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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**K. JAYATILAKE FOUNDATION
(INCORPORATION) ACT, No. 01 OF 2007**

[Certified on 16th January, 2007]

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K. Jayatilleke Foundation (Incorporation)
Act, No. 01 of 2007

[Certified on 16th January, 2007]

L.D.—O. (INC) 21/2005.

AN ACT TO INCORPORATE THE K. JAYATILLEKE FOUNDATION

WHEREAS a Foundation called and known as the “K. Jayatilleke Foundation” has been established in Sri Lanka for the purpose of effectually carrying out and transacting all objects and matters connected with the said Foundation according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Foundation has heretofore successfully carried out and transacted several objects and matters for which it was established and has applied to be incorporated and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

1. This Act may be cited as the K. Jayatilleke Foundation (Incorporation) Act, No. 01 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as presently are members of the K. Jayatilleke Foundation (hereinafter referred to as the “Foundation”) or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate with perpetual succession under the name and style of the “K. Jayatilleke Foundation”, (hereinafter referred to as the “Corporation”) and by that name may sue and be sued, with full power and authority to have and to use a common seal and to alter the same at its pleasure.

Incorporation of the K. Jayatilleke Foundation.

3. The general objects for which the Corporation is constituted are hereby declared to be—

General objects of the Corporation.

- (a) to introduce measures for the development of language and literature ;
- (b) to preserve and publish the creations and literary works of K. Jayatilleke and leave them as legacy to future generations ;

2 *K. Jayatillake Foundation (Incorporation)*
Act, No. 01 of 2007

- (c) to establish a centre for creative, traditional and literary activities centred in the native village of K. Jayatilleke, and to conduct literary seminars and workshops ;
- (d) to initiate a project to encourage those engaged in creating a new creative and classical literature ;
- (e) to take steps with a view to enhancing the artistic talents of the people in and around the native village of K. Jayatilleke ;
- (f) to extend these activities to other areas of the Island ;
- (g) to patronize the religious, cultural and social services activities approved by the Corporation ;
- (h) to implement co-operative programmes based on relations with whatever social service organization and religious and cultural organization which considers it necessary.

General powers
of the
Corporation.

4. Subject to the provisions of this Act, or any other written law, the Corporation shall have the power to do, perform and execute, all such acts, matters and things as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money with or without security, to receive or collect grants and donations, to invest its funds and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

Management of
the affairs of the
Corporation.

5. (1) The management of the affairs of the Corporation shall subject to the rules to be made under section 6 of this Act, be administered by a Board of Management consisting of office bearers and such other members as may be provided for in such rules and elected, in accordance therewith.

K. Jayatillake Foundation (Incorporation) Act, No. 01 of 2007 3

(2) The First Board of Management of the Corporation shall be the Board of Management of the Foundation holding office on the day preceding the date of commencement of this Act.

6. (1) It shall be lawful for the Corporation, from time to time, at any general meeting of the members and by a majority of not less than two-thirds of the members present and to voting to make rules, not inconsistent with the provisions of this Act, or other written law, for the admission, withdrawal or expulsion of members for the election of members of the Board of Management for the conduct of the functions of the Board of Management and of the various, officers, agents and servants, for the procedure to be followed in the transaction of business at meetings of the Corporation, for the management of the affairs of the Corporation and for the attainment of its objects. Such rules when made may, at a like meeting and in like manner be altered, added to, amended or rescinded.

Rules of the Corporation.

(2) Every member of the Corporation shall upon the coming into operation of this Act, be subject to the rules to be made from time to time by the Corporation.

7. (1) The Corporation shall have its own fund and all moneys heretofore or hereafter received by way of gift, bequest, donation, subscription, contribution, fees or grants for and on account of the Corporation shall be deposited to the credit of the Corporation in one or more banks as the Board of Management shall determine.

Fund of the Corporation.

(2) There shall be paid out of the fund all sums of money as are required to defray any expenditure incurred by the Corporation in the exercise, performance and discharge of its powers, duties and functions under this Act .

8. (1) The Board of Management of the Corporation shall cause proper books of account to be kept of the income and expenditure of the Corporation.

Accounts of the Corporation.

4 *K. Jayatillake Foundation (Incorporation)*
Act, No. 01 of 2007

(2) The accounts of the Corporation shall be audited by a qualified auditor appointed by the Board of Management of the Corporation.

(3) In this section, “qualified auditor” means—

- (a) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses, a certificate to practise as an Accountant issued by the Council of such Institute ; or
- (b) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute.

Debts due by
and payable to
the Foundation.

9. All debts and liabilities of the Foundation on the day preceding the date of commencement of this Act, shall be paid to the Corporation hereby constituted, and all debts due to, subscriptions and contributions payable to the Foundation on that date, shall be paid to the Corporation for the purpose of this Act.

Corporation may
hold property
movable or
immovable.

10. The Corporation shall be able and capable in law to acquire and hold any property, movable or immovable, which may become vested in it by virtue of any purchase, grant, gift testamentary disposition or otherwise and all such property shall be held by the Corporation for the purpose of this Act, with full power to sell, mortgage, lease, exchange or otherwise dispose of them.

Seal of the
Corporation.

11. The seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of such number of office bearers as may be provided for in the rules of the Corporation, who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

12. If upon the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other Institute or Institutes having objects similar to those of the Corporation and which is or are by the rules thereof, prohibited from distributing any income or property among its or their members. Such Institute or Institutes shall be determined by the members of the Corporation at or immediately before the dissolution of the Corporation.

Property remaining on dissolution.

13. Nothing in this Act contained shall prejudice or affect the rights of the Republic or any body corporate or any other persons.

Saving of the rights of the Republic and others.

14. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**MENTAL DEVELOPMENT AND RESEARCH
CENTRE (INCORPORATION)
ACT, No. 2 OF 2007**

[Certified on 22nd January, 2007]

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*Mental Development and Research Centre
(Incorporation) Act, No. 2 of 2007*

[Certified on 22nd January 2007]

L.D.—O. (INC) 26/2004.

AN ACT TO INCORPORATE THE MENTAL DEVELOPMENT AND
RESEARCH CENTRE

WHEREAS an association called and known as the “Mental Development and Research Centre” has heretofore been formed for the purpose of effectively carrying out and transacting all objects and matters connected with the said association, according to the rules agreed to by its members:

Preamble.

AND WHEREAS the said association has heretofore successfully carried out and transacted the several objects and matters for which it was formed, and has applied to be incorporated, and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Mental Development and Research Centre (Incorporation) Act, No. 2 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the Mental Development and Research Centre (hereinafter referred to as “the Centre”) and shall hereafter be admitted members of the Corporation hereby constituted, shall be a body corporate with perpetual succession under the name and style of “Mental Development and Research Centre” (hereinafter referred to as the “Corporation”) and by that name may sue and be sued in all courts, with full power and authority to have and use a common seal and to alter the same at it pleasure.

Incorporation of the Mental Development and Research Center.

3. The general objects for which the Corporation is constituted are hereby declared to be—

General objects of the Corporation.

- (a) to propagate mental training, developmental and research activities in Sri Lanka and other foreign countries and to train those who are willing to undergo training in ‘Samatha Vidarshana’ meditational system ;

2 *Mental Development and Research Centre
(Incorporation) Act, No. 2 of 2007*

- (b) to provide necessary facilities for training in ethics and exercising and developing of mental discipline and mental development etc. in Sri Lanka and abroad ;
- (c) to provide necessary doctrinaire advice for resolving mental crises, problems and any other similar issues faced by the general public, ;
- (d) to encourage persons in various educational institutions such as the universities, colleges of education, pirivenas and schools in Sri Lanka as well as abroad, interested in mental training, developmental and research activities ; in promoting these activities and providing necessary requisites and library facilities for such research activities ;
- (e) to assist in the complete physical and mental development of the young, youthful and aged persons and to implement necessary programmes for blind, mute and deaf children who require special educational facilities.
- (f) to educate people who are addicted to liquor, drugs, and various vices and anti-social activities, with a view to salvaging them from these addictions and developing their knowledge and skills and advising them on health habits ;
- (g) to take care of the aged parents under the protection of their children who are in employment and to engage them in mental training activities ; and
- (h) to organize vocational training activities suitable for school leavers.

General powers
of the
Corporation.

4. Subject to the provisions of this Act or any other written law, the Corporation shall have the power to —

- (a) to solicit and receive or collect subscriptions, grants and donations ;

- (b) to purchase, acquire, rent, construct, and otherwise, obtain lands or buildings which may be required for the purposes of the Corporation ;
- (c) to open, operate and close bank accounts, to borrow or raise funds with or without security ;
- (b) to invest any funds not immediately required for the purposes of the Corporation in such manner as the Committee of Management may think fit ;
- (e) to enter into agreements or contracts with any person or body of persons ;
- (f) to charge fees for the re-enrollment of persons who had been members of the Corporation ;
- (g) to employ, dismiss or terminate the service of officers and servants of the Corporation and to pay them such salaries, allowances and gratuity as may be determined by the Corporation ;
- (h) to seek aid, assistance and co-operation from any governmental and non-governmental organization, local as well as international, for achieving the objects of the Corporation ; and
- (i) to do, perform and execute all such acts, matters and things as are necessary, incidental or conducive to the carrying out or the attainment for the objects of the Corporation.

5. (1) The affairs of the Corporation shall, subject to the other provisions of this Act and the rules in force for the time being of the Corporation be administered by a Committee of Management consisting of members elected in accordance with the rules in force for the time being of the Corporation (hereinafter referred to as the “Committee of Management”)

Management of
the affairs of the
Corporation.

4 *Mental Development and Research Centre
(Incorporation) Act, No. 2 of 2007*

(2) The first Committee of Management of the Corporation shall consist of the Members of the Committee of Management of the Centre, holding office on the day immediately preceding the date of the commencement of this Act,

List of members. **6.** The Corporation shall make arrangements to maintain a list of all persons holding membership in the Centre on the day immediately preceding the date of the commencement of this Act and enrolled as members of the Corporation after this Act comes into effect.

Rules of the Corporation. **7.** It shall be lawful for the Corporation, from time to time at any general meeting and by majority of not less than two thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act or other written laws of the following matters :—

- (a) classification of membership and the admission, resignation or expulsion of members and determination of membership fees ;
- (b) election of the office-bearers the resignation from, or vacation of or removal from office of the office bearers and their powers, duties and functions ;
- (c) the powers, duties and functions of the various officers and servants of the Corporation ;
- (d) the procedure to be observed for the summoning and holding of meetings of the Committee of Management, the times, places, notices and agenda of such meetings, the quorum therefore and the conduct of business thereat ;
- (e) the qualifications and disqualifications for membership in the Corporation and the Committee of Management ;
- (f) the administration and management of the property of the Corporation ; and

(g) generally, for the management of the affairs of the corporation and the accomplishment of its objects.

(2) Any rules made by Corporation may be amended, altered, added to or rescinded in like manner as a rule may be made under subsection (1).

(3) The member's of the Corporation shall be subjected to the rules of the Corporation.

8. The Corporation shall be able and capable in law, to acquire and hold, any property, movable or immovable, which may become vested in it by virtue of purchases, grants, gifts, testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act and subject to the rules in force for the time being of the Corporation and shall have full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Corporation may hold property movable or immovable.

9. (1) The Corporation shall have its own fund and all moneys received by way of gift, bequest, donation, subscription, contribution, fee or grant for and on account of the Corporation shall be deposited to the credit of the Corporation in one or more banks as the Committee of Management shall determine.

Fund of the Corporation.

(2) There shall be paid out of the Fund all sums of money requisite to defray any expenditure incurred by the Corporation in the exercise, performance and discharge of its powers, duties and functions under this Act.

10. All debts and liabilities of the Centre existing on the day preceding the date of the commencement of this Act, shall be paid and discharged by the Corporation hereby constituted and all debts due to, subscriptions and contributions payable to the Center on that day shall be paid to the Corporation for the purposes of this Act.

Debts due by and payable to the Centre.

11. (1) The financial year of the Corporation shall be the calendar year.

Audit and Accounts.

6 *Mental Development and Research Centre
(Incorporation) Act, No. 2 of 2007*

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assests, and liabilities and all other transactions of the corporation.

(3) The accounts of the Corporation shall be audited by a qualified auditor.

(4) In this section, “qualified auditor” means—

(i) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute ; or

(ii) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law possesses a certificate to practice as an Accountant issued by the Council of such Institute.

Property remaining on dissolution.

12. If upon the dissolution of the Corporation, there remains after the satisfaction of all debts and liabilites, any property, whatsoever, such property shall not be distributed among the members of the Corporation but shall be given or, transferred to some other society or societies handing objects similar to those of the Corporation and which is or are by the rules thereof prohibited from distributing any income or profit among its or their members. such society or societies shall be determined by the members of the Corporation at or immediately before the time of dissolution of the Corporation.

Seal of the Corporation.

13. The Seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of the Secretary or any member of the Corporation authorized to do so who shall place their names to the instruments in token of their presence and such signing shall be independent of the signing of any person as a witness.

Mental Development and Research Centre 7
(Incorporation) Act, No. 2 of 2007

14. No member of the Corporation shall be subjected to pay any membership fees in excess of the amount of subscription due to the Corporation, on account of repayment of loans and debts of the Corporation or for any other purpose.

Limit on liabilities of the Members.

15. Nothing in this Act contained shall prejudice or affect the right of the Republic or of any body politic or corporate or of any other persons.

