HNB FINANCE

HNB ිනෑන්ස් ලිම්ට්ඩ්

නො. 168, නාවල පාර, නුගේගොඩ. දුරකථන: 0112 17 62 62 ගැක්ස්: 0112 17 62 63 ୦ଁ-ଡୌଡ଼: info@hnbfinance.lk ତେଥି: www.hnbfinance.lk

2020 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා මූලූූ පුකාශය. ශී ලංකා මහ බැංකුව නිකුත් කළ 2006 අංක 02 දරණ උපදෙස්වලට අනුකූලව පුසිද්ධ කරන ලදී.

ආදායම් පුකාශය

මාර්තු 31 දිනෙන් අවසන් වසර සඳහා	2020	2019
	රු.'000	රු.'000
පු ආදායම	9,170,138	8,291,664
25 479 m 0	-,,	
පොලී ආදායම	8,105,612	7,229,169
පොලී වියදම	(3,719,331)	(2,802,086
ඉද්ධ පොලී ආදායම	4,386,281	4,427,083
ාාස්තු සහ කොමිස් ආදායම	844,610	777,757
ාාස්තු සහ කොමිස් වියදම	(160,405)	(152,805
ඉද්ධ ගාස්තු සහ කොමිස් ආදායම	684,205	624,952
ඉද්ධ පොලී, ගාස්තු සහ කොමිස් ආදායම	5,070,486	5,052,035
වෙනත් මෙහෙයුම් ආදායම	219,915	284,738
වෙළදපොළ වට්නාකමට අගය කිරීමේ ශුද්ධ ලාභ / (අලාභ)	178	(114
මුළු මෙහෙයුම් ආදායම	5,290,579	5,336,659
ණය සඳහා හානිකරණ අලාභ සහ අනෙකුත් අලාභ	(1,085,863)	(842,911
ඉද්ධ මෙහෙයුම් ආදායම	4,204,716	4,493,748
සේවක පිරිවැය	(1,336,693)	(1,235,850
වෙනත් වියදම්	(1,740,353)	(1,492,214
මුළු මෙහෙයුම් වියදම්	(3,077,046)	(2,728,064
මූලඝ සේවා මත එකතු කල අගය මත බදු, ජාතිය ගොඩනැගීමේ බදු සහ ණය එකතු කර නැනීමේ බදු වලට පෙර මෙහෙයුම් ලාභය	1,127,670	1,765,684
මුලਝ සේවා මත එකතු කල අගය මත බදු සහ ණය එකතු කර ගැනීමේ බදු	(442,188)	(455,742
මුලਝ සේවා මත ජාතිය ගොඩනැගීමේ බදු	(25,834)	(48,011
මූලඝ සේවා මත එකතු කල අගය මත බදු, ජාතිය ගොඩනැගීමේ බදු සහ ණය එකතු කර තැනීමේ බදු වලට පසු මෙහෙයුම් ලාභය	659,648	1,261,931
ආදායම් බදු වියදම	(239,133)	(431,336
වර්ෂය සඳහා ලාභය	420,515	830,595
සාමානස කොටසක මුලික ඉපැයුම	0.24	0.48

සාමානෘ කොටසක මුලික ඉපැයුම

මුලූ තත්වය පිළිබඳ පුකාශය

මාර්තු 31 වන දිනට	2020	2019
	óz.'000	රු.'000
වත්කම්		
මුදල් සහ මුදල් සමානයන්	1,502,773	1,371,096
ලාභ හෝ අලාභ හරහා සාධාරණ වට්නාකමකට අගය කරන ලද මූලෘ වත්කම්	16,193	16,014
කුමසෂය පිරිවැය යටතේ මූල¤ වත්කම් - ගනුදෙනකරුවන්	17,775,566	16,755,609
කුමකෂය පිරිවැය යටතේ මූලෘ වත්කම් - ලැබිය යුතු කල්බදු වාරික	9,942,882	8,073,390
කුමඤය පිරිවැය යටතේ මූලෘ වත්කම් - අනෙකුත් ණය හා අත්තිකාරම්	584,123	641,712
වෙනත් විස්තීරණ ආදායම් හරහා සාධාරණ වටිනාකමට අගය කල මූලෘ වත්කම්	12,430	12,430
කුමළුය පිරිවැය යටතේ මූලෘ වත්කම් - ණය හා වෙනත් උපකරණ	4,231,143	2,487,353
අනෙකුත් වත්කම්	421,097	492,795
ආයෝජන දේපල	1,105,000	1,295,000
අස්පෘශෘ වත්කම්	298,713	173,542
දේපල පිරියත සහ උපකරණ	1,625,569	1,420,477
භාවිත වත්කම් හිමිකම්	286,728	-
විලම්භීත බදු වත්කම්	184,776	189,769
මුළු වන්කම්	37,986,993	32,929,187

