision as at end of the year - Specific	147,851,683	231,117,881
Claims Provided in the previous years	(144,228,847)	(118,353,565)
Claims for the year	<b>3,622,836</b>	<b>112,764,315</b>
Less: Excess Provision made in previous year	-	(11,496,594)
Net Claims for the year - Specific	<b>3,622,836</b>	<b>101,267,721</b>
Contingent Provision(Refer Note No.20)	-	32,181,791
	<b>3,622,836</b>	<b>133,449,512</b>

In accordance with Sri Lanka Accounting Standard LKAS 37, contingent provisions are not recognized; therefore, we have recorded only specific provisions.

<b>5 Establishment Expenditure</b>		
Rates	990,990	990,990
Water	317,609	317,950
Electricity	2,104,884	1,395,047
Telephone	609,838	551,199
E-Mail & Internet, Website	457,459	457,459
Security	997,285	768,220
Depreciation -		
Building	8,825,000	8,825,000
Motor Vehicles	4,538,701	4,332,000
Office Equipment	635,818	233,749
Computers & Printers	3,629,439	2,604,978
Furniture & Fittings	336,659	250,535
Software	207,856	207,856
Insurance -		
Building - Office Premises (Nawam Mwt)	262,702	65,506
Motor Vehicles	123,531	107,529
Office Equipment, Furniture & Fittings	17,277	10,693
Fidelity Insurance	81,349	40,735
Insurance on Cash in Transit	4,151	2,965
Travelling Insurance	-	11,774
Repairs & Maintenance -		
Building	1,364,147	2,178,600
Motor Vehicles	3,297,953	2,822,547
Office Equipment, Furniture	583,786	75,271
Computers & Printers	1,760,432	3,004,638
Software	547,960	548,613
	<b>31,694,828</b>	<b>29,803,855</b>

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts are in Sri Lankan Rupees)*

	Current Year 2025	Prior Year 2024
Note		
<b>6 Administrative Expenditure</b>		
Salaries & Allowances	53,965,003	40,521,196
Other Staff Benefits	23,432,224	17,262,973
Recruitment, Local Training & Subscriptions to Educational Inst.	5,986,815	2,137,401
Tea & Related Expenses	1,165,309	1,358,152
Employees Provident Fund	10,327,261	8,090,173
Employees Trust Fund	1,292,538	1,025,445
Gratuity	5,042,604	2,239,037
Directors Fees	320,000	350,000
Travelling, Transport & Subsistence	495,515	436,947
Postage	10,660	282,286
Annual Report & Other Printing	144,340	982,073
Stationery	659,081	669,467
Fuel	185,510	1,012,411
External Audit Fees	1,584,000	5,230,000
Cloud Backup cost & Hosting of Website e-mail etc	871,460	696,581
Professional, Legal & Consultancy Fees	802,850	1,390,000
General Expenses	422,765	762,154
Stamp Duty	59,250	126,050
News Papers, Books & Magazines	29,100	11,110
Anniversary Expenses	2,601,736	1,935,287
Annual Trip	1,552,305	1,022,540
Life Insurance	493,551	552,066
Foreign Training	-	2,072,465
Entertainment Expenses	99,858	455,361
	<b>111,543,714</b>	<b>90,621,174</b>
<b>7 Selling &amp; Marketing Expenditure</b>		
Promotional and Business Development Expenses	172,636	2,088,204
Advertising	5,435,614	3,240,197
Translation Charges	95,398	41,095
Fuel Cost	249,627	150,428
Corporate Memberships	33,500	262,591
Subs. to Int. Professional & Export Related Organizations	6,655,060	6,338,799
Sponsorships	2,112,000	2,400,000
Product Development and Aware. Prog. for bank/Exporter	1,786,980	962,494
	<b>16,540,815</b>	<b>15,483,806</b>
<b>8 Finance Charges</b>		
Bank Charges	87,659	58,977
Stamp Duty	15,775	-
Social Security Cont. Levy	351,750	401,741
	<b>455,185</b>	<b>460,718</b>
<b>8a Non Operating Expenses</b>		
Net Impairment Loss	34,958,636	-
Treasury Levy	150,000,000	265,000,000
	<b>184,958,636</b>	<b>265,000,000</b>
<b>8b VAT on Financial Services</b>		
As per the Act, the Corporation is not liable for VAT on financial services. However, the final determination of VAT on Financial Service liability will be confirmed after the audit of the respective unit.		
<b>8c Income Tax</b>		
In accordance with Section 21(1) of the Sri Lanka Export Credit Insurance Corporation Act, No. 15 of 1978, the Corporation is exempt from the payment of income tax.		

