



Lanka Credit and Business Finance Limited

PUBLICATION OF FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME		
For the year ended	31.03.2020 Rs.'000 (Audited)	31.03.2019 Rs.'000 (Audited)
Interest Income	423,691	297,584
Interest Expenses	(131,466)	(76,118)
Net Interest Income	292,225	221,466
Fee and Commission Income	29,071	11,461
Fee and Commission Expenses	-	-
Net Fee and Commission Income	29,071	11,461
Other Operating Income (net)	3,285	53,939
Fair value gain on Investment Property	-	202,167
Total Operating Income	324,581	488,953
Impairment for loans and other losses	(100,901)	(117,655)
Net Operating Income	223,679	371,298
Operating Expenses		
Personal Costs	(76,425)	(57,069)
Depreciation and Amortization	(36,760)	(17,944)
Other Operating Expenses	(66,496)	(56,811)
Operating Profit(Loss) before VAT & NBT on Financial Services & Debt Repayment Levy	39,998	239,474
VAT and NBT on Financial Services	(13,670)	(12,463)
Debt Repayment Levy	(5,348)	(3,153)
Operating Profit(Loss) after VAT/NBT and DRL	20,980	223,858
Share of Profits of Associates and Joint Ventures	-	-
Profit (Loss) from Operations Before Taxation	20,980	223,858
Tax Expenses	(9,547)	290,447
Profit (Loss) for the Year	11,433	514,305
Other Comprehensive Income(Expenses), Net of Tax		
Other Comprehensive Income not to be Reclassified to Profit or Loss:		
Actual Gain(Loss) on Employee Benefit Obligations	71	514
Deferred Tax relating to Other Comprehensive Income	(20)	(144)
Total Comprehensive Income(Expenses) for the year, net of Tax	11,484	514,675
Earning Per Share		
Basic Earnings Per Ordinary Share (Rs.)	0.00	0.13

STATEMENT OF FINANCIAL POSITION		
As at	31.03.2020 Rs.'000 (Audited)	31.03.2019 Rs.'000 (Audited)
Assets		
Cash and Cash Equivalents	138,048	72,900
Financial Investment at Amortised Cost	338,380	327,027
Financial assets at amortised Cost - Loans and Receivables	1,031,189	1,359,781
Financial assets at amortised Cost - Lease rentals receivables and Hire Purchases	180,419	165,984
Other Financial Assets	10,217	13,200
Financial Investment at Fair value through Other Comprehensive Income	316	316
Other Non Financial Assets	50,579	22,225
Investment Property	356,300	372,200
Property, Plant and Equipment	46,765	55,137
Right of Use Assets	69,231	-
Intangible Assets	3,336	4,641
Deferred Tax Asset	280,736	290,303
Total Assets	3,195,516	2,683,694
Liabilities		
Financial Liabilities at amortised Cost - Due to Banks	471,902	419,335
Financial Liabilities at amortised Cost - Due to customers	1,012,236	884,651
Other Financial Liabilities	126,255	18,217
Other Non Financial Liabilities	9,213	27,949
Retirement Benefit Liabilities	2,538	1,654
Total Liabilities	1,622,145	1,351,806
Equity		
Stated Capital	3,231,604	3,091,604
Statutory Reserve Fund	39,820	39,248
Retained Earnings	(1,769,053)	(1,799,965)
Total Equity	1,483,371	1,331,887
Total Equity and Liabilities	3,195,516	2,683,694

SELECTED PERFORMANCE INDICATORS		
Item	As at 31.03.2020 Rs.'000 (Audited)	As at 31.03.2019 Rs.'000 (Audited)
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs.'000	1,483,371	914,827
Total Capital Base - Rs.'000	1,483,371	914,827
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement 6.5%)	28.96	30.41
Total Capital Adequacy ratio, as % of Risk Weighted Assets (Minimum requirement 10.50%)	28.96	30.41
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	116.23	124.40
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Accommodations Rs.'000	658,417	464,280
Gross Non - Performing Accommodations Ratio %	26.59	22.32
Net Non - Performing Accommodations Ratio %	2.42	1.02
Profitability (%)		
Interest Margin	14.15	11.07
Return on Assets (before Tax)	1.41	8.31
Return on Equity (after Tax)	0.77	16.76
Regulatory Liquidity (Rs.'000)		
Required minimum amount of Liquid Assets	155,467	129,715
Available amount of Liquid Assets	225,743	72,880
Required minimum amount of Government Securities	82,432	40,517
Available amount of Government Securities	87,414	-
Memorandum information		
Number of Employees	94	87
Number of Branches	8	7
Number of Service Centers	-	-
Number of Pawning Centers	-	-

CERTIFICATION:

We, the undersigned, being the Chief Executive Officer, Chairman and the Head of Finance of Lanka Credit and Business Finance Limited certify jointly that:

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements have been extracted from the audited financial statements of the Licensed Finance Company

Sgt
K.G. Leelananda
Chief Executive Officer
29.06.2020

Sgt.
W. M. A. Bandara
Chairman
29.06.2020

Sgt.
Kokila Perera
Head of Finance
29.06.2020



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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LANKA CREDIT AND BUSINESS FINANCE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lanka Credit and Business Finance Limited (the "Company"), which comprise the statement of financial position as at 31 March 2020 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basic for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAS). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control or management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

These financial statements are the responsibility of the Company's financial reporting process. Auditor's responsibilities for the audit of the financial statements

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



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As part of an audit to examine with SLAS, an external professional judgment and maintain professional skepticism throughout the audit. We did:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

No communication with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

29 June 2020
Colombo



No. 76, S. De. S. Jayasinghe Mw, Kohuwala, Nugegoda. Tel : 011 28 25 404

www.lcbfinance.lk

Company Registration No. PB 222

Licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011