

Statement of Cash Flows

	BANK		GROUP	
	Year ended 31 December 2016 LKR 000	9 months ended 31 December 2015 LKR 000	Year ended 31 December 2016 LKR 000	9 months ended 31 December 2015 LKR 000
Cash flows from operating activities				
Interest receipts	19,317,134	7,238,360	19,315,252	12,887,530
Interest payments	(13,071,125)	(5,375,259)	(13,039,859)	(8,432,834)
Recoveries on loans previously written-off	24,499	23,267	24,499	31,463
Receipts from other operating activities	1,643,470	2,237,257	1,923,001	3,556,605
Cash payments to employees and suppliers	(4,657,702)	(1,790,725)	(4,802,292)	(3,669,959)
Value added tax and nation building tax on financial services	(798,410)	(327,844)	(798,410)	(589,020)
Other levies	(157,564)	(29,199)	(157,564)	(37,844)
Operating cash flows before changes in operating assets and liabilities	2,300,302	1,975,857	2,464,627	3,745,941
(Increase)/decrease in operating assets				
Deposits held for regulatory or monetary control purposes	(2,508,759)	(2,308,744)	(2,508,757)	(2,937,403)
Funds advanced to customers	(33,070,446)	(12,925,166)	(33,070,447)	(27,448,299)
Others	(339,086)	576,482	(330,443)	660,963
Increase in operating liabilities				
Deposits from customers	27,978,909	13,298,437	28,239,834	17,122,636
Negotiable certificates of deposit	32,898	18,055	32,898	143,675
Others	668,519	135,829	668,834	137,817
Net cash flows from/(used in) operating activities before income tax	(4,937,663)	770,750	(4,503,454)	(8,574,670)
Income tax paid	(649,287)	(951,490)	(694,286)	(1,248,318)
Net cash flows used in operating activities	(5,586,950)	(180,740)	(5,197,740)	(9,822,988)
Cash flows from investing activities				
Dividend received	688,785	563,704	604,526	284,255
Interest received	3,190,625	1,104,679	3,226,799	1,398,108
Government Securities – net	(4,102,903)	(4,818,751)	(4,102,903)	(9,002,938)
Proceeds from sale and redemption of securities	748,838	558,085	748,838	558,085
Purchase of securities	(778,566)	(2,496,929)	(778,566)	(2,214,741)
Investment in joint venture	(100,000)	–	(100,000)	–
Purchase of property, equipment, intangibles and investment property	(277,384)	(118,534)	(370,960)	(318,201)
Proceeds from sale of equipment and investment property	10,647	2,810	10,654	2,873
Net cash used in investing activities	(619,958)	(5,204,936)	(761,612)	(9,292,559)

	BANK		GROUP	
	Year ended 31 December 2016 LKR 000	9 months ended 31 December 2015 LKR 000	Year ended 31 December 2016 LKR 000	9 months ended 31 December 2015 LKR 000
Cash flows from financing activities				
Payment to minority shareholders on amalgamation	–	(122,408)	–	(122,408)
Issue of debentures	12,315,450	–	12,315,450	–
Redemption of debentures	(2,096,000)	–	(2,096,000)	–
Borrowing, medium and long-term	4,484,011	3,318,581	4,484,011	3,315,727
Other borrowing – net	(2,628,484)	7,094,903	(2,628,484)	20,167,940
Repayment of borrowing, medium and long-term	(3,836,433)	(3,505,648)	(3,836,433)	(3,505,649)
Dividends paid	(654,832)	(1,572,012)	(835,442)	(1,628,735)
Net cash flows from financing activities	7,583,712	5,213,416	7,403,102	18,226,875
Net increase/(decrease) in cash and cash equivalents	1,376,804	(172,260)	1,443,750	(888,672)
Cash and cash equivalents at the beginning of period	4,305,247	498,619	4,316,495	5,205,167
Cash and cash equivalents of DFCC Vardhana Bank PLC as at the date of amalgamation	–	3,978,888	–	–
Cash and cash equivalents at the end of period	5,682,051	4,305,247	5,760,245	4,316,495
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents (Note 25)	4,330,934	4,305,247	4,344,260	4,314,777
Placements with banks (Note 27)	1,351,117	–	1,415,985	1,718
	5,682,051	4,305,247	5,760,245	4,316,495

The Cash Flow Statement of the Bank includes the results of associate, joint venture and subsidiary companies only to the extent of the cash flows between Bank and respective companies as required by Sri Lanka Accounting Standards.

Reconciliation of profit for the year/period to net cash flows used in operating activities.

	BANK		GROUP	
	12 months ended 31 December 2016 LKR 000	9 months ended 31 December 2015 LKR 000	12 months ended 31 December 2016 LKR 000	9 months ended 31 December 2015 LKR 000
Profit for the year/period	3,288,723	1,068,350	3,469,074	1,641,628
Add/(deduct) items not using cash:	1,236,907	350,718	1,099,602	846,098
Depreciation – Property, equipment and investment property	233,079	114,781	271,332	247,234
Amortisation – Intangible assets	98,262	42,538	98,567	102,158
Unrealised gain on Treasury Bills and Bonds	(164,110)	(95,558)	(164,110)	(96,659)
Net gain/(loss) from financial instruments at fair value				
– Contracts with commercial banks	93,944	14,368	93,944	(60,545)
– CBSL Swap	83,606	(14,038)	83,606	(14,038)
– Interest rate Swap	2,177	–	2,177	–
Amortisation of deferred income on Government grant	(180,106)	130,288	(180,106)	130,288
Foreign exchange loss/(gain)	330,157	(17,139)	330,154	(77,984)
Impairment for loans and other losses	937,267	224,939	916,344	795,327
Notional tax credit on Treasury Bills and Bonds	(249,914)	(73,394)	(249,914)	(148,712)
Share of profits of associate and joint venture	–	–	(161,151)	(78,693)
Provision for defined benefit plans	52,545	23,933	58,759	47,722
Deduct items reported gross under investing activities:	(4,119,146)	(1,570,987)	(4,052,777)	(1,878,276)
Dividend income	(856,306)	(536,276)	(772,046)	(218,569)
Gains on sale of financial investment	(152,186)	(37,018)	(152,186)	(37,018)
Gain on sale of equipment and investment property	(7,694)	(2,654)	(13,631)	(3,050)
Interest income from investments	(3,102,960)	(995,039)	(3,114,914)	(1,619,639)
Deduct changes in operating assets and liabilities:	(5,993,434)	(28,821)	(5,713,639)	(10,432,438)
(Increase)/decrease in accounts receivable	(1,565,071)	1,090,271	(1,579,615)	1,128,570
Increase in accounts payable	2,334,083	516,589	2,323,939	1,096,079
Increase/(decrease) in income tax payable	446,392	(36,940)	509,872	(94,908)
Decrease/(Increase) in deferred tax	29,127	(393,634)	246	(241,568)
Increase in operating assets	(35,918,291)	(14,657,428)	(35,909,647)	(29,724,739)
Increase in operating liabilities	28,680,326	13,452,321	28,941,566	17,404,128
Net cash used in operating activities	(5,586,950)	(180,740)	(5,197,740)	(9,822,988)