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts are in Sri Lankan Rupees)

9 Property, Plant & Equipment							
	Assets Value Before Revaluation	Additions/ Transfers	Transferred of accumulated depreciation on revalued assets	Revaluation Gain/Loss	Additions/Transfers After Revaluation	Additions/ Transfers	Revaluation as at 31-Dec-2025
<b>9.1 Gross Carrying Amounts</b>							
Building	176,500,000	-	(70,600,000)	240,100,000	-	-	346,000,000
Furniture and Fittings	2,946,379	745,547	(1,581,266)	3,766,640	-	-	5,867,300
Computers & Printers	15,884,365	4,336,500	(11,711,078)	3,321,713	3,957,484	-	15,788,984
Office Equipment	3,801,044	25,512	(2,214,863)	602,807	1,550,125	-	3,764,625
Motor Vehicle	21,660,000	-	(16,504,975)	22,394,975	-	-	27,650,000
	<b>220,791,787</b>	<b>5,107,559</b>	<b>(102,612,183)</b>	<b>270,176,137</b>	<b>5,507,609</b>	<b>-</b>	<b>398,970,909</b>
<b>9.2 Depreciation</b>							
	Balance as at 01-Jan-25	Charge for the year/Transfers	Transfers to Revaluation of Assets			Balance as at 31-Dec-2025	
Building	61,775,000	8,825,000	(70,600,000)			-	
Furniture and Fittings	1,244,607	336,659	(1,581,266)			-	
Computers & Printers	8,084,349	3,629,439	(11,711,078)			2,711	
Office Equipment	1,585,688	635,818	(2,214,863)			6,643	
Motor Vehicle	12,996,000	4,538,701	(16,504,975)			1,029,726	
	<b>85,685,644</b>	<b>17,965,618</b>	<b>(102,612,183)</b>	<b>-</b>	<b>-</b>	<b>1,039,080</b>	
Net Value	<b>135,106,143</b>					<b>397,931,829</b>	

**REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

As per the Corporation policy revaluation should be carried out every, three to five years. But due to some internal issues, this was delayed from 2016, on 2025 corporation conduct a revaluation which done under the consultation of the Valuation department of the Sri Lanka & independent valuer companies Gamut Ceylon Valuers (Pvt) Ltd

In compliance with Sri Lanka Accounting Standards (LKAS 16- Property, Plant and Equipment) and SLFRS 13 - Fair Value Measurement, the Company applies the fair value hierarchy in assessing the valuation of its property, plant, and equipment.

Level 1 Based on quoted prices in active markets,

Level 2 When derived from observable market inputs such as recent transactions of similar assets

Level 3 When relying on unobservable inputs, including

Professional appraisals and management assumptions Other than motor vehicles, have been revalued as at 31-Dec-2025 and Motor Vehicle Revalued as at 25-Oct-2025

The Company primarily determines the fair value of PPE using Level 2 and Level 3 inputs, based on independent valuations, market comparisons, and cost-based approaches where applicable. Valuations are conducted periodically to ensure the carrying amounts of assets reflect their fair value.

**NOTE - 9-A Intangible Assets**

Software	7,504,375	-	-	7,504,375
	<b>7,504,375</b>	<b>-</b>	<b>-</b>	<b>7,504,375</b>
<b>Amortization</b>				
Software	7,144,656	207,856	-	7,352,512
	<b>7,144,656</b>	<b>207,856</b>	<b>-</b>	<b>7,352,512</b>
Net Value	<b>359,719</b>			<b>151,863</b>
<b>Total Property, Plant &amp; Equipment</b>	<b>135,465,861</b>			<b>398,083,692</b>

	Current Year 2025	Prior Year 2024
<b>10 Long Term Investments</b>		
Shares in Ingrin Ltd	10	10
Shares in Credit Information Bureau	123,700	123,700
Treasury Bonds	97,541,000	97,541,000
LKR Fixed Deposits	1,217,752,228	-
	<b>1,315,416,938</b>	<b>97,664,710</b>
<b>11 Sundry Debtors, Deposits &amp; Pre Payments</b>		
Advances on Export Bill Discounting Facility	34,958,636	34,958,636
Less:		
Write Off- Malindu timber receivable-Which loss on the court case	(22,870,942)	-
Other receivable Loss allowances - Stage 03 credit impaired	(12,087,694)	(34,958,636)

Bill discounting is a financing arrangement whereby an exporter who is registered with SLECIC for obtain Cash in advance for their Exports proceeds at a discount. Under SLFRS 9 - Financial Instruments, such bill discounting facilities represent financial assets measured either at amortized cost or fair value depending on the business model and contractual cash flow characteristics.

