

# Directors' statement on internal control over financial reporting

## → Responsibility

In line with the Section 10 (2) (b) of the Finance Companies Direction No. 03 of 2008 as amended by the Finance Companies (Corporate Governance – Amendment) Direction No. 06 of 2013, the Board of Directors present this report on internal control over financial reporting.

The Board of Directors (“the Board”) is responsible for the adequacy and effectiveness of the internal control mechanism in place at People’s Leasing & Finance PLC (“the Company”).

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of internal control over financial reporting which, regularly reviewed by the Board.

The Board is of the view that the system of internal control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board’s policies and procedures pertaining to internal control over financial reporting. The Management is in the process of continuously enhancing the documentation of the system of internal control over financial reporting. In assessing the internal control system over financial reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company.

These in turn are being observed and checked by the Internal Audit Department of the Company for suitability of the design and implementation effectiveness, on an on-going basis.

In adopting Sri Lanka Accounting Standards comprising LKAS and SLFRS progressive improvements on processes to comply with requirements of recognition, measurement, classification and disclosure are being made whilst further strengthening of processes will take place pertaining to Financial Statements, risk management disclosures, related party disclosures, and management information system.

Board has given due consideration for the adoption of SLFRS 9 – “Financial Instruments” which was applicable for financial reporting periods. The required modules have been implemented and progressive improvements on processes and controls are being made to strengthen the processes and controls around the Management information systems and report required for validation and compliance in line with SLFRS 9.

## → Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and has been prepared in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

## → Review of the statement by external auditor

The External Auditor, Messrs Ernst & Young, has reviewed the above Directors’ statement on internal control for the year ended 31 March 2019 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control system of the Company.

By order of the Board,



**J P Amaratunga**  
Chairman  
Board Audit Committee



**Hemasiri Fernando**  
Chairman



**M P Amirthanayagam**  
Deputy Chairman

13 June 2019