

2022

# ANNUAL REPORT



BOARD OF INVESTMENT OF SRI LANKA



## Table of Contents

<b>Chairman's Message</b>	01
<b>Director General's Message</b>	02
<b>Board of Directors</b>	03
<b>About BOI</b>	04
Vision, Mission and Core Values	05
Milestones	06
<b>BOI Contribution to the Economy at a Glance</b>	07
<b>BOI Performance in 2022</b>	09
<b>Promoting Sri Lanka as an Attractive Destination for FDI</b>	12
Awards of Excellence	13
Key Events	14
Engagement with Investors	16
Hear from our Investors	17
Working with International Partners	19
Staff Engagement	20
Development of BOI Zones	21
<b>Global Investment Scenario 2022 - 2023</b>	22
<b>Way Forward</b>	24
<b>Human Capital</b>	25
<b>Social Impact</b>	27
<b>Financial Review - 2022</b>	28
<b>Financial Statements - 2022</b>	30
<b>Report of the Auditor General - 2022</b>	74
<b>Reply of the BOI for the Report of the Auditor General - 2022</b>	84
<b>Report of the Audit Committee</b>	93
<b>Important Contacts of BOI</b>	94



## Chairman's Message

### **"Board of Investment of Sri Lanka, the focal point for investment promotion"**

Since its inception in 1978, the Board of Investment of Sri Lanka has been a key contributor in redirecting and shaping the economy of Sri Lanka. Being the first Investment Promotion Agency within South Asia, BOI was a pioneer in attracting foreign direct investment into Sri Lanka, generating employment and export earnings.

In the year under review, we develop our strategic direction with a corporate plan with its latest Five-year Corporate Strategy which aims to create critical economic change and draw US\$ 3 Bn in Foreign Direct Investments (FDIs).

With the advent of new technology trends especially Industry 4.0, The BOI goes digital to draw FDI and boosts business efficiency, this needed a novel approach to harvest optimal business success giving priority to the ease of doing business. The BOI has set up a paperless documentation platform where any enterprise registered under the BOI can submit relevant documents electronically without coming to the BOI office physically. The sole objective of this system is to provide a speedy service to our valued enterprises where processes and procedures have been simplified and streamlined.

The BOI has set up the Investor Facilitation Centre (IFC), where a dedicated space has been allocated on the 27<sup>th</sup> Floor at the West Tower of the World Trade Centre (WTC) in view of providing an efficient service to investors while streamlining the investment approval process and strengthening the interagency coordination.

The BOI's accomplishment in attracting sizable and beneficial investment projects and facilitating them

has been well recognized by international counterparts by offering two international awards during the year under review. I'm happy to mention that the BOI won the Silver Award for the second-best performing Investment Promotion Agency in the South, East Asia, and Oceania Region at the Annual Investment Meeting (AIM) Awards 2022.

The Katunayake Export Processing Zone (KEPZ), the largest zone in Sri Lanka operating under the purview of the Board of Investment (BOI) has secured a special honorable mention for its reinvestment strategy in the Annual Free Zones of the Year Ranking 2022, reinforcing its position as one of the region's leading industrial and free zones. The award was conferred by UK-based fDi Intelligence, a foreign direct investment service by the Financial Times group.

All of our experiences at the BOI family evolve around its members. In this given year a significant event has been happening, in the history of the BOI the highest number of employees are retiring, and it's time for gratitude, hence this very special annual report keeps the historic record and our heartfelt gratitude to all our very senior comrades who carried BOI flagship for decades are departing and our heart & souls are with you wishing you wonderful retirement with joy and happiness.

Finally, it is all about our human capital. It is already in the pipeline how we going to upskill and reskill the most important factor in our organization. It is our people, ability to work in the present and future ecosystem which enables driving the digital transformation of the customer experience in the digital economy where it needs to attract digital FDI.

**Eng. Raja Edirisuriya**  
Chairman  
Board of Investment of Sri Lanka



## Director General's Message

**"With all positive initiatives implemented, BOI contributed to create a favourable environment for investors"**

It gives me great pleasure to present the annual report of the Board of Investment (BOI) of Sri Lanka for the year 2022. This past year has presented unprecedented challenges, amidst the global economic recession preceded by the pandemic and resultant uncertain investment climate influenced by emerging political risks and trade tensions.

Sri Lanka has faced its fair share of crises amidst these difficulties and challenges to attract foreign direct investment (FDI). However, I am happy to highlight the positive initiatives undertaken by the BOI in 2022 to foster a more favorable investment environment. Through the establishment of the Investor Facilitation Centre (IFC), digitization of BOI functions, promotion of reinvestments, introduction of the partnership finder database, and the Five-year Resident Visa programme, the BOI has ensured seamless services and supported existing enterprises to navigate economic challenges through this turbulent period.

In line with our commitment to the Sustainable Development Goals outlined in the 2030 UN Agenda, the BOI launched its Strategic Framework 2022-2026 during this year. This strategic approach aims to attract higher levels of quality and sustainable FDI, which in turn will contribute significantly to the Government's Economic Development Agenda by creating employment opportunities, increasing export revenue, and developing infrastructure.

Investment facilitation has been identified as a core stimulator under the overall investment policy, and the BOI engages with investors from their initial inquiry throughout the lifespan of their projects. Despite the macro challenges, I am pleased to announce that, the Foreign Direct Investment (FDI)

inflow during the year 2022 surpassed US\$ 1 Bn target and reached the amount of US\$ 1.076 Bn, a 38% increase compared to the year 2021. In addition, the Merchandise Exports by BOI enterprises grew by 8% in 2022 compared to 2021 and by 10% compared to pre-pandemic levels in 2019. Furthermore, the BOI played a pivotal role, contributing to 80% of the country's Industrial Exports in 2022.

I am delighted to share that our efforts have been recognized internationally. The BOI won the Silver Award for the second-best performing Investment Promotion Agency in the South, East Asia, and Oceania Region at the Annual Investment Meeting (AIM) Awards 2022. Additionally, the largest BOI Export Processing Zone at Katunayake received a special honorable mention at the FDI Intelligence Free Zone Awards 2022 for its reinvestment strategy.

None of our achievements would have been possible without the invaluable support of our investors, both domestic and international. I express my sincere gratitude to them for the confidence in Sri Lanka's potential. My appreciation is extended to the Ministries and State Institutions for their continuous collaboration and support towards facilitating investment projects. I also acknowledge the contributions of our dedicated team at the Board of Investment, whose passion and professionalism drive our success.

Looking ahead, the BOI remains steadfast in its mission to create a prosperous investment landscape in Sri Lanka. We are committed to implementing further initiatives and reforms to attract high-quality FDI, stimulate economic growth, and build a sustainable future for our nation.

**Renuka M Weerakone**  
Director General  
Board of Investment of Sri Lanka

# Board of Directors

## Dr. Lawrence Perera

Chairman / CEO - Micro Holdings (Pvt.) Ltd

Dr. Lawrence Perera is the founder of Micro Holdings, Transmec Group of Companies & Micro Cars Ltd. He currently serves as the Chairman / CEO of Micro Holdings (Pvt.) Limited, Micro Cars Ltd, Transmec Engineering Limited, Transmec International Limited, Micro Cars International Consortium, Euro Sports Auto Lanka (Pvt.) Limited and Superlative Properties (Pvt.) Limited. He is an Automobile Engineer by profession with well over 44 years' experience in the Automobile Engineering Industry, locally & overseas. Held several Junior and Senior Managerial positions in Automobile franchises, locally as well as overseas and extensively trained with BMW, Volkswagen Germany & Peugeot, France.



Dr. Perera is the first in Sri Lanka to assemble vehicles for 2 leading Global Fortune 500 companies, Geely Motors and Beijing Automotive Industry Holding Company LTD (BAIC), the assemblers of Mercedes Benz in China in 2017. He was the first in Sri Lanka to commence an Automated Automobile Assembly Operation in 2014.

Dr. Perera commenced school career at St. Peters College, Colombo and ended same at St. Anthony's College, Kandy in the year 1974. In 1997 was conferred with a Doctorate for his enormous contribution towards the Automobile Industry in Sri Lanka as well as overseas. In 2007 awarded the honorary titles of Deshamanya, Deshakeerthi and Janaranjana.

## Mr. Kushan D'Alwis, PC

Attorney-at-Law

Mr. Kushan D'Alwis was called to the Bar as an Attorney-at-Law in the year 1985 and is in active practice for over a period of 36 years. He has been actively involved in alternate dispute resolution mechanisms such as arbitrations, advising on corporate legal matters, regulatory frameworks, compliance requirements and legal due diligence. He is currently serving as the Chairman of the Office of the National Unity and Reconciliation (ONUR) of Sri Lanka and is a member of the Board of Directors of listed companies in Colombo Stock Exchange.



Mr. Alwis was a member of the Law Commission of Sri Lanka from 2011 to 2015. He was also a member of the Panel of Legal advisers to the Tax Appeals Commission. He has served as a Member of the Public Representations Committee on Constitutional Reform appointed by the Cabinet of Ministers. He has also served as the Vice Chairman of the Civil Aviation Authority of Sri Lanka.



## Eng. Raja Edirisuriya

Chairman  
Board of Investment  
of Sri Lanka

## Mr. Athula Haputantri

Managing Director - Tantri Trailers (Pvt.) Ltd

Mr. Athula Haputantri is the Managing Director of Tantri Trailers (Pvt.) Ltd, Tantri Trailer and Equipment (Pvt.) Ltd and Teco Lanka (Pvt.) Ltd. He also serves as the Director of Grand Udawalawe Safari Resort. He started his career as a Marine Engineering trainee at Walker Sons Ltd. Mr. Haputantri served as a Junior Engineer, 5th, 4th and 3rd Engineer at MNSL Ships for 3 years. Mr. Haputantri held the position as the Treasurer-President of Society of Marine Engineers, President of Truck and Trailer Manufacturers Association, Ex Co Member of Organization of Professional Associations, President of Industry Development Forum, Committee Member of Southern Industrial Committee, Committee Member of IDB.



He qualified as a Class 1 Marine Engineer at the Department of Transport with a special endorsement to handle dangerous petroleum cargo.

## Mr Jayamin Pelpola

Senior Financial Consultant

Mr. Jayamin Pelpola has over 10 years of international investment banking and asset management experience including Goldman Sachs (UK) and Nomura USA. He is the only Sri Lankan to have worked in the coveted Principal Strategies group at Goldman Sachs, a team recognized for its creative and highest yielding investment strategies on Wall Street. In his career, Mr. Pelpola has structured and managed international investments worth more than US\$ 20 billion in various sectors and countries.



Currently he also serves as the Chairman of Jayaru Trade Partners and a Director on the Board of Ceylon Eco Spices. Jayaru Trade Partners provides infrastructure, financing and processing services to global commodity markets.

Mr. Pelpola was also the Founding President of Moneyworkz Technologies, a company recently recognized as one of the best fintech startups in Asia for its work in applying technology and data science to the financial sector. As a senior consultant Mr. Pelpola also advised US banks and International Central Banks on banking sector reforms. Specifically, he advised the regulators and the Board of Directors at Bank of America, DBS, Wells Fargo and Deutsche Bank on capital adequacy decisions, recapitalizations and the application of digital innovations in banking.

Mr. Pelpola received his Master of Business Administration (MBA) from Harvard University. He also obtained his charters from the CFA Institute (USA) and CIMA (UK). Mr. Pelpola became the youngest CIMA Management Accountant in the world at the age of 20. He was also the youngest CIMA prize-winner at the time. He also received his Postgraduate Diploma in Marketing from CIM (UK).

# About BOI

Incorporated in 1978, The Board of Investment was constituted with a mandate to function as the focal point for investment promotion, for widening and strengthening the national economy. The apex agency promotes sustainable economic growth by creating skilled and niche job opportunities, generating exports and enhancing technology and skill transfer to the country.

BOI supports investors throughout their investment journey in a way that has built investor trust among existing investors while demonstrating its capabilities, working with agility and purpose to achieve its objectives and targets. The apex agency ensures diversification and increase of foreign exchange earnings while encouraging and fostering the establishment of industrial and enterprise development. Despite potential external shocks, investment promotion and retention skills of BOI integrated with many other initiatives has enhanced, its international competitiveness among peers.

**As the National Investment Promotion Agency, The role of BOI is:**

- To target and attract investments to priority sectors to support implementation of the Government's investment policy and progressively increase the level of FDI, contributing towards achieving national growth targets.
- The BOI acts as the first point of contact for investors who intend to set up projects in high value added/high-tech manufacturing, high value-added apparel, IT enabled services, tourism, food processing, logistics, education and large-scale infrastructure or other chosen sectors in Sri Lanka. Information and guidance is provided and approvals required from other Line Agencies are coordinated by the BOI to facilitate the investors.

- Investment applications in respective sectors are evaluated by the BOI to approve project proposals, grant concessions and facilitate visa issuance for expatriates.
- The BOI provides assistance to investors throughout the project cycle from start-up to implementation and successful operation of the project, by facilitating and attending to import/ export clearance for import of capital goods and raw materials and export of final products.
- The BOI develops Export Processing Zones with readily available infrastructure facilities to provide investors with suitable sites for the implementation of projects within a minimum period of time.

**“The BOI provides assistance to investors throughout the project life-cycle from start-up to implementation and successful operation of the project”**



# Vision

"To make Sri Lanka the most Preferred Destination for Sustainable Investment in Asia"

# Mission

"BOI will work in a positive and speedy manner to fulfill Sri Lanka's potential to attract and retain quality investment that leads to an enhanced export base and brings more and better jobs, enhanced knowledge and skills through new technologies and innovations"

# Core Values

## Passion for Performance and Achievement:

BOI will set and achieve ambitious but realistic investment and job creation goals

## Bridging the Public and Private Spheres:

BOI will take pride in facilitating, securing and growing investments that help our economy to prosper. We will collaborate and partner with public and private bodies to deliver our mission, while contributing to theirs

## Integrity & Professionalism:

BOI will be dedicated to understanding the needs of investors and will deliver timely, commercial and innovative solutions. We will place integrity, honesty, sincerity, reliability, trust, fair treatment, respect and care at the heart of this dedication

## Superior Customer Service:

Levels which are proactive and significantly ahead of competing FDI locations

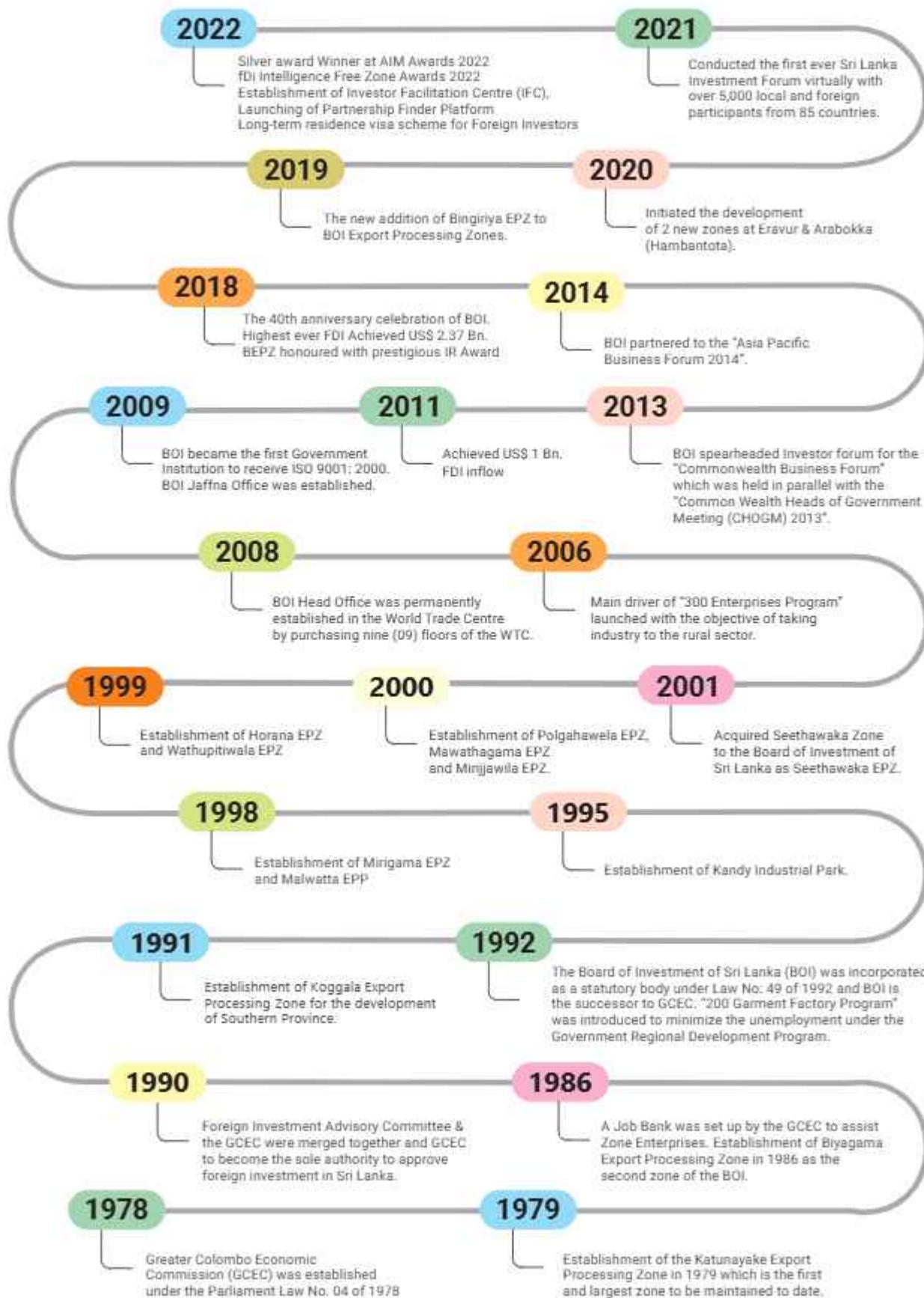
## People:

BOI will value the competence, collaboration, dedication and commitment to excellence of its people. We will continually focus on making BOI a great place for staff to work, develop and succeed



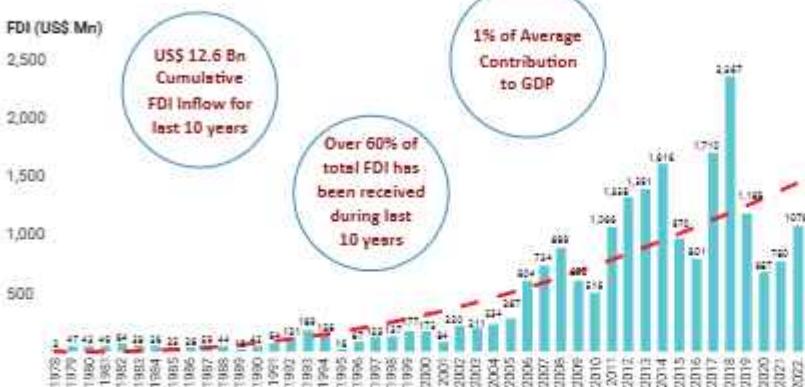
**"The BOI, dedicated  
to understand the needs  
of the investors"**

# Milestones



# BOI Contribution to the Economy at a Glance

## FDI Inflow (1978-2022)



## Exports of BOI Enterprises

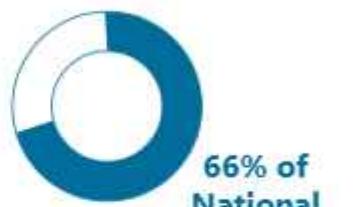
BOI Exports (Merchandise and Services) - (1979-2022)



## BOI Exports vs National Merchandise Exports (2013-2022)



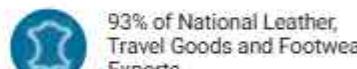
## BOI Contribution on National Sectoral Export Performance



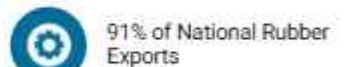
66% of National Total Exports



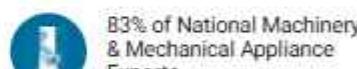
99% of National Garments Exports



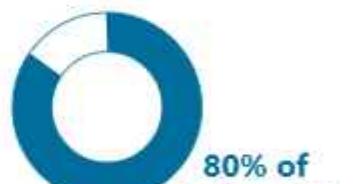
93% of National Leather, Travel Goods and Footwear Exports



91% of National Rubber Exports



83% of National Machinery & Mechanical Appliance Exports



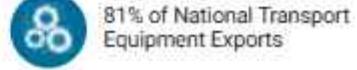
80% of Industrial Total Exports



88% of National Printing Industry Products Exports



81% of National Textile Exports



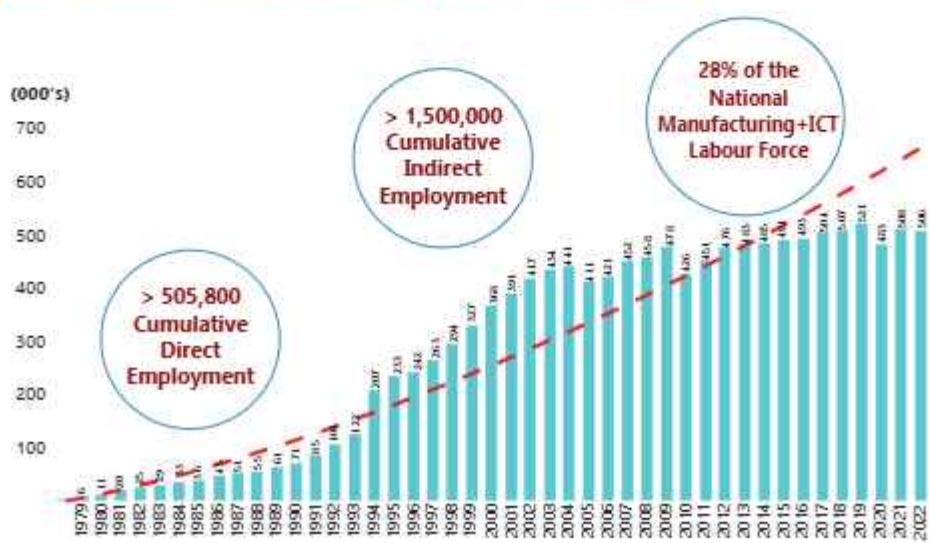
81% of National Transport Equipment Exports