වෙනත් විස්තීරණ ආදායම් පුකාශය

මාර්තු 31 දිනෙන් අවසන් වසර සඳහා	2020 67.'000	2019 රු.'000
වර්ෂය සඳහා ලාභය	420,515	830,595
වර්ෂය සඳහා මුළු වෙනත් විස්තීර්ණ ආදායම්, බදු අඩු කල පසු ඉඳිරි වර්ෂ වලදී, ලාභයට හෝ අලාභයට නැවත ඇතුලත් කරන වර්ෂය සඳහා වෙනත් විස්තීර්ණ ආදායම		
ඉදිරි වර්ෂ වලදී, ලාභයට හෝ අලාභයට නැවත ඇතුලත් නොකරන වර්ෂය සඳහා වෙනත් විස්නීර්ණ ආදායම		
විශුාමික පුතිලාභ සැලසුම මත ආයු ගණන ලාභ/(අලාභ)	(7,507)	9,816
විශාමික පුතිලාභ සැලසුම ආයු ගණන ලාභ මත විලම්භීත බදු (අයකිරීම)/බැර කිරීම	2,102	(2,748)
ඉඩම් හා ගොඩනැගිලි මත පුතතගණන සංචිතය	-	225,622
ඉඩම් හා ගොඩනැගිලි පුතත්ගණන ලාභ මත විලම්හීත බදු (අයකිරීම)/බැර කිරීම	-	(63,174)
වර්ෂය සඳහා මුළු වෙනත් විස්තීර්ණ ආදායම, බදු අඩු කල පසු	(5,405)	169,516
වර්ෂය සඳහා මුළු විස්තීර්ණ ආදායම	415,110	1,000,111

තෝරාගත් කාර්යක්මතා දර්ශකයන්

		2020 මාර්තු 31 දිනට	2019 මාර්තු 31 දිනට
වෘවස්ථාපිත පුාග්ධන පුමාණවත්භාවය			
මූලික පුාග්ධනය (ස්ථර 1)	(රු000)	4,009,344	3,184,526
මුළු පුාග්ධනය	(රු000)	5,655,080	3,850,423
මූලික පුාග්ධන පුමාණාවත්බවේ අනුපාතය, අවදානම් හරිත වත්කම් වල පුතිශතයක් ලෙස (අ	වෙම අවශාතාවය 6.5%)	9.93	8.35
මුළු පුාග්ධන පුමාණවත්බවේ අනුපාතය, අවදානම් හරිත වත්කම් වල පුතිශතයක් ලෙස (අ	වම අවශෘතාවය 10.5%)	14.00	10.10
පුාග්ධන අරමුදල් වලට තැන්පතු වගකීම්වල පුතිශතයක් ලෙස		18.31	20.42
වෘවස්ථාපිත දුවශීලතාවය			
දුවශීල වත්කම්වල අවම අවශෘතාවය	(රු000)	3,085,967	2,769,828
දුවශීල වත්කම්වල පවත්නා පුමාණය	(රු000)	5,513,734	3,526,094
රාජන සුරැකුම්පත්වල අවම අවශනතාවය	(රු000)	2,089,513	1,710,138
රාජෘ සුරැකුම්පත්වල පවත්නා පුමාණය	(රු000)	2,116,172	1,760,047
ණය කළඹේ ගූණාත්මකභාවය			
දළ අඛ්ය ණය පුමාණය	(රු000)	3,861,048	2,461,066
දළ අඛ්ය ණය අනුපාතය (%)		12.25	8.85
ශුද්ධ අකිය ණය අනුපාතය (%)		1.78	0.45
ලාභදායීත්වය			
පොලී ආන්තිකය		15.54	17.22
සාමානෘ වත්කම් මත ඉපයුම (බදු පෙර ලාභය) (%)		1.86	4.33
සාමානෘ හිමීකම් මත ඉපයුම (බදු පසු ලාභය) (%)		8.69	18.96
අනෙකුත් තොරතූරු			
සේවක සංඛනව		1965	1961
ශාඛා සංඛතාව		48	48
සේවා මධ්පස්ථාන සංඛතාව		21	21

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Opinion

Basis for opinion

Key audit matter

TO THE SHAREHOLDERS OF HNB FINANCE LIMITED Report on the audit of the financial statements

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ment of

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

How our audit addressed the key audit matter

Key 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 that 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 designed to respond to our assessment of the raxs or internation movies and 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

Ernst & Young Chartered Accountants 201 De Saram Place

P.O. Box 101

Colombo 10

Sri Lanka

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

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

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

We considered the impairment allowance for loans & advances to customers and lease rentals receivable & stock out on hire as a key audit matter. Significant judgments and assumptions were used by the management to determine the impairment allowance and complex calculations were involved in its estimation. Probable impacts of COVID

Impairment allowance for loans & advances to customers and lease rentals receivable & stock out on hire. We designed our audit procedures to obtain sufficient appropriate audit evidence on the reasonableness of the impairment allowance; these included the following procedures

- We evaluated the design effectiveness of controls over impairment allowance, in the light of the requirements in SLFRS 9, focusing on the oversight, review and approval of impairment policies by the board audit committee and management.
- We evaluated the model used to calculate impairment allowance to assess its