Saving of the rights of the Republic and others.

16. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text of this Act shall prevail.

Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**LANKA CHILDREN'S AND YOUTH
THEATRE FOUNDATION (INCORPORATION)
ACT, No. 3 OF 2007**

[Certified on 29th January, 2007]

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*Lanka Children's and Youth Theatre Foundation
(Incorporation) Act, No. 3 of 2007*

[Certified on 29th January 2007]

L.D.—O. INC 14/2004.

AN ACT TO INCORPORATE THE LANKA CHILDREN'S AND YOUTH
THEATRE FOUNDATION

WHEREAS an Association called and known as the "Lanka Children's and Youth Theatre Foundation" has heretofore been formed in Sri Lanka for the purpose of undertaking, promoting, sponsoring and co-ordinating theatre activities with a view to developing a mentally and physically, healthy child who will be a balanced individual with a distinct cultural identity capable of effectively functioning in the community and for effectively carrying out and transacting all objects and matters connected with the said Association, according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Association has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Lanka Children's and Youth Theatre Foundation (Incorporation) Act, No. 3 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as are now members of the Lanka Children's and Youth Theatre Foundation (hereinafter referred to as "the Foundation") or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body Corporate, with perpetual succession under the name and style of " Lanka Children's and Youth Theatre Foundation" (hereinafter referred to as the "Corporation") and by that name may sue and be sued in all courts, with full power and authority to have and use a common Seal and alter the same at its pleasure

Incorporation of the Lanka Children's and Youth Theatre Foundation.

2 *Lanka Children's and Youth Theatre Foundation
(Incorporation) Act, No. 3 of 2007*

General objects
of the
Corporation.

3. The general objects for which the Corporation is constituted are hereby declared to be—

- (a) to undertake, promote, sponsor and co-ordinate theatre activities in Sri Lanka for children and youth ;
- (b) to provide and create where necessary, an environment conducive to the development, both mentally and physically, of children and youth ;
- (c) to train children and youth to be happy balanced individuals with a well developed awareness of their own cultural heritage and identity, capable of functioning satisfactorily within society ;
- (d) to promote multi-racial unity among children and youth in Sri Lanka ;
- (e) to affiliate and liaise with other bodies with similar objects with a view to facilitating the exchange of ideas, knowledge and experience ; and
- (f) to do all other things as are necessary for, or conducive to, the attainment of the above object.

General powers
of the
Corporation.

4. Subject to the provisions of this Act or any other written law, the Corporation shall have the power to do, perform and execute all such Acts, matters and things whatsoever, as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money with or without security, to seek, receive or to collect grants and donations and other assistance from the State or any other bodies or organizations, to invest its funds, and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

Lanka Children's and Youth Theatre Foundation 3
(Incorporation) Act, No. 3 of 2007

5. (1) The affairs of the Corporation shall, subject to the rules of the Corporation for the time being in force, be administered by a Council of Management consisting of seven persons as may be provided for in such rules and elected or nominated in accordance with such rules. The term of office of the Council of Management shall be two years.

Management of the affairs of the Corporation.

(2) The first Council of Management of the Corporation shall consist of the members of the Council of Management of the Foundation holding office on the day immediately preceding the date of commencement of this Act, such Council shall hold office until a Council of Management is elected or nominated in accordance of the rules of the Corporation for the time being inforce.

6. (1) The membership of the Corporation shall consist of ordinary members and associate members.

Membership of the Corporation.

(2) The Council may, however subject to the rules of the Corporation for the time being inforce, admit as members, of such classes and with such privileges and obligations as it may prescribe, persons not eligible as ordinary members or associate members.

(3) A separate register of associate members shall be maintained and they shall enjoy the same privileges as ordinary members but shall not be eligible to vote at meetings of the Corporation.

7. (1) It shall be lawful for the Corporation from time to time at any general meeting and by the majority of two-thirds of the members qualified to vote, to make rules, not inconsistent with the provisions of this Act, or any other written law for the management of the affairs of the Corporation (including the holding of meetings, transaction of business at meetings, the preparation of the annual reports &c.,) and the accomplishment of its objects.

Rules of the Corporation.

4 *Lanka Children's and Youth Theatre Foundation
(Incorporation) Act, No. 3 of 2007*

(2) The rules of the Foundation in force on the day preceding the date of the commencement of this Act, shall in so far as they are not inconsistent with the provisions of this Act or any other written law, be deemed to be rules of the Corporation made under this section and may be altered, added to, amended or rescinded in like manner as a rule made under subsection (1).

(3) Any rule made by the Corporation may be altered, added to amended or rescinded in like manner as a rule made under subsection (1).

(4) All members of the Corporation shall at all times be subject to the rules of the Corporation.

Power of the Corporation to hold and deal with property.

8. The Corporation shall, subject to the provisions of this Act and the rules of the Corporation for the time being in force, be able and capable in law—

- (a) to acquire by way of purchase, exchange, gift, devise or bequest or in any other manner, or to hold and enjoy in perpetuity or for any lesser term subject to any express trust or otherwise, any property immovable or movable of any nature or kind whatsoever ;
- (b) to erect any building on any immovable property vested in or acquired or held by the Corporation ; and
- (c) to sell, grant, convey, assign, mortgage, lease, exchange or otherwise dispose of any such property.

Power to charge fees and subscriptions.

9. The Corporation shall be able and capable in law to charge such fees and subscriptions from its members as the Corporation may deem reasonable in respect of the services provided by the Corporation.

Lanka Children's and Youth Theatre Foundation 5
(Incorporation) Act, No. 3 of 2007

10. (1) The financial year of the Corporation shall be the calendar year. Accounts of the Corporation.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited by a qualified auditor.

(4) In this section “qualified auditor” means—

(a) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute ; or

(b) a firm of Accountants, each of the resident partners of which, being a member of the institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute.

11. All debts and liabilities of the Foundation existing on the day immediately preceding the date of the commencement of this Act, shall be paid by the Corporation hereby constituted and all debts due to, and all subscriptions, contributions and fees payable to the Foundation on that day shall be paid to the Corporation for the purposes of this Act. Debts due by and payable to the Foundation.

12. The Seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of such number of persons as may be provided for in the rules in force for the time being of the Corporation, who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person as a witness. Seal of the Corporation.

6 *Lanka Children's and Youth Theatre Foundation
(Incorporation) Act, No. 3 of 2007*

Saving of the rights of the Republic and others.

13. Nothing in this Act contained shall prejudice or affect the rights of the republic or of any body politic or corporate, or of any other persons, except such as are mentioned in this Act and those claiming by, from or under them.

Property remaining on dissolution.

14. If upon the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation, and which is or are by the rules prohibited from distributing any income or property among its or their members.

Sinhala text to prevail in case of inconsistency.

15. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SRI LANKA FEDERATION OF THE
VISUALLY HANDICAPPED
(INCORPORATION) ACT, No. 4 OF 2007**

[Certified on 29th January, 2007]

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*Sri Lanka Federation of the Visually
Handicapped (Incorporation) Act, No. 4 of 2007*

[Certified on 29th January, 2007]

L. D. — O. (INC) 24/2004

AN ACT TO INCORPORATE THE SRI LANKA FEDERATION OF THE
VISUALLY HANDICAPPED

WHEREAS a Federation called and known as the “Sri Lanka Federation of the Visually Handicapped” has heretofore been formed in Sri Lanka for the purpose of effectually carrying out and transacting all objects and matters connected with the said Federation according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Federation has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Sri Lanka Federation of the Visually Handicapped (Incorporation) Act, No. 4 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as are now members of the Sri Lanka Federation of the Visually Handicapped (hereinafter referred to as the “Federation”) and shall hereafter be admitted members of the Corporation hereby constituted shall be a body corporate (hereinafter referred to as the “Corporation”) with perpetual succession under the name and style of the “Sri Lanka Federation of the Visually Handicapped”, and by that name may sue and be sued in all Courts with full power and authority to have and use a common seal and to alter the same in such manner as may be decided by the Executive Committee of the Corporation.

Incorporation
of the Sri
Lanka
Federation of
the Visually
Handicapped.

2 *Sri Lanka Federation of the Visually
Handicapped (Incorporation) Act, No. 4 of 2007*

General Objects
of the
Corporation.

3. The general objects for which the Corporation is constituted are hereby declared to be —

- (a) to unite all visually handicapped people living in Sri Lanka ;
- (b) to provide welfare services to the visually handicapped and to seek solutions to common and individual problems confronted by the visually handicapped community;
- (c) to inform the State and other organisations with regard to common and individual issues confronted by the visually handicapped community ;
- (d) to create awareness among the visually handicapped community on the various services provided for them by the State and other organisation and to assist them to derive benefits from such programmes ;
- (e) to create awareness among the general public with regard to the services and assistance required by the visually handicapped community ;
- (f) to make appropriate efforts to eliminate misconceptions and false attitudes prevailing in the society regarding blindness and blind people ;
- (g) to act as a mediator to find solutions to legal issues confronted by the visually handicapped community ;
- (h) to liaise with other organisations having objects similar to those the Corporation ;
- (i) to raise funds in order to provide necessary welfare services to the visually handicapped community ;
- (j) to act in every possible way to eradicate causes of blindness ;

- (k) to establish and maintain “homes for the aged” specially designed and equipped for the visually handicapped community ;
- (l) to establish and maintain rehabilitation centres and welfare centres for the visually handicapped community ; and
- (m) to take all other steps as are necessary or desirable for the promotion of all or any of the foregoing objects.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things whatsoever, as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money, with or without security, to receive or collect grants and donations, to invest its funds and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

Powers of the Corporation.

5. (1) The affairs of the Corporation shall, subject to the provisions of this Act, and the rules in force for the time being of the Corporation be administered by an Executive Committee consisting of the office bearers and such number of Committee Members as may be provided for in the rules and elected in accordance therewith.

Management of the affairs of the Corporation.

(2) The first Executive Committee of the Corporation shall consist of the Members of the Executive Committee of the Federation, holding office on the day immediately preceding the date of commencement of this Act.

6. (1) It shall be lawful for the Corporation, from time to time, at any general meeting of the members and by a majority of not less than two-thirds of the members present and voting

Rules of the Corporation.

4 *Sri Lanka Federation of the Visually
Handicapped (Incorporation) Act, No. 4 of 2007*

to make rules, not inconsistent with the provisions of this Act, or any other written law, for all or any of the following matters :—

- (a) the admission, classification and withdrawal of membership and expulsion of members ;
- (b) the election of office bearers, the Executive Committee and the conduct of the duties of the various officers, agents and servants of the Corporation ;
- (c) for the procedure to be followed in the transaction of business at meetings of the Corporation and the Executive Committee ;
- (d) the administration and management of the property of the Corporation, the custody of its funds, and the maintenance and audit of its accounts ; and
- (e) generally, for the management of the affairs of the Corporation and the accomplishment of its objects.

(2) Any rules made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner, as a rule may be made under subsection (1).

(3) The members of the Corporation shall be subject to the rules of the Corporation.

Debts due by
and payable to
the Foundation.

7. All debts and liabilities of the Federation existing on the day immediately preceding the date of commencement of this Act shall be paid and discharged by the Corporation, and all debts due to, and subscriptions and contributions payable to the Federation on that day shall be paid to the Corporation for the purposes of this Act.

Corporation may
hold property
movable and
immovable.

8. The Corporation shall be able and capable in law to acquire and hold any property movable or immovable which may become vested in it by virtue, of any purchase, grant,

Sri Lanka Federation of the Visually 5
Handicapped (Incorporation) Act, No. 4 of 2007

gift, testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act and subject to the rules of the Corporation with full power to sell, mortgage, lease, exchange or otherwise dispose of, the same.

9. The Seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of such number of office bearers as may be provided for in the rules of the Corporation who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

The Seal of the Corporation.

10. Nothing in this Act contained shall prejudice or affect the rights of the Republic or any body politic or corporate or of any other persons.

Saving of the rights of the Republic and others.

11. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SAMASTHA LANKA INTERNATIONAL
DEVELOPMENT ASSOCIATION
(INCORPORATION) ACT, No. 5 OF 2007**

[Certified on 09th February, 2007]

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*Samastha Lanka International Development
Association (Incorporation) Act, No. 5 of 2007*

[Certified on 09th February, 2007]

L. D. — O. (Inc) 22/2004

AN ACT TO INCORPORATE THE SAMASTHA LANKA INTERNATIONAL
DEVELOPMENT ASSOCIATION

WHEREAS an Association called and known as the “Samastha Lanka International Development Association” has heretofore been established in Sri Lanka for the purpose of effectually carrying out and transacting all objects and matters connected with the said Association according to the rules agreed by to its members:

Preamble.

AND WHEREAS the said Association has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated, and it will be for the public advantage to grant the application:

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1 This Act may be cited as the Samastha Lanka International Development Association (Incorporation) Act, No. 5 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the Samastha Lanka International Development Association (hereinafter referred to as “the Association”) or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate (hereinafter referred to as “the Corporation”) with perpetual succession, under the name and style of the “Samastha Lanka International Development Association” and by that name may sue and be sued in all courts, with full power and authority to have and to use a common seal and to alter the same at its pleasure.

Incorporation
of the
Samastha
Lanka
International
Development
Association.

3. The general objects for which the Corporation is constituted are hereby declared to be —

General
objects of the
Corporation.