## Geographical Distribution of BOI Enterprises & Zones



District	No of Projects
1 Colombo	452
2 Gampaha	381
3 Kalutara	111
4 Puttalam	71
5 Galle	62
6 Kurunegala	62
7 Nuwara-Eliya	58
8 Kandy	52
9 Ratnapura	39
10 Kegalle	35
11 Badulla	32
12 Hambantota	31
13 Matale	31
14 Matara	23
15 Batticaloa	16
16 Anuradhapura	14
17 Trincomalee	12
18 Ampara	9
19 Monaragala	8
20 Polonnaruwa	8
21 Jaffna	7
22 Vavuniya	5
23 Killinochchi	3
24 Mullattivu	2
<b>Total</b>	<b>1,524</b>

## Employment Generation Through BOI Enterprises



# BOI Performance in 2022

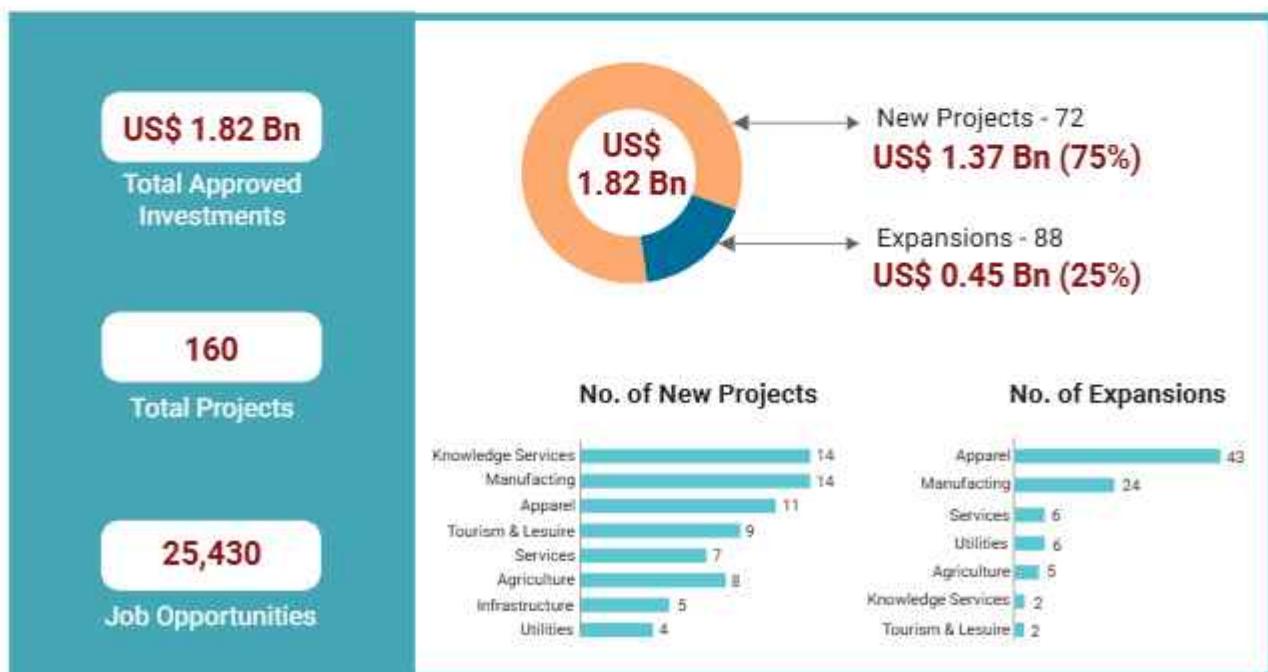
## Year at a Glance



## Project Performance 2022

### Investment Approvals Granted

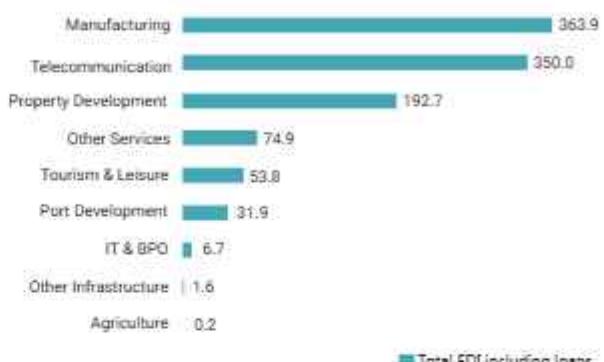
During the year 2022, BOI has granted approvals for 160 investment projects (72 new projects and 88 expansions of existing projects), valued at estimated investment of US\$ 1.82 Bn.



## FDI Inflow in 2022

The FDI recorded in Sri Lanka during 2022 was US\$ 1,076 Mn. Out of total FDI received in 2022, manufacturing sector has received the highest FDI (34%), followed by the telecommunication (32%), property development (18%), other services (7%), tourism & leisure (5%), port development (3%), IT & BPO sector (1%), among other sectors.

### FDI Inflow 2022 - Sectoral Contribution

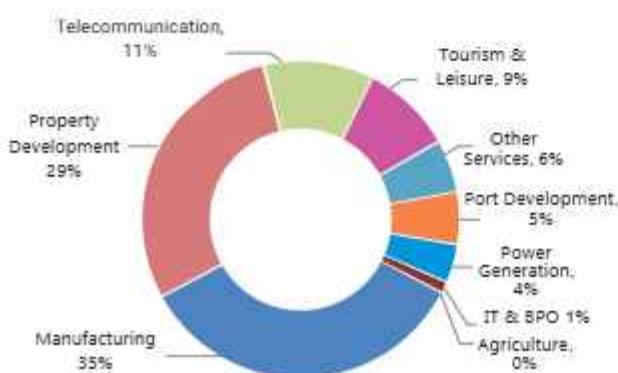


### Major Countries of FDI Inflow - 2022



## Local Investment in 2022

The total local investment made for the period Jan-Dec 2022 amounted to US\$ 629 Mn (Rs 204,132 Mn). Out of the total local investment made, manufacturing sector has received the highest amount of investment (35%) followed by the property development (29%), telecommunications (11%), tourism & leisure (9%), port development (5%), other services (6%) among others.

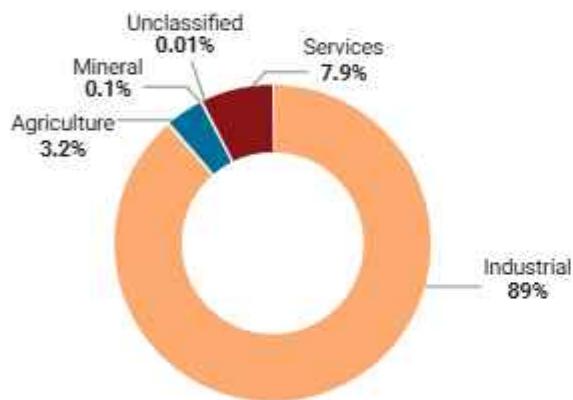


## Exports 2022

Total exports of BOI enterprises in the year 2022 were recorded as US\$ 9,428 Mn (US\$ 8,703 Mn Merchandise exports and US\$ 725 Mn Services exports). BOI Merchandise exports accounted for 66% of National Merchandise Exports and 80% of National Industrial Exports.

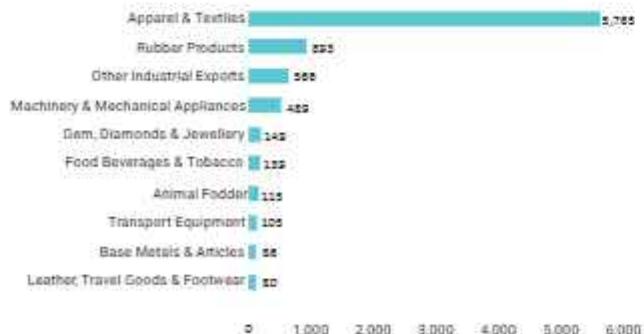
Out of total BOI exports 89% are from the Industrial exports, 3% are recorded from the Agricultural exports among other exports. The Services sector has contributed 8% of total exports of BOI enterprises.

### BOI Export Basket - 2022



Out of the total Industrial exports of BOI enterprises, 69% was from apparel & textile sector while 11% was from rubber sector, 6% was from machinery & mechanical appliances sector and 2% was from food beverages & tobacco sector.

### Industrial Exports of BOI Companies (US\$ Mn) - 2022



## Employment

Employment recorded in 2022 was 505,844. Out of total employment, apparel, textiles and related sectors have the highest contribution (62%), followed by other manufactured products (13%), IT & BPO (5%), other services (3%), tourism and leisure (3%), property development (2%), telecommunication (2%) among other sectors.

### Sectoral Employment



# Promoting Sri Lanka as an Attractive Destination for FDI

## Attractive Destination for FDI

### • Engagements

- 8** Webinars
- 3** Facilitation Programmes
- 37** Virtual / Physical Discussions
- 8** Meetings with Foreign Missions in Colombo
- 15** Delegations / Business Forums
- 121** Inquiries Attended
- 15** IFC Inquiries Attended

### • Total Leads Generated - 1,300

### • Total Online Engagements

- 1,007** Registered Participants
- 602** No. of Actual Participants



## Media Engagement



16,000+  
followers



2,300+  
followers



800+  
followers

**Total Social Media Followers -  
19,175**

**FOLLOW**

New Followers  
in 2022 - 10,230



Impressions  
328,954



Profile Visits  
100,729

### What we post

- Agreement signing
- Sectoral performance of BOI enterprises in relation to exports
- Zone and factory visits and respective functions
- BOI participation at events, forums, and functions
- Opening ceremonies of BOI-approved factories
- Development projects approved by UDA
- Visits of prominent personalities to BOI including Ambassadors
- Important meetings with stakeholders



**Board of Investment of Sri Lanka**  
Apex agency of the Government of Sri Lanka for promoting foreign direct investment.  
Username - Changed from @BOIsrilanka to @Investin\_SL

### Highlights

- Post two tweets per day
- Embed a Twitter timeline at the bottom of the BOI Website
- Introduced a new hashtag named #InvestinSL
- Started tweeting content comprising videos

## Awards of Excellence



### SILVER AWARD

Silver Award Winner at AIM Awards 2022

The Board of Investment (BOI), one of the foremost investment promotion agencies in South Asia, won the Silver Award for the second-best performing Investment Promotion Agency in the South, East Asia and Oceania Region at the Annual Investment Meeting (AIM) Awards 2022.

The AIM awards target to capture each country's accomplishment in attracting sizable and beneficial investment projects and their contribution to the respective countries' economic growth and development.

The award ceremony organized by the AIM was held at Armani Hotel, Dubai on March 29, 2022, and the Sri Lankan Consul General Office for Dubai & Northern Emirates represented the Board of Investment of Sri Lanka at the award ceremony.



### FREE ZONE AWARDS

fDi Intelligence Free Zone Awards 2022

**BOI Katunayake EPZ Recognized at the fDi Intelligence's Free Zones Awards for its Reinvestment Strategy**

Sri Lanka's largest EPZ at Katunayake was recognized with a special honorable mention at the fDi Intelligence Free Zone Awards 2022 for its reinvestment strategy. The UK based fDi Intelligence Free Zone Awards 2022 recognizes and assesses the most promising free zones across the world and zones that offer the best investment environments and prospects for business expansion and economic development, and was judged by the Finance Times Editorial Team and a panel of independent specialists from the region.

The reinvestment strategy was launched to increase the FDI inflow by assisting the incorporation of new BOI ventures, wherein it strives to increase the capacity, productivity, growth, diversification, and expansion of the existing BOI enterprises. As of date of honorary recognition, four out of the 33 large tenants in the zone have initiated expansion with a pledged investment of US\$ 26.5 Mn and almost 1000 employment opportunities.



## Key Events



### IFC

#### Inauguration of Investor Facilitation Centre (IFC)

The Board of Investment (BOI) as the catalyst and facilitator of investment promotion, launched an Investor Facilitation Centre (IFC), a dedicated space allocated on the 27<sup>th</sup> floor at the West Tower of the World Trade Centre (WTC) to provide an efficient and seamless service to investors while streamlining the investment approval process and strengthening the interagency coordination.

The IFC is meant to address the unnecessary delays faced by investors and thereby, sustain their confidence.

IFC has been set up in a well-organized manner making things comfortable and convenient for investors while it provides them with essentials such as meeting rooms, information, and application submission desks within a modern business facilitation centre.

The IFC was launched by the State Minister of Investment Promotion Hon. Dilum Amunugama on 20<sup>th</sup> October 2022.

### PARTNERSHIP FINDER

#### 'Partnership Finder' A Platform to Attract Investments

BOI introduced the "Partnership Finder" (PF), a new strategic initiative to attract investment from existing investors in the country and to facilitate business partnerships with foreign and Sri Lankan companies/investors. This interactive platform provides the BOI registered investors and other prospective investors with a window of opportunity to get connected with new entrepreneurs and innovators with novel ideas.

The platform will operate as a network for both foreign and local companies and is designed to help businesses, research institutes, and startups to succeed by finding the right partners for their next innovation or business venture. The database will consist of the companies' details according to the business categories such as agriculture, apparel, infrastructure, knowledge services, manufacturing, services, tourism & leisure and utilities.

The companies registered on this platform get the opportunity to directly connect with the other Company/Investor using the contact information on their profiles.



## Key Events



### LONG-TERM RESIDENT VISA

Introducing Long-term Residence Visa Programme for Investors

The Board of Investment (BOI) launched the five-year residence visa programme dedicated to investors, stakeholders and BOI enterprises. Issuing long-term visas for investors matching the international benchmarks for Ease of Doing Business. The BOI launched this programme to better facilitate the investor experience whilst operating in Sri Lanka. The long-term visa programme, a long-felt need, has been welcomed by the investor community.

The programme was inaugurated by the State Minister of Investment Promotion Hon. Dhammika Perera on 04<sup>th</sup> July 2022.

### VISA FACILITATION

Online Visa Recommendation System Accelerating its Digital Transformation

Aimed at enhancing the Ease of Doing Business and accelerating digital transformation, the Board of Investment (BOI), inaugurated the visa recommendation system together with the Department of Immigration and Emigration and the Ministry of Defence to provide online visa recommendation for potential investors visiting Sri Lanka and all the enterprises that fall under the purview of the BOI.

Under the newly launched system, visa recommendations will be granted under three visa categories namely, entry visas, residence visas, and when extending visas. In addition, the applicants who will be eligible to apply for this, are the investors, employees, and dependents of the investors, and selected employees.

One of the major benefits enjoyed by investors/enterprises out of the novel system, is the elimination of investors' physical presence at the BOI saving their time. Investors can also monitor the online portal and review the status of the process.

Upon the completion of the process, the applicants will be notified via an SMS and email alert and applicants can visit the Immigration Department where they will be issued the visa.



# Engagement with Investors



## ONLINE WEBINARS

Aiming Potential Investment Opportunities in Sri Lanka

A series of online Webinars to raise awareness about the potential investment opportunities in Sri Lanka to attract new investors was launched in 2022.

The BOI is of the view that times of hardships can be a time for new opportunities for investors to engage in novel investments in the country. As such, the BOI is leaving no stone unturned to ensure that it moves in a positive direction towards bringing in new investments to the country.

The webinar series also creates a platform for investors to gain awareness about the Investor Facilitation Centre (IFC), which was opened on the 27th floor at the West Tower of the World Trade Centre recently to streamline the services provided to investors.

## EU - SRI LANKA

EU - SL Investor Dialogue (Facilitation Forum)

BOI had been a key partner of Sri Lanka - European Union (EU) Investor Dialogue between the Ministry of Finance and the Delegation of the European Union in Colombo. The prevailing economic situation, Forex related challenges, policy consistency regarding investment and taxation, and the need for a streamlined process to establish a company in Sri Lanka were key concerns highlighted. Positioning Sri Lanka as a transport and logistics hub, promoting Public Private Partnerships to boost EU Investment in Sri Lanka, and modernizing the health sector were areas of mutual interest.

Since its inception in 2014, the EU-Sri Lanka Investor Dialogue has provided an effective platform for existing investors from the EU to discuss issues faced by their companies with Senior Government Officials in order to find solutions.

## BOI & AHK

BOI & AHK Investor Facilitation Meeting - KEPZ

The BOI in collaboration with the Delegation of the German Industry and Commerce in Sri Lanka (AHK) hosted an investor facilitation meeting at the Katunayake EPZ. Senior Management of leading German companies operating in Sri Lanka including Continental Tyres, KRAMSKI Lanka, Lanka Leather, COCO Lanka, Lanka Dynamics and Eskimo Apparel participated. The German investor fraternity are lifelong partners in doing business in Sri Lanka proudly claiming the status of "first movers" of Sri Lankan FDI heritage.

The key objective of the meeting was to seek both countries' solidarity in investment and revisit doing business with Sri Lanka for existing investors and a way forward for the future of German investment in Sri Lanka.

## Hear from our Investors



### Elegant Knitting Biyagama Export Processing Zone

We have very advanced and technologically complicated types of equipment. I am being very happy with the ability to be at a source of a workforce that is skilled in. The workforce in Sri Lanka is very skilled, English-speaking, and trainable. I have been able to train them well in our business.

We are happy with the support received from the BOI and the Government. I have seen throughout the pandemic lot of facilitation to enable us to keep on operating and keep on exporting. And even with the financial crisis that we are facing, we have had a lot of facilitation from BOI to continue our operations and keep the production going.

**Mr. Luke Holmick**  
Director



### Ocean Lanka (Pvt) Ltd Biyagama Export Processing Zone

We continued to do business with US buyers, UK, Europe, Canada, Japan, and Australia and to serve the brands like Victoria's Secret, Marks & Spencer, Next, Nike, Unicorn, and Puma. All these are our priority customers.

We are very happy with the support of the BOI for helping us to grow from a very small scale up to now.

**Dr. Austin CK Au**  
Managing Director



### Shangrila Hotel Colombo

Given the diversity Sri Lanka has to offer in terms of landscape, wildlife, history, and culture, I firmly believe that in the coming years, more and more people will realize how unique Sri Lanka is.

**Mr. Herve Duboscq**  
General Manager

## Hear from our Investors Contd...



### Weligama Beach Marriot Resort and Spa

Sri Lanka has lots to offer and I am very positive the way the country has in terms of its offerings. It is actually the sky is the limit when it comes to the opportunities over here. There is so much which could be done here.

**Mr. Piyush Tuagi**  
General Manager



### GAC Group Biyagama Export Processing Zone

Marine logistics, shipping, and the marine industry in Sri Lanka are still at a very young stage. So there is a lot of growth and potential in this industry. I invite future investors to come and set up in this industry, because there are many lucrative returns provided you are strategic in your approach and in your decision-making process. So Sri Lanka could earn potential foreign exchange from this industry, quite apart from traditional foreign exchange.

**Mr. Ravi Edirisinghe**  
Director/CEO



### HCL Technologies Lanka

HCL is a global IT solution-provided company, we have 208,000 employees around the world, and we operate out of 52 countries.

We have seen great talent in Sri Lanka that enables us to offer our services to fortune five hundred companies around the world. We have 2000 IT workers working in Colombo supporting global customers around the world.

Based on our experience we invite all the other global investors to explore Sri Lanka as an opportunity and we are immensely thankful to BOI and the Government agencies for the support they have provided to us.

**Mr. Thothathri**  
Resident Director  
and Center Head

# Working with International Partners



## SDG INVESTOR MAP

UNDP, Government, Private Sector Partner for SDG Investor Map for SL

UNDP in Sri Lanka together with the Government yesterday launched the Sri Lanka SDG Investor Map, a market tool to direct private capital to segments where the country's Sustainable Development Goals and the State's policy and market opportunity intersect.

The Map is a result of a collaboration between UNDP, Ceylon Chamber of Commerce and Sri Lanka's Sustainable Development Council, the nodal Government institution responsible for coordination, facilitation, monitoring, evaluation and reporting on the implementation of the 2030 Agenda for Sustainable Development in Sri Lanka.

The Board of Investments (BOI) of Sri Lanka also provided input and validation during the development of the Map. Through secondary research and over 50 consultations with public and private sector organisations, the Map has identified 15 Investment Opportunity Areas that cover themes and business models across five SDG priority sectors: Renewable Energy, Healthcare, Infrastructure, Food and Beverages and Consumer Goods.

## HI-LEVEL INV. FACILITATION

How Asian and Pacific Economies will Benefit

The Director General of BOI was invited to participate and share her views at the High Level Regional Roundtable on Investment Facilitation for Development, co-organized by the United Nations Economic and Social Commission for Asia and Pacific (ESCAP), International Trade Centre (ITC), The Association of Southeast Asian Nations (ASEAN), the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE), and the World Economic Forum (WEF). The Roundtable series, launched in September 2020, offered a platform for a strategic exchange among government officials on the World Trade Organisation (WTO) negotiations on an Investment Facilitation for Development (IFD) Agreement.

High-level policy makers, government officials, private sector representatives, and eminent academic scholars from 24 Asian and Pacific economies participated in the Roundtable, updating on the negotiations and raising awareness on their progress and reflection on how countries may best make use of the IFD Agreement to enhance their business climate, attract higher value-added investment and boost economic growth, digital economy innovations and sustainable development.

This reflection process also seeks to help participants to ensure that their countries' international engagement is in line with their Sustainable Development Goals (SDGs) and their national reform agendas.



# Staff Engagement



## CORPORATE STRATEGY

Outlining the Corporate Strategy for 2022-2026

In the year 2022, BOI unveiled the Five-year Corporate Strategy by which it aims to create critical economic change. The 2022-2026 outlines the Strategic Objectives, Policies, Goals and the Key Performance Indicators (KPIs) of the BOI to become more successful.

BOI aims to deliver Compound Annual Growth Rate (CAGR) of 32% Foreign Direct Investment (FDI), with US\$ 3 Bn to be recorded as inflows in 2026.

To realise this inflow would require building a committed FDI project pipeline around US\$ 5 Bn. These figures are in line with ongoing initiatives that are expected to enhance Sri Lanka's attractiveness as an investment destination.

Working towards the vision to make Sri Lanka the most preferred destination for sustainable investments in Asia, the BOI has made its mission to respond expeditiously in fulfilling the country's potential to attract and retain quality investment that will enhance the export base as well as both the quantum and quality of employment while boosting knowledge and skills through the transfer of new technologies and innovation.

## BOI GROOMING THE SUCCESSION POOL

BOI Strengthens the Next Level of Leaders with PIM

In a bid to develop a next-level of succession pool, the Board of Investment of Sri Lanka teamed up with the Postgraduate Institute of Management (PIM), the Nation's Management Mentor, to launch a Strategic Leadership Development Programme designed for the Senior Deputy Directors and a Management Development Programme for the Deputy Directors.

The inauguration ceremony of the Programme got off the ground recently at the PIM auditorium with the participation of BOI top management and 41 Senior Deputy Directors and 30 Deputy Directors.

The objective of the program is to develop the interpersonal, conceptual, and technical skills of the officials so that they can eventually succeed in undertaking senior roles. Further, programs of this kind are hoped to be organized in the future as well.

## DIGITIZATION TO IMPROVE BUSINESS EFFICIENCY

Leveraging In-house Talent

In order to address the challenge of limited physical presence during the pandemic period, the concept of Digitization of the organization emerged as the best solution and significant improvements have already rolled out with respect to BOI functions. The introduction of Import Export facilitation through digitized system for submission of paperless import export documents such as e-submission of CUSDECs, Import Export Management Online Web Portal, Automated System for Import Export Verification Charges and for Capital Goods Imports are some of the recent initiatives undertaken by the BOI in this regard. This initiative has eased the import export process, especially for manufacturing sector companies. The system is open for both local and foreign enterprises operating with the BOI. Through this process, the physical presence of Customs House Agents (CHA) is eliminated while CUSDECs are approved electronically through the system saving time and cost.

# Development of Zones

## 15 BOI ZONES

### Infrastructure Development in BOI Zones

Board of Investment of Sri Lanka facilitates investors in 15 BOI administered zones across the country. Even with new economic, social and other challenges, BOI was able to facilitate and support the continuous operation of all the zones throughout 2022.

In order to maintain the maximum support for investors within the zones, BOI continues the infrastructure developments in existing zones along with two new zones which are located at Eravur and at Hambantota. These two zones are being developed as dedicated zones to facilitate textile and pharmaceutical related investments.

Apart from conventional infrastructure provision in the zones, BOI initiated building of fuel stations to fulfill the fuel requirements of the zonal enterprises. This initiation was driven by the fuel crisis that happened in the country and the fact that if such a situation reoccurs, enterprises in BOI zones can continue operation without much impact.

Furthermore, as one of the new objectives of BOI, in 2022 it was initiated to establish green standards within BOI zones which is an objective aligned with NDC (Nationally Determined Contribution). Accordingly, as first step KEPZ, KIP and WEPZ were selected to convert as Green Zones look into feasibility and methodologies for this green zones initiation.

In KEPZ, a groundbreaking was held for a student learning center with a day care facility considering the increasing demand of the zonal employees. Through this initiation, KEPZ expects to increase the female participation in the workforce which is an important factor for the country's economy.

Considering the need for a food security, vegetable cultivation programs were launched in zones with participation of BOI staff in order to provide them knowledge and experience which can be extended to maintain their own home gardens.

During 2022, BOI was able to attract new investments to zones. Among them, Lanwa Sanatha Cement Corporation (Pvt) Ltd. is a special project that commenced commercial operations from 2022 as one of the largest cement manufacturers in the region.

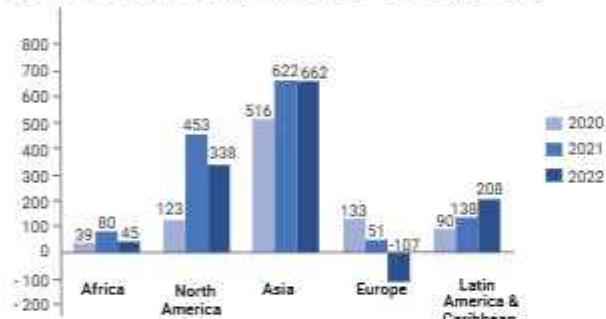


# Global Investment Scenario 2022-2023

The fickle trends in global FDI continue as it plunged by 12% in 2022 to US\$ 1.3 trillion, following the strong rebound of 64% in 2021, after the steep drop recorded in 2020 owing to COVID-19 pandemic. The drop of FDI in 2022 was largely caused by overlapping global crises – the war in Ukraine, high food and energy prices, and soaring public debt.

This decline was largely driven by financial transactions of multinational enterprises (MNEs) in developed economies, where FDI fell by 37% to US\$ 378 Bn, predominantly in Europe and North America. However, FDI inflow of developing countries increased by 4% to US\$ 916 Bn, amounting to a record share of 70% of global flows. The least developed countries (LDCs) too experienced a downward trend with FDI falling by 16% to US\$ 22 Bn, which is less than 2% of the global FDI share.

Figure 1 : Global FDI Inflows 2020 - 2022 (US\$ Bn)



Even though developing countries recorded the largest share of FDI, it was unevenly shared with much of the growth concentrating in a few large emerging economies.

While attracting the same figures in FDI (US\$ 662 Bn) as 2021, Asia accounted to more than 50% of global FDI. India and ASEAN member countries were the most resilient recipients with 10% and 5% increase in FDI respectively. China too, being the second largest FDI host country in the world, marked a 5% increase in FDI.

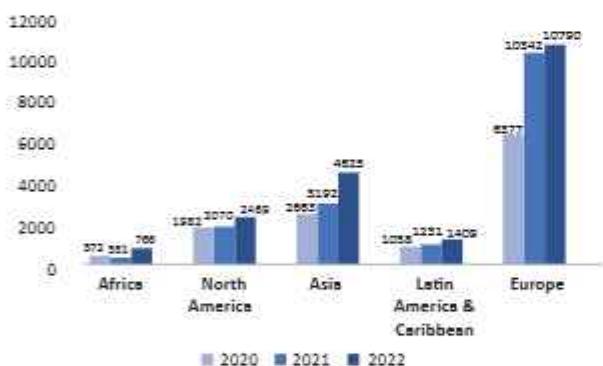
In Africa, FDI returned to its pre 2020 figures logging US\$ 45 Bn, despite its single transaction FDI increase evidenced in 2021. However, Greenfield Projects increased by 39% and international project finance by 5% within the region, with energy sector experiencing the biggest increase. Latin America and Caribbean region recorded its highest FDI level reaching US\$ 208 Bn, which is a 51% increase from previous years. This was largely due to the increased reinvestment earnings of foreign affiliations in extractive industries.



As far as Industry trends are concerned, there was an increase of project numbers in infrastructure and global value chain (GVC)-intensive industries, stable numbers in energy and a slowdown in digital economy sectors. Greenfield Investment Project announcements were up 15% in 2022, growing in most regions and sectors. GVC-intensive industries that face supply-chain restructuring pressures, including the electronics, automotive and machinery industries, saw project numbers and values grow. Three of the five largest announced investment projects were in semiconductors, in response to global chip shortages.

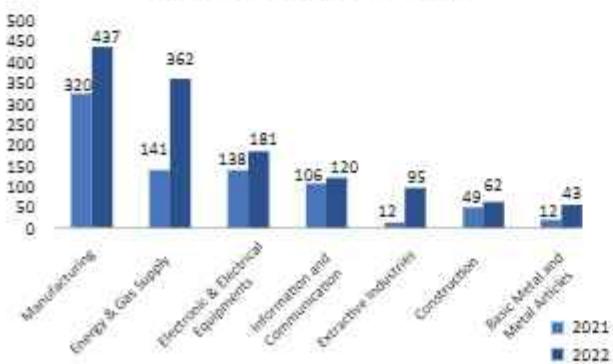
In 2022, FDI in renewable energy generation, including solar and wind, and its supply chain also continued to grow, albeit at a slower rate of 8% than the 50% growth recorded in 2021. The number of new projects announced in critical minerals in 2021 and 2022 was more than double the average level of the last decade. Notably, battery manufacturing projects tripled to more than US\$ 100 Bn in 2022. However, these investments are concentrated to the United States of America and European manufacturing hubs, with a few developing countries attracting substantial investments.

**Figure 2 : Announced Greenfield Projects 2020 - 2022**



Source: UNCTAD (World Investment Report 2023)

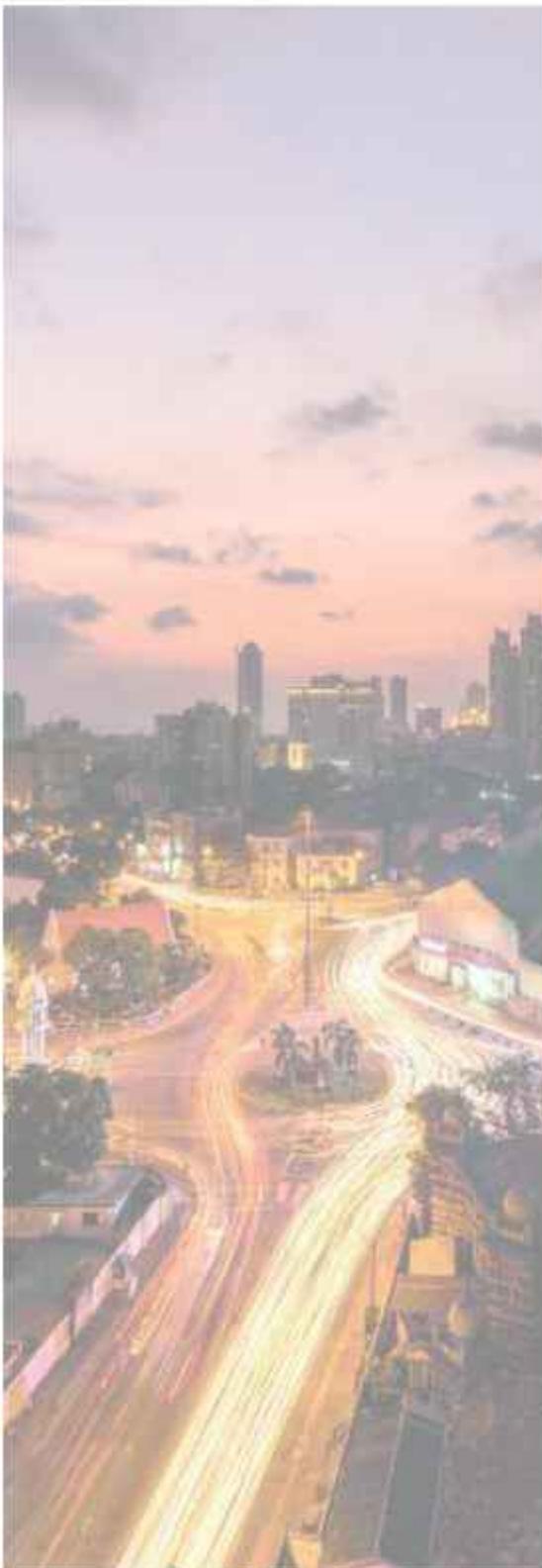
**Figure 3 : Announced Greenfield Projects, by Selected Industries, 2021 - 2022 (US\$ Bn) - Top Industries in Value Terms**



Source: UNCTAD (World Investment Report 2023)



# Way Forward



Since 2020 Sri Lanka has faced several challenges with the coronavirus pandemic, which has had a severe impact on the economic growth and development of the country. However, with the expectation of an economic recovery during 2023, Board of Investment of Sri Lanka (BOI) has set various prospective targets to achieve by 2023 as envisaged in the BOI Corporate Plan 2022-2026.

## FDI Inflows

With investments coming from different types of projects the BOI targets to attract Inward Foreign Direct Investment (FDI) to the value of US\$ 1.3 Bn in 2023.

## Employment

Considering the past performance in relation to employment creation and the projects under implementation, BOI aims to create 560,000 cumulative employment of BOI companies by 2023.

## Export Earnings

With the past trends, and the possibilities of enhancing export performance of BOI registered companies, the BOI intends to increase its merchandise exports up to US\$ 10,400 Mn by 2023.

## Land Availability for Investments

There will be about 464 Acres additional lands developed for investments in 2023.

## Zone Development & Management

For the year 2023, the Board of Investment of Sri Lanka is planning to engage in the following Export Processing Zones development activities to address the issue of the scarcity of developed lands for investors:

- Bingiriya Export Processing Zone
- Wagawatta Industrial Zone
- New Zones Development in Hambantota
  - 1) Pharma Zone - Arabokka
  - 2) Arabokka Zone Development
  - 3) Mirijjawila Export Processing Zone
- Textile Manufacturing Zone in Eravur
- New Zones in Eastern Province (Locations to be identified)

# Human Capital

## Our People

Our people, driven by a strong sense of public service, are fundamental to the BOI's journey of driving the organization and the nation at large towards economic and social development.

To fuel this national responsibility our people are constantly provided with the required professional and personal support.

BOI as one of the most sought after institutions in the government sector has provided employment to people with diverse backgrounds since its inception in 1978 and in return BOI comprises of talented teams having varying viewpoints which is also the strength of the BOI in taking the country forward to the international arena. The structure of the organization is such that it enables creating a diverse pool of talent.

## Human Resources Policies

The human resources practices within the Board are guided by three comprehensive policies. These policies lay the foundation for the best practices the Board should follow in each person's function.

## Human Resources Policy Manual

Human resources policy manual is in place to ensure integrity and credibility under each person's function. Further, it ensures our practices are people centric and fair by everyone. It governs recruitment and selection practices, probation and confirmation, remuneration, working hours, attendance & holidays, performance appraisal and training and development. It further provides direction to all practices in areas such promotions, transfers and demotions, working conditions, grievances and matters concerning trade unions.

We consistently adhere to the guidelines of the Human Resource Policy Manual unless a justifiable deviance occurs as approved by the Board of Directors.

## Scheme of Recruitment

The Scheme of Recruitment clearly spells out the guidelines for recruitment practices and these are strictly adhered to when absorbing talent internally and externally.

## Code of Discipline

We at BOI encourage professionalism and strong work ethic. We also believe in ethical conduct and upholding our organizational values at all times. As such, the BOI Code of Discipline provides direction to ethical conduct expected of all employees of the Board. The Code of Discipline, under "Code of Conduct" and "Rules of Disciplinary Procedure" provides the necessary procedures to formally address any incident involving misconduct or lapse by employees of the Board.

## Our Approach to Managing People

The BOI follows very strong people centered practices and in doing so enables a workforce that is both enthusiastic and happy. This in turn ensures that our national responsibility is fulfilled by creating value for the organization. Our human resources management functions range from recruitment and selection, human resource development, compensation and benefits to employee welfare and discipline. These functions implemented and overseen centrally, ensure that our people are well supported and looked after throughout their employment at the Board. We place emphasis on practicing and demonstrating equality, impartiality and ethicality when carrying out these functions.

Public service being the shared vision and the driving force of the BOI, our HR functions ensure precise compliance with government rules, regulations and policy decisions. As the apex institution for the FDI attraction and facilitation we do not undermine the responsibility the BOI has towards our nation and therefore every step is taken to drive our people towards fulfilling this national responsibility. It is noteworthy that all of the HR functions are guided by the policies that are in place to safeguard government institutions in relation to credibility and consistency.

The recruitment and selection function ensures that the right talent is in place at the right time through a transparent process while the human resource development function ensures the professional development of our people. Compensation and benefits and employee welfare functions to ensure our people are equitably compensated and their well-being is taken care of.

With all of these systems in place to support our employees it is expected that they conduct themselves responsibly both at work and elsewhere. The disciplinary function ensures that employee misconduct is promptly addressed and mitigated to prevent potential disruption

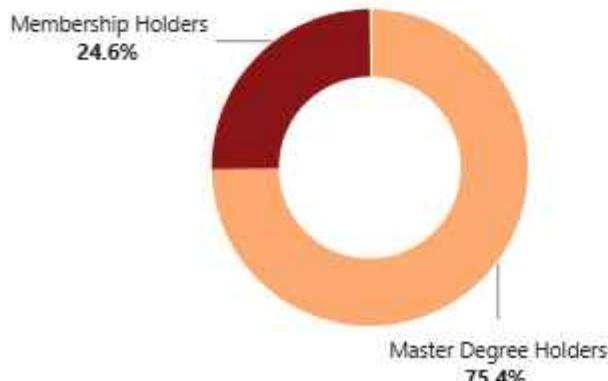
## Composition of our People

The BOI team in its entirety consists of 418 number of people attached to the Head Office in Colombo and 780 number of people in various other locations around the country. There are three employee categories in our cadre, 47% of our team includes executive level employees located in the Head Office as well as in Export Processing Zones and Parks. The balance 53% of our team includes non-executive grade employees comprising of Management Assistants and Primary Level Staff. 21% of the entire team are Management Assistants and 31% are PL grade staff.

At BOI, we encourage and support diversity and believe it's one of our greatest strengths. We provide opportunities to males and females alike to progress through their career within the Board. Male and female representation is visible throughout all employee cadres.

Our team comprises employees with different educational and professional backgrounds. 564 of 1198 employees represent Executive categories of which 331 are graduates out of which 166 are masters degree holders and 54 are membership holders of professional bodies. The Board continues to benefit immensely from the diversity of the educational backgrounds of our employees with them coming from different disciplines such as Business Administration, Science, Economics, Engineering, Public Management, Accounting, Social Science, Law, and Customs Administration.

We believe continuous professional development of our employees is paramount to the organizational success particularly in the context of the fierce competition of the industry we operate in. Hence, the Board has introduced comprehensive sponsorship policies for studies, promotion policy and leave policy that reflect the Board's commitment to support employees to pursue their professional development goals.



## Training and Development

At BOI we provide support to employees for their professional and personal development. As such we have conducted 16 in-house training programs and over 40 external training programs for executive, non-executive grades and primary level employees. Around 400 employees in executive grades have been trained through in-house and external training programs while around 250 employees in non-executive and primary levels have been trained.

Further, a Strategic Leadership Development programme for Senior Deputy Directors and a Management Development programme for Deputy Directors were implemented in collaboration with the Postgraduate Institute of Management of the University of Sri Jayewardenepura. The programme is geared towards developing leadership/managerial competencies of the senior officers including their Interpersonal, Conceptual and Technical competencies enabling them to take up responsibilities at the next level.

## Role of HR

With the emergence of a global pandemic followed by the economic crisis in the country, our journey towards fulfilling our national responsibility has become more challenging and strenuous. Yet, as HR we are committed to support our employees to bring out the best in them as they steer through the still prevalent economic and social challenges. HR continues to explore its role in terms of new ways of supporting our people and the business particularly in the areas of adaptation of technology, creating agile work environments and capability building all of which are geared to mould our people to become the best versions of themselves.



# Social Impact



## PARTNERED WITH NAITA

BOI Partners with NAITA to Upskill and Help School Leavers to Find their Career Paths

The Board of Investment (BOI) collaborated with the National Apprentice and Industrial Training Authority (NAITA) to address the dearth of human capital at the level of technical skills, which has been a challenge for industries over a period of time.

The enterprises at the Horana Export Processing Zone (HEPZ) had encountered a shortage of electricians, welders, plumbers and fitters, etc needed for the operation of the factories. This has prompted the BOI to team up with the NAITA where they agreed to provide necessary skills, expertise, and training to school leavers so that the scarcity of the workforce can be mitigated.

Furthermore, the apprentices will be absorbed into relevant companies and factories upon the completion of the training as per the requirement of the enterprises.



## EMPOWERMENT

Empowerment of Employees

As a measure of empowerment of employees in BOI enterprises, the BOI celebrates Women's Day, Safety Week and milestone events with the participation of employees of the BOI enterprises.

## JOB AWARENESS

Orientation Programmes and Awareness Programmes

BOI, Industrial Relations Units and job banks located in Export Processing Zones continuously conduct orientation programmes for newly recruited employees and awareness programmes on social dialogue, workplace cooperation, decent work practices, health & safety etc. in collaboration with relevant government agencies.



## BOI JOB BANK

Job Bank Portal

The BOI job placement centre (Job Bank) has been providing a great service to fulfill the manpower requirements of the BOI enterprises.