The Sri Lanka Export Credit Insurance Corporation (SLECIC) granted eight (8) bill discounting facilities amounting to Rs. 34,958,636.11 as at 31 December 2018 to several exporters. These facilities constitute financial assets subject to impairment assessment under the Expected Credit Loss (ECL) model prescribed by SLFRS 9.

Out of the total exposure, one exporter accounted for Rs. 22,870,636.11. Due to suspected irregularities and non-recovery, SLECIC referred the matter to the Criminal investigation Department, and legal proceedings were instituted by the Attorney General in the High Court under case No. H.C. 4401/2008. However, the case was dismissed on 09 December 2022, and no appeal was filed within the stipulated legal timeframe. Furthermore, the related division ceased operations in 2006, limiting further recovery efforts. Considering all the facts Board decided to write off the Rs.22,870,636.11

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts are in Sri Lankan Rupees)*

	Current Year 2025	Prior Year 2024
<b>11a Sundry Debtors, Deposits &amp; Pre Payments</b>		
Staff Loans & General Advances	5,192,832	2,973,250
Sundry Deposits	108,838	108,838
Income Tax Receivable	38,451,195	-
Refundable Deposits	526,500	406,500
Loan to the Welfare Society of Slecic	500,000	500,000
Salary & Allowance Control A/C	87,375	(67,244)
Sundry Debtors	770	770
Pre-payments	1,566,534	1,315,114
BizInfo Income Receivable	-	(6,431)
VAT on Financial Services Recoverable	-	2,185,511
WHT Receivable	33,798,348	10,883,367
	<b>80,232,392</b>	<b>18,299,675</b>
<b>12 Interest Receivable</b>		
Treasury Deposit	-	67,615,246
Treasury Bills/Bonds	11,491,701	6,867,552
US Dollar Fixed Deposits	82,721,861	90,780,935
Interest Receivable - Euro Fix	3,332,426	3,530,898
LKR Fixed Deposits	83,663,176	112,338,161
	<b>181,209,165</b>	<b>281,132,793</b>
<b>Note 12A</b>		
<p>The corporation paid Rs. 150 million to the General Treasury as an Administrative Borrowings in July 1996, of which Rs. 30 million was repaid in April 2001. A discrepancy later arose between the Treasury's and the corporation's records regarding the outstanding balance, and the Treasury declined the corporation's request under Section 11 of the Finance Act No. 30 of 1971. An amount of Rs. 67.15 million was subsequently recorded as accrued interest in the financial statements; however, Corporation requested the confirmation from the Treasury then they confirmed us no evidence to support the existence of such overdue interest. Accordingly, the corporation sought Board approval to write off the amount.</p>		
<b>13 Short Term Investments</b>		
US Dollar Fixed Deposits	2,622,435,073	2,338,639,947
Euro Fixed Deposits	88,130,248	69,841,972
LKR Fixed Deposits	1,516,382,725	2,443,274,148
Gratuity Savings Account	150,983	150,983
Treasury Bills on Gratuity Savings	16,703,538	15,529,260
Govt. Treasury Bills	196,879,155	181,318,852
State Mortgage & Investment Bank Deposit	715,835	696,065
	<b>4,441,397,558</b>	<b>5,049,451,227</b>
<b>14 Cash &amp; Cash Equivalent</b>		
<b>Foreign Currency Savings Accounts</b>		
Bank of Ceylon - US Dollar Account	4,833,587	4,516,128
People's Bank - US Dollar Account	4,912,724	4,509,655
EURO Savings Account	44,657	44,657
	<b>9,790,968</b>	<b>9,070,440</b>
<b>In Foreign Currency</b>		
Bank of Ceylon - US Dollar Account	15,781	15,663
People's Bank - US Dollar Account	16,039	15,641
EURO Savings Account	125	150
<b>Exchange Rate</b>		
Bank of Ceylon - US Dollar Account	306	288
People's Bank - US Dollar Account	306	288
EURO Savings Account	358	298
<b>LKR Accounts</b>		
<b>Cash at Bank</b>		
Hatton National Bank Current Accounts	9,835,968	12,806,420
Hatton National Bank Debit Tax Exempt current	2,041,102	1,468,526
Bank of Ceylon Current Account	4,380,755	8,254,823
People's Bank Current Account	54,680	1,611,525
NSB Saving Account	6,282	5,555
DFCC Current Account	5,173,497	-
BOC - Investment Fund Account	67,100	-
	<b>21,539,384</b>	<b>24,146,949</b>
<b>Cash in Hand</b>	2,000	2,000
	<b>21,541,384</b>	<b>24,148,949</b>

