

COMMERCIAL CREDIT AND FINANCE PLC

Audited Financial Statements For The Year Ended 31st March 2024

(PUBLISHED IN ACCORDANCE WITH SECTION 29 (2) OF THE FINANCE BUSINESS ACT NO. 42 OF 2011)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Company		Group	
	As at 31/03/2024	As at 31/03/2023	As at 31/03/2024	As at 31/03/2023
In Rupees Thousand				
Assets				
Cash and bank balances	2,162,917	2,437,142	2,174,888	2,455,287
Reverse repurchase agreements	541,346	860,000	588,346	860,000
Placements with banks	3,648,331	2,666,945	3,790,360	2,666,945
Financial assets recognised through profit or loss - measured at fair value	6,883,130	8,437,230	6,883,380	8,437,449
Financial assets at amortised cost	-	-	-	-
Loans and receivables	23,959,320	21,028,378	23,959,344	21,028,378
Lease Rentals Receivable & Stocks out on hire	57,478,509	55,142,286	57,478,509	55,142,286
Financial assets at fair value through other comprehensive income	56,554	2,554	56,554	2,554
Other financial assets	170,892	170,759	170,892	203,189
Inventories	68,776	215,979	68,776	215,979
Other assets	738,355	714,279	786,584	717,157
Investment in subsidiary	15,000	15,000	-	-
Investment in associate	525,936	342,306	525,936	342,306
Investment property	2,437,850	1,220,364	2,437,850	1,220,344
Property, plant and equipment	6,922,680	6,460,091	6,922,896	6,460,091
Right of use assets	476,082	383,532	476,082	383,532
Intangible assets & goodwill	828,263	894,398	828,263	894,398
Deferred tax asset	1,073,893	1,163,216	1,073,893	1,163,216
Total assets	107,987,834	102,154,441	108,222,553	102,193,112
Liabilities				
Due to banks	12,606,978	16,259,699	12,606,978	16,259,699
Due to customers	62,121,240	59,243,651	62,121,240	59,243,651
Debt instruments issued	1,295,845	1,295,845	1,295,845	1,295,845
Other financial liabilities	1,486,661	984,159	1,486,661	996,498
Other liabilities	3,178,409	2,365,993	3,180,926	2,365,993
Post employment benefit obligations	495,937	365,951	495,937	365,951
Current tax liabilities	2,623,095	1,280,129	2,670,383	1,289,819
Total Liabilities	83,808,165	81,795,426	83,857,970	81,817,455
Shareholders' Funds				
Stated capital	2,150,640	2,150,640	2,150,640	2,150,640
Retained earnings	17,266,535	13,655,577	17,442,519	13,671,387
Reserves	4,762,494	4,552,798	4,771,424	4,553,630
Total Equity	24,179,669	20,359,015	24,364,584	20,375,617
Total Liabilities and Shareholders' Funds	107,987,834	102,154,441	108,222,553	102,193,112
Commitments and Contingencies				
	432,640	481,784	432,640	481,784

