

## Transactions report of the Nat Wealth Securities Limited Company - 2024

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The audit of the operational activities of the Nat Wealth Securities Limited Company for the year ended 31 December 2024 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 the provisions of the National Audit Act No.19 of 2018. My comments and observations which I consider should be reported to 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 such instances 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 Presentation of the financial statements

As per section 6.6 of the Operational Manual for the public enterprises introduced by Public Enterprises Circular No.01/2021 dated 16 November 2021, even though the financial statements and draft Annual Report should be submitted to the Auditor General within 60 days from the end of the accounting year, the financial statements approved by the governing board for the years 2023 and 2024 had not been presented to the audit even as at the date of this report.

### 2.2 Assets , Liabilities, Revenue and Expenditure

The details of assets, liabilities, revenue and expenditure shown in the financial statements last prepared for the year ended 31 December 2022 by the company for the last time are given below.

<b>Financial statement item</b>	<b>Value Rs.</b>
<b>Assets</b>	
Non Current Assets	
Current Assets	580,452,256
Total Assets	<u>580,452,256</u>

<b>Equity and Liabilities</b>	
Equity	511,215,256
Total Liabilities	69,237,000
Total Equity and Liabilities	<u>580,452,256</u>
Total Revenue	150,551,161
Total Expenditure	<u>445,548,211</u>
Deficit (Before Tax)	<u>(294,997,050)</u>

### 3 Liquidation of the Company

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
<p>By making an initial investment of Rs.200,000,070 (20,000,007 shares) by National Wealth Corporation Limited which is a subsidiary of Lalith Athulathmudali Mahapola Higher Education Scholarships Trust Fund, Nat Wealth Securities Limited had been established as a subsidiary of the same company on 23 June 2003. As at 31 December 2022, National Wealth Corporation Company had invested Rs.1,175,000,070 in 117,500,007 shares of Nat Wealth Securities Company. The company had not gained adequate profits from securities transactions during the period 2012-2017 and gained considerable losses. Furthermore, the Monetary Board of Central Bank of Sri Lanka had decided to withdraw the permit granted to the company for performing the primary transactions with effect from 01 December 2020. Under these circumstances, it had been decided to liquidate the company as per the cabinet decision CP/21/0269/313/012 dated 02 March 2021. However, no liquidator has been appointed to liquidate the company even up to 31 October 2025.</p>	<p>The liquidation of the companies has been delayed until the conclusion of two cases related to financial abuse by Nat wealth Security Company, as they had been filed by the Criminal Investigation Department.</p> <p>The proposal had been made by the Board of Directors to reduce the share capital of the company and its final decision has been forwarded to the approval of the Mahapola Fund. Once that approval is received, steps will be taken by the company to reduce the share capital and appoint a liquidator or transfer the shares to a suitable investor.</p>	<p>Action should be taken in accordance with the decision of the Cabinet of Ministers.</p>

#### 04 Non-submission of Accounting Books and Documents

Audit Observation	Comments of the Management	Recommendation
The board decisions related to 2024 of the company, bank reconciliations and cash book, receipts issued in relation to the receipts of Rs. 7,150,000 received from the Mahapola Fund in the year 2024, details related to investments and court proceedings had not been submitted to audit.	Receipts have not been issued in respect of the receipts of Rs. 7,150,000. The documents approved by the Board of Directors regarding those receipts have been submitted for audit. Although a report on investments and a letter confirming the balance have been requested by the Mahapola Fund, they have not been received as at 25.11.2025.	All relevant documents and records should be maintained and made available for audit.