Job banks are located in all export processing zones. In addition to the zonal job banks; an online job bank portal has been launched by the BOI as a free service to communicate to the general public the job opportunities available in the BOI enterprises located within and outside the Export Processing Zones.

## CAREER GUIDANCE

Job Fairs / Career Guidance Seminars for Youth

The BOI facilitated in organizing job fairs / career guidance programmes in collaboration with other relevant agencies in order to attract more job seekers and to attract the school leaving aged population for job opportunities in the BOI enterprises and to direct them towards a proper career path through the career guidance programme.



## DAY CARE CENTERS

The establishment of Day Care Centers and Pre-schools in EPZs provide a tangible solution for employees who are willing to continue their jobs while keeping their kids in secured places within the zones. This provides a solution to reduce high employee turnover and to create awareness of support extended through the zones amongst new recruits.

# Financial Review - 2022

Financial Performance For the Year Ended 31 December	2022 (Rs. Mn)	2021 (Rs. Mn)	Change (%)
Revenue	5,973	4,911	22
Total Operating Expenses	(4,075)	(3,788)	(8)
Operating Profit	1,889	1,123	69
Finance Income	1,402	330	325
Finance Expense	(7)	(10)	30
<b>Surplus Before Taxation</b>	<b>3,294</b>	<b>1,443</b>	<b>128</b>
Tax Expenses	(372)	(79)	(371)
Surplus After Taxation	2,922	1,364	114
Other Comprehensive Income	(6)	81	(107)
Total Comprehensive Income	2,916	1,445	102
Financial Position at the Year End			
Assets	68,662	64,533	6
Equity	50,691	47,391	7

## Surplus

The Surplus before Tax for the year under review is Rs. 3,293.71 Mn. Net Surplus after Tax for the year ended has increased to Rs. 2,921.66 Mn from Rs. 1,363.41 Mn in year 2021. This is an increase of 114% compared to the previous year.

LKR Mn



License Fees, Agreement Processing Fees & Miscellaneous Income. Non-operating based income is mainly from Interest Income. Interest income for the period has increased by Rs. 1,072.25 Mn which is an increase of 325% compared to year 2021. This favourable variance has been recorded mainly due to increase in the interest rates of government securities against the investment portfolio. Interest income for the period is Rs. 1,402.02 Mn.

LKR Mn



## Revenue

Total Operating Revenue has increased from Rs. 4,911.18 Mn in 2021 to Rs. 5,973.23 Mn recording an increase of 22%. This increase in Revenue has recorded mainly due to the revision of rates and depreciation of Rupees against the US Dollar. The components of gross revenue consist of items that are "Operating Based" and Non-Operating Based". Operating based revenue consists of Ground Rent, Annual Fees, Import / Export Services Charges, Water Income,

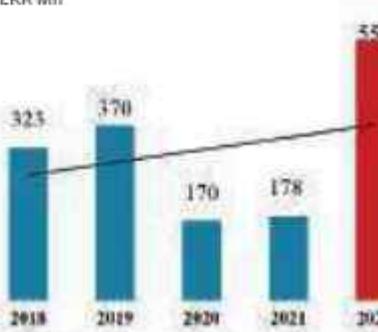
## Expenditure

Total Operating Expenditure has increased by 8% from Rs. 3,788.18 Mn in 2021 to Rs. 4,074.63 Mn in 2022. Administrative Expenses have increased by 6%, mainly due to increases in personnel costs, staff welfare and transport related expenses.

## Government Levies

The Surplus before Tax for the year under review is Rs. 3,293.71 Mn. Net Surplus after Tax for the year ended has increased to Rs. 2,921.66 Mn from Rs. 1,363.41 Mn in the year 2021. This is an increase of 114% compared to the previous year.

LKR Mn



**BOARD OF INVESTMENT OF SRI LANKA**  
**ANALYSIS OF INCOME STATEMENT FROM 2013 TO 2022**

FINANCIAL YEAR	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenue</b>	<b>2,721,805,586</b>	<b>3,100,162,918</b>	<b>3,213,557,727</b>	<b>3,605,145,347</b>	<b>3,711,862,898,00</b>	<b>3,889,614,384</b>	<b>4,646,091,668,00</b>	<b>4,251,299,069</b>	<b>4,911,181,363</b>	<b>5,973,226,716</b>
<b>Less : Expenses</b>										
Operating Expenses	337,008,595	299,383,652	276,739,350	265,978,777	265,178,860,00	267,056,012	322,000,510	273,552,379	286,687,112	327,676,479
Administrative Expenses	1,981,947,246	2,301,683,057	2,488,716,775	2,639,675,029	2,724,437,397,00	2,846,961,666	3,165,507,063	3,192,467,029	3,344,826,022	3,536,143,256
Government Levies	148,120,375	161,676,718	171,148,196	116,511,263	191,599,855,00	270,591,904	254,568,577	88,787,596	98,955,170	179,015,723
Other Expenses	26,390,318	25,419,143	26,390,038	26,528,444	29,943,193,00	30,361,126	31,298,987	36,038,612	57,713,652	31,799,404
<b>Total Expenditure</b>	<b>2,493,376,534</b>	<b>2,788,162,570</b>	<b>2,912,894,359</b>	<b>3,048,693,473</b>	<b>3,210,659,303</b>	<b>3,374,910,907</b>	<b>3,773,367,137</b>	<b>3,590,865,618</b>	<b>3,788,181,916</b>	<b>4,074,634,862</b>
<b>Results from Operating Activities</b>	<b>238,429,052</b>	<b>312,000,348</b>	<b>300,563,308</b>	<b>556,451,874</b>	<b>501,203,305</b>	<b>514,703,477</b>	<b>872,724,531</b>	<b>660,433,450</b>	<b>1,122,999,447</b>	<b>1,898,591,854</b>
Finance Income	140,765,279	135,105,411	118,628,543	221,765,759	336,920,319,00	344,450,142	411,444,914	321,579,138	329,766,108	1,402,022,656
Finance Expenses	15,646,075	14,534,281	12,025,173	10,388,937	10,940,559,00	7,737,398	10,657,560	13,873,362	10,216,636	6,900,963
<b>Net Finance Income</b>	<b>85,119,204</b>	<b>120,571,130</b>	<b>106,603,376</b>	<b>211,676,822</b>	<b>325,979,760</b>	<b>336,712,644</b>	<b>400,787,354</b>	<b>307,705,775</b>	<b>319,549,472</b>	<b>1,395,121,893</b>
<b>Surplus Before Taxation</b>	<b>313,548,266</b>	<b>432,571,478</b>	<b>407,166,738</b>	<b>768,128,696</b>	<b>827,183,067</b>	<b>851,416,121</b>	<b>1,273,511,985</b>	<b>968,139,226</b>	<b>1,442,548,919</b>	<b>3,293,713,748</b>
Tax Expenses	22,627,258	30,786,759	26,031,646	47,442,329	70,759,017,00	92,323,030	115,204,576	81,246,467	79,143,866	372,056,361
<b>Surplus for the Year</b>	<b>290,920,998</b>	<b>401,784,719</b>	<b>381,135,092</b>	<b>720,786,367</b>	<b>756,424,050</b>	<b>759,093,091</b>	<b>1,158,307,309</b>	<b>896,892,759</b>	<b>1,363,405,053</b>	<b>2,921,657,387</b>
<b>Other Comprehensive Income</b>										
Actuarial (Gain)/Loss on obligation	6,283,354	28,330,987	(29,335,586)	(14,247,456)	25,054,316,00	10,973,058	51,490,585	75,380,123	(81,555,310)	(5,809,448)
<b>Total Comprehensive Income</b>	<b>284,637,644</b>	<b>373,444,732</b>	<b>410,470,678</b>	<b>735,033,923</b>	<b>731,369,734</b>	<b>748,120,033</b>	<b>1,106,807,724</b>	<b>811,512,636</b>	<b>1,444,960,363</b>	<b>2,915,647,539</b>

# **Financial Statements**

---

**(For the year ended 31<sup>st</sup> December 2022)**



**BOARD OF INVESTMENT OF SRI LANKA**

**INCOME STATEMENT**

<b>FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER</b>		<b>2022</b>	<b>2021</b>
		<b>Rs.</b>	<b>Rs.</b>
	<b>Note</b>		
<b>Revenue</b>	<b>4</b>	<b>5,973,226,716</b>	<b>4,911,181,363</b>
<b>Less : Expenses</b>			
Operating Expenses	<b>6</b>	327,676,479	286,687,112
Administrative Expenses	<b>7</b>	3,536,143,256	3,344,826,022
Government Levies	<b>8</b>	179,015,723	98,955,130
Other Expenses	<b>9</b>	31,799,404	57,713,652
<b>Total Operating Expenses</b>		<b>4,074,634,862</b>	<b>3,788,181,916</b>
<b>Surplus from Operating Activities</b>		<b>1,898,591,854</b>	<b>1,122,999,447</b>
Finance Income		1,402,022,856	329,766,108
Finance Expenses		6,900,963	10,216,636
<b>Net Finance Income</b>	<b>10</b>	<b>1,395,121,893</b>	<b>319,549,472</b>
<b>Surplus Before Taxation</b>		<b>3,293,713,748</b>	<b>1,442,548,920</b>
Tax Expenses		372,056,361	79,143,866
<b>Surplus for the year</b>		<b>2,921,657,387</b>	<b>1,363,405,054</b>

**BOARD OF INVESTMENT OF SRI LANKA****COMPREHENSIVE INCOME STATEMENT****FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

	<b>Note</b>	<b>2022</b> <b>Rs.</b>	<b>2021</b> <b>Rs.</b>
<b>Surplus for the year</b>		<b>2,921,657,387</b>	<b>1,363,405,054</b>
<b>Other Comprehensive Income</b>			
<b>Less : Defined benefit plan Actuarial Gain/(Loss)</b>	<b>21.1</b>	<b>(5,809,848)</b>	<b>81,555,310</b>
<b>Total Comprehensive Income for the year</b>			
		<b><u>2,915,847,539</u></b>	<b><u>1,444,960,364</u></b>

"Notes to the Financial Statements" set out on pages 37 to 59 form an integral part of the Financial Statements.

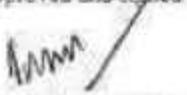
**BOARD OF INVESTMENT OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31<sup>ST</sup> DECEMBER**

	<b>Note</b>	<b>2022</b> <b>Rs.</b>	<b>2021</b> <b>Rs.</b>
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
Property Plant and Equipment	11	16,590,833,444	16,447,957,171
Investment Property	12	39,509,893,878	38,874,669,885
Intangible Assets-Software		1,202,500	1,267,500
Capital Work-in-Progress	13	663,949,641	1,164,136,045
Financial Assets	14	1,836,212,997	1,031,956,017
<b>Total Non- Current Assets</b>		<b>58,602,092,461</b>	<b>57,519,986,618</b>
<b>Current Assets</b>			
Inventories		19,624,040	16,504,778
Financial Assets	15	6,642,855,587	199,851,910
Receivables from Enterprises	16	514,554,207	318,462,069
Payments in Advance and Other Receivables	17	713,888,827	529,944,140
Cash and Cash Equivalents	18	2,169,387,636	5,948,317,760
<b>Total Current Assets</b>		<b>10,060,310,297</b>	<b>7,013,080,657</b>
<b>Total Assets</b>		<b>68,662,402,758</b>	<b>64,533,067,276</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated Fund		35,350,600,314	32,050,723,381
Reserves		15,340,693,234	15,340,693,234
		<b>50,691,293,548</b>	<b>47,391,416,615</b>
Deferred Revenue	20	16,281,302,053	15,821,737,118
Deferred Expenditure	19	(485,280,787)	(428,295,356)
		<b>15,796,021,266</b>	<b>15,393,441,762</b>
<b>Total Equity</b>		<b>66,487,314,814</b>	<b>62,784,858,377</b>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	21	306,570,548	278,808,543
Non Current Financial Liabilities	22	13,375,247	34,512,895
<b>Total Non Current Liabilities</b>		<b>319,945,795</b>	<b>313,321,438</b>
<b>Current Liabilities</b>			
Current Financial Liabilities	22	21,137,648	24,456,313
Accrued Expenses and Other Payables	23	1,647,784,849	1,386,146,594
Tax Payable		186,219,651	24,284,555
<b>Total Current Liabilities</b>		<b>1,855,142,149</b>	<b>1,434,887,461</b>
<b>Total Equity and Liabilities</b>		<b>68,662,402,758</b>	<b>64,533,067,276</b>

"Notes to the Financial Statements" set out on pages 37 to 59 form an integral part of the Financial Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board of Directors of Board of Investment of Sri Lanka.

  
**Dinesh Weerakkody**  
Chairman

  
**Jayamini Pelpola**  
Board Member

  
**Renuka M. Weerakone**  
Director General (Actg.)

  
**S.A.D.D. Suraweera**  
Executive Director - Finance

26/07/2023

**BOARD OF INVESTMENT OF SRI LANKA**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31<sup>ST</sup> DECEMBER 2022**

	Accumulated Fund Rs.	Revaluation Reserves Rs.	Total Equity Rs.
<b>Balance as at 01<sup>ST</sup> January 2021</b>	<b>20,911,194,024</b>	<b>15,340,693,234,00</b>	<b>36,251,887,258</b>
Total Comprehensive Income for the year	1,444,960,364	-	1,444,960,364
<b>Contribution to the Consolidated Fund- Rs 500 Mn</b>			
Dividend paid during the year 2021	(415,945,716)		(415,945,716)
Recovery of Salaries & Allowances paid during the year 2021	(21,068,786)		(21,068,786)
Recovery of Salaries & Allowances payable to staff in 2022 receivable from Treasury	(51,492,525)		(51,492,525)
Impact on Rent & Other Receivable recovery directly recognised through Equity	(11,492,973)		(11,492,973)
Revenue adjustments directly recognized through equity - Invoice Cancellation 2020	(3,904,116)	-	(3,904,116)
Revenue recognition due to changes in accounting treatment through Equity -WEPZ Housing Scheme	1,149,000	-	1,149,000
Revenue recognition of Rent -2020 directly recognized through Equity	14,024,450	-	14,024,450
Transaction for Treasury - Infrastructure Development Projects	(25,584,946)	-	(25,584,946)
Recognition of Assets directly through Equity	3,278,034	-	3,278,034
Land Premium Revenue written back directly through Equity	(35,093,432)	-	(35,093,432)
Government Grant - Land directly recognised through Equity - Arabolka Land	10,240,700,000	-	10,240,700,000
<b>Balance as at 31<sup>ST</sup> December 2021</b>	<b>32,050,723,378</b>	<b>15,340,693,234</b>	<b>47,391,416,612</b>
<b>Balance as at 01<sup>ST</sup> January 2022</b>	<b>32,050,723,378</b>	<b>15,340,693,234</b>	<b>47,391,416,612</b>
Total Comprehensive Income for the year	2,915,847,539	-	2,915,847,539
Contribution to the Consolidated Fund/Dividend Payable <sup>1</sup>	(500,000,000)	-	(500,000,000)
Recognition of Assets directly through Equity <sup>2</sup>	599,057,567	-	599,057,567
Derecognition of Assets directly through Equity <sup>3</sup>	(486,100)	-	(486,100)
Recognition of Land premium of cancelled projects as income through Equity. <sup>4</sup>	156,751,776	-	156,751,776
Revenue recognition of Ground Rent directly recognized through Equity. <sup>5</sup>	23,684,671		23,684,671
Land reservation fee directly recognized through Equity. <sup>6</sup>	105,014,515	-	105,014,515
Recognition of expenditure for the year 2015 directly through Equity. <sup>7</sup>	(155,947)	-	(155,947)
Impact on early recognition expenditure directly through Equity. <sup>8</sup>	162,916	-	162,916
<b>Balance as at 31<sup>ST</sup> December 2022</b>	<b>35,350,600,314</b>	<b>15,340,693,234</b>	<b>50,691,293,548</b>

"Notes to the Financial Statements " set out on pages 37 to 59 form an integral part of the Financial Statements.

1. The Board has allocated Rs 500 Mn as Dividend to the Treasury complying with the Dividend Policy applicable for State Owned Enterprises.
2. Assets which are not included in the Fixed Assets Register have been directly recognized through Equity Account. ((Non Zonal Lands & Buildings)
- 3.1 The BOI has transferred the ownership of the Land called Telecom at Ekala to NWS & DB.
- 3.2 The land occupied by the Ruhumputha Apparels (Pvt) Ltd was acquired under the Revival of Underperforming Enterprises or Under utilisation Assets Act.
4. Revenue impact on recognition of Land Premium Income on cancelled projects.
5. Revenue impact on recognition of previous years Ground Rent Income.
6. Impact on Revenue recognition from Land reservation fee of non operating projects.
7. Expenditure recognition for the year 2015 - Former Director General Salary .
8. Impact of early recognition of expenditure - Wastewater Treatment Plant -WEPZ

**BOARD OF INVESTMENT OF SRI LANKA**  
**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST DECEMBER**

	<b>2022</b>	<b>2021</b>
	<b>Rs ( Mn.)</b>	<b>Rs ( Mn.)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations (Note 24)	(3,956.53)	1,633.22
Income tax paid	(210.12)	(66.41)
Payment of retirement benefit obligation	(69.41)	(53.69)
Deferred revenue received	945.06	343.57
Building premium received	-	40.70
Cash refund	(29.68)	-
<b>Net cash inflows/(out flows) from operating activities</b>	<b>(3,320.68)</b>	<b>1,897.39</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income received	1,131.72	296.98
Investment in Government Securities	(730.65)	(457.94)
Purchase of fixed assets	(35.64)	(36.82)
Purchase of intangible asset	-	(1.30)
Proceeds from sale of fixed assets	2.20	0.32
Expenses Incurred on sale of fixed assets	-	(0.89)
Capital work in progress	(376.24)	(448.94)
Deferred expenditure	(3.17)	(6.24)
Facilitation of infrastructure mega projects	-	(0.06)
<b>Net cash inflows/(outflows) from investing activities</b>	<b>(11.78)</b>	<b>(654.89)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease installments paid	(30.53)	(39.30)
Fund transfer to the Treasury	(415.95)	-
<b>Net cash flows/(outflows) from financing activities</b>	<b>(446.47)</b>	<b>(39.30)</b>
Net Increase/ (Decrease) in Cash & Cash Equivalents	(3,778.93)	1,203.20
Cash & Cash Equivalents at beginning of the year	5,948.32	4,745.11
Cash & Cash Equivalents at end of the year	<b>2,169.39</b>	<b>5,948.31</b>

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Reporting Entity

Board of Investment of Sri Lanka is established under the Board of Investment of Sri Lanka Law, No 4 of 1978. The registered office and the principal place of organization is located at West Tower, WTC, Echelon Square, Colombo 01.

### 2. Basis of Preparation

#### 2.1 *Statement of Compliance*

The Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and Notes together with a summary of significant accounting policies of the Board have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka which represent International Financial Reporting Standards issued by the International Accounting Standard Board.

#### 2.2 *Use of Estimates, Judgements and Assumptions*

The preparation of the Board's Financial Statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and underlying assumptions are reviewed on an ongoing basis. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 2.3 *Approval of Financial Statements*

The Financial Statements of the Board for the year ended 31<sup>st</sup> December 2022 were approved and authorized for issue by the Board of Directors in accordance with the Minutes of the Board Meeting held on 26<sup>th</sup> July 2023.

#### 2.4 *Comparative Information*

Comparative information is disclosed in respect of the previous year in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The comparative information has been reclassified where ever necessary to conform with the current year's classification in order to provide a better presentation.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### 2.5 *Going Concern*

When preparing the Financial Statements, the Management has assessed the ability of the Board to continue as a going concern. The Management has a reasonable expectation that the Board has adequate resources to continue in operational existence for the foreseeable future. The Board does not foresee a need for liquidation or cessation of operations, taking into account all available information about the future. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements.

#### 2.6 *Functional and Presentation Currency*

The functional currency of the Board is determined to be Sri Lankan Rupees and the Financial Statements are also presented in Sri Lankan Rupees.

## 3 Significant Accounting Policies

### 3.1 *Financial Assets*

The Board classifies its financial assets into loans and receivables and financial assets measured at fair value in investments. The classification is determined by Management at initial recognition and depends on the purpose for which the investments were done acquired and its contractual cash flow characteristics.

#### (a) *Classification*

##### (i) *Loans and Receivables*

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from ordinary transactions are also classified in this category and are reviewed for impairment.

##### (ii) *Financial Assets Measured at Fair Value – (Held-to- Maturity Financial Assets)*

Financial assets measured at fair value are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's Management has the positive intention and ability to hold to maturity. These financial assets are classified at fair value in the Statement of Financial Position on recognition.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### *(b) Impairment*

Financial Assets are reviewed at each Statement of Financial Position date, to determine whether there are any expected credit losses. If any such indication exists, the assets recoverable amount is estimated. The Board measures the Expected Credit Losses based on an evaluation across all categories of Financial Assets. These estimates are driven by a number of factors such as time value of money, breach of condition of contract, customer situation analysis, sub group of receivables, payment profiles of debtors, collateral values, the assessment of a significant increase in credit risk, financial difficulties of the customers, legal issues, reasonable and supportable information and forecast of future economic conditions.

An impairment loss is recognized whenever the carrying amount of an assets or it's cash generating units exceed its recoverable amount. Impairment losses are recognized in the Income Statement.

#### *(c) De-recognition*

Impairment losses recognized in prior period are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is de-recognized if there has been a change in the estimates used to determine the recoverable amount.