INCOME STATEMENT

For the period ended 31 March 2024

	Company		Group	
	From 01/04/2023 to 31/03/2024	From 01/04/2022 to 31/03/2023	From 01/04/2023 to 31/03/2024	From 01/04/2022 to 31/03/2023
In Rupees Thousand				
Gross Income				
	31,055,222	28,949,269	31,295,094	28,997,583
Interest Income				
	27,239,199	25,054,738	27,251,351	25,054,774
Interest expenses	(14,431,177)	(13,948,087)	(14,431,177)	(13,948,087)
Net interest income	12,808,022	11,106,651	12,820,174	11,106,687
Fee and commission income				
Net income from Real estate sales	2,462,254	2,920,131	2,689,957	2,968,409
Net (loss)/gain from trading	(3,084)	27,603	(3,084)	27,603
Other operating income	980,680	907,418	980,697	907,418
Change in fair value of Investment property	376,174	37,840	376,174	37,840
Total operating income	16,624,045	15,001,182	16,863,918	15,049,496
Impairment Charges of financial assets				
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	(8,084)	2,099	(8,084)	2,099
Net operating income	15,790,655	11,588,722	15,970,527	11,628,459
Operating expenses				
Personnel expenses	(4,128,960)	(3,568,310)	(4,136,033)	(3,568,885)
Depreciation & amortization	(425,692)	(321,226)	(425,788)	(321,226)
Other operating expenses	(2,903,936)	(2,659,909)	(2,907,060)	(2,672,739)
Operating profit before Tax on financial services	8,272,067	5,039,278	8,501,646	5,065,609
Value added tax	(1,633,802)	(1,143,299)	(1,633,802)	(1,143,299)
Social Security Contribution Levy	(226,917)	(77,765)	(226,917)	(77,765)
Operating profit after Value Added Tax on financial services	6,411,348	3,818,213	6,640,927	3,844,545
Share of Profit/(loss) of associates				
	183,630	41,666	183,630	41,666
Profit before Taxation	6,594,978	3,859,879	6,824,557	3,886,211
Income Taxation	(2,401,061)	(1,260,251)	(2,468,673)	(1,269,940)
Profit for the year	4,193,917	2,599,629	4,355,884	2,616,271
Profit attributable to:				
Equity holders of the company	4,193,917	2,599,629	4,355,884	2,616,271
Basic Earnings Per Share	13.19	8.17	13.69	8.23
Diluted Earnings Per Share	13.19	8.17	13.69	8.23
Dividend Per Share	1.00	2.00	-	-

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2024


	Company		Group	
	From 01/04/2023 to 31/03/2024	From 01/04/2022 to 31/03/2023	From 01/04/2023 to 31/03/2024	From 01/04/2022 to 31/03/2023
In Rupees Thousand				
Profit for the year				
	4,193,917	2,599,629	4,355,884	2,616,271
Actuarial gains/(losses) on defined benefit plans				
Deferred tax charge/(reversal) relating to actuarial gain on defined benefit plans	(78,840)	21,613	(78,840)	21,613
	23,652	(6,484)	23,652	(6,484)
Total other comprehensive income not to be reclassified to Statement of profit or loss	(55,188)	15,129	(55,188)	15,129
Other Comprehensive Income for the year, net of taxes				
	(55,188)	15,129	(55,188)	15,129
Total Comprehensive Income for the Year	4,138,729	2,614,757	4,300,696	2,631,399
Total Comprehensive Income attributable to:				
Equity holders of the company	4,138,729	2,614,757	4,300,696	2,631,399
Total Comprehensive Income for the year	4,138,729	2,614,757	4,300,696	2,631,399

INDEPENDENT AUDITORS' REPORT

Ernst & Young Chartered Accountants 201 de Saram Place P.O. Box 333 Colombo 10 Sri Lanka EY Building a better world SPTWDP/PLN/DRM TO THE SHAREHOLDERS OF COMMERCIAL CREDIT AND FINANCE PLC Report on the Audit of the Financial Statements	Tel : +94 11 2663500 Fax: +94 11 2621559 E-mail : +94 11 5578180 ey.com ey.com	
We have audited the financial statements of Commercial Credit and Finance PLC ("the Company") and consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the Statement of Financial Position as at 31 March 2024, and the Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including material accounting policy information.		
In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and 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 (SLASs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements of the Company. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants 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		
Our audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our 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 this context.		
We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to 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.		
Impairment allowances for Financial Assets at Amortised Cost Impairment allowances for Financial Assets at amortised cost amounting to Rs.8,437,230 arising from Loans, Lease Rentals and Investments in Subsidiary and Investment Property. Management's estimate of impairment allowances is determined based on the accounting policies described in Note 5.4.5.	How our audit addressed the key audit matter	
• The involvement of significant management judgments, assumptions and level of estimation uncertainty associated in management's expectation of future cash flows to recover such financial assets; and • The materiality of the reported amount of allowance of expected credit losses and use of complex calculations in its determination. Key areas of significant judgments, assumptions and estimates used by management included: assumed future occurrence of events and/or transactions and forward-looking macroeconomic scenarios and their associated weightings, which are subject to inherently heightened levels of estimation uncertainty.	In addressing the adequacy of the Impairment allowances for Financial Assets at amortised cost, our audit procedures included the following key procedures: • Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, based on the best available information up to the date of our report. • Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. • Checked the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company. • Evaluated the reasonableness of credit quality assessments and related stage classifications. • Assessed the reasonableness of the judgments, assumptions and estimates used by Management in assumed future occurrence of events and/or transactions including the value and the timing of cash flow forecasts, status of recovery actions of the collateral, forward-looking macroeconomic scenarios and their associated weightings. • Assessed the adequacy of the related financial statement disclosures set out in notes 10 and 11.	
Information Technology (IT) systems related internal controls over financial reporting Company's financial reporting process is significantly reliant on multiple IT systems and related 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, IT systems related internal controls over financial reporting were considered a key audit matter.	Our audit procedures included the following key procedures: • Obtained an understanding of the internal control environment of the relevant significant processes and tested key controls relating to financial reporting and related disclosures. • Involved our internal specialized resources and; • Obtained and understood IT Governance Structure of the Company • Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management. • Obtained a high-level understanding of the cybersecurity risks relevant to the Company and the actions taken to address these risks primarily through inquiries related to processes and controls implemented to address other security risks. Tested source data of the reports used to generate disclosures for accuracy and completeness.	
Other information included in the 2024 Annual Report Other information consists of the information included in the Company's and Group 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's and Group 2024 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our 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 our knowledge obtained in the audit or otherwise appear to be materially misstated.		
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 to be 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 Group'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 and Group'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 SLASs 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 SLASs, 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 internal controls of the Company and the Group. 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. 4. Obtain evidence 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. 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. 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 the audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. 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 2199.		
Selected Performance Indicators (AS PER REGULATORY REPORTING) As at 31 March 2024		

Item	As at 31/03/2024		As at 31/03/2023	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	21,046,964	-	17,694,262	-
Total Capital Base, Rs. '000	21,143,415	-	18,874,733	-
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	19.35	10	17.49	10
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	19.43	14	18.66	14
Capital Funds to Deposit Liabilities Ratio	38.92	10	34.36	10
Asset Quality(Quality of Loan Portfolio)				
Gross Non-Performing Accommodations, Rs. '000	9,561,940	-	9,335,027	-
Gross Non-Performing Accommodations Ratio, %	10.65	-	11.07	-
Net Non-Performing Accommodations Ratio, %	1.47	-	1.17	-
Profitability (%)				
Net Interest Margin	11.86	-	10.87	-
Return on Assets	6.28	-	3.94	-
Return on Equity	18.83	-	13.15	-
Regulatory Liquidity (Rs. '000)				
Required minimum amount of Liquid Assets	6,307,022	-	6,134,061	-
Available amount of Liquid Assets	11,483,294	-	12,836,935	-
Required Minimum amount of Government Securities	5,606,299	-	5,186,328	-
Available amount of Government Securities	7,424,200	-	9,293,840	-
Memorandum information				
Number of Employees	2,999	-	2,816	-
Number of Branches	133	-	133	-
External Credit Rating	BBB (Positive)	-	BBB (Stable)	-
CERTIFICATION: We, the undersigned, being the Chief Executive Officer, the Chief Financial Officer and the Compliance Officer of Commercial Credit and Finance PLC certify jointly that: the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (CBSL);				

(Sgd.) R.S.Egodage Chief Executive Officer Date: 30/05/2024	(Sgd.) M.A.D.J. Deshapriya Chief Financial Officer Date: 30/05/2024	(Sgd.) P.H.Rangala Compliance Officer Date: 30/05/2024
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COMMERCIAL CREDIT

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