

## Transactions of the National Wealth Corporation Limited - 2022 and 2023

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The audit of the operational activities of the National Wealth Corporation Limited for the years ended 31 December 2022 and 2023 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 comments and observations which I consider should be presented to the Parliament appear in this report.

### 1.2 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Each audit entity should maintain proper books and records of its income, expenditure, assets and liabilities to enable it to prepare annual and periodic financial statements on that entity in terms of Section 16 (1) of National Audit Act No.19 of 2018. The annual financial statements approved by the governing board for each audit entity should be submitted by the Chief Accounting Officer to the Auditor General along with the annual performance report of those entities within such period as may be specified by the rules in terms of Section 16 (2) of the said Act. It should be ascertained to prepare annual reports and other financial statements within the required time period in terms of Section 38 (1) (d) of the Act and in addition to that the Chief Accounting Officer should be responsible for presenting of the annual reports related to the entity which was being audited to parliament.

## 02. Financial Statements

### 2.1 Submission of Financial Statements

As per section 6.6 of the Operational Manual for Public Enterprises introduced by the Circular No 01/2021 dated 16 November 2021, although the financial statements and draft annual report should be presented to the Auditor General within 60 days of the end of the accounting year, financial statements for the years 2022 and 2023 approved by the Governing Body, had not been presented to the audit even by the date of this report.

### 2.2 Assets, liabilities, revenue and expenditure

Particulars are shown below on the assets, liabilities, revenue and expenditure appeared in financial statements for the year ended 31 December 2021 prepared last by the Company.

Financial Statement Item	Value Rs.
<u>Assets</u>	
Total assets	<u>1,258,482,698</u>
<u>Equity and liabilities</u>	
Equity	1,257,296,648
<u>Liabilities</u>	

Total liabilities	<u>1,186,050</u>
Total equity and liabilities	<u>1,258,482,698</u>
Total revenue	1,678,118
Total expenditure	<u>3,902,211</u>
(Deficit)	(2,224,093)

### 03. Liquidation of the Company

Audit Observation	Comments of the Management	Recommendation
<p>With the objective of managing the investments of the Lalith Ethulathmudali Mahapola Higher Education Scholarship Trust Fund, National Wealth Corporation Limited had been registered on 23 June 2003 as a Public Company with an initial investment of Rs.200 million (ordinary shares 20,000,007). As per the agreement entered by the Fund with this company on 18 November 2003, the responsibility of managing the investment portfolio amounting to Rs. 3,160.7 millions owns by the Fund had been given to this Company. A sum amounting to Rs.985,500,070 had been invested by the Fund in 98,550,007 shares of this Company by 31 December 2023.</p> <p>The Company had gained considerable losses through securities transactions from the year 2017. Due to this reason, it was decided at the Cabinet meeting held on 28 August 2018 that the liquidation of the Company should be done subjected to the approval of the Central Bank, and that had been confirmed by the Cabinet decision No CP/21/0269/313/012 dated 02 March 2021. However, no liquidator had been appointed or no liquidation activities started even by 31 August 2024.</p>	<p>Since 2 cases related to the financial misuses Company had been filed by the Criminal Investigation Department, liquidation of the Company has been delaying till those cases are finished.</p>	<p>Action should be taken as per the Cabinet decision.</p>

#### 04. Non-maintenance of Accounting Books and Documents

Audit Observation	Comments of the Management	Recommendation
Decisions of the Board of Directors related to 2023, Bank Statements, Bank reconciliation statements, Cash books, Payment vouchers, and receipts, particulars on investments and particulars on court cases had not been submitted to the audit.	The final accounts for the year 2023 are prepared by the Accounting firm named Amarasekara and Company and all reports are available with that Company and the relevant examinations can be carried out by visiting that company.	It is observed that the management of the institution has acted irresponsibly. The Management has the responsibility of preparing and presenting the financial reports. Seeking the assistance from an Accounting Firm for preparing accounts is an internal affair of the Institution concerned. Action should be taken against the Management in relation to non-preparation and non-submission of the relevant financial reports.