## 3.2 *Property, Plant and Equipment*

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

Property, Plant and Equipment are stated at cost less accumulated depreciation and any 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 of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items, and restoring the site on which they are located.

Value of property plant and equipment carried at valuation less accumulated depreciation as at 1<sup>st</sup> January 2011 have been considered being the deemed cost as at 1<sup>st</sup> January 2011 as per SLFRS 1 for the Revalued Assets.

#### *(b) Depreciation*

Depreciation is calculated on the straight-line basis on the cost/ valuation of all items of Property, Plant and Equipment and is recognized in the Income Statement. Depreciation is charged on fixed assets in the year of purchase when it is available for use. Property Plant and Equipment have been depreciated annually over the useful lives. Freehold Land is not depreciated.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

<u>Class of Assets</u>	<u>Depreciation percentage per annum</u>	<u>Period (years)</u>
Buildings & Structures	5 - 10	10 - 20
Plant and Machinery	10	10
Fixtures & Fittings	10	10
Office Furniture & Equipment	10	10
Computers	33.33	3
Motor Vehicles	20	5

#### *(c) De-recognition*

The carrying amount of Items of property, plant and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or loss arising on de-recognition of an item of Property, Plant and Equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognized in the Income Statement (within "Other Operating (Miscellaneous) / Income / Expense.

#### *(d) Subsequent Expenditure*

The cost of replacing, developing, and constructing part of an item of Property, Plant, and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably. The costs of repairs and maintenance of Property, Plant and Equipment are recognized in the Statement of Income and Other Comprehensive Income as incurred

#### *(e) Gain/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 or Expense.

#### *(f) Capital Work in Progress*

Capital expenditure incurred during the year on projects which are not completed as at the Statement of Financial Position date, are shown as Capital Work in Progress. These are stated at cost less any accumulated impairment losses. Capital Work in Progress is transferred to the relevant asset categories, such as Property, Plant and Equipment, Differed Expenditure and Expenditure incurred for Mega Projects, when it is in the location and in a condition necessary for it to be capable of operating in the manner intended by the Management.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### (g) *Leasehold Assets*

Assets acquired under financial liabilities are capitalized & included under the category of leasehold motor vehicles with recognition of a corresponding financial liability. Assets held under financial liabilities are depreciated over their period of use.

#### (h) *Structures*

Deemed Values of Structures have been assessed under seven main sub categories. All items and components connected with each main sub category are considered as forming part of one unit.

## 3.3

#### (a) *Investment Properties*

Investment Properties are stated at cost prevailed (cost model) as of the date of classifying the said assets under Investment Properties.

Investment Property is recognized if it is probable, that future economic benefits that are associated with the Investment Property will flow to the Board and cost of the Investment Property can be reliably measured. Properties held to earn rental income have been classified as Investment Property. Subsequently, the fair value of the investment properties is not measured and no valuation has been carried out by an independent valuer who holds a recognized professional qualification in investment property, except for few properties.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

#### (b) *Depreciation (Amortization)*

Depreciation is calculated on the straight-line basis on the cost/valuation of the Investment Property other than land. Investment Property have been depreciated annually over the useful lives as follows.

<u>Class of Assets</u>	<u>Depreciation Percentage per annum</u>	<u>Period (years)</u>
Buildings	5	20

## 3.4 *Intangible Assets*

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

Intangible assets that are acquired by the Board, which have finite useful lives are recognized and carried at cost less accumulated amortization and impairment losses.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### *(b) Amortization*

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

<u>Class of Assets</u>	<u>Depreciation Percentage per annum</u>	<u>Period (years)</u>
Software License - Kiosk	5	20

#### *(c) Subsequent Expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Income and Other Comprehensive Income as incurred.

#### *(d) Retirement and Disposal*

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses on disposal of an item of intangible asset are determined by comparing the proceeds from disposal (net of any directly attributable expenses) with the carrying amount and are recognised on net basis within "Other Operating Income / (Expenses)" in the Statement of Income and Other Comprehensive Income

### 3.5 *Inventories*

All inventories have been valued at lower of Cost or Net Realizable Value. Cost is determined based on First in First Out basis. (FIFO)

### 3.6 *Other Assets*

Other assets include Other Debtors, Receivables, Advances, Deposits and Prepayments.

#### *(a) Advances, Deposits, Prepaid Expenditure*

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

#### *(b) Other Debtors*

Other debtors are recognized at cost less impairment loss.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### 3.7 *Cash and Cash Equivalents*

Cash and Cash Equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments.

#### 3.8 *Cash Flow Statement*

The Cash Flow Statement has been prepared by using indirect method in accordance with the Sri Lanka Accounting Standard No. 7 (LKAS) on Cash Flow Statements.

#### 3.9 *Employee Benefits*

##### (a) *Defined Contribution Plans*

Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with the respective statutes and regulations. The Board pays fixed contributions of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund and will have no legal or constructive obligation to pay further amounts.

##### (b) *Defined benefit plans*

Defined benefit plans are post-employment plans other than defined contribution plans. Board is liable to pay Gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on an actuarial valuation. The calculation is performed annually by an independent Actuary using the "Projected Unit Credit Method".

#### 3.10 *Liabilities & Provision*

Liabilities & Provisions are recognized in the Statement of Financial Position when there is a legal/constructive obligation at present, as a result of past events where the settlement is expected to result in an outflow of resources embodying economic benefits.

Obligations payable on demand of the creditor or within one year of Statement of Financial Position date are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the Statement of Financial Position date are treated as non-current liabilities in the Statement of Financial Position.

##### *Other Liabilities*

Other liabilities include other creditors including Accrued Expenditure. These are stated at their historical value which is deemed to be their fair value.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### *3.11 Income Recognition*

Revenue from services/fees is measured at fair value of the consideration received or receivable. License Fees and Agreement Processing Fees are recognized on cash basis.

- **Ground Rent**

Lease Agreements are signed with Investors to lease land belonging to the BOI for periods ranging from 30 years to 99 years. According to the provisions in the Lease Agreements the Investors are bound to pay a Ground Rent annually, in respect of the demised premises over the lease period or until the Agreement is terminated.

- **Annual Fees**

All BOI Enterprises which come under Section 17 of the BOI Law shall enter into an Agreement with the BOI and those Enterprises which operate outside BOI Zones are liable to pay an annual subscription in terms of the agreement until its closure, suspension of operations or cancellation of the Agreement.

- **Land Premium**

All Investors who enter into Lease Agreements to lease BOI land are required to make an upfront payment as Land Premium at the time of signing the Agreement. The above income is recognized over the lease period specified in the Agreement.

#### *(a) Interest Income*

Interest income for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'Finance Income' in the Income Statement.

#### *(b) Other Income / Miscellaneous Income*

##### *(i) Other Income*

Other income is recognized on an accrual basis.

##### *(ii) Gain / (Loss) from Sale of Property, Plant and Equipment*

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognised in the period in which the sale occurs and is recognized under Miscellaneous Income or Expenses.

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3.12 Expenses**

*Expenses Recognition*

*(a) Revenue Expenditure*

All expenses are measured at fair value of the consideration given and recognized in the period to which those expenses relate. The surplus earned by the Board as shown in the Income Statement is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

*(b) Capital Expenditure*

Expenditure incurred for the purpose of extending or improving assets of a permanent nature by means to carry on the organization or for the purpose of increasing the service/product capacity of the organization has been treated as Capital Expenditure.

*(c) Finance Income and Finance Expenses*

Net Finance Income comprise of interest income on funds invested/deposited, staff loans and interest expenses on financial liabilities that are recognised in the Statement of Income and Other Comprehensive Income.

All interest and other costs incurred in connection with borrowings/finance leases are expensed as incurred, as part of Net Finance Income, except to the extent which is eligible for capitalization.

**3.13 Statement of Cash Flows**

The Cash Flow Statement has been prepared using the indirect method in accordance with the Sri Lanka Accounting Standard No. 7 – Statement of Cash Flows (LKAS 7).

**3.14 Related Party Transactions**

The relevant details are disclosed in the respective Notes to the Financial Statements.

**3.15 Taxation**

Income Tax is based on the elements of interest income as reported in the Financial Statements and computed in accordance with Provisions of Inland Revenue Act No.24 of 2017 and amendments thereto.

**3.16 Changes in Accounting Policies**

The management of the Board has made a policy decision in compliance with LKAS 16 on Property, Plant and Equipment, to depreciate Buildings & Structures over a period of 10 to 20 years considering the wear and tear and the useful life of the asset.

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

		2022	2021
		Rs.	Rs.
<b>4</b>	<b>Revenue</b>		
Ground Rent		1,628,251,344	1,283,092,798
Annual Fees		950,325,686	752,202,429
Import/Export Service Charges		1,537,532,580	1,366,296,635
Net Income from Supply of Water (Note 4.1)		585,207,683	419,369,228
Land Premium		263,356,926	364,325,850
Rent Income		148,095,314	152,297,917
License Fee Sec.-16 Enterprises		43,612,860	30,136,225
Sale of Entry Permits		306,679,471	222,097,426
Agreement Processing Fees		118,988,413	48,274,424
Income from Housing & Other Projects		41,415,774	45,610,419
Miscellaneous Income		349,760,665	227,478,011
		<b>5,973,226,716</b>	<b>4,911,181,363</b>
<b>4.1</b>	<b>Net Income from Supply of Water for Enterprises</b>		
Income from Water Supply		1,911,708,384	1,536,723,353
Related Cost on Water Supply		(1,326,500,701)	(1,117,354,125)
<b>Net Income from Supply of Water</b>		<b>585,207,683</b>	<b>419,369,228</b>
<b>5</b>	<b>Surplus from Operations</b>		
Surplus from Operations is stated after charging/(crediting ) all expenses including the following.			
Operating Expenses (Note 6)		327,676,479	286,687,112
Administrative Expenses (Note 7)		3,536,143,256	3,344,826,022
Government Levies (Note 8)		179,015,723	98,955,130
Other Expenses (Note 9)		31,799,404	57,713,652
<b>6</b>	<b>Operating Expenses</b>		
Investment Promotion Expenses		791,993	7,231,655
Maintenance of Zones		199,481,814	169,157,823
Light & Power		44,673,249	40,298,102
Security Services		82,028,560	68,143,893
Welfare Expenses to Zone Employees		700,862	1,855,640
		<b>327,676,479</b>	<b>286,687,112</b>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

	<b>2022</b>	<b>2021</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>7      Administrative Expenses</b>		
Personnel Cost (Note 7.1)	1,873,669,471	1,812,491,010
Staff Welfare Expenses	346,472,764	272,763,954
Printing & Stationery	43,032,085	23,093,642
Maintenance of P/M Computer & Office Equipment's.	67,769,992	52,973,551
Building Maintenance	87,977,506	81,588,132
Transport Related Expenses	167,821,694	117,407,069
Office Rent & Verification Unit Rent	72,656,804	69,734,772
Press Notifications	4,769,949	6,296,773
Water Consumption	6,886,277	4,660,986
Communication Expenses	34,887,320	34,232,836
Municipality Rates	15,907,708	15,907,658
Staff Training	6,755,427	3,642,596
Legal & Professional Charges	75,270,656	52,029,733
Compensation for Legal Obligations	894,245	5,000,000
Travelling & Subsistence	3,944,317	2,906,730
Audit Fees	3,000,000	3,000,000
Impairment on Debtors	58,196,711	190,231,530
Depreciation	666,230,331	596,865,053
	<b>3,536,143,256</b>	<b>3,344,826,022</b>

**7.1    Personnel Cost**

Board Members Fee	130,000	80,000
Chairman / Director General	3,882,258	12,693,333
Salaries & Wages - Executive Staff	632,360,638	581,587,870
Salaries & Wages - Clerical & Allied Staff	116,276,046	109,687,025
Salaries & Wages - Security Staff	81,320,722	77,391,248
Salaries & Wages - Minor Staff	144,112,204	131,059,276
Overtime	82,913,486	55,752,709
Provision for Leave Encashment	81,800,635	101,960,857
Provision for Bonus	68,039,960	104,658,477
Provision for Retirement Benefit Obligation	47,222,351	12,570,313
Contribution to Employee's Provident Fund	126,036,651	127,904,268
Contribution to Employee's Trust Fund	25,207,332	25,580,854
K.P.P.Allowance	445,363,083	455,374,445
Professional Allowance	17,100,105	15,450,011
Other Staff Cost	1,904,000	740,323
	<b>1,873,669,471</b>	<b>1,812,491,010</b>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

	<b>2022</b> <b>Rs.</b>	<b>2021</b> <b>Rs.</b>
<b>8 Government Levies</b>		
Stamp Duty	392,900	417,045
Social Security Contribution Levy	17,597,147	-
Value Added Tax - Disallowed VAT Input	161,025,676	98,538,085
	<b><u>179,015,723</u></b>	<b><u>98,955,130</u></b>
<b>9 Other Expenses</b>		
Expenses on Issuing Identity Cards	3,469,762	1,998,047
Sundry Expenses	15,687,356	15,369,440
Loss on Disposals of Property Plant & Equipment	-	11,278,087
COVID 19 Expenses	5,102,939	21,546,568
Container Key Locks	3,110,930	2,407,286
Insurance	2,880,229	3,097,489
Environment Control Expenses	313,358	532,059
Corporate Social Responsibility Expenses	-	750,000
Entertainment	1,234,830	734,677
	<b><u>31,799,404</u></b>	<b><u>57,713,652</u></b>
<b>10 Net Finance Income</b>		
<b>Finance Income</b>		
Interest Income on Call Deposits/Others	1,369,905,342	298,012,865
Interest Income on Staff Loans	32,117,515	31,753,243
Total Finance Income	<b><u>1,402,022,856</u></b>	<b><u>329,766,108</u></b>
<b>Finance Expenses</b>		
Interest on Lease Liabilities	6,069,768	9,630,624
Bank Charges	831,195	586,013
Total Finance Expenses	<b><u>6,900,963</u></b>	<b><u>10,216,636</u></b>
<b>Net Finance Income</b>	<b><u>1,395,121,893</u></b>	<b><u>319,549,472</u></b>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31<sup>ST</sup> DECEMBER 2022**

**11 Property, Plant and Equipment**

	Land	Buildings	Structures	Plant & Machinery	Fixtures & Fittings	Furniture, & Office Equipment	Computers	Motor Vehicles	Total	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	31.12.2022	31.12.2021
<b>Freehold Assets at Cost</b>										
Balance as at 01 <sup>st</sup> January	11,384,053,262	1,974,008,879	7,491,709,035	1,14,935,555	1,228,920	211,261,084	294,282,738	247,819,599	21,719,364,872	10,881,763,164
Additions during the year	-	615,286	2,634,547	1,658,387	50,400	13,020,112	17,887,774	-	35,866,506	10,281,083,678
Transferred from Capital Work in Progress	6,39,403	3,750,541	797,136,541	6,313,109	-	2,798,680	-	-	810,638,274	609,678,519
Disposal during the year	100	-	839,412	1,924,338	29,500	3,761,740	15,308,431	7,117	21,870,639	42,676,538
Transferred to Investment Property	51,651,270	20,340,579	-	-	-	-	-	-	7,199,1849	10,543,551
Balance as at 31 <sup>st</sup> December	11,333,047,295	1,958,034,127	8,290,640,711	1,20,982,513	1,249,820	233,318,136	296,862,681	247,812,482	22,471,947,163	21,719,304,872
<b>Depreciation</b>										
Balance as at 01 <sup>st</sup> January	-	1,455,168,726	3,580,195,474	49,110,906	64,5291	134,831,491	254,730,615	209,424,346	5,384,046,849	4,895,510,846
Dep of disposed AC machine erroneously in 2020	-	-	-	-	-	-	-	-	-	290,322
Charge for the year	-	57,748,389	433,297,637	9,231,149	104,159	13,491,326	21,635,742	13,447,044	588,955,446	520,199,698
On Disposals	-	-	629,559	1,815,656	25,400	3,509,236	15,308,224	7,117	21,286,191	31,954,017
Dep oft to Investment Property	-	11,612,237	-	-	-	-	-	-	11,612,237	-
Balance as at 31 <sup>st</sup> December	-	1,241,244,878	4,012,863,552	56,326,399	724,650	144,822,581	261,058,134	222,864,273	5,940,103,867	5,184,046,849
<b>Written Down Value of Freehold Assets</b>										
As at 31 <sup>st</sup> December	11,333,047,295	716,789,248	4,277,777,159	64,456,114	525,770	78,495,554	35,803,948	24,948,209	16,531,843,296	16,335,255,6023
<b>Leasehold Assets</b>										
Balance as at 01 <sup>st</sup> January	-	-	-	-	-	-	-	-	-	-
Balance as at 31 <sup>st</sup> December	-	-	-	-	-	-	-	-	391,136,071	391,136,071
<b>Depreciation</b>										
Balance as at 01 <sup>st</sup> January	-	-	-	-	-	-	-	-	278,436,923	278,436,923
Charge for the year	-	-	-	-	-	-	-	-	53,709,000	53,709,000
Balance as at 31 <sup>st</sup> December	-	-	-	-	-	-	-	-	352,145,923	278,436,923
<b>Written Down Value of Leasehold Assets</b>										
As at 31 <sup>st</sup> December	-	-	-	-	-	-	-	-	58,996,148	58,996,148
<b>Written Down Value of Assets</b>										
As at 31 <sup>st</sup> December	11,333,047,295	716,789,248	4,277,777,159	64,456,114	525,770	78,495,554	35,803,948	83,938,357	16,590,833,444	16,447,957,171

As at 31<sup>st</sup> December 2022, Motor Vehicles acquired under Finance Leases amounted to Rs. 391,136,071,00. They are mainly related to Property used in administration. The liability relating to these assets are shown under Note 22 "Non Current Financial Liabilities".

Property, Plant and Equipment includes fully depreciated assets which are in use, the cost of which as at the reporting date amounted to Rs. 765,760,477,00 (Note No 11.2).

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31<sup>ST</sup> DECEMBER 2022**

**11.2 Property, Plant and Equipment (Contd.)**

The initial cost of fully-depreciated Property, Plant and Equipment as at 31 December which are still in use is as follows:

<b>AS AT 31<sup>ST</sup> DECEMBER</b>	<b>No of Items</b>	<b>2022</b>	<b>2021</b>
		<b>Rs.</b>	<b>Rs.</b>
Plant & Machinery	190	25,139,879	20,291,947
Fixtures & Fittings	85	366,099	199,204
Furniture,& Office Equipment	11,693	85,221,403	80,765,804
Computers	5,193	253,567,818	200,631,050
Motor Vehicles	121	401,465,278	303,175,451
<b>Total Fully Depreciated Property,Plant &amp; Equipments</b>	<b>17,282</b>	<b>765,760,477</b>	<b>605,063,456</b>

**12 Investment Property**

Balance as at 1 <sup>st</sup> January	39,066,087,887	39,029,444,336
Transferred from Property Plant & Equipment - Land & Building	60,379,611	10,543,551
Additions during the year	598,831,267	26,100,000
Disposals during the year	486,000	-
Less -Accumulated Amortization as at 31 <sup>st</sup> December	214,918,887	191,418,002
<b>Balance as at 31<sup>st</sup> December</b>	<b>39,509,893,878</b>	<b>38,874,669,885</b>

**13 Capital Work-in-Progress**

**General Projects**

Balance as at 1 <sup>st</sup> January	892,466,954	1,175,641,009
Additions during the year	436,701,068	441,226,010
Capitalized during the year	(925,460,023)	(748,644,857)
Refunds & Adjustments	11,243,850	24,244,793
<b>Balance as at 31<sup>st</sup> December</b>	<b>414,951,850</b>	<b>892,466,954</b>

**Special Projects**

Balance as at 1 <sup>st</sup> January	251,628,207	268,155,536
Additions during the year	7,288,509	20,149,343
Transferred to General Projects under Capital Work-In-Progress	(29,959,807)	(36,676,671)
<b>Balance as at 31<sup>st</sup> December</b>	<b>228,956,909</b>	<b>251,628,207</b>

**Software Assets -IT Enablement Project**

<b>Total Capital Work-in-Progress</b>	<b>20,040,883</b>	<b>20,040,883</b>

Advance payments on preliminary and development expenses on Special Projects which can not be estimated and classified initially or as at Balance Sheet date have been shown under Capital Work-In-Progress (CWIP) until those projects are completed. Cost of the ongoing software solutions are shown under CWIP.

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>AS AT 31<sup>ST</sup> DECEMBER</b>	<b>2022</b>	<b>2021</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>14 Non Current Financial Assets</b>		
Staff Loans & Advances (Note 14.1) <sup>1</sup>	647,631,930	574,020,996
<b>Financial Assets measured at Fair Value</b>		
Investment in Government Securities - Treasury Bond <sup>2</sup>	730,646,046	-
Plan Assets for Gratuity - Treasury Bond <sup>3</sup>	457,935,021	457,935,021
<b>Total Non Current Financial Assets (Note 14.3)</b>	<b>1,836,212,997</b>	<b>1,031,956,017</b>

1. Rs.234,728,053 the part less than one year of other non current financial assets is included under other current financial assets.
2. The Board has invested Rs.730,646,046 in Treasury Bonds with a maturity period of 03 years on 10th February 2022 at the rate of 9% .
3. The Board has invested Rs.457,935.021 in Treasury Bonds as the Plan Assets for Gratuity based on actuarial valuation.