(a) to encourage the social and economic development of Sri Lanka ;

2 *Samastha Lanka International Development Association (Incorporation) Act, No. 5 of 2007*

- (b) to establish, maintain and promote projects for the development of agriculture, livestock and fishing in urban and rural areas and in the plantation sector ;
- (c) to train youth engaged in the plantation sector in small industries to enable them to engage in self employment ;
- (d) to promote education by holding seminars, lectures, discussions and workshops within or outside Sri Lanka ;
- (e) to grant scholarships, fellowships, bursaries, prizes and other awards and to undertake research to promote education ;
- (f) to provide board, accommodation and other facilities and grants to those who are engaged in the attainment of the objects of the Corporation ;
- (g) to undertake the execution of road development and construction, improvement and maintaining any building and machinery required therefore and to provide such other related services ;
- (h) to sponsor and conduct conferences, seminars, workshops, group studies and lectures in Sri Lanka and elsewhere ; and
- (i) to print, publish and distribute books, journals, leaflets, newspapers and magazines which the Corporation may consider desirable for the promotion and advancement of its objects.

Powers of the Corporation.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power —

- (a) to borrow or raise money for the purposes of the Corporation ;

- (b) to draw, accept, discount, endorse, negotiate, buy, sell and issue bills of exchange, cheques, promissory notes and other negotiable instruments and to open, operate, maintain and close bank accounts in Sri Lanka and elsewhere ;
- (c) to enter into agreements or contracts with any person or body of persons in Sri Lanka or outside Sri Lanka ;
- (d) to undertake, accept, execute, perform and administer any lawful trusts which may directly or indirectly be conducive to the accomplishment of all or any of the objects of the Corporation ;
- (e) to train personnel, in Sri Lanka or abroad, at the expense of the Corporation for the purpose of the Corporation ;
- (f) to appoint, employ, dismiss or terminate the services of officers and servants of the Corporation and to pay them such salaries, allowances, pensions and gratuities as may be determined by the Corporation ;
and
- (g) to invest all moneys of the Corporation which are not immediately required for the purpose of carrying out the objects of the Corporation in securities of the Government of Sri Lanka, or in any other form of investment in Sri Lanka.

5. (1) The management, control and administration of the Corporation shall subject to the provisions of this Act and the rules in force for the time being of the Corporation, vest in a Governing Council (hereinafter referred to as "the Council"), consisting of such number of members including the Chairman in accordance with the rules in force for the time being of the Corporation.

Management of the affairs of the Corporation.

(2) The members of the Association holding office on the day preceding the date of commencement of this Act, shall be deemed to be the members of the first council of the Corporation.

4 *Samastha Lanka International Development Association (Incorporation) Act, No. 5 of 2007*

Rules of the Corporation.

6. (1) It shall be lawful for the Corporation from time to time, at an annual general meeting or at any general meeting and by a majority of not less than two-thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act or other written law, for all or any of the following matters :—

- (a) classification of membership, fees payable by each class of members, their admission, expulsion or resignation ;
- (b) election of the Council, resignation from, vacation of or removal from office as office bearers and powers, duties, and conduct of the Council ;
- (c) appointment, dismissal, powers, duties, functions and conduct of the various officers, agents and servants of the Corporation ;
- (d) the procedure to be observed at and the summoning and holding of meetings of the Council, the Corporation or any Sub Committee thereof, filling of vacancies, notices and agenda of such meetings, the quorum therefor and the conduct of business thereat.

(2) The rules made by the Corporation under subsection (1) shall be altered, added to, amended or rescinded at a like meeting and in like manner as a rule made under subsection (1) from time to time, at any annual general meeting.

Funds of the Corporation.

7. (1) The Corporation shall have its own fund and all moneys received by way of gifts, testamentary dispositions, transfers, donations or contributions shall be deposited in the name of the Corporation in one or more banks as may be decided by the Council.

(2) The Corporation may establish a depreciation fund or a sinking fund for the purpose of rehabilitation, development or improvement of the property of the Corporation.

Samastha Lanka International Development 5
Association (Incorporation) Act, No. 5 of 2007

(3) All expenses incurred by the Corporation in the exercise and discharge of the powers and functions of the Corporation shall be paid out of the fund of the Corporation.

8. The Corporation shall be able and capable in law to acquire and hold any property, movable or immovable, which may become vested in it by virtue of any purchase, subscription, gift, grant or testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act, and subject to the rules in force for the time being of the Corporation, with full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Corporation may hold property movable or immovable.

9. No member of the Corporation shall, for the purpose of discharging the debts and liabilities of the Corporation or for any other purpose, be liable to make any contribution exceeding the amount of annual subscription payable by him to the Corporation.

Limitation of Liability of members.

10. All debts and liabilities of the Association existing on the day immediately preceding the date of commencement of this Act, shall be paid by the Corporation hereby constituted and all debts due to, subscriptions and contributions payable to the Association on such day shall be paid to the Corporation for the purposes of this Act.

Debts due by and payable to the Association.

11. If upon the winding up or the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions, having objects similar to those of the Corporation and which is or are by its or their rules prohibited from distributing any income or property among its or their members.

Property remaining on the dissolution of the Corporation.

12. (1) The financial year of the Corporation shall be the calendar year.

Auditing activities.

6 *Samastha Lanka International Development Association (Incorporation) Act, No. 5 of 2007*

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited by a qualified auditor.

In this section, “qualified auditor” means—

- (i) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the council of such institute ; or
- (ii) a Firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute.

Seal of the Corporation.

13. The seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of the Chairman or the Managing Director or such other person as may be duly authorized by the Council who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Saving of the rights of the Republic and others.

14. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate or of any other persons .

Sinhala text to prevail in case of inconsistency.

15. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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SRI LANKA**

**SRI SARANANDA DEVELOPMENT
FOUNDATION (INCORPORATION)
ACT, No. 06 OF 2007**

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*Sri Sarananda Development Foundation
(Incorporation) Act, No. 06 of 2007*

[Certified on 08th March, 2007]

L. D.—O. INC 01/2005.

AN ACT TO INCORPORATE THE SRI SARANANDA
DEVELOPMENT FOUNDATION

WHEREAS A Foundation called and known as the “Sri Sarananda Development Foundation” has heretofore been established for the purpose of effectually fulfilling and carrying out the objects and matters connected with the said Foundation according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Foundation has heretofore successfully carried out and transacted several objects and matters for which it was formed and has applied to be incorporated, and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Sri Sarananda Development Foundation (Incorporation) Act, No. 06 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the Sarananda Development Foundation (hereinafter referred to as the “Foundation”), and such other persons as shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate with perpetual succession, under the name and style of the Sarananda Development Foundation (hereinafter referred to as the “Corporation”) and by that name may sue and be sued in all courts, with full power and authority to have, and to use, a common Seal and to alter the same at its will and pleasure.

Incorporation of the Sri Sarananda Development Foundation.

3. The general objects for which the Corporation is constituted are hereby declared to be—

General objects of the Corporation.

2 *Sri Sarananda Development Foundation
(Incorporation) Act, No. 06 of 2007*

- (a) to fulfil the economic, social and cultural needs of the members of the Foundation and to provide for welfare facilities ;
- (b) to preserve and reconstruct the Gangarama Maha Viharaya and maintain and develop the Sri Sarananda Pirivena, Religious School, Nursery and Vocational Training Section ; and
- (c) to effect repairs to the old structures of the Gangarama Maha Vihara, specifically the shrine room, the three storied sermon hall, the Seema Mandira and Hall of Residence, to construct buildings to suit new requirements within the premises to improve the places of worship, and to make necessary arrangements for the preservation and beautification of the land.

Management of the affairs of the Corporation.

4. (1) The management of the affairs of the Corporation shall, subject to the other provisions of this Act and the rules of the Corporation made under section 7, be administered by an Executive Committee consisting of the Chairman, Vice Chairman, the Secretary, Assistant Secretary, the Treasurer and not less than five other members elected in accordance with such rules.

(2) The first Executive Committee of the Corporation shall consist of the members of the Executive Committee of the Foundation, holding office on the day preceeding the date of commencement of this Act.

General powers of the Corporation.

5. Subject to the provisions of this Act and any other written law, the Corporation shall have the power—

- (a) to acquire and hold any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise ;
- (b) to sell, mortgage, lease, exchange or otherwise dispose of any such property ;

- (c) to appoint, employ, remunerate, exercise disciplinary control over and dismiss, such officers and servants as may be necessary for the purpose of carrying out the objects of the Corporation ;
- (d) to receive grants, gifts or donations in cash or kind whether from local or foreign sources ;
- (e) to open, maintain, operate and close bank accounts and to borrow or raise money with or without security ;
- (f) to invest moneys belonging to the Corporation in such securities as may be determined by the Executive Committee ; and
- (g) to do all such other acts and things as are incidental or conducive to the carrying out of the objects of the Corporation.

6. (1) The Fund of the Corporation shall consist of— Fund of the Corporation.

- (a) all moneys lying to the credit of the Foundation on the day immediately preceding the date of commencement of this Act which shall stand transferred to the Corporation with effect from that date ; and
- (b) all moneys that may accrue to the Corporation after the date of commencement of this Act.

(2) All moneys lying to the credit of the Fund of the Corporation shall be utilized to defray the expenses incurred in the management of the affairs of the Corporation and the accomplishment of its objects.

7. (1) It shall be lawful for the Corporation from time to time at any General Meeting of the Corporation and by a majority of not less than two-thirds of the members present and voting, to make rules not inconsistent with the provisions of this Act and any other written law, in respect of the following matters :— Rules of the Corporation.

4 *Sri Sarananda Development Foundation*
 (Incorporation) Act, No. 06 of 2007

- (a) the election, appointment or nomination of the members of the Executive Committee and their powers and duties and terms of office ;
- (b) the powers, duties and functions of the officers, agents and servants of the Corporation ;
- (c) the procedure to be observed in the summoning and holding of meetings of the Executive Committee, the fixing of the time and place and finalising the notice and agenda of such meetings, specifying the quorum therefor and the conduct of business thereat ;
- (d) the qualifications and disqualifications for membership of the Executive Committee and of the Corporation ;
- (e) the administration and management of the property of the Corporation, the custody of its funds and maintenance and audit of its account ; and
- (f) generally for the management of the affairs of the Corporation and the accomplishment of its objects.

(2) Any rule made under subsection (1) may at a like meeting and in like manner be amended, altered, added to or rescinded.

(3) The members of the Corporation shall be subject to the rules for the time being of the Corporation.

Accounts and
Auditing.

8. (1) The financial year of the Corporation shall be the calendar year.

(2) The Executive Committee of the Corporation shall cause proper books of accounts to be kept of the income and expenditure of the Corporation.

(3) The accounts of the Corporation shall be audited by a qualified auditor appointed by the Executive Committee of the Corporation.

- 9.** The income and property of the Corporation however derived shall be applied solely towards the promotion of the objects as set forth herein and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to the members of the Corporation.
- Application of income and property of the Corporation.
- 10.** All debts and liabilities of the Foundation existing on the day immediately preceding the date of commencement of this Act shall be paid and discharged by the Corporation hereby constituted and all debts due to, and subscriptions and contributions payable to the Foundation on such day shall be paid to the Corporation for the purpose of this Act.
- Debts due by and payable to the Foundation.
- 11.** The Seal of the Corporation shall be in the custody of the Secretary and it shall not be affixed to any instrument whatsoever, except in the presence of the Secretary and the Chairman who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.
- Seal of the Corporation.
- 12.** Nothing in this Act contained shall prejudice or affect the rights of the Republic or any body corporate or any other persons except such as are mentioned in this Act and those claiming by, from, or under them.
- Saving of the rights of the Republic and others.
- 13.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.
- Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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COMPANIES ACT, No. 07 OF 2007

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Companies Act, No. 07 of 2007

[Certified on 20th March, 2007]

L.D. — O. 44/2005

AN ACT TO AMEND AND CONSOLIDATE THE LAW RELATING TO
COMPANIES

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :-

1. (1) This Act may be cited as the Companies Act, No. 07
of 2007. Short title and
date of
operation.

(2) The provisions of this Act shall come into operation
on such date (hereinafter referred to as the “appointed date”)
as the Minister may appoint, by Order published in the
Gazette.

PART I

INCORPORATION OF COMPANIES AND RELATED MATTERS

ESSENTIAL CHARACTERISTICS OF COMPANIES

2. (1) A company incorporated under this Act shall, by
the name by which it is registered from time to time, be a
body corporate. Legal status and
capacity of a
company.

(2) A company shall have, both within and outside Sri
Lanka—

(a) subject to the provisions of section 13 of the Act,
the capacity to carry on or undertake any business
or activity, do any act or enter into any transaction ;
and

(b) subject to the provisions of any written law of Sri
Lanka or of any other country, all the rights, powers
and privileges necessary for the purposes of
paragraph (a).

Different types of companies.

3. (1) A company incorporated under this Act may be either—

- (a) a company that issues shares, the holders of which have the liability to contribute to the assets of the company, if any, specified in the company's articles as attaching to those shares (in this Act referred to as a "limited company") ; or
- (b) a company that issues shares, the holders of which have an unlimited liability to contribute to the assets of the company under its articles (in this Act referred to as an "unlimited company") ; or
- (c) a company that does not issue shares, the members of which undertake to contribute to the assets of the company in the event of its being put into liquidation, in an amount specified in the company's articles (in this Act referred to as a "company limited by guarantee").

(2) Where a limited company is incorporated as a private company or as an off-shore company, the provisions of Part II or Part XI shall apply respectively, to such a company.

INCORPORATION OF COMPANIES

Method of incorporating a company.

4. (1) Subject to the provisions of subsection (2), any person or persons may apply to incorporate a company, other than a company limited by guarantee, by making an application for the same to the Registrar in the prescribed form signed by each of the initial shareholders, together with the following documents :-

- (a) a declaration stating that to the best of such person or persons knowledge, the name of the company is not identical or similar to that of an existing company ;

- (b) the articles of association of the company, if different from the articles set out in the First Schedule hereto, and signed by each of the initial shareholders ;
- (c) consent from each of the initial directors under section 203, to act as a director of the company ; and
- (d) consent from the initial secretary under subsection (2) of section 221, to act as secretary of the company.

(2) A company shall have not less than two shareholders, provided that a company may have a single shareholder where such single shareholder is the Secretary to the Treasury who is holding shares on behalf of the Government of Sri Lanka or is an individual or a body corporate.

5. (1) On receipt of a properly completed application for incorporation in the prescribed form, the Registrar shall— Incorporation of a company.

- (a) enter the particulars of the company on the Register ;
- (b) assign a unique number to that company as its company number ; and
- (c) issue a certificate of incorporation in the prescribed form to the applicant company.

(2) The certificate of incorporation issued under subsection (1) shall specify—

- (a) the name and number of the company ;
- (b) the date on which the company was incorporated ;
- (c) whether the company is a limited company, an unlimited company or a company limited by guarantee ;
- (d) whether the company is a private company ; and
- (e) whether the company is an off-shore company ;

(3) A certificate of incorporation issued under this section in-respect of any company, shall be conclusive evidence of the fact that—

- (a) all the requirements under this Act relating to the incorporation of a company have been complied with ; and
- (b) the company has been incorporated under this Act on the date specified in such certificate of incorporation.

COMPANY NAMES

Requirements as to name.

6. The name of every—

- (a) limited company other than a listed company, shall end in the word “Limited” or by the abbreviation “Ltd” ;
- (b) private company, shall end in the words “(Private) Limited” or by the abbreviation “(Pvt) Ltd” ; and
- (c) limited company which is a listed company, shall end in the words “Public Limited Company” or by the abbreviation “PLC”.

Restrictions on names.

7. (1) A company shall not be registered by a name which—

- (a) is identical with the name of any other company or of any registered overseas company ;
- (b) contains the words “Chamber of Commerce”, unless the company is a company which is to be registered under a licence granted under section 34 without the addition of the word “Limited” to its name ; or

(c) is in the opinion of the Registrar, misleading.

(2) Except with the consent of the Minister given having regard to the national interest, no company shall be registered by a name which contains the words :—

- (a) “President”, “Presidential” or other words which in the opinion of the Registrar suggest or are calculated to suggest, the patronage of the President or connection with the Government or any Government Department ;
- (b) “Municipal”, “incorporated” or other words which in the opinion of the Registrar suggest or are calculated to suggest, connection with any Municipality or other local authority or with any society or body incorporated by an Act of Parliament ;
- (c) “Co-operative” or “Society” ; or
- (d) “National”, “State” or “Sri Lanka” or other words which in the opinion of the Registrar suggest or are calculated to suggest, any connection with the Government or any Government Department.

(3) In determining for the purposes of subsection (1) whether one name is identical with another, the following words shall be disregarded :—

- (a) the word “the”, where it is the first word of the name ;
- (b) the following words and expressions, where they appear at the end of the name :
 - (i) “company” ;
 - (ii) “and company” ;
 - (iii) “company limited” ;

- (iv) “and company limited” ;
- (v) “limited” ;
- (vi) “unlimited” ;
- (vii) “(Private) limited” ;
- (viii) “Public Limited Company” ;
- (c) abbreviations referred to in section 6, where they appear at the end of the name ;
- (d) type and case of letters, accents, spaces between letters and punctuation marks ; and
- (e) “and” or “&”.

Change of name.

8. (1) A company may change its name by special resolution with the prior approval in writing of the Registrar.

(2) Where a company has resolved to change its name under subsection (1), it shall within ten working days of the change, give notice of the change to the Registrar in the prescribed form.

(3) Upon receiving notice that a company has changed its name, the Registrar shall—

- (a) enter the new name on the Register in place of the former name ; and
- (b) issue a fresh certificate of incorporation in the prescribed form, altered to indicate—
 - (i) the change of name ; and
 - (ii) where the company has become or has ceased to be a private company, the fact of that change.

(4) The change of name shall not affect any rights or obligations of the company, or render ineffective any legal proceedings by or against the company. Any legal proceedings that might have been continued or commenced against it by its former name, may be continued or commenced against it by its new name.

(5) Where a company fails to comply with subsection (2)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

9. (1) A company shall within thirty working days of its incorporation under this Act, give public notice of its incorporation, specifying —

Public notice of name.

- (a) the name and company number of the company ;
and
- (b) the address of the company's registered office.

(2) Where a company changes its name in accordance with the provisions of section 8, it shall within twenty working days of such change give public notice of it, specifying—

- (a) the former name of the company ;
- (b) the company number ;
- (c) the address of the registered office of the company ;
and
- (d) the new name of the company.

(3) Where a company fails to publish the notice required under subsection (1) or (2) :—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
- (b) the Registrar shall cause the relevant notice to be published.

Direction to
change name.

10. (1) Notwithstanding the provisions of section 7, the Registrar may direct a company to change its name in the following circumstances :—

- (a) where through inadvertence or otherwise, it has been registered with a name which contravenes the provisions of section 6 ;
- (b) a request is made to the Registrar to do so within three months of the company giving public notice of the name objected to under section 9, by another company or by a registered overseas company, where—
 - (i) the name of the first-mentioned company is so similar to the name of the requesting company that it is likely to cause confusion ; and
 - (ii) the requesting company was registered with its current name before the first-mentioned company was registered with the name objected to ; or
- (c) a request is made to the Registrar to do so by any person and the Registrar is satisfied that the name was not applied for in good faith for the purpose of identifying the company.

(2) A company shall comply with a direction issued by a Registrar under subsection (1) within a period of six weeks from the date of the issue of such direction, or such longer period as the Registrar may in his discretion permit.

(3) A company which fails to comply with a direction issued under this section shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

11. (1) Where a company ceases to be a private company, it shall be deemed to have resolved to change its name in accordance with the provisions of subsection (1) of section 8, by omitting the word “(Private)”.

Change of name upon change of status of company.

(2) Where a company which was not a private company becomes a private company under section 29, it shall be deemed to have resolved to change its name in accordance with the provisions of subsection (1) of section 8 by substituting for the word “Limited” at the end of its name, of the words “(Private) Limited”.

(3) Where a limited company becomes a listed company, it shall be deemed to have resolved to change its name in accordance with the provisions of subsection (1) of section 8 by substituting for the word “Limited” at the end of its name, of the words “Public Limited Company”.

(4) Where a limited company ceases to be a listed company, it shall be deemed to have resolved to change its name in accordance with the provisions of subsection (1) of section 8, by substituting for the words “Public Limited Company” at the end of its name, of the word “Limited”.

(5) Where a company is deemed to have resolved to change its name under this section, it shall within ten working days of such change, give public notice of the change and send a copy of such notice to the Registrar, and the provisions of subsections (3) and (4) of section 8, shall apply to and in relation to such change of name.

(6) Where a company fails to comply with the requirements of subsection (5)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Use of company name and company number.

12. (1) A company shall ensure that its name and its company number are clearly stated in—

- (a) all business letters of the company ;
- (b) all notices and other official publications of the company ;
- (c) all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods signed on behalf of the company ;
- (d) all invoices, receipts and letters of credit of the company ;
- (e) all other documents issued or signed by the company which creates or is evidence of a legal obligation of the company ; and
- (f) the company seal, if any.

(2) Every company shall ensure that its name and its company number are clearly displayed at its registered office.

(3) Where a company fails to comply with the provisions of subsection (1) or subsection (2)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and

(b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(4) Where—

(a) a document that creates or is evidence of a legal obligation of a company, is issued or signed by or on behalf of the company ; and

(b) the name and company number of the company are not correctly stated in the document,

every person who issued or signed the document will be liable to the same extent as the company if the company fails to discharge the obligation, unless-

(c) the person who issued or signed the document proves, that the person in whose favour the obligation was incurred was aware at the time the document was issued or signed, that the obligation was incurred by the company ; or

(d) the court is satisfied that it would not be just and equitable for that person to be so liable.

(5) For the purposes of subsections (1) and (2), a company may use a generally recognized abbreviation of any word in its name, unless it is misleading to do so.

ARTICLES OF ASSOCIATION

13. The articles of association of a company may provide for any matter not inconsistent with the provisions of this Act other than the First Schedule hereto, and in particular may provide for—

Contents of articles.

(a) the objects of the company ;

- (b) the rights and obligations of shareholders of the company ; and
- (c) the management and administration of the company.

Application of model articles.

14. The articles of association set out in the First Schedule hereto (hereinafter referred to as “model articles”) shall apply in respect of any company other than a company limited by guarantee, except to the extent that the company adopts articles which exclude, modify or are inconsistent with the model articles.

Adoption or amendment of articles.

15. (1) Subject to the provisions of this Act and any conditions contained in its articles, a company may at any time by special resolution —

- (a) adopt new articles ;
- (b) if it has articles which differ from the articles of association set out in the First Schedule, adopt such articles as its articles ; or
- (c) alter its articles.

(2) Where a company by a special resolution alters its articles, it shall give notice of such resolution to the Registrar within ten working days, setting out in full the text of the resolution and of any new articles or of any alterations to the company’s articles.

(3) Where a company fails to comply with the requirement of subsection (2)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

16. Subject to the provision of section 89, the articles of a company shall bind the company and its shareholders as if there were a contract between the company and its shareholders. In particular, all money payable by any shareholder to the company under the articles, shall be a debt due from that shareholder to the company.

Effect of articles.

17. (1) Where the articles of a company sets-out the objects of the company, there shall be deemed to be a restriction placed by the articles in carrying on any business or activity that is not within those objects, unless the articles expressly provide otherwise.

Effect of statement of objects in articles.

(2) Where the articles of a company provide for any restriction on the business or activities in which the company may engage—

- (a) the capacity and powers of the company shall not be affected by such restriction ; and
- (b) no act of the company, no contract or other obligation entered into by the company and no transfer of property by or to the company, shall be invalid by reason only of the fact that it was done in contravention of such restriction.

(3) Nothing in subsection (2) shall affect —

- (a) the ability of a shareholder or director of the company to make an application to court under section 233 to restrain the company from acting in a manner inconsistent with a restriction placed by the articles, unless the company has entered into a contract or other binding obligation to do so; or
- (b) the liability of a director of the company for acting in breach of the provisions of section 188.

Right of shareholders to a copy of the articles.

18. (1) A shareholder has a right at any time to request a company in writing for a copy of the articles of the company, and subject to subsection (2), the company shall comply with such request within five working days of the date of receipt and such request.

(2) A company to which a request is made under subsection (1) may—

- (a) require the shareholder to pay a fee of not more than five hundred rupees before providing a copy of the articles; or
- (b) decline to provide a copy of the articles, if a copy has been provided to that shareholder within the previous six months.

(3) Where a company fails to comply with the requirements of subsection (1) —

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

COMPANY CONTRACTS ETC.

Method of contracting.

19. (1) A contract or other enforceable obligation may be entered into by a company as follows :—

- (a) an obligation which, if entered into by a natural person is required by law to be in writing signed by that person and be notarially attested, may be entered into on behalf of the company in writing signed under the name of the company by —

- (i) two directors of the company;

- (ii) if there be only one director, by that director ;
- (iii) if the articles of the company so provide, by any other person or class of persons; or
- (iv) one or more attorneys appointed by the company,

and be notarially executed;

- (b) an obligation which, if entered into by a natural person is required by law to be in writing and signed by that person, may be entered into on behalf of the company in writing signed by a person acting under the company's express or implied authority;
- (c) an obligation which if entered into by a natural person is not required by law to be in writing, may be entered into on behalf of the company in writing or orally, by a person acting under the company's express or implied authority.

(2) The provisions of subsection (1) shall apply to a contract or other obligation —

- (a) whether or not that contract or obligation is entered into in Sri Lanka; and
- (c) whether or not the law governing the contract or obligation is the law of Sri Lanka.

(3) For the purpose of this section, a company may use a generally recognised abbreviation of any word in the name, unless it is misleading to do so.

20. (1) Subject to its articles, a company may by an instrument in writing executed in accordance with the provisions of section 19, appoint a person as its attorney either generally or in relation to a specified matter.

Attorneys.

(2) Any act of the attorney carried out in accordance with the instrument referred to in subsection (1), shall be binding on the company.

(3) The provisions of the Powers of Attorney Ordinance (Chapter 122) and the law relating to powers of attorney executed by a natural person, shall with necessary modifications, apply in relation to a power of attorney executed by a company to the same extent as if the company was a natural person, and as if the commencement of the liquidation or if there is no liquidation, the removal of the company from the Register, was the death of a person.

Authority of directors, officers and agents.

21. (1) A company or a guarantor of an obligation of the company or any person claiming under the company, may not assert against a person dealing with that company or with any person who has acquired rights from the company, that —

- (a) the articles of the company have not been complied with ; or
- (b) the persons named in the most recent notice filed under section 223 or the annual return delivered under section 131 of this Act, are not the directors or the secretary of the company, as the case may be ; or
- (c) a person held out by a company as a director, officer or agent of the company—
 - (i) has not been duly appointed; or
 - (ii) does not have authority to exercise the powers and perform the duties that are customary in the business of the company or are normal for a director, officer or agent of a company carrying on business of the kind carried on by that company; or

- (d) a document issued by any director, the secretary of the company or by any officer or agent, with actual or normal authority to issue the document, is not valid or genuine,

unless that person has, or by virtue of that person's position with or relationship to the company, ought to have knowledge to the contrary.

(2) The provisions of subsection (1) shall apply even in a situation where a person referred to in paragraphs (b) to (d) of that subsection acts fraudulently or forges a document that appears to have been signed on behalf of the company, unless the person dealing with the company or who has acquired rights from the company, has actual knowledge of such fraud or forgery.

22. Subject to the provisions of subsection (3) of section 105, a person shall not be affected by or deemed to have notice or knowledge of the contents of the articles of company or any other document relating to a company, by reason only of the fact that it has been delivered to the Registrar for filing or is available for inspection at any office of the company.

No constructive notice.

PRE-INCORPORATION CONTRACTS

23. (1) For the purpose of this section and sections 24 and 25 of this Act, the expression "pre-incorporation contract" means —

pre-incorporation contracts may be ratified.

- (a) a contract purported to have been entered into by a company before its incorporation; or
- (b) a contract entered into by a person on behalf of a company before and in contemplation of its incorporation.

(2) Notwithstanding anything to the contrary in any law, a pre-incorporation contract may be ratified within such period as may be specified in the contract or if no such period is specified, within a reasonable time after the incorporation of such company, in the name of which or on behalf of which it has been entered into.

(3) A pre-incorporation contract that is ratified under subsection (2), shall be as valid and enforceable as if the company had been a party to the contract at the time it was entered into.

(4) A pre-incorporation contract may be ratified by a company in the same manner as a contract may be entered into on behalf of a company under section 19.

Warranties
implied in pre-
incorporation
contracts.

24. (1) Notwithstanding anything to the contrary in any law, in a pre-incorporation contract, unless a contrary intention is expressed in the contract, there shall be an implied warranty by the person who purports to enter into such contract in the name of or on behalf of the company—

- (a) that the company will be incorporated within such period as may be specified in the contract, or if no period is specified, within a reasonable time after the making of the contract; and
- (b) that the company will ratify the contract within such period as may be specified in the contract or if no period is specified, within a reasonable time after the incorporation of such company.

(2) The amount of damages recoverable in an action for breach of an implied warranty referred to in subsection (1), shall be the same as the amount of damages that may be recoverable in an action against the company for damages for breach by the company of the unperformed obligations under the contract, if the contract had been ratified by the company.

(3) Where after its incorporation, a company enters into a contract in the same terms as or in substitution for, a pre-incorporation contract (not being a contract ratified by the company under section 23), the liability of a person under subsection (1) shall be discharged.

25. Where a company has acquired property pursuant to a pre-incorporation contract that has not been ratified by the company after its incorporation, a court may on an application made in that behalf by the party from whom the property was acquired, make an order —

Failure to ratify.

- (a) directing the company to return property acquired under the pre-incorporation contract, to that party;
- (b) validating the contract in whole or in part; or
- (c) granting any other relief in favour of that party relating to that property acquired.

AUTHENTICATION OF DOCUMENTS BY COMPANY

26. A document or record of proceedings requiring authentication by a company shall be signed by a director, secretary, or other authorised officer of the company.

Authentication of documents by company.

PART II

PRIVATE COMPANIES

27. The articles of a private company shall include provisions which—

Articles of a private company.

- (a) prohibit the company from offering shares or other securities issued by the company to the public; and
- (b) limit the number of its shareholders to fifty, not including shareholders who are—
 - (i) employees of the company; or

- (ii) former employees of the company who became shareholders of the company while being employees of such company and who have continued to be shareholders after ceasing to be employees of the company.

Company
ceasing to be a
private
company.

28. (1) If a private company alters its articles in such a way that the articles no longer comply with the requirements of section 27—

- (a) the company shall cease to be a private company;
- (b) provisions of sections 30 and 31 shall cease to apply to that company; and
- (c) the company shall be deemed to have changed its name in accordance with section 11.

(2) If a private company fails to comply with the requirements specified in section 27—

- (a) the company shall cease to be a private company;
- (b) provisions of sections 30 and 31 shall cease to apply to that company; and
- (c) the company shall be deemed to have changed its name in accordance with section 11.

(3) The court may determine that provisions of subsection (2) shall not apply in respect of failure by a private company, where it is satisfied that—

- (a) the failure to comply was due to inadvertence;
- (b) the failure to comply has been rectified; or
- (c) in all the circumstances of the case it is just and equitable to reach such determination.

29. Where a limited company alters its articles so that the articles comply with the requirement of section 27—

Company may become a private company.

- (a) the company shall become a private company; and
- (b) the company shall be deemed to have changed its name in accordance with the provisions of section 11.

30. (1) A private company may by unanimous resolution of its shareholders dispense with the keeping of an interests register, and while such a resolution is in force, no provision of this Act which requires any matter to be entered in the interests register of a company, shall apply to such private company.

Private companies need not keep interests register.

(2) A unanimous resolution under subsection (1) shall cease to have effect, if any shareholder gives notice in writing to the company, that he requires it to keep an interests register.

31. (1) Where all the shareholders of a private company agree in writing to any action which has been taken, or is to be taken by the company—

Unanimous agreement of shareholders.

- (a) the taking of that action is deemed to be validly authorised by the company, notwithstanding any provision in the articles of the company to the contrary; and
- (b) the provisions contained in the list of sections of this Act specified in the Second Schedule hereto, shall not apply to and in relation to that action.

(2) Without limiting the matters which may be agreed to under subsection (1), the provisions of that subsection shall apply where all the shareholders of a private company agree to or concur in —

- (a) the issue of shares by the company;

- (b) the making of a distribution by the company;
- (c) the repurchase or redemption of shares in the company;
- (d) the giving of financial assistance by a company for the purpose of or in connection with the purchase of shares in the company;
- (e) the payment of remuneration to a director, or the making of a loan to a director, or the conferment of any other benefit on a director; or
- (f) the entering into a contract between an interested director and the company.

(3) Where a distribution is made by a company under subsection (2) and as a consequence of making that distribution the company fails to satisfy the solvency test, such distribution shall be deemed not to have been made validly.

(4) A distribution to a shareholder which is deemed not to have been validly made under subsection (3) may be recovered by the company from such shareholder, unless —

- (a) the shareholder received the distribution in good faith and without knowledge of the company's failure to satisfy the solvency test;
- (b) the shareholder has altered his position relying on the validity of such distribution; and
- (c) it would be unreasonable in view of the circumstances, to require repayment in full or at all.

(5) Where reasonable grounds did not exist for believing that the company would be able to satisfy the solvency test

after the making of a distribution which is deemed not to have been validly made, each shareholder who agreed to the making of such distribution will be personally liable to the company, to repay to the company so much of the distribution which the company is not able to recover from the shareholders to whom the distribution was made.

(6) Where an action for recovery is brought against a shareholder under subsection (4) or (5), and the court is satisfied that the company could by making a distribution of a lesser amount have satisfied the solvency test, the court may —

- (a) permit the shareholder to retain; or
- (b) relieve the shareholder from liability in respect of,

an amount equal to the value of any distribution that the company could properly have made under the circumstances.

PART III

COMPANIES LIMITED BY GUARANTEE

32. Any two or more persons may apply to form a company limited by guarantee by making an application to the Registrar for the same in the prescribed form signed by each of the initial members, together with the following documents :—

Application for incorporation of a company limited by guarantee.

- (a) the articles of association of the company;
- (b) a consent under section 203 from each of the initial directors, to act as a director of the company; and
- (c) a consent under section 221 from the initial secretary, to act as secretary of the company.

Company limited by guarantee must have articles.

33. (1) A company limited by guarantee shall have articles which sets out—

- (a) the objects of the company; and
- (b) the amount which each member of the company undertakes to contribute to the assets of the company, in the event of such company being put into liquidation.

(2) Nothing in subsection (1) shall prevent a company limited by guarantee from providing in its articles, that specified clauses of the articles of association set out in the First Schedule hereto, shall apply to that company and any such provision shall have effect accordingly.

Power to dispose with “limited” in the name of charitable and other companies.

34. (1) Where the Registrar is satisfied that an association about to be formed as a company limited by guarantee is to be formed for promoting commerce, art, science, religion, charity, sport, or any other useful object, and intends to apply its profits, if any, or other income in promoting its objects, and to prohibit the payment of any dividend to its members —

- (a) the Registrar may by licence direct that the association be registered as a company limited by guarantee, without the addition of the word “Limited” to its name; and
- (b) the association may be registered accordingly and shall on registration enjoy all the privileges and subject to the provisions of this section, be subject to all the obligations of a limited company.

(2) Where it is proved to the satisfaction of the Registrar—

- (a) that the objects of a company limited by guarantee are restricted to those specified in subsection (1) and to objects incidental or conducive to them; and

- (b) that by its articles the company is required to apply its profits or other income in promoting its objects and is prohibited from paying any dividend to its members,

the Registrar may by licence authorize the company to make by special resolution a change in its name including or consisting of the omission of the word "Limited". The provisions of subsections (2), (3), (4) and (5) of section 8 shall apply to a change of name under this subsection.

(3) A licence granted under this section may be subject to such terms and conditions as the Registrar thinks necessary for the purpose of ensuring that the association conforms to the requirements of subsection (1). The terms and conditions shall be binding on the association and shall, if the Registrar so directs, be incorporated into the articles of such company.

(4) No alteration may be made in the articles of a company to which a licence has been granted under this section, without the prior written approval of the Registrar.

(5) The provisions of section 6 shall not apply in respect of a company to which a licence is granted under this section.

(6) A licence granted under this section may at any time be revoked by the Registrar where the company to which the licence is granted fails to comply with the requirements of subsection (1) or subsection (3). Upon revocation of a licence, the Registrar shall enter upon the register the word "Limited" at the end of the name of the company, and the company shall cease to enjoy the exemptions and privileges granted by the provisions of this section. The provision of subsections (3) and (4) of section 8 shall apply to a change of name under this subsection.

(7) Before a licence is revoked under subsection (6), the Registrar shall give the company notice in writing of his

intention and shall afford the association or company an opportunity of being heard in opposition to the revocation.

(8) Where an association in respect of which a licence under this section is in force alters the provisions of its constitution with respect to its objects, the Registrar may, unless he sees fit to revoke the licence, vary, add to or alter the terms and conditions subject to which the licence was granted.

Provisions which apply to companies limited by guarantee.

35. (1) The provisions contained in the list of sections of this Act specified in the Third Schedule hereto, shall not apply to and in respect of a company limited by guarantee.

(2) The provisions of this Act other than the sections referred to in subsection (1), shall apply to a company limited by guarantee with all necessary modifications, as if—

- (a) the company were a limited company ;
- (b) references to shareholders were references to members of the company ;
- (c) each member held one share in the company ; and
- (d) references to the share register were references to the register of members.

PART IV

SHARES AND DEBENTURES

PROSPECTUS

Dating of prospectus.

36. A prospectus issued by or on behalf of a company or in relation to a company to be formed shall bear a date, and such date shall unless the contrary is proved, be taken as the date of publication of such prospectus.

37. (1) Every prospectus issued by or on behalf of a company or by or on behalf of any person who is or has been engaged or interested in the formation of the company, shall contain the information specified in Part I of the Fourth Schedule hereto and set out the reports specified in Part II of that Schedule. The provisions of Parts I and II shall have effect, subject to the provisions contained in Part III of that Schedule.

Specific requirements as to particulars in prospectus.

(2) A condition requiring or binding an applicant for shares in or debentures of a company, to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(3) It shall not be lawful to issue any form for application for shares in or debentures of a company, unless the form is issued with a prospectus which complies with the requirements of this section :

Provided that the provisions of this subsection shall not apply, where it is shown that the form for application was issued either—

- (a) in connection with a *bona fide* invitation to a person to enter into an under-writing agreement with respect to the shares or debentures ;
- (b) in relation to shares or debentures which were not offered to the public ; or
- (c) in relation to issuance of commercial papers by a company listed on a stock exchange and offered to the public.

(4) Subject to the provisions of subsections (1) and (2), any person who acts in contravention of the provisions of subsection (3) shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

(5) In the event of non-compliance with or contravention of any of the requirements of this section, a director or other person responsible for the issue of the prospectus shall not incur any liability by reason of such non-compliance or contravention, if—

- (a) as regards any matter not disclosed he proves that he was not cognizant thereof ;
- (b) he proves that the non-compliance or contravention arose from an honest mistake of fact on his part ; or
- (c) the non-compliance or contravention was in respect of any matter which in the opinion of the court was immaterial or was otherwise such as ought, having regard to all the circumstances of the case, reasonably to be excused :

Provided that, in the event of failure to include in a prospectus a statement with respect to the matters specified in paragraph 17 of the Fourth Schedule hereto, no director or other person shall incur any liability in respect of the failure, unless it be proved that he had knowledge of the matters not disclosed.

(6) The provision of this section shall not apply to the issue to existing shareholders or debenture holders of a company, of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures shall or shall not have the right to renounce in favour of other persons. Save as aforesaid, the provisions of this section shall apply to a prospectus or a form of application whether issued on or with reference to the formation of a company or subsequently.

(7) Nothing in this section shall limit or diminish any liability which a person may incur under any written law or under this Act (other than this section).

(8) Where a prospectus has been sent for registration in accordance with the provisions of section 40 and has been

registered by the Registrar, nothing in the preceding provisions of this section shall be deemed or construed to prohibit the issue or publication of any notice, circular or advertisement stating that the prospectus has been registered and issued and that copies thereof are available on application, if such notice, circular or advertisement does not contain any invitation to the public to subscribe for or purchase any shares in or debentures of a company.

38. (1) A prospectus inviting persons to subscribe for shares in or debentures of a company and including a statement purporting to be made by an expert, shall not be issued, unless—

Expert's consent to issue of prospectus containing statement by him.

- (a) such expert has given and has not before delivery of a copy of the prospectus for registration, withdrawn his written consent to the issue thereof with the statement included in the form and context in which it is included ; and
- (b) a statement appears in the prospectus that such expert has given and has not withdrawn his consent as referred to in paragraph (a).

(2) Where any prospectus is issued in contravention of the provision of this section, the company and every person who is knowingly a party to the issue thereof, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

(3) For the purpose of this section, the term "expert" includes an engineer, a valuer, an auditor, an accountant and any other person having similar professional qualifications.

39. (1) No bank shall be named as a company's banker in any prospectus inviting persons to subscribe for shares in or debentures of the company, unless such bank has given and has not before delivery of a copy of the prospectus for registration, withdrawn its written consent to the inclusion in such prospectus of its names as the company's banker :

Consent of bank or attorney-at-law or auditor necessary for inclusion of name in prospectus.

Provided that a bank shall not be deemed for the purposes of this Act to have authorised the issue of a prospectus, by reason only of it having given the consent to the inclusion in such prospectus of its name as the company's bankers.

(2) No attorney-at-law shall be named as a company's lawyer in a prospectus inviting persons to subscribe for shares in or debentures of the company, unless such attorney-at-law has given and has not before delivery of a copy of the prospectus for registration, withdrawn his written consent to the inclusion in such prospectus of his name as the company's lawyer :

Provided that an attorney-at-law shall not be deemed for the purposes of this Act to have authorised the issue of a prospectus, by reason only of his having given the consent to the inclusion in such prospectus of his name as the company's lawyer.

(3) No auditor shall be named as a company's auditor in a prospectus inviting persons to subscribe for shares in or debentures of the company, unless such auditor has given and has not before delivery of a copy of the prospectus for registration, withdrawn his written consent to the inclusion in such prospectus of his name as the company's auditor :

Provided that an auditor shall not be deemed for the purposes of this Act to have authorized the issue of a prospectus, by reason only of his having given the consent to the inclusion in such prospectus of his name as the company's auditor.

(4) Where the name of any bank, attorney-at-law or auditor is included in any prospectus of a company in contravention of the provisions of this section, the company and every person who is knowingly a party to the issue thereof, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

40. (1) No prospectus shall be issued by or on behalf of a company or in relation to a company to be formed, unless on or before the date of its publication, there has been delivered to the Registrar for registration a copy of such prospectus signed by every person who is named in such prospectus as a director or proposed director of the company, or by his agent authorised in writing, and having endorsed thereon or attached thereto—

Registration of prospectus.

- (a) written consent from an expert to the issue of the prospectus as required by section 38 ;
 - (b) a declaration made and subscribed to by every person who is named in such prospectus as a director or a proposed director of the company, to the effect that he has read the provisions of this Act relating to the issue of a prospectus and that those provisions have been complied with ; and
 - (c) in the case of prospectus issued generally, where the persons making any report required by Part II of the Fourth Schedule hereto have made or have without giving the reasons, indicated in such prospectus any such adjustments as are mentioned in paragraph 30 of that Schedule, and a written statement signed by such person setting out the adjustments and giving the reasons therefor.
- (2) Every prospectus shall on the face of it—
- (a) state that a copy has been delivered for registration as required by this section ; and
 - (b) set out or refer to statements included in the prospectus which specify any documents required by this section to be endorsed on or attached to the copy so delivered.

- (3) The Registrar shall not register a prospectus—
- (a) unless the copy thereof is signed in the manner required by this section ;
 - (b) unless it has endorsed thereon or attached thereto the documents (if any) specified as aforesaid ;
 - (c) unless it bears the date of the delivery of the copy thereof to the Registrar under this section, or it bears a future date to be inserted in such prospectus under the provisions of section 36 ; and
 - (d) where it bears a future date as hereinbefore provided, unless that date has been confirmed or altered by notice served on the Registrar.

(4) Where a prospectus is issued without a copy thereof being delivered under this section to the Registrar or without a copy so delivered having been endorsed thereon or attached thereto the required documents referred to in subsection (1), the company and every person who is knowingly a party to the issue of the prospectus, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

Civil liability for untrue in prospectus.

41. (1) Subject to the provisions of this section, where a prospectus invites persons to subscribe for shares in or debentures of a company, the following persons shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus, for the loss or damage they may have sustained by reason of any untrue statement included in such prospectus, that is to say:—

- (a) every person who is a director of the company, at the time of the issue of the prospectus ;
- (b) every person who has authorised himself to be named and is named in the prospectus as a director or as having agreed to become a director, either immediately or after an interval of time ;

- (c) every person being a promoter of the company ; and
- (d) every person who has authorised the issue of the prospectus :

Provided that, where under the provisions of section 38, the consent of any person is required to the issue of a prospectus and such person has given such consent, such person shall not by reason of his having given such consent, be liable under the provisions of this subsection as a person who has authorised the issue of the prospectus, except in respect of an untrue statement purporting to be made by him as an expert.

(2) No person shall be liable under the provisions of subsection (1), if he proves that—

- (a) having consented to become a director of the company he withdrew his consent before the issue of the prospectus and that it was issued without his authority or consent ;
- (b) the prospectus was issued without his knowledge or consent and that on becoming aware of its issue, he forthwith gave reasonable public notice that it was issued without his knowledge or consent ;
- (c) after the issue of the prospectus and before allotment thereunder, he on becoming aware of any untrue statement in such prospectus, withdrew his consent thereto and gave reasonable public notice of the withdrawal and of the reasons therefor ; or
- (d) (i) as regards every untrue statement not purporting to be made on the authority of an expert or of a public official document or statement, he had reasonable ground to believe and did up to the time of the allotment of the shares or debentures, as the case may be, believed that the statement was true ;

- (ii) as regards every untrue statement purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation of an expert, it fairly represented the statement or was a correct and fair copy of or extract from the report or valuation, as the case may be, and he had reasonable ground to believe and did up to the time of the issue of the prospectus believed, that the person making the statement was competent to make it and that person had given the consent required under section 38 to the issue of the prospectus and had not withdrawn that consent before delivery of a copy of the prospectus for registration or to his knowledge, before allotment thereunder ; and
- (iii) as regards every untrue statement purporting to be a statement made by a person in his official capacity or contained in what purports to be a copy or extract from a public document issued officially, it was a correct and fair representation of the statement or copy or extract from the document :

Provided that the provisions of this subsection shall not apply in the case of a person liable, by reason of his having given the consent required under section 38, as a person who has authorised the issue of the prospectus in respect of an untrue statement purporting to be made by him as an expert.

(3) A person who apart from the provisions of this subsection, would under the provisions of subsection (1) be liable by reason of his having given the consent required under the provisions of section 38 as a person who has authorised the issue of a prospectus in respect of an untrue

statement purporting to be made by him as an expert, shall not be so liable, if he proves that —

- (a) having given his consent under the provisions of section 38 to the issue of the prospectus, he withdrew it in writing before delivery of a copy of the prospectus for registration ;
- (b) after delivery of a copy of the prospectus for registration and before allotment thereunder, he on becoming aware of the untrue statement withdrew his consent in writing and gave reasonable public notice of the withdrawal and of the reason therefor ; or
- (c) he was competent to make the statement and that he had reasonable ground to believe and did up to the time of the allotment of the shares or debentures, as the case may be, believed that the statement was true.

(4) Where—

- (a) the prospectus contains the name of a person as a director of the company or as having agreed to become a director of such company and he has not consented to become a director or has withdrawn his consent before the issue of the prospectus and has not authorised or consented to the issue of such prospectus ; or
- (b) the consent of a person is required under section 38 to the issue of the prospectus and he either has not given that consent or has withdrawn it before the issue of the prospectus,

the directors of the company, except any director without whose knowledge or consent the prospectus was issued, and any other person who authorised the issue of such prospectus,

shall be liable to indemnify the person named under paragraph (a), or whose consent was required under paragraph (b), as the case may be, against all damages, costs and expenses to which he may be made liable by reason of his name having been inserted in the prospectus or of the inclusion therein of a statement purporting to be made by him as an expert, as the case may be, or in defending himself against any action or legal proceeding brought against him in respect thereof :

Provided that a person shall not be deemed for the purposes of this subsection to have authorised the issue of a prospectus, by reason only of his having given the consent required under section 38 to the inclusion in such prospectus of a statement purporting to be made by him as an expert.

(5) Every person who, by reason of his being a director or being named as a director or as having agreed to become a director or of his having authorised the issue of the prospectus or of the inclusion in such prospectus of a statement purporting to be made by him as an expert, becomes liable to make any payment under this section, may recover contribution as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was and that other person was not, guilty of fraudulent misrepresentation.

(6) For the purposes of this section—

(a) “promoter” means a promoter who was a party to the preparation of the prospectus or of the portion thereof containing the untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company ; and

(b) “expert” has the same meaning as in section 38.

42. (1) Where a prospectus issued includes any untrue statement, any person who authorised the issue of the prospectus shall be guilty of an offence and be liable on conviction to a fine not exceeding five hundred thousand rupees or to imprisonment for a term not exceeding two years or to both to such fine and imprisonment, unless he proves either that the statement was immaterial or that he had reasonable ground to believe and up to the time of the issue of the prospectus did believe, that the statement was true.

Criminal liability for untrue statements in a prospectus.

(2) A person shall not be deemed for the purposes of this section to have authorised the issue of a prospectus by reason only of his having given the consent required by the provisions of section 38, to the inclusion in such prospectus of a statement purporting to be made by him as an expert.

(3) No prosecution shall be instituted in respect of any offence under the provisions of subsection (1), except with the sanction of the Attorney-General.

43. (1) Where a company allots or agrees to allot any shares in or debentures of the company with a view to offering all or any of those shares or debentures for sale to the public, any document by which the offer for sale to the public is made shall for all purposes be deemed to be a prospectus issued by the company, and provisions of any written law which relates to the contents of prospectuses, liability in respect of statements in and omission from prospectuses or otherwise generally relating to matters dealing with or connected to prospectuses, shall apply and have effect accordingly, as if the shares or debentures has been offered to the public for subscription and as if persons accepting the offer in respect of any shares or debentures were subscribers for those shares or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made, in respect of untrue statements contained in the document or otherwise in respect thereof.

Document containing offer of shares or debentures for sale to be deemed a prospectus.

(2) For the purposes of this Act, it shall, unless the contrary is proved, be deemed that an allotment of or an agreement to allot shares or debentures was made with a view to the shares or debentures being offered for sale to the public, if it is shown—

- (a) that an offer of the shares or debentures for sale to the public was made within six months after the allotment or agreement to allot ; or
- (b) that at the date when the offer was made, the whole consideration to be received by the company in respect of the shares or debentures had not been so received.

(3) The provisions of section 40 shall be applicable in relation to this section, as though the persons making the offer were persons named in a prospectus as directors of a company, and the provisions of section 37 shall be applicable in relation to this section, as if it required a prospectus to state, in addition to the matters required by that section to be stated in a prospectus—

- (a) the net amount of the consideration received by the company in respect of the shares or debentures to which the offer relates ; and
- (b) the place and time at which the contract under which the said shares or debentures have been or are to be allotted, may be inspected.

(4) Where a person making an offer to which this section relates is a company or a firm, it shall be sufficient if the document aforesaid is signed on behalf of the company or firm by two directors of the company or not less than half of the partners, as the case may be, and any such director or partner may sign through his agent authorised in writing.

44. For purposes of the preceding provisions of this Part of this Act—

Interpretation of provisions relating to prospectuses.

- (a) a statement included in a prospectus shall be deemed to be untrue, if it is misleading in the form and context in which it is included ; and
- (b) a statement shall be deemed to be included in a prospectus, if it is contained in or in any report or memorandum appearing on the face of, or by reference incorporated in, or issued with, such prospectus.

ALLOTMENT

45. (1) No allotment shall be made of any share capital of a company offered to the public for subscription, unless the amount stated in the prospectus as the minimum amount which in the opinion of the directors must be raised by the issue of share capital in order to provide for the particulars specified in paragraph 5 of the Fourth Schedule hereto has been subscribed, and the sum payable on application for the amount so stated, has been paid to and received by the company.

Prohibition of allotment unless minimum subscription is received.

For the purposes of this subsection, a sum shall be deemed to have been paid to and received by the company, if a cheque for that sum has been received in good faith by the company and the directors of the company have no reason for suspecting that the cheque may not be paid.

(2) Where the conditions set out in subsection (1) has not been complied with within the expiration of sixty days from the date of closing of the subscription lists, any money received from applicants for shares shall be forthwith repaid to them without interest, and if such money is not so repaid within seventy-five days from the date of closing of the subscription lists, the directors of the company shall be jointly

and severally liable to repay that money with interest at the legal rate, from the expiration of the seventy-fifth day :

Provided that a director shall not be liable if he proves that the default in the repayment of the money was not due to any misconduct or negligence on his part.

(3) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section, shall be void.

(4) The provisions of this section shall not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

Effect of
irregular
allotment.

46. (1) An allotment made by a company to an applicant in contravention of the provisions of section 45 shall be voidable at the instance of the applicant within one month from the date of the allotment, and shall be so voidable notwithstanding that the company is in the course of being wound up.

(2) Where any director of a company knowingly contravenes or permits or authorizes the contravention of any of the provisions of section 45, he shall be liable to compensate the company and the allottee respectively for any loss, damages, or costs which the company or the allottee may have sustained or incurred thereby:

Provided that no proceedings to recover any such loss, damages, or costs shall be commenced after the expiration of two years from the date of the allotment.

Applications
for and
allotment of
shares and
debentures.

47. (1) No allotment shall be made of any shares in or debentures of a company in pursuance of a prospectus issued generally and no proceedings shall be taken on applications made in pursuance of a prospectus so issued, until the commencement of the third day after the date on which the prospectus is first issued or such later time (if any) as may be specified in the prospectus, (hereinafter in this Act referred to as "the time of the opening of the subscription lists").

(2) The reference in subsection (1) to the day on which the prospectus is first issued generally shall be construed as referring to the date on which it is first issued as a newspaper advertisement :

Provided that, if it is not issued as a newspaper advertisement before the third day after the date on which it is first issued in any other manner, the said reference shall be construed as referring to the date on which it is first so issued in such manner.

(3) The validity of an allotment shall not be affected by any contravention of the preceding provisions of this section but, in the event of any such contravention—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

(4) In the application of this section to a prospectus offering shares or debentures for sale, the preceding subsections shall have effect with the substitution for a reference to allotment of a reference to sale and for the reference to the company and every officer of the company who is in default, of a reference to any person by or through whom the offer is made and who knowingly and willfully authorises or permits the contravention.

(5) An application for shares in or debentures of a company which is made in pursuance of a prospectus issued generally, shall not be revocable until after the expiration of the third day from the date of the opening of the subscription lists, or the giving before the expiration of the said third day, by some person responsible under the provisions of section 41 for the prospectus, of a public notice having the effect under that section of excluding or limiting the responsibility of the person giving it.

(6) In determining for the purposes of this section the third day after any day, any intervening day which is a bank holiday or a public holiday shall be disregarded and where the third day as so determined is itself a bank or a public holiday, there shall for the said purposes be substituted the first day thereafter which is not a bank holiday or a public holiday.

Construction of reference to offering shares or debentures to the public.

48. (1) Any reference in this Act to offering of any shares or debentures to the public shall, subject to any provision to the contrary contained therein, be construed as including a reference to offering them to any section of the public, whether selected as shareholders or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner, and references in this Act or in a company's articles to invitations to the public to subscribe for shares or debentures shall, subject to the preceding provisions, be similarly construed.

(2) The provisions of subsection (1) shall not be taken as requiring any offer or invitation to be treated as made to the public, if it can properly be regarded in all the circumstances as not being calculated to result directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation, or otherwise as being a domestic concern of the persons making and receiving it, and in particular—

- (a) a provision in a company's articles prohibiting invitation to the public to subscribe for shares or debentures shall not be taken as prohibiting the making to members or debenture holders of an invitation which can properly be regarded as aforesaid; and
- (b) the provisions of this Act relating to private companies shall be construed accordingly.

NATURE AND TYPES OF SHARES

- 49.** (1) A share in a company shall be movable property. Nature and types of shares.
- (2) Subject to the company's articles, a share in a company shall confer on the holder —
- (a) the right to one vote on a poll at a meeting of the company on any resolution;
 - (b) the right to an equal share in dividends paid by the company;
 - (c) the right to an equal share in the distribution of the surplus assets of the company on liquidation.
- (3) A company may issue different classes of shares, and in particular may issue shares which —
- (a) are redeemable;
 - (b) confer preferential rights to distributions; or
 - (c) confer special, limited or conditional voting rights or confer no voting rights.
- (4) No share in a company shall have a nominal or par value
- (5) A share in a company is transferable in the manner provided for by its articles and such articles may limit or restrict the extent to which a share is transferable.

ISSUE OF SHARES

- 50.** (1) Immediately following the incorporation of a company under section 5, the company shall issue to each shareholder named in the application for incorporation, the shares to which that person is entitled. Initial shares.

(2) Immediately following the issue of a certificate of amalgamation under section, 244, the amalgamated company shall issue to each person who is entitled to shares under the amalgamation proposal, the shares to which that person is entitled.

Issue of shares.

51. (1) Subject to the provisions of sections 52 and 53 and the company's articles, the board of a company may issue such shares to such persons as it considers appropriate.

(2) If the shares issued confer rights other than those set out in subsection (2) of section 49 or impose any obligation on the holder, the board shall approve terms of issue which will set out the rights and obligations attached to those shares.

(3) Terms of issue approved by the board under subsection (2) —

- (a) shall be consistent with the articles of the company, and to the extent that they are not so consistent, are invalid and of no effect ;
- (b) are deemed to form part of the articles, and may be amended in accordance with section 15.

(4) Within twenty working days of the issue of any shares under this section, the company shall —

- (a) give notice to the Registrar in the prescribed form of—
 - (i) the number of shares issued;
 - (ii) the amount of the consideration for which the shares have been issued or its value as determined by the board under subsection (2) of section 58; and
 - (iii) the amount of the company's stated capital following the issue of the shares;
- (b) deliver to the Registrar a copy of any terms of issue approved under subsection (2).

(5) Where a company fails to comply with requirements of subsection (4)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

52. (1) Before issuing any shares, the board shall —

Consideration for issue of shares.

- (a) decide the consideration for which the shares will be issued; and
- (b) resolve that in its opinion that consideration is fair and reasonable to the company and to all existing shareholders.

(2) The consideration for which a share is issued may take any form, including cash, promissory notes, future services, property of any kind or other securities of the company.

(3) Upon receipt of the consideration, the company shall within a period of twenty days, make an allotment of the shares.

53. (1) Subject to the company's articles, where a company issues shares which rank equally with or above existing shares in relation to voting or distribution rights, those shares shall be offered to the holders of existing shares in a manner which would, if the offer was accepted, maintain the relative voting and distribution rights of those shareholders.

Pre-emptive rights to new issues.

(2) An offer which a company is required to make under subsection (1), shall remain open for acceptance for a reasonable period of time.

Method of
issuing shares.

54. (1) A share is deemed to be issued when the name of the holder is entered on the share register, and such entry shall be made prior to compliance with subsection (4) of section 51.

(2) The issue by a company of a share which imposes a liability to the company on the holder shall be invalid and of no effect, until such time as the person to whom it is issued has consented in writing to become the holder of the share.

CALLS ON SHARES

Calls on shares.

55. (1) Where a call is made on a share or any other obligation attached to a share and is performed by the shareholder, the company shall within ten working days give notice to the Registrar in the prescribed form of—

- (a) the amount of the call or its value as determined by the board under subsection (3) of section 58; and
- (b) the amount of the stated capital of the company following the making of the call.

(2) Where a company fails to comply with the requirement of subsection (1) —

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

DISTRIBUTIONS TO SHAREHOLDERS

Distributions.

56. (1) Before a distribution is made by a company to any shareholder, such distribution shall —

- (a) be authorised by the board under subsection (2); and

(b) unless the company's articles provide otherwise, be approved by the shareholders by ordinary resolution.

(2) The board of a company may authorise a distribution at such time and in such amount as it considers appropriate, where it is satisfied that the company will, immediately after the distribution is made satisfy the solvency test, provided that such board obtains a certificate of solvency from the auditors.

(3) The directors who vote in favour of a distribution shall sign a certificate setting that in their opinion, the company will satisfy the solvency test immediately after the distribution is made.

(4) In applying the solvency test for the purposes of this section, "debts" includes fixed preferential returns on shares ranking ahead of those in respect of which a distribution is made, except where the fixed preferential return is expressed to be subject to the power of the board to authorise distributions.

(5) A director who fails to comply with the requirements of subsection (2) shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

57. (1) A company shall be deemed to have satisfied the solvency test, if— Solvency test.

(a) it is able to pay its debts as they become due in the normal course of business; and

(b) the value of the company's assets is greater than —

(i) the value of its liabilities; and

(ii) the company's stated capital.

(2) In determining whether a company satisfies the solvency test, the board—

- (a) shall take into account the most recent financial statements of the company prepared in accordance with section 151 of the Act ;
- (b) shall take into account circumstances the directors know or ought to know which affect the value of the company's assets and liabilities ;
- (c) may take into account a fair valuation or other method of assessing the value of assets and liabilities.

Stated capital.

58. (1) Subject to section 59, stated capital in relation to a company means the total of all amounts received by the company or due and payable to the company —

- (a) in respect of the issue of shares; and
- (b) in respect of calls on shares.

(2) Where a share is issued for consideration other than cash, the board shall determine the cash value of such consideration for the purposes of subsection (1).

(3) Where a share has attached to it an obligation other than an obligation to pay calls, and that obligation is performed by the shareholder—

- (a) the board shall determine the cash value, if any, of that performance; and
- (b) the cash value of that performance shall be deemed to be a call which has been paid on the share for the purposes of subsection (1).

59. (1) Subject to the provisions of subsection (3), a company may by special resolution reduce its stated capital to such amount as it thinks appropriate, in accordance with the provisions of this Act.

Reduction of
stated capital.

(2) Public notice of a proposed reduction of a company's stated capital shall be given not less than sixty days before the resolution to reduce stated capital is passed.

(3) A company may agree in writing with a creditor of the company, that it will not reduce its stated capital below a specified amount without the prior consent of the creditor or unless specified conditions are satisfied at the time of the reduction. A resolution to reduce stated capital passed in breach of any such agreement, shall be invalid and of no effect.

(4) Where —

- (a) a share is redeemed at the option of the shareholder under section 68 or on a fixed date under section 69; or
- (b) the company purchases a share under section 95,

and the board is satisfied that as a consequence of the redemption or purchase, the company would but for this subsection, fail to satisfy the solvency test—

- (c) the board shall after obtaining the auditors certificate of solvency, resolve that the stated capital of the company shall be reduced by the amount by which the company would so fail to satisfy the solvency test; and
- (d) the resolution of the board shall have effect notwithstanding provisions contained in subsection (1) to subsection (3) of this section.

(5) A company which has reduced its stated capital shall within ten working days of such reduction, give notice of the reduction to the Registrar, specifying the amount of the reduction and the reduced amount of its stated capital.

(6) Where company fails to comply with requirements of subsection (2) or subsection (5)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Dividends.

60. (1) A dividend is a distribution out of profits of the company, other than an acquisition by the company of its own shares or a redemption of shares by the company.

(2) The board of a company shall not authorise a dividend in respect of some shares in a class and not others of that class or of a greater amount in respect of some shares in a class than other shares in that class, except where—

- (a) the amount of the dividend is reduced in proportion to any liability attached to the shares under the company's articles; or
- (b) a shareholder has agreed in writing to receive no dividend or a lesser dividend than would otherwise be payable.

Recovery of distributions.

61. (1) A distribution made to a shareholder at a time when the company did not, immediately after the distribution, satisfy the solvency test, may be recovered by the company from the shareholder, unless—

- (a) the shareholder received the distribution in good faith and without knowledge of the company's failure to satisfy the solvency test;
- (b) the shareholder has altered his position in relying on the validity of the distribution; and

- (c) it would be unreasonable in view of the circumstances to require repayment in full at all.

(2) Where in relation to a distribution to which subsection (1) applies, the procedure set out in section 56 has not been followed or reasonable grounds for believing that the company would satisfy the solvency test did not exist at the time the certificate was signed, every director who—

- (a) failed to take reasonable steps to ensure the procedure was followed; or
- (b) signed the certificate,

as the case may be, shall be personally liable to the company to repay to the company, so much of the distribution as the company is not able to recover from the shareholders.

(3) Where in an action brought against a director or a shareholder under this section, the court is satisfied that the company could by making a distribution of a lesser amount have satisfied the solvency test, the court may—

- (a) permit the shareholder to retain; or
- (b) relive the director from liability in respect of,

an amount equal to the value of any distribution that could properly have been made.

62. (1) Where a company—

- (a) alters its articles; or
- (b) acquires shares issued by it or redeems shares under section 67,

Reduction of shareholder liability to be a distribution.

in a manner which cancels or reduces the liability of a shareholder to the company in relation to a share held prior to that alteration, acquisition, or redemption, as the case may

be, the cancellation or reduction of liability shall be treated, for the purposes of subsection (1) and subsection (3) of section 61, as if it were a distribution of the amount by which the liability was reduced.