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

*(All amounts are in Sri Lankan Rupees)*

Note	Current Year 2025	Prior Year 2024
<b>15 Stated Capital</b>	150,000,000	150,000,000
<b>16 Reserves</b>		
General Reserve	2,120,880,985	2,120,880,985
Revaluation Reserves	394,193,024	124,016,888
Investment Fund	58,507,949	58,507,949
Un Earned Premium Reserve	43,244,982	52,005,950
	<u>2,616,826,940</u>	<u>2,355,411,772</u>
<b>17 Retained Earning</b>		
Balance as at 31st December	2,636,812,048	1,895,167,402
Prior period adjustments	117,766,183	645,775,452
Net Profit	760,442,771	95,869,194
	<u>3,515,021,002</u>	<u>2,636,812,048</u>

Unaudited Financial Statements 2025

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
*(All amounts are in Sri Lankan Rupees)*

	Current Year 2025	Prior Year 2024
<b>Note</b>		
<b>18 Gratuity Payable</b>		
Balance B/F	10,396,679	13,466,484
Gratuity Provision for the Year	5,042,603	2,239,037
Adjustment for Under/Over provision	-	(91,387)
	<u>15,439,282</u>	<u>15,614,134</u>
Paid during the year	-	(4,113,323)
Transfer to the Other Payable	-	(1,104,132)
Balance as at 31st December	<u>15,439,282</u>	<u>10,396,679</u>
<b>19 Sundry Creditors, Accrued Expenses and Provisions</b>		
<b>Sundry Creditors</b>		
General VAT (Charged from Policy Premium)	1,906,902	1,906,902
Staff Medical Fund	1,098,170	883,758
Refundable Deposits Retained from Customers	1,480,000	1,846,800
Over Paid by Exporters	30,091,752	13,499,810
<b>Accrued Expenses</b>		
Employees Provident Fund	1,074,047	-309,863
Employees Trust Fund	67,543	-49,064
Stamp Duty	16,375	17,750
Other Payables	17,683,991	19,591,101
Charges on Status Reports	586,713	1,983,730
Status Report Tax Remi Payable	282,465	250,000
Accruals	-	-
<b>Provisions</b>		
Audit Fees Payable	4,300,466	4,214,436
Income Tax Payable	-	114,384,822
Annual Report Printing Charges	275,000	275,000
APIT Tax Payable	214,477	150,164
	<u>59,077,900</u>	<u>158,645,347</u>
<b>20 Provision for Future Claims</b>		
Specific Provision for Claims	147,851,683	231,117,881
Balance as at 1st January	95,013,538	62,831,747
Utilization During the Year	-	-
Charge for the Year	11,488,100	32,181,791
Balance as at 31st December	<u>106,501,638</u>	<u>95,013,538</u>
Total Provision for the Claims	<u>254,353,322</u>	<u>326,131,418</u>

20a

In accordance with Sri Lanka Accounting Standard LKAS 37, contingent liabilities are not recognized as provisions in the financial statements unless they meet the recognition criteria set out in the Standard. Accordingly, previously reported comparative amounts have been retrospectively adjusted to correct the earlier recognition of such contingent provisions. Following this adjustment, only specific provisions that satisfy the recognition requirements—namely, where a present obligation exists as a result of a past event, settlement is probable, and the amount can be reliably estimated—have been recognized in the financial statements. The impact of these adjustments on prior periods is disclosed in the relevant notes.