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මුළු වගකීම්	32,942,416	28,299,720
ව්ශුාමික පුතිලාභ වගකීම	260,518	207,803
අනෙතුක් වගකීම්	1,138,518	1,112,137
චීකතූ කල අගය මත බදු වගකීම	59,080	49,705
ආදායම් බදු වගකීම	133,467	80,353
කුමකෂය පිරිවැය යටතේ මූලĸ වගකීම් - නිකුත් කල ණය සහ අනෙකුත් ණය අරමුද.ල්	3,822,043	4,217,580
කුමකෂය පිරිවැය යටතේ මූලෘ වගකීම් - තැම්පත්කරුවන්ට	27,528,790	22,632,142

කොටස් හිමියන්ගේ අරමුදල්

පුකාශිත පුාග්ධනය	223,545	223,545
පොදු සංචිතය	82,898	82,898
වෳවස්ථාපිත සංචිත අරමුදල	1,091,098	1,006,996
පුතඍගණන සංචිතය	591,714	591,714
රඳවාගත් ලාභ	3,055,321	2,724,314
	5,044,577	4,629,467
මුළු කොටස් හිමියන්ගේ අරමුදල් සහ වගකීම්	37,986,993	32,929,187

පහත අත්සන් කර ඇති HNB ෆිනෑන්ස් ලිමිටඩ් සමාගමේ කළමනාකාර අධෘක්ෂක / පුධාන විධායක නිළධාරී සහ පුධාන මෙහෙයුම් නිළධාරී වන අප,

අ) ඉහත කී පුකාශනයන් ශ් ලංකා මහ බැංකුව විසින් නිර්දේශිත නිර්වචනයන්ට සහ ආකෘතින්ට අනුකූලව පිලියෙල කර ඇති බවත,

ආ) ඉහත පුකාශනයන්හි අන්තර්ගත තොරතුරු HNB ෆිනෑන්ස් ලිමිටඩ් සමාගමේ විගණනය කරන ලද මුලෘ පුකාශයන්ගෙන් උපුටා ගන්නා ලද බවත් මෙයින් සහතික කරමු.

අත්සන් කළේ: **බී.එම්.ඩී.සී. පුභාත්** කළමනාකාර අධෘක්ෂක / පුධාන විධායක නිළධාරී අත්සන් කළේ: **ඩබ්.එස්.පී. අරංගල** පුධාන මෙහෙයුම් නිළධාරී

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-19 outbreak on the economically impacted customers and related government relief measures on the key assumptions, the higher level of estimation uncertainty involved, and materiality of the amounts reported in the Company's financial statements, underpinned our basis for considering it as a Key Audit Matter.

Loans & advances to customers and lease rentals receivable & stock out on hire amounted to Rs. 17.78 Bn and Rs. 9.95 Bn after deducting an impairment allowance of Rs. 2.66 Bn and 0.46 Bn respectively. These collectively contributed 73% to the Company's total assets.

The Note 2.3.3.5 of the financial statements describes the basis of impairment allowance and assumptions used by the management in its calculation

Management's assessment of possible effects of the COVID -19 outbreak on the nature and extent of risks arising from financial instruments and related disclosures.

We considered such management's assessment and related disclosus as a key audit matter, considering nature of business and use of significant management judgments and estimates considering future events and circumstances. nent and related disclosures

Other information included in the Company's 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do 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 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

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 and the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statement

Auditor's responsibilities for the audit of the infranceal 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. 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 SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involv 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 internal controls of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Partners:
- Principal A member fir T P M Ruberu FCMA FCCA of Ernst & Young Global Limited
- A member firm of Ernst & Young Global Limited

- appropriateness
- We assessed the completeness and relevance of the underlying information used in the impairment calculations by agreeing details to source documents and information in IT systems; underlying calculations were also re-checked.
- We also considered the reasonableness of macro-economic factors used by comp with publicly available data and information sources. Our considerations included the appropriateness of the weightages assigned to possible economic scenarios. ed assessing
- We assessed the adequacy of the related financial statement disclosures as set out in note(s), 17 and 18 of the financial statements.

Our audit procedures included the following;

- We gained an understanding of management's assessment of the possible impacts of the COVID -19 outbreak on the nature and extent of risks arising from financial instruments and developing related disclosures of the Group.
- We assessed the adequacy of qualitative disclosures made, in note(s) 44.3, 44.4 & 44.5 to he financial statements focusing on credit risk and liquidity risk in the light of the objective of SLFRS 7.
- In relation to significant judgments and estimates underpinning such disclosures, we assessed the i asonableness of those key assumptions considering related market information and internal decisions made by the Group.
 - 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 materia 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company 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 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, and the content of the statement of the 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 is a constructed and are there are the statement and the statement are the statement and the statement are statement and the statement and the statement are statement In our auditor's report unless law or regulation precludes public disclosure about the 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 1884.



29 July 2020 Colombo

Partners: