



**Sri Lanka Computer Emergency Readiness
Team | **Coordination Centre****

Annual Report 2021

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1 ABOUT SRI LANKA CERT|CC

1.1 INTRODUCTION

The Sri Lanka Computer Emergency Readiness Team | Coordination Centre (Sri Lanka CERT|CC) is the national centre for civilian cyber security in Sri Lanka, mandated to protect the nation's information infrastructure and to coordinate protective measures against, and respond to cyber security threats and vulnerabilities.

1.2 ESTABLISHMENT

As the national CERT of Sri Lanka, Sri Lanka CERT|CC acts as the central hub for cyber security of the nation. It is the single trusted source of advice on the latest threats and vulnerabilities affecting computer systems and networks, and a source of expertise to assist the nation and member organizations, in responding to and recovering from Cyber-attacks.

Sri Lanka CERT|CC was established on 1st of July 2006 as a subsidiary of Information and Communication Technology Agency of Sri Lanka (ICTA). ICTA is the Government Agency responsible for the development of IT Infrastructure and Policy in Sri Lanka. Thereafter, Sri Lanka CERT was made independent of ICTA in 2018 and was assigned to the Ministry of Digital Infrastructure and Information Technology. In the year 2019, Sri Lanka CERT was assigned to the Ministry of Defence and later was reassigned to the Presidential Secretariat in October 2020. Currently Sri Lanka CERT serves the Ministry of Technology under the purview of his excellency the President of Sri Lanka from 2021 onwards.

The newly appointed CEO commenced his duties from 1st January 2021. At the end of December 2021, the headcount comprised of twenty-seven (27) staff members. This included the Chief Executive Officer, Head of Research, Policy and Projects, Head of Human Resources and Administration, Chief Information Security Engineer, seven Information Security Engineers, Associate Information Security Engineer, Program Manager, Project Manager, four Information Security Analysts, two Associate Information Security Analysts, , Admin & Account Assistant, three Associate SoC Analysts and, three Trainee-Call Centre officers, there were seven undergraduate interns assisting the operations. Seven staff members were recruited during the year 2021.

All staff are highly skilled and experienced in different areas of information security and have achieved corresponding Information security certifications that are widely recognized in the industry, such as SANS GCIH, Microsoft MCSE, EC-Council Certified Ethical Hacker (CEH) and Certified Hacking Forensics Investigator (CHFI), Certified Information Systems Auditor (CISA) by Information Security Audit and Control Association (ISACA), CISCO CCNA, CCSP and CISSP by International Information Systems Security Certification Consortium; (ISC)².

1.3 CONSTITUENCY

Sri Lanka CERT|CC's constituency encompasses the non-defence cyber community of Sri Lanka (private and public-sector organizations, and the general public). Sri Lanka CERT|CC maintains a good rapport with the government and private sector establishments and extends assistance to

the general public. In accordance with its mandate, Sri Lanka CERT | CC gives priority to requests for assistance from the government. Requests from the private sector are accommodated where possible.

2 VISION & MISSION

2.1 VISION

“To be Sri Lanka’s flagship organization and trusted source of advice on threats and vulnerabilities to Information Systems through proactive prevention and effective action.”

2.2 MISSION

- To be the single and the most trusted point of contact for Information Security in Sri Lanka.
- To protect Information Technology users in the Public and Private Sector Organizations and the General Public by providing up-to-date information on potential threats and vulnerabilities and by undertaking computer emergency response handling services.
- To act as the most authoritative national source for all ICT security related issues across the nation.
- To link with other CERTS and CSIRTS around the world to share the knowledge and know-how relating to Information security.

3 CHAIRMAN’S REVIEW

The year 2021 continued to be challenging for Sri Lanka CERT, due to the lingering Covid-19 pandemic. The staff of Sri Lanka CERT carried out their duties conforming to government health guidelines, including getting vaccinated. Cyber incidents continued their trend of growing annually.

Sri Lanka CERT successfully carried out all operations and services, aided by low staff attrition.

Sri Lanka CERT was instrumental in a significant improvement in the National Cyber Security Index (NCSI), rising to 69 from 98 previously, out of 160 countries. This was a commendable effort by all staff and the new CEO.

Sri Lanka CERT also completed the following national surveys:

- a) Identifying Organizations maintaining Nationally Critical Information Infrastructure relating to Information Security.
- b) Public Officers Information and Cyber Security Readiness
- c) Supply and Demand Assessment of Cyber Security Professionals

Awareness training and workshops were conducted for approximately 30 entities, of which approximately 50% were Critical Nationally Important Infrastructure (CNIIs) entities.

Commitments to staff capacity building continued to be met with targeted training delivered through APNIC and Cyber4Dev.

The Annual National Cyber Security Week Conference 2021 was once again held online, and concluded successfully with increased and active participation. This included Live Streaming, reflecting the preferences of changing participant demographics.

Notable achievements during the year included:

- a) Launching a Tri-lingual Web Portal
- b) Opening a Contact Centre
- c) Developing a NVQ Level 5 Information and Cyber Security Technology syllabus
- d) Publishing Minimum Information Security Standards

The Board Audit Committee established the previous year, conducted 02 meetings during 2021.

I take this opportunity to thank the Secretary and the staff of the Ministry of technology for their invaluable support during the year. I also wish to thank my fellow Board members and the staff of Sri Lanka CERT for their unstinted commitment and co-operation throughout the year, and look forward to building on our success in the coming year.

Mr. Rohan Muttiah
Chairman

4 BOARD OF DIRECTORS

1. Mr. Rohan Muttiah - Chairman
2. Maj. Gen Renuka Rowel
3. Eng. Rohan Seneviratne - Resigned on 18 May 2021
4. Mr. Oshada Senanayake
5. Mr. Madhu Rathnayake
6. Mr. Channa De Silva
7. Dr. Ruvan Weerasinghe - Resigned on 17 June 2021
8. Mr. Jayantha Fernando
9. Mr. Vimukthi Janadara
10. Mr. K V K Alwis

5 ACTIVITIES & OPERATIONS

5.1 RESPONSIVE SERVICES

This service is triggered by events that are capable of causing adverse effects on constituents' Cyber Systems. Examples are Spam, Virus infections and unusual events detected by an Intrusion Detection System.

Sri Lanka CERT handles information security incidents. This service involves responding to a request or notification by a constituent on an unusual event that has been detected, which may affect the performance, availability or stability of the services or cyber systems belonging to that constituents.

5.2 AWARENESS SERVICES

This service is designed to educate our constituents on the importance of information security and related topics ranging from information security fundamentals and best practices to recent issues, such as the latest cyber threats and attacks.

Alerts & Advisory

This service provides early warning signals to the constituents regarding Computer viruses, hoaxes, security vulnerabilities, exploits and other security issues, and where possible, to provide short-term recommendations for dealing with the consequences of such attacks.

Currently, alerts are posted on Sri Lanka CERT | CC website. Constituents may also join the mailing list by subscribing to receive alerts via e-mail.

Seminars & Conferences

This service is provided with the intention of raising awareness about the most current information security issues, security standards and best practices. The aim is to help constituents to significantly reduce the probability of being victims of a cyber-attack. Seminars can even be tailored to address specific information security related issues through special requests.

Workshops

This service is aimed at increasing the constituents' awareness of information security. However, unlike seminars, these are more technically oriented and targeted at IT professionals, who perform daily tasks related to information security. Workshops will be arranged regularly, or on request, by Sri Lanka CERT | CC for its constituents addressing general topics. If desired, constituents may submit specific information security related topics, so that the workshops are tailored to their needs.

Knowledge Base

The Knowledge Base is a passive service offered by Sri Lanka CERT | CC to interested constituents through documents, articles, news items, etc. published on the Sri Lanka CERT | CC website and the media. The aim of this service is to provide a range of knowledge resources to the constituency, enabling anyone from a home user to an IT professional to find useful information to help boost their understanding of information security.

5.3 CONSULTANCY SERVICES

This service is aimed at providing constituents with means of determining the adequacy of their information security systems, and to take necessary steps to strengthen its defences.

Technical Assessments

This service is aimed at reviewing and analysing the security infrastructure and procedures adopted within an organization based on the experience of Sri Lanka CERT | CC's information security Team and certain predefined parameters. The end result is a detailed report on the

weaknesses of the client organization's current ICT infrastructure, where improvements need to be made and how such improvements should be implemented.

Advisory for National Policy

As the primary authority on information security in Sri Lanka, Sri Lanka CERT | CC is responsible for developing, introducing and enforcing information security standards to its constituents.

5.4 MANAGED SERVICES

Sri Lanka CERT | CC's managed security services offering is designed to strengthen the security posture of the organisation or business by providing the expertise and support that is needed to detect, prevent and remediate any cyber security related threats to your IT infrastructure.

Vulnerability Assessments

Sri Lanka CERT | CC's vulnerability assessment service helps an organization to improve its security posture by identifying vulnerabilities before they become security incidents. Our experts use a proven combination of industry tools, best practices and in-house techniques to probe the network/ devices for vulnerabilities and hence identify potential areas of risk.

Penetration Testing

Sri Lanka CERT | CC provides an internal and/or an external penetration testing service that involves simulating real-world attacks to provide a current view of vulnerabilities and threats to the client's network infrastructure.

These assessments begin with a discovery process to develop a baseline profile of accessible services, ports and systems as targets for further internal or external penetration testing.

The process involves an in-depth analysis including manual probing to:

- Test identified components to gain access to the networks
- Network devices such as firewalls, routers, and switches
- Network services such as web, DNS, email, ftp, etc.
- Determine possible impact or extent of access by attempting to exploit vulnerabilities

A detailed report is provided with findings and recommendations

System Hardening

The purpose of system hardening is to eliminate as many security risks as possible. This is typically done by assessing the systems against the security best practices. There may be continuous changes to the information systems of the organization. As a result, it may introduce new vulnerabilities due to misconfiguration, and/or unnecessary software/services etc. A detailed report will be provided with findings and recommendations.

On-site and off-site consultation

This service mainly focuses on incident response. The main purpose of this service is to ensure that the client is not unduly burdened with day to day information security related incidents.

- Over the phone consultancy
- On-site incident handling
- Timely response and mitigation to incidents occurring at customer premises
- Review of security policies and processes

5.5 DIGITAL FORENSICS INVESTIGATIONS

Sri Lanka CERT | CC digital forensics team has been offering the service since year 2010 and has well experienced digital forensics investigators. Sri Lanka CERT|CC is equipped with globally acceptable tools and adheres to globally recognized digital forensics procedures.

Furthermore, Sri Lanka CERT | CC conducts digital forensics training programs and technical workshops for both local and international audiences. Sri Lanka CERT | CC has successfully conducted tailor-made digital forensics training programs for public and private sector organization based on client requirements.

5.6 RESEARCH & POLICY DEVELOPMENT

Sri Lanka CERT | CC Research and Policy Development division was established with the intention of:

- Developing strategies and formulating policies related to information security and cyber security for the nation
- Conducting national level surveys on the various domains related to information and cyber security
- Conducting research on cyber threats and issuing alerts on possible threats
- Coordinating special projects related to information security and cyber security.

6 OPERATIONAL PERFORMANCE (ROUTINE RESPONSIBILITIES & PROJECTS)

6.1 INCIDENT HANDLING SUMMARY

Sri Lanka CERT|CC being the national contact point for all cyber security related matters, receives numerous incident reports/complaints relating to the country's national cyber-space from both domestic and international partners.

The types of incidents received by Sri Lanka CERT include incidents related to social networks, email compromise, phishing, web site compromise, scams, malicious software issues and ransomware, privacy violations, financial frauds, compromised unique IP's extracted from the information collected by automated systems operated by international organizations. Majority of the reported incidents fall in to the category of social media related incidents and on average more than 1400 cases are reported each month. Among the social media incidents, Facebook incidents were the highest.

The Table 1 depicts the distribution of various types of incidents reported to Sri Lanka CERT in the year 2021. All the incidents reported to Sri Lanka CERT have been resolved satisfactorily.

Incident Type	No of Incidents 2021
DDOS	13
Ransomware	45
Abuse/Hate/Privacy violations	182
Malicious Software issues	10
Phone Hacking	7
Scams	322
Phishing	98
Website Compromise	282
Financial/Email frauds	115
Intellectual property violation	8
Server Compromised	13
Social media	16975
Other	144

Table 1: Number of reported incidents in year 2021

6.2 CONSULTANCY SERVICES

Sri Lanka CERT continues to provide consultancy services in response to requests made by both the public and private sectors.

6.3 INFORMATION SECURITY MANAGED SERVICES

1. CERT was able to deliver the following security managed services;
 - External penetration testing
 - Internal penetration testing
 - Device configuration reviews
 - Network architecture reviews
 - Application security assessments
 - Server OS configuration reviews

6.4 APPLICATION SECURITY AUDITS

Sri Lanka CERT performed Web and Mobile Application Security Audits were performed throughout the year. Continuous monitoring of web applications was conducted in order to identify potential cyber-attacks.

6.5 TRAINING / EDUCATION SERVICES

In order to fulfill its mandate to create awareness and build Information Security skills within the constituency; Sri Lanka CERT continued to organize training programs and education sessions

targeting various audiences including CIOs, Engineers, System Administrators, Banking and Telecom Sector Staff, Students, and General Public.

1. Awareness Program and Training Sessions

Sri Lanka CERT conducted the following training and awareness programs:

- General Cyber Security Awareness sessions for:
 - Auditor General's department
 - Ceylon Electricity Board
 - Department of Railways
 - University of Peradeniya
 - Sri Lanka Institute of Information Technology (SLIIT)
 - Airport & Aviation Services
 - National Dangerous Drugs Control Board
 - Department of Census & Statistics
 - Western Province Intelligence Division
 - Commission to Investigate Bribery or Corruption
 - Western Province Intelligence Division
 - Department of Examinations.
 - Galle Police Station
 - Election Commission
 - Department of Public Trustee
 - Malasna Devaraja school

- Application security and penetration testing session for SLIIT
- Social Media complains handling training for Crime Investigation Division of Sri Lanka Police
- Open source intelligence training for CNI staff
- Online session on Social Media for better society
- Awareness session at CyberCon'21- Mozilla Campus Club of SLIIT
- Awareness session on “Why online privacy and security is important” for Sumithrayo NGO
- Session on Parental Controls at Hithawathi
- Session on “How to prepare for internships and industry as an undergraduate” at Sri Lanka Telecom
- Session on “Cyber security Advanced Threats and counter measures”
- Awareness session on “Ransomware / Phishing emails / Cyber frauds and scams/ Cyber Security best practices” for David Pieris staff
- Social Media complaints handling training sessions for law enforcement officers

2. Awareness through Electronic/Print Media

Sri Lanka CERT|CC provided information for 6 newspaper articles. Furthermore, 02 videos for YouTube channels, 02 live radio programs and provided recorded content for 04 TV and 15 radio programs. Sri Lanka CERT|CC live streamed 4 sessions on social media platforms.

3. Annual Cyber Security Week 2021 (eCSW 2021)

The 14th Annual National Cyber Security Week (CSW) 2021 with the theme of “Striving with Hope” from the 25th to the 29th of October 2021. Taking place virtually owing to the pandemic, year 2021 eCSW was packed with several keynote events. It was launched with the hacking challenge with 56 teams coming on onboard with 168 participants on the platform.

The 02nd Day of eCSW commenced with a series of workshops, two private workshops on defining the organization’s critical information assets in the context of critical national infrastructure by international security experts and Memory forensic analysis by industry experts and 02 public workshops on Digital transformation and cyber resilience by ISC2 Colombo Chapter took place with over 400 participants. These workshops would enable and empower the development of strong cybersecurity policies and strengthen the threat resolution skills of cybersecurity professionals.

From the 27th of October onwards, eCSW flagship event launched its three-day conference featuring over 40 local and international experts sharing their insights on cybersecurity. Over the course of three days, there were in-depth discussions held on the current cybersecurity landscape in a series of panel discussions and presentations with over 1150 participants joining the session.

The 14th Annual eCSW was open to the public and free to attend whilst being streamed on Sri Lanka CERT Facebook page and YouTube Channel. As threats in the digital world evolve and cybersecurity becomes increasing borderless, international exchanges like the Annual Cyber Security Week are more important than ever and the exchange of insights and the upskilling of local cybersecurity professionals is essential if we are to safeguard our infrastructure and aid us collectively ensure our digital world is safer.

4. Security Alerts

- An Average of 1200 compromised IPs per month were informed to ISPs.
- 26 critical security alerts were published and sent to subscribers.

6.6 PUBLICATIONS

Website

The Sri Lanka CERT website publishes security related awareness bulletins for the public via News Alerts and a Knowledge Base. Glossaries, case studies and FAQs are among some of the other published items.

E-mails

Disseminating security related information via e-mail alerts to Sri Lanka CERT website subscribers.

Newsletters

Sri Lanka CERT|CC publishes and circulates the Cyber Guardian e-newsletter to a large number of students, through the ‘SchoolNet’ - the network connecting secondary schools in Sri Lanka.

Newspapers/media

Sri Lanka CERT continues to educate the general public through the electronic and print media about emerging cyber security threats and vulnerabilities with recommendations on how to safeguard against these attacks.

6.7 INFRASTRUCTURE DEVELOPMENT & STAFF CAPACITY BUILDING

1. Staff Capacity Building – International Initiatives

- TLS/SSL live eTutorial (APNIC)
- Network Security & Packet Analysis live eTutorial (APNIC)
- Training on Understanding Exploits I & II (by Cyber4Dev)
- Training on Detecting Compromise (by Cyber4Dev)
- Training on Secure Logins (by Cyber4Dev)
- Training on NCSOC Planning (by Cyber4Dev)

6.8 NATIONAL PROJECTS

Project Name	Project Status (Simple Description)
National Cyber Security Operations Center for real-time monitoring of cyber security incidents	Publicly hosted websites of ICTA were added to the monitoring center. IT Infrastructure of Sri Lanka Customs was added for monitoring the security threats.
Implementation of National Certification Authority of Sri Lanka to issue certificates for Certificate Service Providers	Initial Certificate Revocation List (CRL) was generated.
Cyber Security Capacity and infrastructure development for building the capacity of staff and improving the infrastructure of Sri Lanka CERT	Purchasing of computer hardware and software were completed.
National Surveys on Information and Cyber Security to understand the cyber security landscape of Sri Lanka	Following Surveys were completed. <ul style="list-style-type: none"> • Public Officer's Information and Cyber Security Readiness • Critical Information Infrastructure Readiness • The Supply and Demand of Cyber Security Professionals
Development of a Web Portal to increase citizens' awareness on cyber security (www.onlinesafety.lk)	The tri-lingual web portal was launched.
Establishment of Cyber Security Call center to handle cyber security incidents	The Call Center was established
Development of National Vocational Qualification (NVQ) Standard for Information and Cyber Security	NVQ level 5 (National Diploma) on Information and Cyber Security Technology was developed.

Table 2: National Projects

7 ACHIEVEMENTS

7.1 CYBER SECURITY BILL

The Cyber Security Bill was drafted, revised, and submitted for review.

7.2 INFORMATION AND CYBER SECURITY FRAMEWORK FOR GOVERNMENT

- Information and Cyber Security Implementation Guide drafted and reviewed.
- Minimum Information Security Standards (MISS) were developed and published.
- Web Application and Hosting Guidelines were drafted.

7.3 NATIONAL CYBER SECURITY INDEX

National Cyber Security Index (NCSI) is a global index which measures the preparedness of countries to prevent cyber threats and manage cyber incidents. As per the latest ranking of the NCSI, Sri Lanka has advanced to 69th position (year 2021) from the 98th Position (year 2019) out of 160 countries.

7.4 MEMBERSHIPS

Sri Lanka CERT continues to maintain memberships with following professional organizations;

- (ISC)2 Colombo Sri Lanka Chapter the local representative organization of International Information Systems Security Certification Consortium.
- Membership for Threat Intelligence from ShadowServer.
- Membership of FIRST
- Membership of APCERT
- Membership of CAMP, Korea
- Membership of TF-CSIRT

8 INTERNATIONAL COLLABORATION

8.1 CAMP

- Participated in three (3) CAMP Operations Committee (OC) meetings
- Leading processes and procedures relevant to membership component in CAMP OC
- Participated in many online and offline discussions on CAMP AGM 2021
- Delivered a presentation for CAMP AGM 2021 on the topic 'Building Awareness on Information Protection During the Pandemic' (pre-recorded video)
- Participated CAMP AGM 2021
- Participated in many online and offline discussions on co-hosting CAMP Regional Forum 2021
- Co-hosted CAMP Regional Forum 2021 for Asia region
- Delivered the Welcome speech on behalf of Sri Lanka CERT during the Regional Forum

- Delivered a presentation during the Regional Forum on the topic ‘Cyber Security Landscape of Sri Lanka’

8.2 APCERT

- Participated for five APCERT steering committee meetings
- Continuing with network monitoring project “Tsubame” with JPCERT|CC
- Organized and conducted meetings with the working group members as the Convener of APCERT working group – Critical Infrastructure Protection
- Participated for APCERT working group teleconferences- Policy and Planning, Membership
- Conducted APCERT online training on “Latest Trends on Keyword Hacks & SEO Spam” for the APCERT members
- Participated for APCERT cyber drill 2021 working group discussions
- Participating APCERT cyber drill 2021
- Participated for APCERT AGM Program Committee Meeting
- Sponsored FIRST and APNIC to obtain the APCERT membership
- APCERT AGM and Conference 2021 (Teleconference)
 - Appointed as a Member of the program committee of AGM
 - Presented the progress of Critical Infrastructure Protection working group at the AGM
 - Contributed to several APCERT working groups
 - Proposed to have 2022 APCERT AGM in Sri Lanka

9 FUTURE PLANS

9.1 FUTURE PROJECTS TO BE IMPLEMENTED

- Establishment of a Sectoral CERT for Education Sector (EduCERT)
- Information and Cyber Security Risk Assessment for Critical Information Infrastructure Providers

10 BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC) was appointed by the Board of Directors of Sri Lanka CERT on the 13th of July 2020. The Board Audit Committee comprises of the following members;

1. Mr. Vimukthi Janadara – Chairman of the BAC
2. Mr. K V K Alwis
3. Mr. Jayantha Fernando

The BAC met twice this year, on the 02nd March 2021 and the 15th July 2021.

The report by BAC is attached as Annex A.

11 REPORT OF THE AUDITOR GENERAL

Audited Financial Statement of 2021 along with Auditor General's Report for the year 2021 is attached as Annex B.

12 FINANCIAL HIGHLIGHTS

Expenses		
Recurrent Expenses		
Personnel Emoluments	78,459,508.00	
Communication	3,251,420.00	
Rent of Premises & Electricity	9,754,992.00	
Office Expenses	531,024.00	
Travelling - Local	483,213.00	
Maintenance	4,191,910.00	
Insurance	2,323,479.00	
Professional Fees	1,020,000.00	
Secretarial Fees	264,000.00	
Bank Charges	16,750.00	
Audit Fee	879,000.00	
Legal Fees	250,000.00	
Staff Training	30,000.00	
Meeting Expenses	204,401.00	
Depreciation & Amortization	3,557,577.00	
		105,217,274.00
Capital Expenses		
Project Expenses		49,480,241.00
		154,697,515.00

Revenue		
Grant Income from the Treasury		
Grant Income for Operational Expenses	96,226,436.00	
Grant Income for Capital Expenses	49,305,296.00	
Deferred Grant Income on Grant Assets	7,051,638.00	
		152,583,370.00
Earned Revenue		
Manage Security Services & Others	6,382,425.00	
Interest Income	1,244,456.00	
		7,626,881.00
		160,210,251.00

Note:

1. Recurrent budget allocation 2021 – 100M
2. Capital budget allocation 2021 – 880.48M

13 CONCLUSION

In the year 2021, there was an increase in the number of information security incidents while new challenges were posed by the pandemic. Despite these, Sri Lanka CERT was able to successfully perform its operations.

An increased focus was given towards securing sensitive government information assets. This included the development of policies, capacity building initiatives, improvements to information infrastructure and monitoring of key public facing resources.

Drafting the Cyber Security Bill, Developing the Information and Cyber Security Policy for government organizations and Monitoring of critical public facing resources are some of the activities carried out during the year as per the National Information and Cyber Security Strategy of Sri Lanka (2019:2023).

We believe Sri Lanka CERT is well positioned to build on its success in the coming year.

Annex A

BOARD AUDIT COMMITTEE REPORT - 2021

1. The Board of Directors of Sri Lanka CERT appointed the following members of the Board for the Board Audit Committee on 13th July 2020.

<u>Name</u>	<u>Date of Appointment</u>
(a) Vimukthi Janadara - Chairman	11 th January 2020
(b) Vasantha Alwis - Member	19 th February 2020
(c) Jayantha Fernando - Member	26 th December 2019

2. The Board Audit Committee held two meetings in 2021, as given below.

(1). The Meeting on 02nd March 2021

a. Members present:

- Vimukthi Janadara - Chairman
- Vasantha Alwis - Member
- Jayasiri Amarasena - CEO, Sri Lanka CERT - Invitee
- Prasad De Silva - Head of HR & Admin - Invitee
- S Nishanthi Mendis - Representative from Nexia Management Services - Invitee
- Gimhani Madushika - Admin & Accounts Assistant - Invitee

b. Summary of major points discussed:

- Discussion of reply letter for Audit Query 2018
- Draft Financial Statements 2020

(2). The Meeting on 15th July 2021

a. Members present:

- Vimukthi Janadara - Chairman
- Vasantha Alwis - Member
- Jayantha Fernando - Member
- Jayasiri Amarasena - CEO, Sri Lanka CERT - Invitee
- Dileepa Rathnayaka - CFO, Ministry of Technology
- Renuka Weeraratne - Superintendent of Audit
- Prasad De Silva - Head of HR & Admin - Invitee
- Gimhani Madushika - Admin & Accounts Assistant - Invitee
- S Nishanthi Mendis - Representative from Nexia Management Services - Invitee
- Thomas Prins - Secretary

b. Summary of major points discussed:

- Financial Statements for 2018 and 2019
- Establishment of the Internal Audit Mechanism at Sri Lanka CERT
- Treasury / Line Ministry supervision of Sri Lanka CERT

- Outsourced activities of Sri Lanka CERT and matters regarding compliance under the Companies Act
- Budget for the year 2021 which was submitted to the Line Ministry
- Financial Progress as at 30th June 2021
- Draft Financial Statements 2020

3. The Board Audit Committee, in general checks the progress of projects being carried out by Sri Lanka CERT and the management of funds provided by the Government of Sri Lanka for both projects and recurrent operations. The Board Audit Committee noted that the following National Projects are being carried out by Sri Lanka CERT as budgeted for the year 2021.

Project Name	Funds Allocated for 2021 LKR in Millions
1. National Cyber Security Operations Centre	525.20
2. Establishment of National Certification Authority for Sri Lanka	41.26
3. National Survey on Information and Cyber Security	28.23
4. Cyber Security Capacity and Infrastructure Development	8.26
5. Improve the Cyber Security Readiness of 10 Government Organizations	103.70
6. Designing and Development of Web portal to Increase Stakeholders Awareness on Cyber Security	2.30
7. Development of National Competency Standards for Information and Cyber Security	8.44
8. Development of Online Modules on e-Learning for Government Officers	16.80
9. Cyber Security Capacity Building Program Training for 10,000 Government Officers	18.00

4. The Board Audit Committee also observed that the Covid-19 situation has significantly impacted the progress of the above projects.

5. Further, the management of funds for both projects and recurrent operations is well within the allocated budget.

Signed by,
Vimukthi Janadara
Chairman
Board Audit Committee

Annex B



ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



මගේ අංකය }
எனது இல. }
My No. }

CAM/E/CERT/01/2021/03

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය }
திகதி }
Date }

31 January 2023

The Chairman,
Sri Lanka CERT (Private) Limited



Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka CERT (Private) Limited for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

The above mentioned report is sent herewith

W.P.C. Wickramaratne
Auditor General

Copies: 01. Secretary, Ministry of Finance

02. Secretary, Ministry of Technology





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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

CAM/E/CERT/01/2021/03

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

31 January 2023

Chairman

Sri Lanka CERT (Private) Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka CERT (Private) Limited for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka CERT (Private) Limited Company for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of profit and loss statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium sized Entities.



1.2 Basis for Qualified Opinion

- (a) According to the financial statement, the value of the property, plant and equipment was Rs. 21,723,710 as at 31 December 2021, according to the fixed assets register, the value was Rs.26,161,862. A difference of Rs.4,438,152 was observed.
- (b) As per the financial statement of the Company, the amount due from ICTA as at 31 December 2021 was Rs.40,215,928. As the balance confirmation from ICTA it was Rs.1,829,901 and there was a difference Rs. 38,386,027. The management fail to recognize this difference.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Company's 2021 Annual Report.

The other information comprises the information included in the Company's 2021 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information. I have nothing to report in this regard.

1.4 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 for Small and Medium sized Entities, and for such internal control as management determine 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 financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.
- 2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163(2) of the Companies Act, No. 7 of 2007 and section 12(a) of the National Audit Act, No. 19 of 2018.
- 2.1.2 The Financial Statement of the Company comply with the requirement of section 151 of the Companies Act, No. 19 of 2007.
- 2.1.3. The financial statements presented is consistent with the preceding year as per the requirement of section 6(1) (d)(iii) of the National Audit Act, No. 19 of 2018.
- 2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6(1) (d)(iv) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;
- 2.2.2 To state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12(f) of the National Audit Act, No. 19 of 2018.

2.2.3 To state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12(g) of the National Audit Act, No. 19 of 2018.

2.2.4 To state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12(h) of the National Audit Act, No. 19 of 2018.


W.P.C. Wickramaratne

Auditor General



SRI LANKA CERT (PRIVATE) LIMITED

FINANCIAL STATEMENTS 2021



SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2021
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>NOTE</u>	<u>2021</u> Rs	<u>2020</u> Rs
Grant Income	4	152,583,370	109,985,588
Expenses			
Personnel Emoluments	5	(78,459,508)	(61,305,892)
Operational Expenses	6	(26,757,765)	(19,706,552)
Project Expenses	7	(49,480,241)	(34,018,066)
Net Surplus/(Deficit) on Grant Activities		(2,114,144)	(5,044,921)
Other Revenue	8	7,626,881	5,481,502
Net Surplus/(Deficit) before Taxation		5,512,737	436,581
Less : Taxation		-	-
Net Surplus/(Deficit) after Taxation		<u>5,512,737</u>	<u>436,581</u>



SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>NOTE</u>	<u>2021</u> Rs	<u>2020</u> Rs
<u>Assets</u>			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	9	5,395,141	4,740,120
Intangible Assets	10	3,125,853	2,498,747
		8,520,994	7,238,867
<u>Current Assets</u>			
Prepayments	11	1,959,646	5,221,084
Other Receivables	12	40,498,640	40,215,928
Cash & Cash Equivalents	13	32,297,943	33,267,641
		74,756,229	78,704,653
Total Assets		83,277,223	85,943,520
<u>Equity & Liabilities</u>			
<u>Equity</u>			
Stated Capital	14	20	20
Accumulated Surplus		66,885,121	61,372,384
Total Equity		66,885,141	61,372,404
Deferred Revenue for Grant Assets	15	8,520,995	7,238,867
Unutilised Grant Income	16	-	-
<u>Non-Current Liabilities</u>			
Retirement Benefit	17	6,832,375	13,370,188
<u>Current Liabilities</u>			
Deferred Revenue for Expenses	18	-	3,494,061
Trade & Other Payables	19	1,038,712	468,000
		1,038,712	3,962,061
Total Equity & Liabilities		83,277,223	85,943,520

The Accounting Policies and notes on pages 5 through 19 form an integral part of the Financial Statements.

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

N.A. Arunasekera

Chief Executive Officer

S. Bandan

Nexia Management Services (Pvt) Ltd

The board of directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board by;

R. Mura

Chairman

[Signature]

Director

16-01-2023

DATE OF APPROVAL BY THE BOARD



SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2021
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	Stated Capital Rs	Accumulated Surplus Rs	Total Rs
Re-stated balance as at 31st December 2018	20	45,030,050	45,030,070
Surplus for the Year	-	15,905,753	15,905,753
As at 31st December 2019	20	60,935,803	60,935,823
Surplus for the Year	-	436,581	436,581
As at 31st December 2020	20	61,372,384	61,372,404
Surplus for the Year	-	5,512,737	5,512,737
As at 31st December 2021	20	66,885,121	66,885,141

The accounting policies and notes form an integral part of the Financial Statements.
 Figures in brackets indicate deductions.



SRI LANKA CERT (PRIVATE) LIMITED
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	Note	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		Rs	Rs
Surplus/(Deficit) for the Year		5,512,737	436,581
Adjustments for;			
Depreciation & Amortization		3,557,577	2,493,121
Provision for Gratuity		2,539,563	2,581,188
Gratuity Paid		(9,077,375)	(1,485,000)
Deferred Revenue for Grant Assets Adjustment		1,282,127	(1,249,413)
		<u>3,814,629</u>	<u>2,776,477</u>
Working Capital Changes			
(Increase) / Decrease in Prepayments		3,261,438	(3,833,393)
Increase / (Decrease) in Other Payables		570,712	(9,418,247)
Increase / (Decrease) in Unutilised Grant Income		-	(11,483,044)
Increase / (Decrease) in Deferred Rev for Exp		(3,494,061)	3,494,061
(Increase) / Decrease in Other Receivables		(282,712)	42,498,575
		<u>3,870,006</u>	<u>24,034,430</u>
Cash Flows from Investment Activities			
Acquisition of Property, Plant & Equipments		(2,204,000)	(1,243,709)
Acquisition of Intangible Assets		(2,635,704)	-
Net Cash Generated (Used in) from Investment Activities		<u>(4,839,704)</u>	<u>(1,243,709)</u>
Cash & Cash Equivalents as at the beginning of the Year		33,267,641	10,476,919
Net Cash Generated (Used in) during the Year		(969,698)	22,790,721
Cash & Cash Equivalents as at the End of the Year	(A)	<u>32,297,943</u>	<u>33,267,641</u>

(A) Analysis of Cash & Cash Equivalents as at the end of the year

BOC Current A/C	(19,758,670)	(16,139,911)
Savings A/C	30,737,476	28,397,140
Fixed Deposit	21,299,137	20,270,411
Bank Guarantee Margin A/C	-	720,000
Petty Cash	20,000	20,000
	<u>32,297,943</u>	<u>33,267,641</u>



SRI LANKA CERT (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

1.1. General

Sri Lanka CERT (Pvt) Ltd was established in June 2006 as an affiliate of ICTA to be the National Centre for Cyber Security. Sri Lanka CERT|CC is separated from ICT Agency of Sri Lanka in August 2018 with an independent operational body under Ministry of Digital Infrastructure & Information Technology. At the beginning of 2020 Sri Lanka CERT|CC was under the Ministry of Defence and was assigned to Presidential Secretariat on 25 September 2020 by the Gazette No. 2194/74. Thereafter, Sri Lanka CERT|CC was reassigned to Ministry of Technology on 20th November 2020 by the Gazette No. 2202/25.

Sri Lanka CERT|CC has been mandated to be the focal point for preventing, protecting against and responding to cyber security threats and vulnerabilities in Sri Lanka's ICT infrastructure and to liaise with all government organizations, private sector, academia and non-government organizations to disseminate information relevant to potential Cyber Security threats and providing assistance to mitigate such incidents.

1.2. Principal Activities and Nature of Operations

Sri Lanka CERT activities include;

- Responsive services such as incident handling that involves responding to a request or notification by a constituent that an unusual event has been detected, which may be affecting the performance, availability or stability of the services or cyber systems belonging to that constituent.
- Awareness services, such as conducting of cyber security awareness programs for the general public including school children, and the conduct of seminars, conferences and workshops for professionals in both the state and private sectors and maintaining an up to date knowledge base relating to cyber security in the Sri Lanka CERT website.
- Provision of consultancy services such as digital forensics investigations, vulnerability assessments, network security assessments, and information security policy development and implementation.

1.3. Date of Authorization for Issue

The financial statements of Sri Lanka CERT (Pvt) Ltd for the year ended December 31, 2021 was authorized for issuance by the directors on 04th October 2022.

2. BASIS OF PREPARATION

The financial statements which have been presented in Sri Lankan Rupees and on a historical cost basis.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**2.1. Statement of compliance**

The financial statements of the company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards for Small and Medium sized Entities laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of Companies Act No 7 of 2007

2.2 Use of Estimates & Judgments

- The preparation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Going Concern

The Directors have made an assessment on the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Foreign Currency Translation**

The financial statements are presented in Sri Lankan Rupees, which is the company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the Statement of Financial Position date. All differences are taken to Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of the initial translations. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.2. Other Receivables

Other Receivables and dues from related parties are recognized at Cost.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**3.3 Cash & Cash Equivalents**

Cash & cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investment with short maturities i.e. three months or less from the date of acquisition is also treated as cash equivalents.

3.4 Financial Instruments**(a) Initial Recognition and Measurement**

The Company recognizes a financial asset or a financial liability in its statement of financial position when the entity become party to the contractual provisions of the instrument.

Company initially measures its financial assets at fair value plus in case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Company initially measures its and liabilities at fair value minus in case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities.

Despite the above paragraph, at initial recognition, the company measures trade receivables at their transaction price as defined in SLFRS 15.

(b) Classification of Financial Assets

- Financial assets are classified as subsequently measured at amortised cost, Fair Value through other comprehensive income or fair value through profit or loss based on
- The company's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial assets

(i) Financial Assets measured at Amortized cost

A Financial asset is measured at amortised cost if both the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021Financial Assets measured at Amortized cost (Cont'd)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(c) Classification of Financial liabilities

Financial liabilities are subsequently measured at amortized cost, except for,

- Financial liabilities at fair value through profit or loss.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- Financial guarantee contracts
- Commitments to provide a loan at a below-market interest rate

(d) Reclassification

- (i) Financial assets are reclassified when and only when the company changes its business model for managing financial assets.

If the company reclassifies financial assets, such reclassification is applied prospectively from the reclassification date and previously recognized gains, losses (including impairment gains or losses) are not restated.

Guidance in paragraphs 5.6.1 to 5.6.7 to SLFRS 09 - Financial instruments are applied in the event of a reclassification of financial assets.

- (ii) Financial liabilities are not reclassified

(e) Amortised cost Measurement

Interest revenue is calculated by using the effective interest method by applying effective interest rate to the gross carrying value originated credit impaired financial assets

- Purchased or Originated credit impaired financial assets.
- Financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**3.4.1. Impairment****(a) Impairment**

The company recognizes a loss allowance for expected credit losses on a financial asset.

Where on the reporting date the credit risk on the financial instrument has increased significantly since initial recognitions, loss allowances at an amount equal to the lifetime expected credit losses is made.

Where on the reporting date the credit risk on the financial instrument has not increased significantly since initial recognitions, loss allowances is measured for that financial instrument at an amount equivalent to 12 month expected credit losses.

(b) Derecognition of Financial Assets

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for derecognition.

(c) Derecognition of Financial Liabilities

A financial liability is removed (or a part of a financial liability) from its statement the financial position when, and only when, it is extinguished – ie when the obligation specified in the contract is discharged or cancelled or expired.

(d) Impairment of other non-financial assets

Assets that have indefinite useful lives are not subject to amortization and tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**3.4.2. De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have been expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Company has transferred substantially all the risks and rewards of the asset,
Or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.5. Property, Plant and Equipment

Property, plant and equipment are stated at cost excluding the costs of day today servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of the plants and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight-line basis at the following rates.

Asset	Rate
Office Equipment	20%
Computers	20%
Furniture & Fittings	20%



SRI LANKA CERT (PVT) LTD**NOTES TO THE FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2021**3.6. Intangible Assets**

Intangible Assets are recognized, if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably.

3.6.1. Software

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

3.6.2 Subsequent Expenditure

Expenditure incurred on software is capitalized, only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.6.3. Amortization

Amortization is calculated on a straight-line basis at the following rate or useful life , whichever is less. (The useful life of the cyber security software is 3 years)

Asset	Amortization rate
Software	20%

3.7. Retirement Benefit Obligations**a) Defined Benefit plan- Gratuity**

Gratuity is a defined benefit plan. The company is liable to pay gratuity in terms of the relevant statute. in order to meet this liability, a provision is carried forward in the Statement of Financial Position, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year is dealt with in the Statement of Comprehensive Income.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**b) Defined Contribution Plans-Employees' Provident Fund & Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund contribution and Employees' Trust Fund Contribution in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.8. Grants & Subsidies

Grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions are complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the company receives non-monetary grant, the asset and that grant are recorded at nominal amounts and released to the Statement of Comprehensive income over the expected useful life of the relevant asset by equal installments.

3.9. Unutilized Grant Income

Unutilized grant income represents grants received during the year 2019. However relevant expenditure for the said grant received have not been incurred. Therefore, the said grant received is recognized as unutilized grant income & shown immediately after equity. This amount will be transferred to statement of Profit & Loss when relevant expenditure is incurred in future.

3.10. Revenue Recognition

In consultation with the Sri Lanka Accounting and Auditing Standards Monitoring Board and in accordance with the requirements of LKAS -20- Government Grants and Disclosure of Government Assistance, the company recognized during the year as income and the outlays on project implementation.

3.11. Interest

Revenue is recognized on a time proportion basis that takes in to accounts the effective interest rate on asset.

3.12. Other

Other income is recognized on accrual basis.



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2021</u>	<u>2020</u>
	Rs	Rs
NOTE 04 GRANT INCOME		
Grant Income - Operational	96,226,436	62,205,423
Grant Income - Project	49,305,296	33,804,000
Deferred Grant Income - On Grant Assets	7,051,638	2,493,121
Transferred from Unutilised Grant Income A/C	-	11,483,044
	<u>152,583,370</u>	<u>109,985,588</u>
NOTE 05 PERSONNEL EMOLUMENTS		
Salaries & Wages	65,244,083	42,889,733
EPF Expenses	7,829,290	5,146,768
ETF Expenses	1,957,323	1,286,692
Consultant fees	-	8,520,000
Interns Allowance	889,250	586,332
Gratuity Provision	2,539,563	2,581,188
Over Time	-	295,179
	<u>78,459,508</u>	<u>61,305,892</u>
NOTE 06 OPERATIONAL EXPENSES		
Telephone & Internet Charges	3,251,420	2,560,693
Insurance Expense	2,323,479	1,806,261
Rent Expense	9,754,992	8,412,336
IT Equipments Maintenance	263,962	212,465
Professional Fees	1,020,000	1,020,000
Secretarial Fee	264,000	474,620
Legal Fees	250,000	-
Bank Charges	16,750	18,150
Courier Charges	50,692	82,392
Maintenance & Repairs Expense	246,131	98,142
News papers & periodicals	9,530	24,690
Audit Fee	879,000	150,000
Meeting Expenses	204,401	73,230
Other Office Expense	-	58,528
Water	30,012	42,234
Staff Welfare	108,633	73,231
Staff Training	30,000	-
License Renewal	3,681,817	1,172,419
Advertising Expense	8,600	67,592
Travelling - Local	483,213	658,046
Stationery & Printing	323,557	208,404
Depreciation & Amortization	3,557,577	2,493,121
	<u>26,757,765</u>	<u>19,706,552</u>

Note 06A Meeting Expenses consist of cyber security week 2021 expense of Rs.88,000/-

Note 06B License Renewal consist of "FIRST" membership fee, renewal of acunetix web vulnerability scanner, renewal of FTK standalone and mobile phone examiner plus etc



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2021
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2021</u>	<u>2020</u>
	Rs	Rs
<u>NOTE 07 PROJECT EXPENSES</u>		
Sri Lanka Telecom PLC - NCA	13,919,040	13,919,040
Epic Lanka (Pvt) Ltd - NCA	10,368,000	10,368,000
The Associated Newspapers of C	441,450	43,740
J P B T Jayasekara	320,000	-
Data Management Systems (Pvt) Ltd	-	3,832,637
L.H.T.Dharmananda	825,000	-
KPMG - Survey	5,475,600	2,948,400
BOD Malayasia IT Auditors	2,596,582	-
S W R D Bandaranaike Memorial - NCSOC	3,950,856	911,736
Multi Tech Solutions (Pvt) Ltd - Survey	6,208,800	776,100
Tertiary and Vocational Education	1,000,000	700,000
M A P Wijesundara	149,000	-
Procons Infotech (Pvt) Ltd	1,750,000	250,000
Institute for Participatory Interaction - Survey	2,365,500	124,500
Other	-	37,663
Pace Institute (Pvt) Ltd	-	71,250
CPCP members	-	35,000
TEC & PPC members	110,413	-
	<u>49,480,241</u>	<u>34,018,066</u>

NOTE 08 OTHER REVENUE

Earned Revenue		
- Manage security services & others	6,382,425	5,102,891
Interest Income	1,244,456	378,611
	<u>7,626,881</u>	<u>5,481,502</u>



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

NOTE 09 PROPERTY, PLANT & EQUIPMENT

9.1	Cost	Balance as at 01.01.2021 Rs	Additions Rs	Disposals/ Transfers Rs	Balance as at 31.12.2021 Rs
	Furniture and Fittings	3,820,475		-	3,820,475
	Computers	15,057,800	2,204,000	-	17,261,800
	Office Equipment	641,435		-	641,435
		19,519,710	2,204,000	-	21,723,710
9.2	Accumulated Depreciation	Balance as at 01.01.2021	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2021
	Furniture and Fittings	3,063,442	164,084	-	3,227,526
	Computers	11,157,880	1,362,259	-	12,520,139
	Office Equipment	558,268	22,637	-	580,905
		14,779,590	1,548,980	-	16,328,570
9.3	Net Book Value			<u>2021</u> Rs	<u>2020</u> Rs
	Furniture and Fittings			592,950	757,033
	Computers			4,741,661	3,899,920
	Office Equipment			60,530	83,167
				5,395,141	4,740,120

Sri Lanka CERT (Pvt) Ltd carried out an asset valuation in December 2021 and a valuation report issued by the Valuation Department on 20th April 2022 and 1st September 2022. Therefore, the effect of this valuation has been taken into account in the 2022 financial year.



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

NOTE 10 INTANGIBLE ASSETS

10.1	Cost	Balance as at 01.01.2021 Rs	Additions Rs	Disposals/ Transfers Rs	Balance as at 31.12.2021 Rs
	Software and Publications	6,915,175	2,635,704	-	9,550,879
		<u>6,915,175</u>	<u>2,635,704</u>	<u>-</u>	<u>9,550,879</u>
10.2	Accumulated Amortisation	Balance as at 01.01.2021	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2021
	Software and Publications	4,416,429	2,008,597	-	6,425,026
		<u>4,416,429</u>	<u>2,008,597</u>	<u>-</u>	<u>6,425,026</u>
10.3	Carrying Value			<u>2021</u> Rs	<u>2020</u> Rs
	Software and Publications			3,125,853	2,498,747
				<u>3,125,853</u>	<u>2,498,747</u>



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2021</u>	<u>2020</u>
	Rs	Rs
NOTE 11 PREPAYMENTS		
Prepaid Expenses - Insurance	1,959,646	1,727,023
- License Renewal	-	3,494,061
	<u>1,959,646</u>	<u>5,221,085</u>
NOTE 12 OTHER RECEIVABLES		
ICT Agency of Sri Lanka (Pvt) Ltd.	40,215,928	40,215,928
Government Grant Receivables - Operational Fund	282,712	-
	<u>40,498,640</u>	<u>40,215,928</u>
NOTE 13 CASH AND CASH EQUIVALENTS		
BOC A/C	Note 13 A (19,758,670)	(16,139,911)
Savings A/C	30,737,476	28,397,140
Fixed Deposit	21,299,137	20,270,411
Bank Guarantee Margin A/C	-	720,000
Petty Cash	20,000	20,000
	<u>32,297,943</u>	<u>33,267,641</u>
Note 13 A	We maintain only Rs.200,000/- in the current account. Any excess funds get transferred every night to the Savings Account. When cheques are written, current A/C shown as an over drawn amount until cheques are presented to the bank and then money is transferred back from Savings account.	
NOTE 14 STATED CAPITAL		
Fully Paid 02 Ordinary Shares	20	20
	<u>20</u>	<u>20</u>
NOTE 15 DEFERRED LIABILITY FOR GRANT ASSETS		
Amount Recognized as at 01st January	7,238,867	8,488,280
Income Deferred during the Year	4,839,704	1,243,709
	12,078,571	9,731,989
Transferred to Profit & Loss A/c	(3,557,577)	(2,493,121)
Balance as at 31st December	<u>8,520,995</u>	<u>7,238,867</u>
NOTE 16 UNUTILISED GRANT INCOME		
Unutilised Grant Income as at 01 January	-	11,483,044
Unutilised Grant Income A/C for the year	-	-
	-	11,483,044
(-) Transferred to Profit & Loss A/c	-	(11,483,044)
Balance as at 31st December	<u>-</u>	<u>-</u>



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2021</u>	<u>2020</u>
	Rs	Rs
NOTE 17 RETIREMENT BENEFITS		
Balance as at 01st January	13,370,188	12,274,000
Charge for the Year	2,539,563	2,581,188
Payments	(9,077,375)	(1,485,000)
Balance as at 31st December	<u>6,832,375</u>	<u>13,370,188</u>

The gratuity liability is funded in a fixed deposit and not actuarially valued.

NOTE 18 Deferred Revenue for Expenses

Deferred Revenue for Prepaid Expenses	-	3,494,061
	<u>-</u>	<u>3,494,061</u>

NOTE 19 OTHER PAYABLES

Sri Lanka Telecom PLC	189,621	-
Mobitel (Pvt) Ltd	52,634	-
Digital Mobility Solutions	24,639	-
Auditor General - Audit Fee 2020	378,000	318,000
Auditor General - Audit Fee 2021	378,000	150,000
American Premium Water Systems	2,816	-
IML Delivery Systems (Pvt) Ltd	13,003	-
	-	-
	<u>1,038,712</u>	<u>468,000</u>

NOTE 20 RELATED PARTY DISCLOSURES**20.1 Details of significant related party disclosures are as follows:****Related Party****Relationship****Nature of Transaction**

Balance as at 01st January	-	-
Expenses borne by the company	-	-
Amount received from the related party	-	-
Balance as at 31st December	<u>-</u>	<u>-</u>



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2021

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

20.2 Transactions with key management personnel of the company.

According to LKAS 24 'Related Party Disclosures', Key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity.

	<u>2021</u>	<u>2020</u>
Key Management Personnel Compensation		
Short-Term Employee Benefits	-	-
	<u>-</u>	<u>-</u>

NOTE 21 EVENTS OCCURING AFFTER THE REPORTING PERIOD

There have been no material events occurred after the reporting date that require adjustments to or disclosure of the financial statements.

NOTE 22 COMMITMENTS AND CONTINGENCIES**22.1 Commitments**

There were no capital expenditure commitments outstanding at the reporting date.

22.2 Contingencies

There were no significant contingent liabilities as at reporting date.

