

# කොමර්ෂල් ක්‍රෙඩිට් ඇන්ඩ් ෆායින්ෂියල් සේවි.එල්.සී

## 2022 මාර්තු 31 වන දිනෙන් අවසන් වන වර්ෂය සඳහා විගණනය කළ මූල්‍ය ප්‍රකාශය

(2011 අංක 42 දරණ මුදල් ව්‍යාපාර පනතේ 29 (2) වගන්ති ප්‍රකාරව ප්‍රසිද්ධ කරන ලදී.)

### මූල්‍ය තත්ව ප්‍රකාශය

2022 මාර්තු 31 වන දිනට

### INDEPENDENT AUDITOR'S REPORT



**Ernst & Young**  
Chartered Accountants  
201, De Soemen Place  
P.O. Box 101  
Colombo 10  
Sri Lanka  
ey.com

Tel : +94 11 2463500  
Fax Gen : +94 11 2697369  
Tax : +94 11 5578180  
ey@lk.ey.com

**TO THE SHAREHOLDERS OF COMMERCIAL CREDIT AND FINANCE PLC**

Report on the audit of the financial statements

**Opinion**

We have audited the financial statements of Commercial Credit and Finance PLC ("the Company"), which comprise the Statement of Financial Position as at 31 March 2022, and the Statement of Profit or Loss and Comprehensive Income Statement of Change in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

**Basis for opinion**

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements of these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>Impairment allowances for Loan, Lease and Hire Purchase receivables</b>	<b>Our audit procedures included amongst others the following:</b>
*As at 31 March 2022, Loan, Lease and Hire Purchase receivables net of impairment allowances amounted to LKR 73.9 Bn and is disclosed in notes 10 & 11. These collectively contributed 79% to the Company's total assets.	• We assessed the alignment of the company's impairment computations and underlying methodology with the requirements of SLFRS 9 with consideration of COVID-19 impacts and related industry responses based on the best available information up to the date of our report. Our audit procedures included amongst others the following:
• Impairment allowances for Loan, Lease and Hire Purchase receivables is a key audit matter due to:	• We assessed the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management
• materiality of the reported allowance which involved complex calculations; and	• We evaluated the design, implementation and operating effectiveness of internal controls over estimation of the impairment allowances, including testing of related system controls
• significant judgements used in assumptions and estimates made by the management as reflected in note 5.5.5, which in the current year was influenced by the need to assess the change in current economic conditions on forward looking information and the continuing impact of COVID-19 debt moratorium relief measures	• We checked the completeness, accuracy and classification of the underlying data used in the computation of impairment allowances by agreeing details to relevant source documents and accounting records of the Company
	• We evaluated the reasonableness of key inputs used in the provision for credit impairment due to COVID-19
	• We tested key calculations used in the impairment allowances.
	• We assessed whether significant judgements used in assumptions and estimate made by the management in the underlying methodology and management overlays were reasonable. We also evaluated the reasonableness of forward looking information used, economic scenarios considered, and probability weighting assigned to each of those scenarios. Our procedures were based on the best available information up to the date of our report.
	• For loans and advances assessed on an individual basis for impairment:
	• We assessed the reasonableness and timeliness of Management's internal assessments of credit quality based on the borrower's particular circumstances
	• We checked the accuracy of the underlying individual impairment calculations
	• We evaluated the reasonableness of key inputs used in the provision for credit impairment with the particular focus on current economic conditions.
	• Such evaluations were carried out considering value and timing of cash flow forecasts particularly relating to elevated risk industries, status of recovery action and collateral values
	• We assessed the adequacy of the related financial statement disclosures set out in notes 10 & 11

Financial reporting related IT based internal controls	Our audit procedures included the following:
A significant part of the Company's financial reporting process is primarily reliant on multiple IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets. Accordingly, financial reporting related IT based internal controls is considered a key audit matter.	<ul style="list-style-type: none"> <li>• We obtained an understanding of the internal control environment of the processes relating to financial reporting and related disclosures.</li> <li>• We identified and tested relevant controls of key IT systems related to the Company's financial reporting process.</li> <li>• We evaluated the design and operating effectiveness of IT controls, including those related to user access and change management.</li> <li>• We checked key source data of the reports used to generate key disclosures for accuracy and completeness, including review of general ledger reconciliations</li> </ul>

**Valuation of Investment Properties**

As at reporting date 31 March 2022, Investment Properties carried at fair value, amounted to LKR 15.5 Bn. The fair value of such property was determined by external valuers engaged by the Company. The valuation of Investment Properties was significant to our audit due to the use of significant estimates which require significant judgment. Details of the valuation methodology and key inputs used in the valuation are disclosed in note 18 to the financial statements.

**Other information included in the 2022 Annual Report**

Other information consists of the information included in the Company's 2022 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Mistake 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 SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2189.

Ernst & Young  
13 June 2022  
Colombo

### තෝරාගත් කාර්ය සාධක දර්ශකයන් (කියාමත වාර්තාවට අනුව)

2022 මාර්තු 31 වන දිනෙන් අවසන් වන වර්ෂය සඳහා

අයිතමය	2022/03/31 දිනට		2021/03/31 දිනට	
	මට්ටම	අවසර	මට්ටම	අවසර
නියමිත ප්‍රාග්ධන ප්‍රමාණවත්භාවය	17,152,793	18,016,331	13,016,331	14,067,803
මුළු ප්‍රාග්ධන ( සමුද්‍ර ඓතිහාසික ) රු. '000	18,720,043	7	13,016,331	14,067,803
මුළු ප්‍රාග්ධන අවශ්‍යතා අනුපාතය අදාළව මත බර තැබූ වත්කම් වලින් ප්‍රතිශතයක් ලෙස (අවම අවශ්‍යතාව 7%)	17.61	11	13.45	6.5
මුළු ප්‍රාග්ධන අවශ්‍යතා අනුපාතය මත බර තැබූ වත්කම් වලින් ප්‍රතිශතයක් ලෙස (අවම අවශ්‍යතාව 11%)	19.22	7	14.55	10.5
ප්‍රාග්ධන ප්‍රමාණවත්භාවය ( නිකුත් කරන ලද කෙටිකාලීන ප්‍රමාණවත්භාවය )	39.92	10	32.08	10
මුළු ප්‍රාග්ධන ප්‍රමාණවත්භාවය ( නිකුත් කරන ලද කෙටිකාලීන ප්‍රමාණවත්භාවය )				
දළ අක්‍රීය ණය පහසුකම් රු. '000		3,768,719		4,043,174
දළ අක්‍රීය ණය පහසුකම් අනුපාතය %		4.67		5.39
මුදල් අක්‍රීය ණය පහසුකම් අනුපාතය %		(4.09)		(2.94)
ලාභදායීත්වය ( X )				
මුදල් ආන්තික පොළී අනුපාතය		14.8		11.2
වත්කම් මත ප්‍රතිලාභ		6.92		3.53
ස්කන්ධ මත ප්‍රතිලාභ		36.96		15.62
නියමිත දර්ශකවලට				
වත්කම්වලට යුතු අවම දර්ශකවලින් වත්කම් ප්‍රමාණවත්	5,008,594		3,021,373	
වත්කම්වලට යුතු අවම දර්ශකවලින් වත්කම් ප්‍රමාණවත්	8,098,312		10,150,224	
වත්කම්වලට යුතු අවම දර්ශකවලින් වත්කම් ප්‍රමාණවත්	5,179,060		3,271,045	
වත්කම්වලට යුතු අවම දර්ශකවලින් වත්කම් ප්‍රමාණවත්	5,418,244		5,298,761	
නියමිත දර්ශකවලට				
වත්කම්වලට යුතු අවම දර්ශකවලින් වත්කම් ප්‍රමාණවත්	2,883		2,928	
වත්කම්වලට යුතු අවම දර්ශකවලින් වත්කම් ප්‍රමාණවත්	129		126	
වත්කම්වලට යුතු අවම දර්ශකවලින් වත්කම් ප්‍රමාණවත්	BBB (සැරියාව)		BBB (සැරියාව)	

අයිතමය	2021.04.01 සිට 2022.03.31 දක්වා	2020.04.01 සිට 2021.03.31 දක්වා
වර්ෂය සඳහා ලාභය	4,520,313	2,334,756
අනෙකුත් ව්‍යවහාරික ආදායම් තුළින් සාධාරණ අයාගා අගය කිරීම මත ලැබූ ලාභ (අලාභය)	-	(3,738)

ලාභ හෝ අලාභ ප්‍රකාශය සඳහා නැවත වර්ධකරණ කිරීමට නියමිත මුළු වෙනස් වීම්	
රඹවී හා ගොඩනැගිලි මත නැවත තක්සේරු කිරීමෙන් ලාභ	181,567
ගොඩනැගිලි මත නැවත තක්සේරු කිරීමට අදාළව විලම්බිත බදු (ගැන්වූ)	(43,576)
	137,991

විග්‍රාම ප්‍රතිලාභ මත පිටපත් කළ ලාභය (අලාභය)	
විග්‍රාම ප්‍රතිලාභ සැලසුම් මත පිටපත් කළ ලාභයට අදාළව විලම්බිත බදු (ගැන්වූ / ප්‍රතිවර්ධනය)	(22,688)
	71,847

ලාභ හෝ අලාභ ප්‍රකාශය සඳහා නැවත වර්ධකරණ කිරීමට නියමිත මුළු වෙනස් වීම්	
වර්ෂය සඳහා වෙනත් වීම්/වෙනස් වීම් (බදු පසු)	71,847
වර්ෂය සඳහා මුළු වීම්/වෙනස් වීම්	2,463,809

ලියාපදිංචි කාර්යාලය - නො.106, සම්බුදුවර් විදුලි, මහනුවර. දුරකථන : 081 2 000 000 | ෆැක්ස් : 081 2 234 977 | ෆැක්ස් : 081 2 234 977 | ෆැක්ස් : 081 2 327 882

තරණ කාර්යාලය - නො.165, කිසි පාර, කොළඹ 08. දුරකථන : 011 2 000 000 | ෆැක්ස් : 011 2 327 882