	<b>2022</b>	<b>2021</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>14.1 Staff Loans &amp; Advances</b>		
Staff Loans & Advances-Maturity part more than one year (Note 14.3)	647,631,930	574,020,996
Staff Loans & Advances - Maturity part less than one year (Note 15)	234,728,053	202,776,009
<b>Total Staff Loans &amp; Advances</b>	<b>882,359,983</b>	<b>776,797,006</b>

**14.2 Financial Assistance Programme**

Balance as at 1 <sup>st</sup> January	-	16,120,956
Repaid during the year		(16,120,956)
Balance as at 31 <sup>st</sup> December before Provision of Impairment	-	-

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31<sup>ST</sup> DECEMBER 2022**

**14.3 Non Current Financial Assets**

Financial Assets (Loans and receivables) measured at amortized cost break down by maturity date is as follows.

	<b>31.12.2022</b>	<b>Maturity</b>	
	<b>Rs.</b>	Between 1 and 05 years	After 05 years
Staff Loans & Advances	647,631,930	501,301,622	146,330,307
<b>Total Non Current Financial Assets</b>	<b>647,631,930</b>	<b>501,301,622</b>	<b>146,330,307</b>

	<b>31.12.2021</b>	<b>Maturity</b>	
	<b>Rs.</b>	Between 1 and 05 years	After 05 years
Staff Loans & Advances	574,020,996	421,528,263	152,492,734
<b>Total Non Current Financial Assets</b>	<b>574,020,996</b>	<b>421,528,263</b>	<b>152,492,734</b>

<b>AS AT 31<sup>ST</sup> DECEMBER</b>	<b>2022</b>	<b>2021</b>
	<b>Rs.</b>	<b>Rs.</b>

**15 Current Financial Assets**

**Measured at amortized cost maturity part less than one year**

Staff Loans	220,946,242	187,991,472
Staff Advances	13,781,812	14,784,538
Total Staff Loans & Advances as at 31 <sup>st</sup> December	234,728,053	202,776,009
Less-Provision for Impairment on Staff loan (Note 15.1)	(2,660,506)	(2,944,099)
	<b>232,067,548</b>	<b>199,831,910</b>

**Financial Assets measured at Fair Value**

Investment in Government Securities -Treasury Bills	6,410,768,039	-
Fixed Deposit - Safe Custodian Vault	20,000	20,000
<b>Total Current Financial Assets</b>	<b>6,642,855,587</b>	<b>199,851,910</b>

**15.1 Provision for Impairment on Receivables - Staff Loans & Advances**

Balance as at 1 <sup>st</sup> January	2,944,099	6,205,699
Provision made during the year	(283,593)	(3,261,600)
<b>Balance as at 31<sup>st</sup> December</b>	<b>2,660,506</b>	<b>2,944,099</b>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 <sup>ST</sup> DECEMBER	2022	2021
	Rs.	Rs.
<b>16 Receivables from Enterprises</b>		
Receivables from Enterprises	873,876,132	737,308,542
Less-Provision for Impairment on Receivables - (Note 16.1)	(359,321,925)	(418,846,474)
	<b><u>514,554,207</u></b>	<b><u>318,462,069</u></b>
<b>16.1 Provision for Impairment on Receivables</b>		
Balance as at 1 <sup>st</sup> January	418,846,474	308,773,759
Written off during the year	-	(31,776,607)
Provision made during the year	(59,524,549)	141,849,321
Balance as at 31 <sup>st</sup> December	<b><u>359,321,925</u></b>	<b><u>418,846,474</u></b>
<b>17 Payments in Advance and Other Receivables</b>		
Advance Payments	798,493	1,542,215
Advance Payments Foreign Travel	569,999	569,999
Sri Lanka Mission Abroad	598,142	362,000
Mobilization Advances	155,208,309	131,564,554
Prepaid Expenses	21,474,384	16,894,833
Interest Income - Receivables	328,793,761	58,492,077
Deposit Receivables	14,858,572	12,991,572
Deposit Against Pending Litigation	106,119,518	106,119,518
Other Receivables	169,242,658	348,861,816
Less-Provision for Impairment on Receivables (17.1)	(83,775,009)	(147,454,444)
	<b><u>713,888,827</u></b>	<b><u>529,944,140</u></b>
<b>17.1 Provision for Impairment on Other Receivables</b>		
Balance as at 1 <sup>st</sup> January	147,454,444	79,689,680
Provision made during the year	(63,679,435)	67,764,764
Balance as at 31 <sup>st</sup> December	<b><u>83,775,009</u></b>	<b><u>147,454,444</u></b>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 <sup>ST</sup> DECEMBER	2022 Rs.	2021 Rs.
<b>18 Favourable Cash &amp; Cash Equivalents</b>		
Bank of Ceylon - Personal Branch	265,848,217	159,946,531
Bank of Ceylon - Personal Branch	2,109,419	97,200
Bank of Ceylon - Personal Branch	-	885,719
Sampath Bank PLC-WTC Branch	-	316
Bank of Ceylon - Katunayake	28,688,529	28,014,660
Bank of Ceylon - Biyagama	119,783,174	70,605,608
Bank of Ceylon - Koggala	3,683,897	10,890,186
Bank of Ceylon - Digana	16,793,989	13,319,375
Bank of Ceylon - Avissawella	51,472,691	18,982,841
Bank of Ceylon - Ingiriya	49,315,151	16,006,721
Bank of Ceylon - Mirigama	148,694	178,020
Bank of Ceylon - Nittambuwa	15,843,419	1,717,518
Bank of Ceylon - Kurunegala	27,250,694	14,705,780
Gold Sovereign	44,800	44,800
Balance in Franking Machine	650,264	342,758
National Savings Bank - Staff Security Deposits	201,511	210,276
Repurchase Agreements	1,587,553,188	5,612,369,450
<b>Total Cash and Cash Equivalents</b>	<b>2,169,387,636</b>	<b>5,948,317,760</b>

**19 Deferred Expenditure**

Expenditure incurred on interior decorations, carpeting and partitions are recognized in the income statement on a straight line basis over the estimated useful life of 10 years. Amortization of Cost of Zone Development is recognized over 20 years.

	2022 Rs.	2021 Rs.
Balance as at 1 <sup>st</sup> January	428,295,356	390,763,524
Expenditure Deferred during the year	116,528,346	93,583,678
Less - Current year expenditure	(59,542,915)	(56,051,846)
<b>Balance as at 31<sup>st</sup> December</b>	<b>485,280,787</b>	<b>428,295,356</b>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31<sup>ST</sup> DECEMBER**

		2022	2021
		Rs.	Rs.
<b>20</b>	<b>Deferred Revenue</b>		
	Land Premium	20.1	16,234,430,556
	Grant	20.2	9,450,108
	Upfront Payment on Leased Buildings	20.3	37,421,389
		<b><u>16,281,302,053</u></b>	<b><u>15,821,737,118</u></b>

<b>20.1</b>	<b>Deferred Revenue - Land Premium</b>		
	Balance as at 1 <sup>st</sup> January	15,771,364,881	15,992,458,866
	Received during the year	944,165,309	328,390,578
	Income reversal - under utilization Act.	-	35,093,432
	Trf from reservation account	17,896,016	15,181,584
	Recognized income through Income Statements	(261,612,689)	(233,878,823)
	Charge - Cancelled Project	(178,432,237)	(130,447,027)
	Compensation a/c - under utilization Act.	-	(217,992,695)
	Refunded LNP	(29,677,790)	-
	Dues Recovery	(29,272,935)	(17,441,034)
	Balance as at 31 <sup>st</sup> December (Note 20.1.1)	<b><u>16,234,430,556</u></b>	<b><u>15,771,364,881</u></b>

<b>20.1.1</b>	<b>Deferred Revenue</b>		<b>Maturity</b>
		<b>31.12.2022</b>	
		<b>Rs.</b>	Within 01 year
	Land Premium	16,234,430,557	263,356,926
		<b><u>16,234,430,557</u></b>	<b><u>263,356,926</u></b>
			Between 1 and 05 years
			After 5 years
	Land Premium	1,316,784,628	14,654,289,003
		<b><u>1,316,784,628</u></b>	<b><u>14,654,289,003</u></b>

		<b>Maturity</b>	
		<b>31.12.2021</b>	
		<b>Rs.</b>	Within 01 year
	Land Premium	15,771,364,881	233,878,823
		<b><u>15,771,364,881</u></b>	<b><u>233,878,823</u></b>
			Between 1 and 05 years
			After 5 years
	Land Premium	1,169,394,115	14,368,091,943
		<b><u>1,169,394,115</u></b>	<b><u>14,368,091,943</u></b>

Deferred income liabilities principally relate to Land Premium Income received from Enterprises, for which revenue is recognised over the period of time throughout the agreement period. The revenue recognition in the agreement is applied separately to each agreement and that amount is recognised as revenue over the period.

<b>20.2</b>	<b>AS AT 31<sup>ST</sup> DECEMBER</b>		<b>2022</b>	<b>2021</b>
	<b>Deferred Revenue - Grant</b>		<b>Rs.</b>	<b>Rs.</b>
	Balance as at 1 <sup>st</sup> January		11,594,181	14,623,245
	<u>Additions during the year</u>			
	Enterprise Grant		895,511	-
	Recognized income through Income Statements		(3,039,584)	(3,029,064)
	Balance as at 31 <sup>st</sup> December		<b><u>9,450,108</u></b>	<b><u>11,594,181</u></b>

Grant from the Japanese Government is recognized as Non Current Assets at their fair value. Grant is recognized as income over the period to match with the depreciation expenses on those assets.

**20.3** **Upfront Payment on Leased Buildings**

The Board has leased out factory buildings on long term basis and the value of the buildings collected upfront have been shown under the Deferred Revenue. The revenue recognition in the agreement is applied separately to each agreement and that amount is recognised as rent revenue over the lease period.

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31<sup>ST</sup> DECEMBER**

	<b>2022</b>	<b>2021</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>21 Retirement Benefit Obligations</b>		
Present Value of Defined Benefit Obligations as at 01 <sup>st</sup> January	278,808,543	370,952,018
Interest Cost	32,341,791	33,385,682
Current Service Cost	13,800,878	12,159,697
Past Service Cost	54,640,409	-
Actuarial (Gain)/Loss on obligations	(3,609,915)	(83,999,649)
<b>Less - Payments made/payable during the year</b>	<b>(69,411,158)</b>	<b>(53,689,205)</b>
Provision as at 31 <sup>st</sup> December	306,570,548	278,808,543
<b>21.1 Movement in the Present Value of Plan Assets</b>		
Fair Value of Plan Assets	457,935,021	366,389,621
Expected Return on Plan Assets for the period	53,120,462	32,975,066
Contribution paid into the plan	-	99,999,984
Gratuity paid / payable by the Plan Assets	(43,700,699)	(38,985,311)
Actuarial Gain / (Loss) on Plan Assets	(9,419,763)	(2,444,339)
Fair Value of Plan Assets	457,935,021	457,935,021
<b>21.2 Expenses Recognized in the Income Statement</b>		
Interest Cost	32,341,791	33,385,682
Expected Return on Plan Assets	(53,120,462)	(32,975,066)
Current Service Cost	13,800,878	12,159,697
Past Service Cost	54,640,409	-
Actuarial Gain/(Loss)	(5,809,848)	81,555,310
Total Amount Recognised in Income Statement	53,472,464	(68,984,997)
<b>21.3 Plan Assets consists of the following</b>		
Treasury Bonds	457,935,021	457,935,021
Total of Gratuity Plan Assets	457,935,021	457,935,021

An independent actuarial valuation of the Retirement Benefit Obligation was carried out as at 31<sup>st</sup> December 2022 by professional Actuary M/S Actuarial & Management Consultants (Pvt) Limited. The valuation method used by the Actuary to value the Retirement Benefit Obligation is " Projected Unit Credit Method". Board maintains separate plan assets consisting of investments in Treasury Bonds. The contributions to the Plan Assets by the Board are based on Actuarial Valuation

The Key Assumptions used by Actuary includes the following.

	<b>2022</b>	<b>2021</b>
(i) Discount Rate	15%	11.6%
(ii) Salary Increment Rate	3 p.a.	1.5 p.a.
(iii) Assumption regarding Future Mortality	A1967/70	A1967/70
(iv) Retirement Age	60 Years	62 Years

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31<sup>ST</sup> DECEMBER**

	<b>2022</b> <b>Rs.</b>	<b>2021</b> <b>Rs.</b>
<b>22 Non Current Financial Liabilities</b>		
Balance as at 1 <sup>st</sup> January	69,180,322	108,484,231
Finance Lease obtained during the year	-	-
Installments paid during the year	(30,526,081)	(39,303,909)
Total Undiscounted Lease Liabilities as at 31st December	<u>38,654,241</u>	<u>69,180,322</u>
<b>Lease Liabilities included in the Statement of Financial Position</b>		
Current Financial Liabilities (Falling within one year)	21,137,648	24,456,313
Non Current Financial Liabilities (Falling after one year)	13,375,247	34,512,895
Total Payable Finance Liabilities - Lease	<u>34,512,895</u>	<u>58,969,208</u>
<b>Amount Recognised in Income Statements Interest on Lease Liabilities</b>		
Interest on Lease Liabilities	6,069,768	9,630,624
Total Interest on Lease Liabilities	<u>6,069,768</u>	<u>9,630,624</u>
<b>23 Accrued Expenses and Other Payables</b>		
Sundry Creditors	77,832,007	185,546,600
Accrued Expenses	302,599,728	220,728,901
Dividend Payable to Treasury	500,000,000	415,945,716
Gratuity Payable	53,446,952	1,308,391
Funds received for Commonwealth FDI Promotion	917,160	917,160
Dialog - Subsidy	47,849	182,849
Receipts in Advance	384,856,075	191,484,148
Refundable Deposits	135,771,104	125,324,259
Land Reservation Fees	56,605,771	109,000,367
Deposit Payable	135,708,204	135,708,204
<b>Total Operating and Other Payables</b>	<u>1,647,784,849</u>	<u>1,386,146,594</u>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

**24 CASH GENERATED FROM OPERATIONS**

**2022**  
**Rs ( Mn.)**

**2021**  
**Rs ( Mn.)**

Surplus after income tax	2,915.85	1,444.96
Depreciation	666.17	596.83
Amortization on intangible asset	0.07	0.03
Income tax expense	372.06	79.14
Provision for retirement benefit obligation	100.78	45.55
Actuarial (Gain) / Loss on obligation	(3.61)	(84.00)
Provision for impairment of debtors	(123.49)	190.23
Impairment written off	-	(31.78)
Deferred revenue - Land premium	(261.61)	(364.33)
Deferred Revenue - Grant	(3.04)	(3.03)
Deferred Revenue - Building premium	(1.36)	(1.92)
Income recognised in Equity	23.68	-
(Profit)/Loss on sale of fixed assets	(1.61)	11.28
Investment income	(1,402.02)	(329.77)
Interest on lease	6.07	9.63
WEPZ houses - Profit	-	1.15
Office rent invoices related to 2020	-	14.02
Amortization of deferred expenditure	59.54	56.05
<b>Operating surplus before working capital changes</b>	<b>2,347.47</b>	<b>1,634.06</b>

**Working capital changes**

Stocks	(3.12)	(2.64)
Houses for disposal	-	2.55
Receivables from enterprises	(187.52)	19.50
Payment in advance & other receivables	128.99	(18.31)
Financial assets	(6,516.33)	105.66
Accrued expenses & other payables	273.97	(107.60)
<b>Operating surplus after working capital changes</b>	<b>(3,956.53)</b>	<b>1,633.22</b>

**BOARD OF INVESTMENT OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**25. *Related Party Disclosures***

***Board of Directors***

1. Eng R A Edirisuriya, Chairman - No business transactions have been entered into with the BOI in 2022
2. Mr. Kushan De Alwis , Board Member - No business transactions have been entered into with the BOI in 2022
3. Mr. Athula Haputhanthri, Board Member - No business transactions have been entered into with the BOI in 2022
4. Mr. Jayamin Pelpola, Board Member - No business transactions have been entered into with the BOI in 2022
5. Dr. Lawrence Perera - He has a control and/or significant influence over the Micro Cars Ltd with which business transactions have been entered into with the BOI in 2022 (Annexure II)

**26. *Contingent Liabilities***

- 26.1. The list of pending litigations is attached (Annexure I) and the actual liability of such litigations cannot be ascertained accurately or measured reliably. Therefore, Contingent Liabilities are not recognized in the Statements of Financial Position but are disclosed.
- 26.2. Court has seized a sum of Rs.102,135,350.00 on 01<sup>st</sup> January 2015 in relation to the case filed by Million Garments (Pvt) Ltd against the BOI. The Board has assessed impairment for seized deposit and impaired based on related judgements.

**BOARD OF INVESTMENT OF SRI LANKA**  
**PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.**

**ANNEXURE I**

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM DESCRIPTION	CLAIM AMOUNT (Rs.) To BOI From BOI
1	S.C. Appeal 53/2012	A.N. Fernando, M.R. Mihular, P.Y.S. Perera and C.P. Jayatilake, Joint Liquidators of Bonaventure Textiles (Lanka) Ltd. -vs- BOI	Appeal made by the Joint Liquidators of Bonaventure Textiles (Lanka) Ltd. against the Judgement of the Provincial High Court of the Western Province (Civil Appeal) sitting in Gampaha dated 06/05/2011 which was given in favour of BOI.	Rs.46,790,396.67 Compensation for the developments made & USD 21,201.25 as unutilized lease premium paid by the Company to BOI.	- 8,485,000
2	S.C. Appeal 59/2017	Sinharaja Plantation Organic (Pvt) Ltd -Vs- BOI & 07 Others	An Appeal filed by Sinharaja Plantation Organic (Private) Limited in the Supreme Court against Court of Appeal Judgement dated 09.11.2010.	No relief sought from BOI.	-
3	S.C. Appeal 104/2020 - S.C. (H.C) L.A. 24/18	B O I -Vs- Haikawa Industries (Pvt) Ltd & 06 Others	Propack Shreiner (Pvt) Ltd made an application for the winding up by court of Haikawa Industries (Pvt) Ltd in terms of the Companies Act No 07 of 2007. The winding up order was made on 05.04.2013 to wind up the said Haikawa Industries (Pvt) Ltd and the liquidator was appointed by the court. The Hon. High Court Judge by his Order dated 14.02.2018 has decided that the liquidator not required to give priority to BOI dues, EPF, ETF, and other statutory dues prior to settling the dues owing and payable to State Bank of India and Indian Overseas Bank. The BOI has filed this Application against the above Order made by the Commercial High Court.	Payment of BOI dues .	9,071,283
4	S.C. (SPL) LA 118/2018	Logiwiz Ltd -Vs- B O I & 03 Others	This application was filed against the Notice to Quit issued by the DS/Katana to Logiwiz Ltd under the State Lands (Recovery of Possession) Act in respect of a portion of land of which both the State and Petitioner are claiming ownership. This case was dismissed by the Court of Appeal and now the Petitioner has filed this Application to set aside the above Order.	No relief sought from BOI.	-

## BOARD OF INVESTMENT OF SRI LANKA

## PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.

## ANNEXURE I

SR/NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM AMOUNT (Rs.)	
				CLAIM DESCRIPTION To BOI	CLAIM AMOUNT (Rs.) From BOI
5	S.C. Appeal 111/2021 [S.C. (SPL) LA 126/2019]	Conservator General of Forests & 04 Others -Vs- B O 1 & 01 Other	An appeal filed by the Conservator of Forests against the Court of Appeal decision in CA/Writ/49/2016	No relief sought from BOI.	-
6	S.C. (SPL) L.A. 232/2019	Upali Ananda Gunasinghe -Vs- B O 1 & 06 Others	Appeal to the Supreme Court, seeking inter-alia to set aside the judgement dated 22.05.2019 of the Court of Appeal in Case No. CA/WRIT/455/2015 against the withdrawal of the approval granted to construct a cafeteria at KgEPZ on the ground no tenders had been called.	To execute lease Agreement in respect of Lot 7 containing in extent of 20 Perches situated in the service area of Koggala.	-
7	S.C. (SPL) L.A. 297/2019	H.V.A. Farms (Pvt) Ltd -Vs- BOI & 08 Others	Special Leave to Appeal to the Supreme Court to set aside the Judgement dated 02.07.2019 of the Court of Appeal in the Case No. CA (Writ) 469/2015 and to grant and issue Writ of Mandamus, Writ of Certiorari, Writ of Prohibition and an interim order for the reliefs prayed for in the amended Petition filed in the CA (Writ) 469/2015	No relief sought from BOI.	-
8	S.C. HC (L.A) 57/2021	B O 1 -Vs- Million Garments (Pvt) Ltd	An appeal filed by the BOI in the Supreme Court against the Order of the Commercial High Court Case bearing No. CHC 1254/2002 (ARB) dated 29.07.2021.	Set aside the Order dated 29.07.2021 and the Judgement 14.05.2012 of H.C. ARB 1254/2002 and dismiss the application of the respondent in said case and interim relief.	-
9	S.C. (Writ) 06/2021	A M S Fernando & 13 Others -Vs- BOI & 14 Others	Writ - to quash the decisions contained in gazette bearing No. 2248/44 and other reliefs contained therein. BOI has named as a party only because of BOI has an Agreement with Asian Logistics Park (Pvt) Ltd.	No relief sought from BOI.	-
10	S.C. (FRA) 346/2021	A M S Fernando & 13 Others -Vs- BOI & 14 Others	FR - to quash the decisions contained in gazette bearing No. 2248/44 and other reliefs contained therein. BOI has named as a party only because of BOI has an Agreement with Asian Logistics Park (Pvt) Ltd.	No relief sought from BOI.	-

**BOARD OF INVESTMENT OF SRI LANKA**

**PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.**

**ANNEXURE I**

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM AMOUNT (Rs.)	
				To BOI	From BOI
11	SC (SPL) LA No. 274/2021	UTMT Resort (Pvt) Ltd. vs BOI and 12 Others	This case was filed against the Judgement of the Court of Appeal dismissing the Writ Application C.A. (Writ) 444/2015 on the basis that the Petitioner is not the legitimate owner of the Land located at Dikwella. (Project Site)	No relief sought from BOI.	-
12	S.C. (FRA) 71/2022	B.A. Manial -Vs- BOI & 03 Others	FR - filed by a former employee of BOI under Article 126(2) of the constitution stating that there is a violation of the Fundamental Rights under Article 12(1) and 14(1)(g)	Reinstatement and extension of the age of retirement to 65 years and reasonable compensation.	- Reasonable Compensation
13	SC (SPL) LA No. 116/2022	N.M.T.D. Jayasekara -Vs- BOI & 19 Others	Case filed against the University of Vocational Technology by the employees of the said university. BOI was made party to the case as a BOI representative presides in the Board of the said University.	No claim from BOI.	-
14	SC (SPL) LA No. 117/2022	S.G. Nambuwasam -Vs- BOI & 19 Others	Case filed against the University of Vocational Technology by the employees of the said university. BOI was made party to the case as a BOI representative presides in the Board of the said University.	No claim from BOI.	-

**BOARD OF INVESTMENT OF SRI LANKA**  
**PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.**

**ANNEXURE I**

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM AMOUNT (Rs.)	
				To BOI	From BOI
15	SC (FRA) No. 236/2022	Thushara Sisira Kumara -Vs- BOI & 05 Others	<p>This is a Fundamental Right case filed by a BOI employee namely, Mr. T. S. Kumara, a Fire Fighter (Grade II) ('the Petitioner'), against BOI and 5 others including the Chairman, Director General and Executive Director (HR &amp; Administration) alleging that at the recruitment of Fire officers to the next Promotion Level was happened in a discriminatory manner and in violation of the Fundamental rights guaranteed to the Petitioner under Articles 12(1), 12(2) and (14)(1)(g) of the constitution.</p> <ol style="list-style-type: none"> <li>1. Grant the Petitioner leave to proceed with the FR Application</li> <li>2. Issue order directing all Respondents to promote the Petitioner to Grade II JM 1- Fire Officer Grade with effect from 04/06/2022</li> <li>3. Issue order directing respondents to pay back wages pertaining to the Grade II JM 1-Fire Officer Grade with effect from 04/06/2022</li> </ol>	<p>The Petitioner has sought the following reliefs, inter-alia, against the Respondents:</p> <p>1. Grant the Petitioner leave to proceed with the FR Application</p> <p>2. Issue order directing all Respondents to promote the Petitioner to Grade II JM 1- Fire Officer Grade with effect from 04/06/2022</p> <p>3. Issue order directing respondents to pay back wages pertaining to the Grade II JM 1-Fire Officer Grade with effect from 04/06/2022</p>	<p>-</p> <p>Back wages,</p>
16	S.C. (CHC) No. 20/2021	Star Clothing International (Pvt) Ltd -Vs- BOI & 02 Others	An appeal filed by Star Clothing International (Pvt) Ltd in the Supreme Court against the Judgement of the Commercial High Court Case bearing No. CHC 36/2012 CO dated 18.09.2020.	No relief sought from BOI.	-

**BOARD OF INVESTMENT OF SRI LANKA**  
**PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.**

**ANNEXURE I**

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM AMOUNT (Rs.)	
				To BOI	From BOI
17	C.A. (RII) 08/2016	B O I -Vs- Million Garments (Pvt) Ltd	Seeking a Restitutio-in-Integrum of the position before the pronouncement of judgment in HC/ARB/1254/02 to recover approx Rs. 102 Million Board owned money seized from BOI account.	This is a case filed by the BOI and BOI is seeking to reobtain a sum of Rs. 102,138,350 seized by the Commercial High Court from a BOI account for the enforcement of a forged arbitral award pronounced against the BOI.	102,138,350
18	C.A (Writ) 465/2015	Edna Cocoa Products (Pvt) Ltd - VS- B O I & 02 Others	To obtain a Writ against the Sri Lanka Customs on an issue arising from disposal of its goods in the local market.	No relief sought from BOI.	-
19	C.A. (Writ) 386/2016	Asiri Surgical Hospitals PLC -Vs- B O I & 02 Others	Asiri Surgical Hospitals (Private) Limited filed an action against the BOI and Two others seeking for reliefs against the several decisions taken by the Commissioner General of Inland Revenue (01st Respondent) and for an Interim Order preventing from recovering from the Petitioner any sums on the basis that the Petitioner has defaulted in paying income tax for the years of assessment from 2005/2006 to 2013/2014.	No relief sought from BOI.	-
20	C.A. (Writ) 307/2008	MTV Channel (Pvt) Ltd -vs- Director General of Customs & 03 Others	The writ application with regard to the purported Customs Inquiry No. CIB/INV/25/2007/CIB/1523	No relief sought from BOI.	-

## BOARD OF INVESTMENT OF SRI LANKA

## PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.

## ANNEXURE I

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM DESCRIPTION		CLAIM AMOUNT (Rs.)
				To BOI	From BOI	
21	C.A. (PHC) 27/2017	Dinagi Lanka (Pvt) Ltd -Vs- BOI	The company has illegally occupying the BOI land more after expiration of the lease period from 13.08.2013, BOI has filed a case against the company and Ejection order issued on the 13th Sept,2016. After that Company has filed a revision application which also dismissed by Negombo HC. After that the company has filed this Application to set aside the Judgement of the High Court Case No. HCRA 274/2016 and cancel the ejection order.	The company pleads to set aside of the Judgement of HC and cancel the ejection order allowing company to continue the vehicle park business in the premises.	-	-
22	C.A. (Writ) 486/2019	N.D. Yasas Sri Nagashena -Vs- B O 1 & 10 Others	Petitioner has filed this Writ Application by the way of Public Interest Litigation for entering into a purported "Concession Agreement" to operate the Port of Hambantota between Sri Lanka Ports Authority, China Merchant Port Holdings Hambantota International Port Group (Pvt) Ltd. and Hambantota International Port Services Company (Pvt) Ltd.	Pledged for Writ of Certiorari, Writ of Mandamus and Writ of Prohibition and to issue an interim order suspending the operation of the notification publish in the Gazettes 2044/20 dated 06.11.2017 and 2048/32 dated 07.12.2017.	-	-
23	C.A. (Writ) 110/2020	Tunip Lanka (Pvt) Ltd -Vs- BOI & 04 Others	This Writ application filed by Tunip Lanka (Pvt) Ltd for a Writ of Certiorari quashing the Notice of Termination sent by the BOI and writ of prohibition prohibiting the BOI from taking possession of the land at KEPZ /taking any step preventing the Petitioner from obtaining liquid milk in the local market, packaging it and delivering it to the suppliers and taking any steps altering the status quo pending the hearing of Arbitration.	For a writ of Certiorari,	-	-

BOARD OF INVESTMENT OF SRI LANKA

PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.

ANNEXURE I

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM DESCRIPTION		CLAIM AMOUNT (Rs.)
				To BOI	From BOI	
24	C.A. (Writ) 95/2021	Simmet (Pvt) Ltd - Vs- BOI & 13 Others	This matter is basically filed by the Petitioners to obtain the permit or annual license to export value added copper wires, copper plates from the Ministry of Industries and other Respondents.	Petitioners are seeking permission from MOI, BOI AND Import and Export Control Department to export the remaining quantity of already manufactured Copper Sheets.	-	-
25	C.A. (Writ) 349/2020	Cener for Environmental Justice (Guarantee Limited) & another Vs- BOI & 07 others	To grant writs mandamus, certiorari against the decisions taken by 1st to 7th Respondents and to grant writ of certiorari quashing the approval issued by the BOI to the Teejay Lanka PLC. Teejay Lanka PLC made and application in the Court of Appeal to Interven the petition and matter is fixed for support by the Intervenient Petitioner.	No relief sought from BOI	-	-
26	C.A. (Writ) 269/2021	Eco Homes Lanka (Pvt) Ltd -Vs- BOI & 03 Others	Eco Homes Lanka (Pvt) Ltd has filed a Writ Application against BOI and 03 others inter-alia challenging the cancellation of the Deed of Transfer by the National Housing & Development Authority and cancellation of the Development Permit issued by the Sri Jayawardenepura Kotte Municipal Council of their Project Site at Kirimandala Mawatha, Narahenpita.	No relief sought from BOI	-	-

**BOARD OF INVESTMENT OF SRI LANKA**  
**PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.**

ANNEXURE I

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM AMOUNT (Rs.)	
				CLAIM DESCRIPTION	TO BOI From BOI
27	C.A. (Writ) 274/2021	CEAT Kelani Holdings (Pvt) Ltd - BOI regarding the concession given/ attempting to give to Vs- BOI & 08 Ferrentino Tyre Corporation (Pvt) Ltd others	This writ application was filed by the Petitioner against the Petitioner in its Writ Application pleaded the court to issue a Writ of Mandamus directing the BOI to direct the company in writing that the company is entitled to sell only 20% of the total quantity exported in the local market and to export 80% of its production as stipulated in the Agreement and Writ of Prohibition restraining the BOI from alerting or waiving in any manner whatsoever the mandatory requirement of export of 80% of the total production and if they failed to do so, withdraw all the concessions granted.	The Petitioner in its Writ	-
28	C.A. (Writ) 642/2021	WMPH Holdings Inc. & 02 Others - Vs- BOI & 04 Others	Writ application has been filed by WMPH Holdings (Pvt) Ltd against the State and BOI has been made a Respondent as BOI has issued a Letter of Approval to the Project, No Agreement has been signed between the Company and BOI.	Writs of certiorari and writ of mandamus against the Respondents,	-
29	C.A. (Writ) 171/2022	Ace Healthcare (Pvt) Ltd -vs- BOI & 07 others	Ace Healthcare (Pvt) Ltd filed this case in the Court of Appeal against the Director General of Customs, BOI & 06 Others on the ground that the Customs Department has detained its consignment of goods.	No claim from BOI.	-

BOARD OF INVESTMENT OF SRI LANKA

PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.

ANNEXURE I

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM DESCRIPTION	CLAIM AMOUNT (Rs.)
				To BOI	From BOI
30	C.A. (Writ) 239/2022	Ace Healthcare (Pvt) Ltd -vs- BOI & 07 others	Ace Healthcare (Pvt) Ltd filed this case in the Court of Appeal against the Director General of Customs, BOI & 06 Others on the ground that the Customs Department has maliciously wrongfully and illegally detained its consignment of goods	No claim from BOI.	-
31	H.C. (ARB) 1254/2002	Million Garments (Pvt) Ltd -vs- BOI	Million Garments (Pvt) Ltd filed an enforcement action against the BOI to enforce an arbitral award for a payment of Rs. 37,200,000	Rs. 37,200,000+ interest	- 102,138,350
32	HC Civil 54/2014 CO	Rusirumal (Pvt) Ltd. (Liquidation)	The company which is in liquidation has paid the dues owed to BOI, except for the water bill which is at Rs 6,101,702.00. The land and premises at SEPZ has been auctioned to G P Garments (Pvt) Ltd and the liquidator of Rusirumal has taken an undertaking to pay the worker dues amounting to 109,465,470.05 once the sales purchase agreement with G P Garments have come through.	Due's owed to BOI for water bills	6,101,702
33	CHC 73/2021 CO	Paul Andrew Dwyer -Vs- BOI & 06 others	Case against to the Second Director of the Company	No Claim.	-
34	CHC 238/2021 MR	Techspace (Pvt) Ltd -Vs- BOI & Transcreen (Pvt) Ltd	This dispute has arisen out of an Agreement entered into between Techspace (Pvt) Ltd and Transcreen (Pvt) Ltd wherein the Techspace has paid USD 100,000/- to Transcreen for acquisition of some machinery and parts. (Imported on duty free basis)	No relief sought from BOI	-
35	CHC 664/2019 MR	I.P. Sirithilake -Vs-	This has filed by person who was in the EPZ, Wathupitiwala before the Ejection stating he has lost 50 Mn. Since BOL lost.	Rs. 50,000,000/- as compensation for so called lost.	- 50,000,000

## BOARD OF INVESTMENT OF SRI LANKA

## PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.

## ANNEXURE I

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM DESCRIPTION		CLAIM AMOUNT (Rs.)
				To BOI	From BOI	
36	D.C. Colombo DMR 02244/2015	Stirling Group Lanka (Pvt) Ltd	Stirling Group Lanka (Pvt) Ltd has instituted this action against BOI praying inter alia to direct the BOI to release the sum of Rs. 18,285,800 which was withheld by the BOI, and the said amount is the outstanding worker terminal benefits (compensation) due to the employees as determined by the Commissioner General of Labour.	For an Order directing the BOI to release the sum of Rs. 18,285,800 withheld by the BOI, and the said amount is the outstanding worker terminal benefits (compensation) due to the employees as determined by the Commissioner General of Labour.	-	18,285,800
37	D.C. Gampaha 2165/L	M.M.M. Smyle -vs- BOI	For a declaration that the ownership of the disputed land is vested with the Plaintiff and that the State has not acquired the land under Section 44 of the Land Acquisition Act. BOI has taken the defence that the lands were acquired by the State and then granted to BOI.	Claim of BOI owned Land in extent 11 Acres and 2 Rods at the BEPZ.	-	-
38	D.C. Colombo 5133/SPL	Dimo International Ltd - Winding up case.	Case filed by the liquidators of Dimo International Ltd.	No claim from BOI	-	-
39	M.C. Hambantota 51116/19	Complaint made by BOI against R.M.K. Prasanna Kumara	A per the complaint made by MjEPZ to Police Station, Ambalantota regarding the vehicle collision to the existing electric boundary fence of MjEPZ on 12.04.2019, OIC, Police Station Ambalantota Filed a criminal action against the owner of the vehicle R M Kamal Prasanna Kumara.	As per the details provided by SDD (MjEPZ) and as informed by ED (TS) estimate for construction of the electric fence is RS. 246,898.62. We have already collected Rs. 162,450.95 (including 15% VAT) from Allianz Insurance Lanka Limited on 10.06.2020.	84,448	-

BOARD OF INVESTMENT OF SRI LANKA

PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.

ANNEXURE I

SR/ NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM AMOUNT (Rs.)	
				To BOI	From BOI
40	M.C. Avissawella 53660	Central Environment Authority (CEA) - Vs- BOI	CEA has filed this case in the Magistrate's Court of Avissawella against the Board for Operating an Export Processing Zone - SEPZ without an Environmental Protection License(EPL) and 02 other charges	If the Board convicted against the charges, Board may be liable to fines under Section. 23A (3) (a) and 23H (3) of the Central Environmental Authority Act as amended.	-
41	M.C. 2 Negombo M/32655	Independent Party on notice	Public nuisance under section 98(i) of criminal procedure code.	Conditional order	-
42	L.T. Panadura 25/21/21	D.K. Walpita -Vs- BOI	Interdiction of the Applicant (Mr. D. K. Walpita, SDD (HEPZ) from 2020.07.09 without pay as the Applicant has credited funds to his personal Account for transporting employees of factories to their homes by CTB buses.	Re-instatement without a break of his services and to place the Applicant of the same status he enjoyed earlier./ Pay the arrears of the salary from the date of interdiction until the determination of the case.	Back wages.
43	L.T. Borella 8/269/2019	S. Hector Fernando -Vs- BOI	L.T. matter which is filed by a former casual employee of the Board stating that there is a termination of employment.	Reinstatement with back wages.	Back wages.

**BOARD OF INVESTMENT OF SRI LANKA**  
**PENDING LEGAL CASES AS AT 31ST DECEMBER 2022.**

ANNEXURE I

SR/NO	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM AMOUNT (Rs.)	
				To BOI	From BOI
44	ICC Arbitration 18656/CYK	Sevanagala Sugar Industries Ltd -vs- BOI	It is alleged that a dispute has arisen as: 1. the business and/or the capital and/or the assets employed and/or used in the business and/or improvements and/or returns belonging to the Claimant enterprise were acquired and/or expropriated and/or nationalized; 2. whether as a result the Respondent is obliged to pay the Claimant damages & 3. the quantum of the damages and costs. [It is a claim for compensation for loss or damage purportedly suffered by the Claimant as a result of the leasehold rights of the Claimant reverting back to the State pursuant to the enactment of the Revival of Underperforming or Underutilised Assets Act No. 43 of 2011]	Rs. 4Bn	- 400,000,000
45	Arbitration	Tunip Lanka (Pvt) Ltd -Vs- BOI	Arbitration filed against the Termination of the BOI Agreement.	That the termination of the BOI was unlawful.	-
46	LCIA Arbitration No. 204816	Housing and Construction Lanka (Pvt) Ltd -Vs- BOI	Arbitration filed by the Company against the BOI on grounds of BOI's non compliance with the terms and conditions of the agreement entered into between the BOI and the company	For all losses and damages caused to the company due to the breach of the agreement by the BOI ( not quantified yet) , which at least US\$ 100 Million.	27,083.6 Min.
47	ICLP Arbitration No.	Merbok Resources Lanka (Pvt) Ltd - Vs- BOI	Merbok Resources has institute an Arbitration against BOI alleging that the termination of the Agreement is invalid and unlawful.	An Awards declaring that the Agreement bearing Nos. 434 & 453 are valid.	Costs

**BOARD OF INVESTMENT OF SRI LANKA**  
**RELATED PARTY DISCLOSURES - DR LAWRENCE PERERA - TRANSACTIONS DURING THE YEAR 2022**

Agreement No.	Customer Name	Mode	Status	Annual Fee	Ground Rent 2022	Import	Export
						Rs (Mn)	Rs (Mn)
002540	MICRO CARS LTD	GRN	Active	-	3,441,419.46	193.78	-
2540S1	MICRO CARS LTD	GRN	Active	-	6,246,801.00	-	-
2540S2	MICRO CARS LTD	GRN	Active	-	690,555.45	-	-



# **Report of the Auditor General - 2022**

---





**ජාතික විගණන කාර්යාලය**  
**තොසිය කණකකාය්චු ආච්චාවලකම්**  
**NATIONAL AUDIT OFFICE**



මට අභ්‍යන්තර අංශය නම්  
 My No.

TIP/B/BOI/FA/2022/01

මට අභ්‍යන්තර අංශය නම්  
 Your No.

දින මිනින්දො නම්  
 Date

11 September 2023

Chairman

Board of Investment of Sri Lanka

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

The above mentioned report together with the Audited Financial Statements is sent herewith.



H.M.U.S.A. Wijekoon  
 Deputy Auditor General  
 For Auditor General

Copies to : 1) The Secretary, Ministry of Finance, Economic Stabilization & National Policies

2) The Secretary, Ministry of Investment Promotion



**ජාතික විගණන කාර්යාලය**  
**තොසිය කණකකාය්පු අභ්‍යවලකම්**  
**NATIONAL AUDIT OFFICE**



ඒය අංක  
ඒය අංක  
My No. }

TIP/B/BOI/FA/2022/01

ඒය අංක  
ඒය අංක  
Your No. }

ඒය අංක  
ඒය අංක  
Date }

14 September 2023

Chairman  
 Board of Investment of Sri Lanka

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

**I. Financial Statements**

**1.1 Opinion**

The audit of the financial statements of the Board of Investment of Sri Lanka ("Board") for the year ended 31 December 2022 comprising the Statement of Financial Position as at 31 December 2022 and the Income Statement, Comprehensive Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the financial statements, including 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 provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## **1.2 Basis for Opinion**

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **1.3 Other information included in the Board's 2022 Annual Report.**

The other information comprises the information included in the Board's 2022 Annual Report, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Board's 2022 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

## **1.4 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 as management determine is 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

### **1.5 Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 my opinion. The risk of not detecting a material misstatement 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the 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 Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **2. Report on Other Legal and Regulatory Requirements**

2.1 National Audit Act, No. 19 of 2018 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

<b>Reference to Laws, Rules and Regulations or Directions issued by the governing body</b>	<b>Non-compliance</b>
(a) National Procurement Guidelines - 2006	The construction of road leading to Director bungalow in Seethawaka Export Processing Zone had been done contrary to the guidelines 3.2.1, 8.9.1(a), 8.9.3, 4.3.1 and 5.1.1 (a) of the Government Procurement Guidelines.
(b) Management Service Circular No.02/2016 dated 25 April 2016 and Executive Directors and Senior Circular No. 02/2016 (01) dated 22 October 2016	Although, approved salary code for Executive Director are HM 2-1 and HM 1-1, the board had kept relevant officers at salary code of HM 2-2 and HM 1-2.
(c) Public Enterprises Circular No. 01/2021 dated 16 November 2021	
(i) Guidelines on Corporate Governance and Operational Manual for State Owned Enterprises (SOEs)	
Section 2.6	The Executive Director- Human Resources and Administration had been appointed as the secretary of the Board of Directors..

Section 3.1

Though the website should include at least the Annual Reports of the last 05 years, Only the Annual Reports related to the years 2019 and 2020 were uploaded to the Website as at 31 July 2023.

(ii) Operational Manual for State Owned Enterprises

Section 3.1 & 3.2

The board had paid Rs. 544,263,823 as allowances and Rs. 68,039,960 as bonuses for the year under review without the approval of the General Treasury.

2.2.3 to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No.19 of 2018.

### **3. Other Audit Observations**

---

- (i) The dues from BOI approved enterprises as at 31 December 2022 was Rs. 873,876,132 and out of that a sum of Rs. 143,523,834 or 16 per cent had remained for more than 05 years. The Provision for impairment on dues was Rs. 359,321,925 and it represents 41 per cent of the total dues as at 31 December 2022.
- (ii) A sum of Rs. 164,144,352 out of other receivable amounting Rs. 169,242,658 or 97 per cent had remained outstanding for more than 05 years.
- (iii) BOI had deducted an amount of Rs. 51,492,525 from the contribution to the Consolidated Fund of Rs. 500,000,000 as the recovery of salaries and allowances

payable to special unit established under a Cabinet decision. However, at the end of May 2022, 08 officers out of 09 recruited had resigned from their posts and total payment for the 09 officers in 2022 was Rs. 18,793,706. Therefore, it was observed that BOI had failed to refund the balance amount of Rs. 32,698,819 to the Treasury as the Contribution to the Consolidated Fund and had shown under Receipt In Advance as at 31 December 2022.

- (iv) An extent of 773.09 acres of land in 13 Zones were vacant as at 31 December 2022 and it represents 30 percent of the industrial area which was available for investors. Further, lands in Arabokka (Pharma Zone) and Bingiriya EPZ phase II with an extent of 751.7 acres and 282.9 acres respectively had been remained idle without being utilized as at 31 December 2022 since their inception. Further, an extent of 777.11 acres of land in outside the Economic Zones were remained idle as at 31 December 2022.
- (v) Only 800 meters had been utilized out of 10.8 Km of internal road at Mirijjawila Export Processing Zone, constructed at a cost of Rs. 516,964,285.



W.P.C. Wickramaratne  
Auditor General

# **Reply of the BOI for the Report of the Auditor General - 2022**

---



**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka (BOI) for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018**

**2.2.2 Non-compliances with written laws, general and special directions issued by the governing body of the Board**

Reference to Laws, Rules and Regulations or Directions issued by the Governing Body	Non-Compliance	Reply
(a) National Procurement Guidelines 2006	Construction of road leading to Director bungalow of Seethawaka EPZ had been done in contrary to the Procurement Guidelines.	The work has been awarded and monitored by the three member committee (02 engineers from enterprises and Director-Zone) appointed for the purpose. Since government funds have not been utilized for this project, the Committee has not followed the national competitive bidding process.
(b) Management Services Circular No. 02/2016 dated 25/04/2016 and Circular No. 02/2016 (01) dated 22/10/2016	Executive Directors and Senior Deputy Directors have been placed at an erroneous salary code [HM 2-2 & HM 1-2, instead of HM 2-1 & HM 1-1].	Arrangements have been made to place Executive Directors and Senior Deputy Directors on the accurate salary code as per the Management Services Circular No. 02/2016(1) dated 22 <sup>nd</sup> October 2016.
(c) Public Enterprises Circular No. 01/2021 dated 16/11/2021		
(i) Guidelines on Corporate Governance and Operational Manual for State Owned Enterprises (SOEs)		
Section 2.6	Appointed Executive Director (HR & Admin.) as the secretary to the Board.	<p>The Executive Director (HR &amp; Administration) who functioned as Acting Director (HR) in 2017 was appointed as the Secretary to the Board of Directors in addition to his regular duties effective from 28.07.2017.</p> <p>As per the Public Enterprises Circular No. 01/2021 dated 16.11.2021, the appointee to the post of secretary to the Board should be a member of the top management level.</p>

Reference to Laws, Rules and Regulations or Directions issued by the Governing Body	Non-Compliance	Reply
		<p>Further, CEO or any employee engaged in another function cannot be appointed to the said post. In such context, BOI may need to create a position in the Director level within permanent cadre and obtain approval for the same from the Department of Management Services.</p> <p>Subsequently, the National Budget Circular No. 03/2022 dated 26.04.2022 has been issued by the Secretary to the Treasury which indicates as follows</p> <p><i>vii. Differing the recruitments to posts to which no appointments have been made so far though the preliminary arrangements have been made for the recruitment of employees.</i></p> <p>According to the above circular, it was not possible to make any appointment to the post of Secretary to the Board.</p> <p>In this context, the Board of Directors at its meeting held on 04.05.2022 has granted approval to permit Executive Director (HR &amp; Administration) to continue in the capacity of Secretary to the Board.</p>
Section 3.1	Website had not been updated with Annual Reports of last 05 years.	The Annual Report 2020 has already been uploaded to the Website and the year 2021 report will be uploaded soon.
(ii) Operational Manual for State Owned Enterprises Section 3.1 & 3.2	Board had paid allowances and bonuses without approval of the General Treasury for the Scheme of Recruitments and pay structure.	The matter of approval for the allowances, bonuses and other employee benefits being paid in the Board was queried at the COPE meeting held on 11.11.2021 and directed the BOI to get the concurrence of Ministry of Finance and regularize the allowances being paid to the employees of the BOI. Accordingly, the Treasury approval had been requested by letter dated 02.12.2021. Subsequently, a discussion was held at the Ministry of Finance in this regard on 03.11.2022 with the participation of State Minister of Finance, State Minister of Investment Promotion, DG (DMS) and DG

Reference to Laws, Rules and Regulations or Directions issued by the Governing Body	Non-Compliance	Reply
		(PED) and the BOI was suggested to obtain the covering approval of the Cabinet of Ministers for the allowances and staff benefits schemes of the BOI.

### 3. Other Audit Observations

(i) Dues from BOI approved enterprises

*Annual Fees & Ground Rent*

Out of the total sum of Rs. 127,363,225/- which has not been settled for more than 04 years, a sum of Rs. 115,481,676/- (91%) is due from Cancelled Projects.

*Office Rent*

Out of Rs. 22,542,626/- which has remained unsettled for more than 04 years a sum of Rs. 15,573,176/- is due from 03 enterprises at SEPZ which have ceased to operate since 2002. As the buildings had been rented out by the then Ministry of Enterprise Development there are no Agreements with the BOI and the only option available is to write off the dues after obtaining approval.

*Water / Electricity / Waste Water / Solid waste / Miscellaneous*

A major portion of dues within 1 year amounting to Rs. 266,731,108.00 relates to invoices issued for the month of December 2022. Out of that, a sum of Rs.259,823,374.54 (approx. 97%) has been recovered by April 2023.

(ii) Other receivable

Amount receivable from Auctioneer

BOI had awarded the contract of auctioning houses at Wathupitiwala Export Processing Zone to an Auctioneer. Selection of the Auctioneer was made through the paper advertisement and subsequent decision of the Procurement Committee. The auction was completed successfully and the bidders who had obtained houses had paid their advance money to the auctioneer. However, the auctioneer had failed to deposit that amount to the BOI.

The BOI had made efforts to get this amount of Rs. 1,604,200/- to the BOI and the Legal Department of the BOI had sent Letters of Demand to the Auctioneer.

These Letters of Demand were returned back as the Business was closed and the owner had left the country.

On instructions of the Audit Committee, the officers of the BOI met the Director of the Fraud Investigation Bureau to check the possibility of filing a case against the Auctioneer.

Hon. Attorney General's opinion has been obtained with regard to the Auctioneer, according to which, the prescriptive period for filing action had expired. Therefore, it is suggested to obtain an admission in respect of dues from the auctioneer, through police statement or in response to letter of demand as it may be possible to overcome prescription and pursue legal action. However, BOI has not been able to find the whereabouts of the auctioneer; hence could not proceed to obtain an admission as stated above.

Audit Committee suggested at its meeting held on 11.05.2021 that all long outstanding perennial items including receivables from the auctioneer of Wathupitiwala Housing Units to be written off with a proper approval.

Accordingly, action will be taken to write off this amount with proper approval.

#### Janatha Estate Development Board (JEDB)

This matter of outstanding amount from JEDB over a long period of time has been escalated up to the Secretaries of the relevant Ministries and meetings have been held with the participation of relevant officials from then Ministry of Development Strategies & International Trade, then Ministry of Public Enterprises & Kandy City Development and with the Ministry of Plantation Industries & Export Agriculture on 28.07.2020.

Subsequently, a letter has been sent by Chairman of BOI to Chairman of JEDB on 04.06.2021, requesting immediate intervention to make arrangements to settle the remaining balance to BOI, whereas no response has been received up to date.

A letter has been prepared in this regard addressed to the Secretary, Ministry of Investment Promotion requesting the intervention to resolve this matter.

#### Sri Lanka State Plantation Corporation (SLSPC)

Former Superintendent of Perth Estate had filed a case in the Labour Tribunal (LT) against SLSPC and BOI for unlawful termination of services claiming reinstatement / Rs.8,644,683.10 as compensation.

Order was delivered by LT to pay Rs.125,580.00 to the former Superintendent of Perth Estate. Approval has been obtained from the Board at its 288<sup>th</sup> meeting held on 14.02.2012 to deposit an amount of the Rs.125,580/- at the office of the Assistant Commissioner of Labour / Panadura in favour of the said employee, without taking steps to appeal against the order of the LT. It has been decided to request the SLSPC to reimburse the said amount to BOI.

Legal Dept. of BOI has requested from SLSPC by their letter dated 12.06.2014 to reimburse the deposit and a reminder has been sent on 15<sup>th</sup> March 2019.

#### Urban Development Authority

The Urban Development Authority has settled the total amount of Rs 123.36 Mn during year 2023.

#### Ex- Employee of BOI

Ex-employee of BOI served in the Board from 14.06.2012 to 10.02.2015 on secondment basis. He joined the Board as Executive Director (HR & Administration) and exit from the service as the Director General of the Board. Later, it was found that an amount of Rs. 1,033,297.34 had been overpaid to the said ex-employee as allowances during the period from November 2013 to January 2015. Accordingly, he was requested to refund the overpaid amount and he has made arrangements to settle the dues on monthly instalment basis. However, he has to pay a remaining balance of Rs. 105,000/- out of the overpaid amount, for which he has not made any payment since March 2018. Accordingly, he has been requested to settle the balance amount of Rs. 105,000/- by the letter dated 12.06.2019 and the reminders dated 25.07.2022 and 12.06.2023.

#### Canada Export License Form

The sum of Rs. 29,349/- has remained unsettled over the years and it is irrecoverable. Action will be taken to adjust the same.

#### Two Householders of House 13 and House 07

The above two householders are supposed to pay in monthly instalments of Rs. 10,000/- apart from the down payment and the details are tabulated below.

House No. of Householder	Value of House (Rs.)	Down Payment (Rs.)	Total	Instalments				
				With effect from	Last to be paid in	Payable upto Dec 2022	Paid upto Dec 2022	Actual Outstanding at the end of Dec 2022
House 13	1,800,000	100,000	170	Jan 2012	Feb 2026	132	108	24
House 07	1,900,000	300,000	160	June 2012	Sept 2025	127	125	02

Accordingly, Rs. 240,000/- and Rs. 20,000 have been only receivable as at 31<sup>st</sup> December 2022 from the House Nos. 13 and 7 respectively, and out of which Rs. 140,000/- (House 13) and Rs. 10,000/- (House 7) have been settled in the 1<sup>st</sup> half of 2023.

### Fraud at Head Office

A shroff attached to Import/Export Facilitation Centre, Head Office had misappropriated cash amounting to Rs. 1,257,650/- and his services had been terminated w.e.f 04.05.1995 on the above fraud. The Finance Department had recovered Rs. 750,000/- (maximum limit) through Cash in Deposit Insurance Policy from Insurance Corporation of Sri Lanka. Therefore, the balance sum of above fraud is Rs. 507,650/-. The CID had initiated legal action against the said shroff at Colombo High Courts under the Case No. 12146/6.

- (iii) Action would be taken in year 2023 to refund the excess amount.
- (iv) BOI is continuously taking the steps to promote the vacant lands among the investors based on the following advantages, giving priority to drawing attention of potential investors with maximum investment quantum and export orientation to utilizing BOI Zonal land for investment activities in order to gain a maximum benefit/return:
  - Dealing with the BOI as the sole entity for all location related approvals expedites the project implementation process
  - BOI can provide end to end facilitation from project evaluation to commercialization for projects within a Zone
  - Ongoing facilitation such as import/export/customs clearance is accessed by the enterprise with ease within a Zone

Further, the vacant land details are included in the Land Bank and also as a new strategy, BOI is communicating with the existing investors to promote zonal lands.

Therefore first preference is given to promoting BOI Zonal lands for investments, and this will gain more momentum as the BOI continues to develop new industrial space.

- (v) Planning and development of road network in Mirijjawila Export Processing Zone (MjEPZ) had been initiated by the Urban Development Authority (UDA) and UDA had entrusted the road construction works to Road Development Authority (RDA) at the time when the land was in their custody. In 2012 the land was vested with BOI with the construction works carried out by the RDA. Thereafter the road development works had been carried out based on the layout plan attached, which shows reservation of land blocks in the zone for identified parties. As depicted, land blocks in the layout plan were fully reserved at that time and developing access roads was an obligation of the BOI.

Once the road layouts were planned, the phase I of the roads were implemented as to prepare the Subgrade & Subbase throughout the entire road network which is inclusive of Subbase materials of Aggregate Base Course (ABC) covered with two Bitumen layers temporarily till the permanent road surface is done. The intention

was to market industrial lots to investors and complete carpeting once investors commence their commercial operations. This is the practice of all BOI zones established so far. BOI had allocated lands to many investors in connection with then political leadership and out of them R N Innovative Products (Pvt) Ltd, Global Auto Manufacturing Ltd established their factories and commenced operations. Later in 2018 Lanwa Sanstha Cement Corporation (Pvt) Ltd also established a cement plant in this stretch and the length of 800m of the road section is fully used by both R N Innovative Products (Pvt) Ltd and Lanwa Sanstha Cement Corporation (Pvt) Ltd.

Thereafter there was a policy change and the BOI was instructed to focus on new zone development of Bingiriya and Wagawaththa using limited capital budget of BOI while keeping rest of the lands in Mirijjawila Phase II.

In 2019, it was decided to allocate the entire unused area including halfway developed roads to an Oil Refinery (Silver Park) and as a result, there was no requirement to incur further capital for road carpeting as the layout of the Oil Refinery was to significantly change deviating from the initial industrial lot layout. As a result, BOI has not continued road carpeting on the aforementioned halfway completed subbase.

In 2022, again the same land was allocated to Lanwa Sanstha for a steel plant and they laid the foundation stone also with the patronage of H.E. the President. Since this again was a significant layout change of the original layout, a necessity was not arisen to carpet the road as it would be losing government funds again.

# Report of the Audit Committee

The Audit Committee was constituted in accordance with the provisions in the 'Guidelines on Corporate Governance for State Owned Enterprises' which was issued in year 2021 [Public Enterprises Circular No. 01/2021].

Subsequent to formation of the new Board of Directors, the Audit Committee for year 2022 was appointed in March 2022 ensuring proper functioning of a main sub-committee of the Board.

The members of the Audit committee were as follows;

1. Chairman	-	Mr. Jayamin Pelpola (Member of the Board of Directors of BOI)
2. Member	-	Dr. Lawrence Perera (Member of the Board of Directors of BOI)
3. Member	-	Mr. Athula Haputantri (Member of the Board of Directors of BOI)
4. Member	-	Dr. M. K. C. Senanayake (Representative of Treasury)

Assistant Auditor General represented the Auditor General at the Audit Committee meetings as an observer while the Director (Internal Audit) acted as the Convenor to the Audit Committee.

The Audit Committee effectively involved in determining the scope and responsibilities of the Internal Audit function by adopting the detailed Action Plan / Audit Programme prepared for the year. Further, the Committee obtained an insight into the work done by Internal Audit by reviewing the summarized Internal Audit Reports.

In addition to above, Auditor General's Reports were also considered on regular basis and directed on corrective and preventive measures and follow up actions for the matters highlighted in such reports.

The Board of Directors were apprised of the recommendations of the Audit Committee along with the minutes of the meetings for ratification of the decided matters and to facilitate taking suitable further measures where necessary. Accordingly, despite the operational hindrances due to prevailed fuel crisis and aggravated economic crisis in the country, the Audit Committee as a prominent sub-committee, assisted the Board of Directors in mitigating risks by reviewing the internal control systems and overseeing the operation of the Internal Audit function of the BOI.

Complying with the terms and references, the Audit Committee discharged its responsibilities during the year in relation to financial and other reporting, risk management and internal control, the Internal Audit function and the relationship and interaction with the Auditor General.

# Important Contacts of BOI

**Board of Investment of Sri Lanka (BOI)**  
Level 24 & 26 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2434403-5  
Fax: +94 11 2447994  
info@boi.lk  
www.investsrilanka.com

**Chairman**  
**Board of Investment of Sri Lanka**  
Level 26 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2436639, +94 11 2430514  
Fax: +94 11 2447994

**Director General**  
**Board of Investment of Sri Lanka**  
Level 24 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2430511, +94 11 2427032  
Fax: +94 11 2448105

**Executive Director**  
**Investment Promotion**  
Board of Investment of Sri Lanka  
Level 26 West Tower,  
World Trade Centre, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2335394

**Executive Director**  
**Fire & Security**  
Board of Investment of Sri Lanka  
Level 05 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2338357

**Executive Director**  
**ED's Office**  
Board of Investment of Sri Lanka  
Level 08 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2346161

**Executive Director**  
**Investor Services**  
Board of Investment of Sri Lanka  
Level 06 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2331911

**Executive Director**  
**Project Implementation**  
Board of Investment of Sri Lanka  
Level 26 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2543039

**Executive Director - Zones**  
Board of Investment of Sri Lanka  
Level 06 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2336022

**Executive Director**  
**Engineering Approval & Special Projects**  
Board of Investment of Sri Lanka  
Level 19 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2399084

**Executive Director**  
**Finance**  
Board of Investment of Sri Lanka  
Level 08 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2874772

**Executive Director**  
**HR & Admin**  
Board of Investment of Sri Lanka  
Level 09 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2332202

**Executive Director**  
**Research & Policy Advocacy**  
Board of Investment of Sri Lanka  
Level 19 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2437137

**Executive Director**  
**Information Technology**  
Board of Investment of Sri Lanka  
Level 05 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2448876

**Director**  
**Investment Appraisal**  
Board of Investment of Sri Lanka  
Level 24 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2346626

**Director**  
**Project Monitoring**  
Board of Investment of Sri Lanka  
Level 26 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2422447

**Director**  
**Environment Management**  
Board of Investment of Sri Lanka  
Level 19 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2451273

**Director**  
**Technical Services**  
Board of Investment of Sri Lanka  
Level 05 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2433600

**Director**  
**Media & Publicity**  
Board of Investment of Sri Lanka  
Level 27, West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2338063

**Director**  
**Industrial Relation**  
Board of Investment of Sri Lanka  
Level 19 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2473101

**Director**  
**Internal Audit**  
Board of Investment of Sri Lanka  
Level 05 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2382185

**Director**  
**Administration**  
Board of Investment of Sri Lanka  
Level 09 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2346199

**Director**  
**Legal**  
Board of Investment of Sri Lanka  
Level 27 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2335406

**Director**  
**Security & Fire**  
Board of Investment of Sri Lanka  
Level 05 West Tower,  
World Trade Center, Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 11 2346159

# Important Contacts of BOI

## Director Zone

### Katunayake EPZ

Board of Investment of Sri Lanka  
Katunayake Export Processing Zone,  
Katunayake.  
Tel: +94 11 2252362

## Director Zone

### Biyagama EPZ

Board of Investment of Sri Lanka  
Biyagama Export Processing Zone,  
Walgama, Malwana.  
Tel: +94 11 2252362

## Director Zone

### Koggala EPZ

Board of Investment of Sri Lanka  
Koggala Export Processing Zone  
Tel: +94 91 2283372

## Director Zone

### Seethawaka EPZ

Board of Investment of Sri Lanka  
Seethawaka Export Processing Zone  
Tel: +94 11 2231082

## Director Zone

### Pallekele IP

Board of Investment of Sri Lanka  
Tel: +94 81 2423991

## Director Zone

### Mirigama EPZ

Board of Investment of Sri Lanka  
Tel: +94 33 22745657

## Director Zone

### Wathupitiwela EPZ

Board of Investment of Sri Lanka  
Tel: +94 33 2281604

## Director Zone

### Malwatta EPP

Board of Investment of Sri Lanka  
Tel: +94 36 2296620

## Director

### North Western Regional Office

Board of Investment of Sri Lanka  
Tel: +94 37 2277040

## Director

### New Zones

Board of Investment of Sri Lanka  
Tel: +94 33 2281386

## Senior Deputy Director Zone

### Mawathagama EPZ

Board of Investment of Sri Lanka  
Tel: +94 37 2298147

## Senior Deputy Director Zone

### Horana EPZ

Board of Investment of Sri Lanka  
Tel: +94 34 2269752

## Senior Deputy Director Zone

### Polgahawela EPZ

Board of Investment of Sri Lanka  
Tel: +94 37 2241526

## Senior Deputy Director Zone

### Mirijjawila EPZ

Board of Investment of Sri Lanka  
Tel: +94 47 2258800

## Senior Deputy Director

### Trincomalee Regional Office

Board of Investment of Sri Lanka  
Tel: +94 26 2233003

## Senior Deputy Director

### Jaffna Regional Office

Board of Investment of Sri Lanka  
Tel: +94 21 2221336

## Bingiriya EPZ

Board of Investment of Sri Lanka  
Tel: +94 32 2241376