Specific Provision for Claims	231,117,881	454,601,351
Contingent Provision	-	-
	<u>231,117,881</u>	<u>454,601,351</u>
Paid During the Year	(39,920,915)	(26,958,061)
Fully Settled	(7,046,945)	-
Rejected Claims	(28,730,000)	-
Adjusted	-	(400,151,254)
Over Provision	(11,191,174)	(2,297,533)
Balance as at 31st December	144,228,847	25,194,504
Provision for the Year	3,622,836	117,742,381
Total Provision for the Claims	<u>147,851,683</u>	<u>142,936,885</u>

**SRI LANKA EXPORT CREDIT INSURANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts are in Sri Lankan Rupees)

Note

**21 Disclosure on Revaluation of Fixed Assets**

- Effective date of Revaluation

Building	31-Dec-25
Motor Vehicles	21-Oct-25
Computers and Printers	31-Dec-25
Office Equipment	31-Dec-25
Furniture and Fittings	31-Dec-25

- Valuation was carried out by the private valuation firms
- Valuation has been done as accurately as possible after inspection and observation and considering all the relevant factors that affect the value.
- The value arrived by the revaluation is the market value of the assets.
- Carrying value of the revalued assets under the cost model.

**22 Contingent Liabilities**

(a) Lawsuits against the Corporation

1	Tropical Fishery (Pvt) Limited Vs. Sri Lanka Export Credit Insurance Corporation; CHC 47/2020/MR case lodged against part payment made o/a of Suriya LLC of USA claiming Rs.27.5Mln.
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**23 Related Party Transaction**

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION	ADDRESS
Prof.(Dr.)Aruna Shatharachchi	Chairman	None (From 28-Oct-24)	Sri Lanka Export Credit Insurance Corporation, # 42, Level 4, NDB-EDB Tower, Colombo 02
Mr.Priyantha Perera	Director	None Resigned on 20 <sup>th</sup> May 2025	Sri Lanka Insurance Corporation, No.21, Vauxhall Street, Colombo 02.
Mr.A.M.P.Abhayasinghe	Director	None (From 27 <sup>th</sup> March 2025 to 19-Sep-2025)	Ministry of Trade, No.492,R.A.De Mel Mawatha, Colombo 03.
Dr.C.Amarasekara	Director	None From 31 <sup>st</sup> Jan 2025 till Nov 2025	Central Bank of Sri Lanka, No.30, Janadhipathi Mawatha, Colombo 01.
Ms. N Gunawardhana	Director	None 11 <sup>th</sup> June 2025 11 <sup>th</sup> Dec 2025	Sri Lanka Insurance General Corporation , No. 21, Vauxhall Street, Colombo 02
Ms.M.K.G.Peliris	Director	None from 17 <sup>th</sup> March 2025 to date	Ministry of Finance The Secretariat, Colombo 01
Ms. S.M. Rajapaksha	Director	None from 03 <sup>rd</sup> Nov 2025 to date	Ministry of Trade, No.492,R.A.De Mel Mawatha, Colombo 03.
Mr. W.S. Prasanna	Director	None from 11 <sup>th</sup> Dec 2025 to date	Central Bank of Sri Lanka, No. 30, Janadhipathi Mawatha, Colombo 01
Mr. Asiri Wickramaarachchi	Director	None from 15 <sup>th</sup> Dec 2025 to date	Sri Lanka Insurance General Corporation , No. 21, Vauxhall Street, Colombo 02.

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Sri Lankan Rupees)

Current Year  
2025

Prior Year  
2024

24 Prior Year Adjustment

Reversal of Accrued Expenses	5,447,508	84,360,349
Reversal of Invoices	(518,760)	-
Correction Entry	(487,734)	561,415,103
Prior Year Payment	(354,844)	-
Reversal of Provision	181,295,258	-
Reversal of Provision Income	(67,615,246)	-
	<u>117,766,183</u>	<u>645,775,452</u>

Unaudited Financial Statements 2025

# **SRILANKA EXPORT CREDIT INSURANCE CORPORATION (SLECIC)**

## **Significant Accounting Policies**

### **General Information**

Sri Lanka Export Credit Insurance Corporation was established by the Sri Lanka Export Credit Insurance Corporation Act No. 15 of 1978 and commenced commercial operations on 8th February 1979.

The registered office of the Corporation is situated at Level 4, NDB-EDB Tower, No.42, Nawam Mawatha, Colombo 02.

### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **1. Basis of Preparation**

##### **1.1 Reporting Entity**

The Sri Lanka Export Credit Insurance Corporation was established by the Sri Lanka Export Credit Insurance Corporation Act. No. 15 of 1978. The Sri Lanka Export Credit Insurance Corporation assists Sri Lankan exporters who trade with overseas buyers on credit terms through a wide range of products and services to meet their credit and risk management needs to trade safely with a minimum risk. The Sri Lanka Export Credit Insurance Corporation offers 11 types of export credit insurance products to exporters and 08 types of credit guarantees to banks including cost of Passenger Guarantees for immigration workers.

##### **1.1 Principal Activities and Nature of Operations**

Principal activities of the Corporation are undertaking risks in export trade by issue of Export Payments Insurance Policies to Exporters covering the risk of non-payment by their foreign buyers due to commercial and political reasons and issue of guarantees to the banks and other financial institutions mainly to facilitate granting of liberal finances to exporters to meet their fund requirements for their export businesses.

##### **1.2 Basis of measurement**

The statement of financial position, statement of comprehensive income, changes in equity and cash flows together with accounting policies and notes (Financial Statement) of the Corporation as at 31st December 2025 and for the year ended, complies with the Sri Lanka Accounting Standards. These Financial Statements are presented in Sri Lankan Rupees. The Financial Statements are prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements.

##### **1.3 Use of Estimates and Judgments**

The preparation of Financial Statements are in conformity with LKAS ( Sri Lanka Accounting Standards) which requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments on the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

##### **1.4 Going Concern**

When preparing the Financial Statements, we have made an assessment of the liability of the organization to continue as a going concern in the foreseeable future. We do not foresee a need for liquidation or cessation of

trading, taking into account all available information about the future.

### **1.5 Approval of Financial Statements**

The Financial Accounts were reviewed and duly approved by the Board of Directors

### **1.6 Financial Period**

The Corporation's financial statements have been prepared for the financial period beginning on 1st January 2025 and ending on 31st December 2025, representing a full calendar year of operations.

## **2. Comparative Information**

The accounting policies have been consistently applied by the Corporation and are consistent with those used in the previous year.

### **03. Significant Accounting Policies.**

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and have been applied consistently by the Corporation.

#### **3.1 Foreign Currency Transactions**

Items included in the financial statements are measured using Sri Lanka rupees (LKR). Foreign Currency transactions are translated into the reporting currency using the rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at that date. Foreign exchange gains and losses from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account with effect from the financial year 2018 conforming to LKAS 21. Prior to 2018, the net exchange gain/loss was recognized in a separate Foreign Currency Equalization Reserve which has ceased to be in effect from 2018.

#### **3.2 Property, Plant and Equipment**

##### **a) Recognition and Measurement**

Property, Plant and Equipment are stated at cost/revaluation less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where an item of Property, Plant and Equipment comprise major components having different useful lives, they are accounted for as separate items of Property, Plant and Equipment.

Gains and losses upon disposal of items of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognized net within "Other Operating Income" in the Income Statement.

##### **b) Depreciation**

The provision for depreciation is calculated using a straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives of all Property, Plant and Equipment other than freehold land. Pro-rata basis will be calculate the depreciation as per the purchase date.

The principal annual rates used are as follows.

- |                     |     |          |
|---------------------|-----|----------|
| 1. Building         | 5%  | 20 years |
| 2. Office Equipment | 25% | 04 years |
| 3. Motor Vehicles   | 20% | 05 years |

4. Software & Computers	25% 04 years
5. Furniture & Fittings	10% 10 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the surplus in the revaluation to the Accumulated Profit. The assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

**c) Disposal**

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognized in determining operating profit or loss in the Income Statement. When revalued assets are sold, the amount included in the revaluation reserve is transferred to retained earnings.

**d) Impairment**

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

**e) Profit / Loss from Sales of Property, Plant and Equipment.**

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sale occurs and is classified as other Income.

**3.4 Capital Work in Progress**

Capital expenses incurred during the year, which are not completed as at the Balance Sheet date are shown as advance payments, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

**3.5 Intangible Assets**

Intangible assets that are acquired by the Corporation, which have substantial useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products implemented and controlled by the Corporation are recognized as intangible assets.

**a) Basis of Recognition**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and cost can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

**b) Subsequent Expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relate. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the income Statement as incurred.

**c) Retirement and Disposal**

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

**d) Amortization**

Amortization is recognized in the income Statement on a straight-line basis over the estimated useful lives of intangible Assets, from the date that they are available for use.

### **e) Impairment**

The carrying amounts of the Corporation's assets are reviewed at each balance sheet date to determine where there is any indication of impairments. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Income Statement.

### **F) Revaluation Property, plant & equipment**

The Corporation conducts a revaluation of its assets every Three to five years to ensure that they are fairly stated in the financial statements. The valuation of building & vehicles is carried out by professionally qualified independent valuers' from the private sector.

The valuation of office equipment and office furniture is undertaken by a designated committee, which includes a representative from the Ministry of Finance. This process is conducted with reference to the valuation report issued by the Department of Valuation for fire insurance purposes. The revaluation exercise ensures that asset values reflect current replacement costs and comply with relevant accounting and regulatory requirements.

### **3.6 Investment Properties**

Property that is held for long-term yields or for capital appreciation for both and that is classified as investment property. After initial recognition investment property is carried at cost.

### **3.7 Short term Investments**

#### **a) Short term Investments in Local currency**

The Corporation has made short term surplus funds in Government Treasury bills and other fixed income investments and accounted at cost except for the foreign currency denominated fixed deposits which are valued at the exchange rate prevailing on the Balance Sheet date. The interest accrued on these investments is recognized in the income statement.

#### **b) Short term Investments in Foreign currency**

The funds required to meet future claims obligation in foreign currency have been set aside and deposited in foreign currency account earning interest. The interests accrued have been recognized in the Income statement translated at the rate prevailing at the date of the transaction. The values of the investments recognized in the financial statement are translated at the rate prevailing at the Balance Sheet date.

#### **3.7.1 Financial Investments: Held-to-Maturity**

All the Rupee short term and long terms investments made in Treasury Bills, Treasury Bonds, Fixed Deposits and Debentures are held to maturity and are stated at cost plus interest receivable.

#### **3.7.2 Risk arising from Financial Instruments**

The short term and long term investments comprise of investments made in Treasury Bills, Treasury Bonds, State Bank Fixed Deposits and Debentures. Debentures carry the interest rate risk, reinvestment risk, default risk and liquidity risk. As the fixed deposits are held up to maturity it carries only the default and liquidity risks except for the foreign currency denominated fixed deposits which are exposed to the risk of currency fluctuations in addition to the other risks inherent to the local currency fixed deposits. In the context of holding these investments in state banks, all the stated risks are at its minimal except for foreign currency value fluctuation risk.

### **3.8 Trade and Other Receivables**

Trade and other receivables are stated at the amount estimated to be realized. Provision has been made in the Financial Statements for bad and doubtful debts which are outstanding for more than three years period.

### **3.9 Inventories**

Inventories comprised of stock of stationery and consumable items. Inventories are valued at lower of cost or net realizable value, after making provision for obsolete and repairable items. Net realizable value is the price at which inventories can be sold in the ordinary course of business.

### **3.10 Cash and Cash Equivalents**

Cash and Cash Equivalents are defined as cash in hand and short term highly liquid investments, readily convertible to known amounts of cash for the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and net of outstanding bank overdrafts, short term borrowings and short term investments.

### **3.11 Cash Flow Statements**

The Cash Flow Statements have been prepared using the indirect method in accordance with Lanka Accounting Standard (LAKAS) No. 07 -Cash Flow Statements.

Under the payment of Gratuity Act, No. 12 of 1983, the liability to an employee arises only on completion of one years of continued service. The obligation is not externally funded.

## **4 Employee Benefits**

### **a) Defined Benefit Plan -Retirement Gratuity**

The defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Corporation's net obligation in respect of defined benefit plans is calculated by using project unit credit method for determining the required provisions. The calculation is performed once in three years by a qualified independent Actuary. The measurement of the net defined benefit liability which comprise actuarial gains/losses are recognized immediately in the statement of profit or loss and other comprehensive income

### **b) Define Contribution Plan**

Employee's Provident Fund & Employee's Trust Fund. Employees are eligible for Employees Provident Fund contribution and Employees Trust Fund contributions in line with respective statutes and regulation.

## **5. Liabilities and provisions**

Liabilities and provisions are recognized in the Statement of financial position when there is a present legal /constructive obligation as a result of the past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the Balance Sheet date are treated as current liabilities in the Balance Sheet. Liabilities payable after one year from the Balance Sheet date are treated as non- current liabilities in the Balance Sheet.

### **a) Trade and Other Payables**

Trade and other payables are stated at their cost.

### **b) Contingent Provision for Claims**

Our past experiences in claims payout ratio for cost of passage guarantees have been in the range of 30 percent of premium received. The premium received will have a claim liability, spread over a period of 3 years from the date of premium received. In keeping with the past experience a provision up to 30 percent of the premium received spread over the three years period on the proportion of 15%, 10% and 5% respectively for cost of passage Credit Guarantees have been provided as a provision for contingent claims.

The provision may be adjusted every year to keep pace with the balances reflecting as at the end of the year.

Seller's Risk Insurance Policy	15%
Direct Guarantee on the ATA Carnet System	2%
Pre Shipment Credit Guarantee	12%
Post Shipment Credit Guarantee	5%

Provisions for other products have been created according to the following basis.

In accordance with LKAS 37, the corporation will no longer recognize any contingent provision for claims, as such recognition is not permitted under the standard. Additionally, the 15% guarantee-based provision will also be discontinued, as it does not comply with the applicable accounting requirements. These changes have been made with the approval of the Board of Directors.

Accordingly, no provision will be recognized in the financial statements in respect of these matters, and the only disclosure will be by way of a note to the accounts describing the contingent liabilities.

#### **c) Provision for Reported Claims**

Claims reported have been recognized and taken into account when creating this provision. A specific provision for claims have been made on the situations prevailed as at the Balance Sheet date where reasonable. Evidences and assurances are available as to the fact that there is a probability that a claim would have to be made. The payment of claims subsequently will be set off against the provision made. The continuity of the provision made will be based on the existence of the probable occurrences of a liability for claims.

#### **d) Reserve for Unearned Premium on Unexpired Risk**

Premium written and received during the year under review and the unexpired risk on the premium so collected will spread over the cover period in which part of the premium is related to the next financial year. A reserve has been created by segregating the proportionate premium for the cover period after the end of the current financial year in keeping with industry norms. In determining the reserve 1/365 method have been applied.

### **6. Revenue**

#### **6.1 Premium Income**

Revenue received from the Premium Income has been recognized on 'Accrual Basis' by taking account of all the declarations submitted up to the end of the year. Transfer of risks and rewards vary depending on the Individual terms of the contract all the expenditure items are accounted on "Accrual Basis". The accounting policies applied are consistent with those applied in the previous year.

#### **6.2 Other Operating Income**

##### **a) Profit & Loss from Sale of Property, Plant and Equipment.**

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sale occurs and is classified as other Operating Income.

#### **6.3 Expense Recognition**

##### **a) Revenue Expenditure**

The profit earned by the Corporation as shown in the Income Statement is after providing for all known

liabilities and for depreciation of Property, Plant and Equipment.

For the purpose of presentation of the Income Statement, the Directors are of the opinion that the function of expenses method present fairly the elements of the enterprise's performance, hence this presentation method is adopted.

**b) Capital Expenditure**

Expenditure incurred for the purposes of extending or improving assets of a permanent nature by means to carry on the business or for the purposes of increasing the earning capacity of the business has been treated as Capital Expenditure.

Gains or losses of revenue nature on the disposal of property, plant and Equipment have been accounted for in the Income statement.

**6.4 Taxation**

**Income Tax Expenses**

Income tax expenses for the year comprise of tax on total operation of the Corporation.. Income tax is recognized in the Income Statement for the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustments to tax payable in respect of previous years. Provision for taxation is based on the net profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No.24 of 2017.

In terms of the provisions of the SLECI Act No. 15 of 1978, the Corporation is exempt from the payment of income tax. Accordingly, the Corporation has obtained formal clarification from the Department of Inland Revenue confirming its income tax-exempt status. As a result, no provision for income tax has been made in the financial statements for the year 2026.

**6.5 Borrowing costs**

Borrowing costs are recognized as an expense in the year in which they are incurred.

**6.6 Comparative information**

Comparative information has been reclassified where necessary to confirm to the current year's presentation.

**6.7 Commitments and Contingencies**

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrences or non- occurrence of uncertain future events, which are beyond the Corporation's control.

**6.8 Events Occurring After the Balance Sheet Date**

All material post Balance Sheet events have been considered disclosed and adjusted where applicable.