(2) Where the liability of a shareholder of an amalgamating company to that company in relation to a share held before the amalgamation, is—

- (a) greater than the liability of that shareholder to the amalgamated company in relation to a share or shares into which that share is converted; or
- (b) cancelled by the cancellation of that share in the amalgamation,

the reduction of liability effected by the amalgamation shall be treated for the purposes of subsection (1) and subsection (3) of section 61, as a distribution by the amalgamated company to that shareholder of the amount by which that liability was reduced.

RE-PURCHASE OF SHARES

Company may acquire or redeem its own shares.

63. (1) A company may purchase or otherwise acquire any of its own shares —

- (a) under section 64 or section 67;
- (b) if the company is a private company, with the agreement or concurrence of all shareholders under section 31; or
- (c) in accordance with an order made by the court under this Act,

but not otherwise.

(2) A company may redeem a share which is a redeemable share, in accordance with the provisions of sections 66 to 69, but not otherwise.

(3) A share that is acquired or redeemed by the company shall be deemed to be cancelled immediately upon acquisition or redemption, as the case may be.

(4) Immediately following the acquisition or redemption of shares by the company, the company shall give notice to the Registrar of the number and class of shares acquired or redeemed, as the case may be.

(5) Where a company fails to comply with subsection (4) —

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

64. (1) A company may agree to purchase or otherwise acquire its own shares if the articles of such company provide for it to do so, with the approval of the board.

Purchase of own shares.

(2) Before a company offers or agrees to purchase its own shares, the board of such company shall resolve that —

- (a) the acquisition is in the interests of the company;
- (b) the terms of the offer or agreement and the consideration to be paid for the shares is in the opinion of the company's auditors a fair value; and

- (c) it is not aware of any information that has not been disclosed to shareholders which is material to an assessment of the value of the shares, and as a result of which the terms of an offer or the consideration offered for the shares are unfair to shareholders accepting the offer.

(3) Before the company—

- (a) makes an offer to acquire shares other than in a manner which will if it is accepted in full, leave unaffected the relative voting and distribution rights of all shareholders; or
- (b) agrees to acquire shares other than in a manner which leaves unaffected the relative voting and distribution rights of all shareholders,

the board shall resolve that the making of the offer or entry into the agreement, as the case may be, is fair to those shareholders to whom the offer is not made or with whom no agreement is entered into.

Enforceability
of contract to
purchase
shares.

65. (1) A contract with a company providing for the acquisition by the company of its shares shall be specifically enforceable against the company, except to the extent that the company would after performing the contract fail to satisfy the solvency test, and the burden of proving that after the performance of the contract it would be unable to satisfy the solvency test, shall be on the company.

(2) Until the company has fully performed a contract referred to in subsection (1), the other party to the contract retains the status of a claimant entitled to be paid as soon as the company is lawfully able to do so or, in the event of a liquidation, to be ranked subordinate to the rights of creditors, but in priority to the other shareholders.

REDEMPTION OF SHARES

66. For the purposes of this Act, a share is redeemable if the articles of the company make provision for the redemption of that share by the company —

Meaning of “redeemable”.

- (a) at the option of the company;
- (b) at the option of the holder of the share; or
- (c) on a date specified in the articles,

for a consideration that is specified or to be calculated by reference to a formula or required to be fixed by a suitably qualified person who is not associated with or interested in the company.

67. (1) A company may exercise an option to redeem a share which is redeemable at the option of the company, if the board has previously resolved that the redemption is in the interest of the company.

Redemption option of company.

(2) A redemption of a share at the option of the company is deemed to be—

- (a) an acquisition by the company of the share, for the purposes of subsection (3) of section 64; and
- (b) a distribution for the purposes of section 56.

68. (1) Where a share is redeemable at the option of the holder of the share and the holder gives proper notice to the company requiring the company to redeem the share—

Redemption at the option of the shareholder.

- (a) the company shall redeem the share on the date specified in the notice or if no date is specified, on the date of receipt of the notice;
- (b) the share is deemed to be cancelled on the date of redemption; and

- (c) from the date of redemption, the former shareholder ranks as an unsecured creditor of the company for the sum payable on redemption.

(2) A redemption under this section is not a distribution for the purposes of section 56, but is deemed to be a distribution for the purposes of subsection (1) and subsection (3) of section 61.

Redemption on fixed date.

69. (1) Where a share is redeemable on a specified date —

- (a) the company shall redeem the share on that date;
- (b) the share is deemed to be cancelled on that date; and
- (c) from that date, the former shareholder ranks as an unsecured creditor of the company for the sum payable on redemption.

(2) A redemption under this section is not a distribution for the purposes of section 56, but is deemed to be a distribution for the purposes of subsection (1) and subsection (3) of section 61.

FINANCIAL ASSISTANCE IN CONNECTION WITH PURCHASE OF SHARES

Restrictions on giving financial assistance.

70. (1) A company shall not give financial assistance directly or indirectly for the purpose of or in connection with the acquisition of its own shares, other than in accordance with this section.

(2) Notwithstanding the provisions of subsection (1), a company may give financial assistance for the purpose of or in connection with the acquisition of its own shares, if the board has previously resolved that —

- (a) giving such assistance is in the interest of the company;

- (b) the terms and conditions on which the assistance is given are fair and reasonable to the company and to any share holders not receiving that assistance; and
- (c) immediately after giving the assistance, the company will satisfy the solvency test.

(3) Where the amount of any financial assistance approved under subsection (2) together with the amount of any other financial assistance given by the company which is still outstanding, exceeds ten *per centum* of the company's stated capital, the company shall not give the assistance unless it first obtains from its auditor or if it does not have an auditor from a person qualified to act as its auditor, a certificate to the effect that—

- (a) he has inquired into the state of affairs of the company; and
- (b) he is not aware of anything to indicate that the opinion of the board that the company will, immediately after giving the assistance satisfy the solvency test, is unreasonable in all the circumstances.

(4) The giving of financial assistance under this section is not a distribution for the purposes of section 56.

(5) Where a company acts in contravention of the provisions of this section, every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to a term of imprisonment not exceeding five years or to both such imprisonment and fine.

71. (1) The provisions of section 70 shall not apply to the giving of financial assistance by a company for the purpose of or in connection with the acquisition of its own shares, if—

- (a) the company's principal purpose in giving the assistance is not to give it for the purpose of that

Transactions not prohibited by section 70.

acquisition or the giving of the assistance is an incidental part of any other larger purpose of the company; and

- (b) the assistance is given in good faith in the interest of the company.

(2) The provisions of section 70 shall also not apply in respect of—

- (a) a distribution to a shareholder approved under section 56;
- (b) the issue of shares by the company;
- (c) a repurchase or redemption of shares by the company;
- (d) anything done in terms of a compromise reached under the provisions of Part IX or a compromise or arrangement approved under the provisions of Part X;
- (e) the lending of money by a company in the ordinary course of business, where the ordinary business of the company includes the lending of money;
- (f) the provision by a company in good faith in the interest of the company, of financial assistance for the purposes of an employees' share scheme;
- (g) the granting of loans by a company to its employees other than directors in good faith in the interest of the company, with a view to enabling those persons to acquire beneficial ownership of shares in the company.

CROSS-HOLDINGS

72. (1) A company which is a subsidiary of another company (referred to in this section as the “holding company”)—

Restriction on subsidiary holding shares in holding company.

- (a) shall not acquire shares in the holding company;
- (b) may continue to hold any shares in the holding company acquired by the subsidiary before it became a subsidiary of the holding company, but may not exercise any right to vote which is attached to those shares.

(2) Nothing in subsection (1) shall apply to a company which —

- (a) holds shares in the holding company only as a trustee or legal representative and has no beneficial interest in the shares; or
- (b) holds an interest in shares in the holding company by way of security for the purposes of a transaction entered into by it in the ordinary course of business and on usual terms and conditions.

(3) Where a body corporate—

- (a) became a holder of shares in the holding company before the commencement of this Act, it may continue to be a member of that company, but it has no right to vote in respect of those shares at any meetings of the company; and
- (b) is permitted to continue as a member of the holding company by virtue of paragraph (b) of subsection (1) and paragraph (a) of this subsection, an allotment of fully paid shares in the company may be validly made by way of capitalisation of reserves of the company, which shares also will have no right to vote.

(4) The provisions of subsections (1), (2) and (3) shall apply in relation to a nominee for a company which is a subsidiary, as if a reference to the company were a reference to the nominee.

TRANSFER OF SHARES AND DEBENTURES, EVIDENCE OF TITLE &C.

Transfer not to be registered except on production of instrument of transfer.

73. Notwithstanding anything to the contrary in the articles of a company, it shall not be lawful for the company to register a transfer of shares in or debentures of the company, unless a proper instrument of transfer has been delivered to the company:

Provided that, nothing in this section shall affect any power of the company to register as shareholder or debenture holder, any person to whom the right of any shares in or debentures of the company has been transmitted by operation of law.

Transfer by legal representative.

74. A transfer of the shares or other interests of a deceased shareholder of a company made by his legal representative shall, although the legal representative is not himself a shareholder of the company, be as valid as if he had been such a shareholder at the time of the execution of the instrument of transfer.

Registration of transfer at the request of transferor.

75. On the application of the transferor of any share or other interest in a company, the company shall enter in its share register the name of the transferee in the same manner and subject to the same conditions, as if the application for the entry were made by the transferee.

Notice of refusal to register transfer.

76. (1) Where a company refuses to register a transfer of any shares or debentures, the company shall within two months from the date on which the transfer was lodged with the company, send to the transferee a notice of such refusal.

(2) Where a company fails to comply with the provisions of subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees; and

- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

77. (1) The certification by a company of any instrument of transfer of shares in or debentures of the company shall be taken as a representation by the company to any person acting on the faith of such certification, that there have been produced to the company such documents as on the face of there show a *prima facie* title to the shares or debtors in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.

Certification of transfers.

(2) Where any person acts on the faith of a false certification made by a company negligently, the company shall be under the same liability to him as if the certification had been made fraudulently.

(3) For the purposes of this section —

- (a) an instrument of transfer shall be deemed to be certified if it bears the words “certificate lodged” or words to the like effect;
- (b) the certification of an instrument of transfer shall be deemed to be made by a company, where —
 - (i) the person issuing the instrument is a person authorised to issue certificated instruments of transfer on the company’s behalf; and
 - (ii) the certification is signed by a person authorised to certify transfers on the company’s behalf or by an officer or servant either of the company or of a body corporate so authorised ;
- (c) a certification shall be deemed to be signed by any person where —
 - (i) it purports to be authenticated by his signature or initials, whether handwritten or not; and

- (ii) it is not shown that the signature or initials was or were placed there neither by himself nor by any person authorised to use the signature or initials for the purpose of certifying transfers on the company's behalf.

Duties of company with respect to issue of certificates.

78. (1) Every company shall within two months from the date of allotment of any of its shares, debentures or debenture stock and within two months from the date on which a transfer of any such shares, debentures or debenture stock, is lodged with the company, complete and have ready for delivery the certification of all shares, the debentures, and the certificates of all debenture stock allotted or transferred, unless the conditions of issue of the shares, debentures, or debenture stock provide otherwise.

For the purposes of this subsection the expression "transfer" means a transfer duly stamped and otherwise valid and does not include a transfer which the company is for any reason entitled to refuse to register and does not register.

(2) Where a company fails to comply with the requirements of subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(3) Where any company on whom a notice has been served requiring the company to make good any default in complying with the provisions of subsection (1), fails to make good the default within ten days from the date of service of the notice, the court may on the application of the person entitled to have the certificates or the debentures delivered to him, make an order directing the company and any officer

of the company, to make good the default within such time as may be specified in the order and any such order may provide that all costs of and incidental to the application shall be borne by the company or any officer of the company responsible for the default.

79. A certificate signed under the name of the company by a director and secretary of the company specifying any shares held by any shareholder, shall be *prima facie* evidence of the title of the shareholder to the shares.

Certificate to be evidence of title.

80. The production to a company of any document which by law is sufficient evidence of probate of a will or of letters of administration of the estate or confirmation as executor of a deceased person having been granted to some person, shall be accepted by the company notwithstanding anything in its articles, as sufficient evidence of the grant.

Evidence of grant of probate, &c.

SPECIAL PROVISIONS AS TO DEBENTURES

81. (1) Every company which has issued debentures shall maintain a register of holders of debentures of the company. The register shall, except when duly closed (but subject to such reasonable restrictions the company may impose at a general meeting so that not less than two hours in each day shall be allowed for inspection), be opened for the inspection by the registered holder of any such debentures or any holder of shares in the company without a fee, and by any other person on payment of a fee of ten rupees or such lesser sum as may be specified by the company.

Right of debenture holders and shareholders to inspect register of debenture holders and to have copies of any trust deed.

(2) For the purposes of subsection (1), a register shall be deemed to be duly closed if closed in accordance with the provisions contained in the company's articles or in the debentures, or in the case of debenture stock, in the stock certificates or in the trust deed or other document securing the debentures or debenture stock, during such period or periods not exceeding in the whole thirty days in any year, as may be therein specified.

(3) Any registered holder of the debentures or holder of shares as aforesaid or any other person, may require a copy of the register of the holders of debentures of the company or any part thereof to be furnished on payment of a sum not exceeding ten rupees for every page required to be copied.

(4) A copy of any trust deed for securing an issue of debentures shall be forwarded to every holder of any such debentures at his request, on payment in the case of a printed trust deed of the sum of ten rupees or such lesser sum as may be specified by the company, or where the trust deed has not been printed, on payment of a sum not exceeding one rupee for every hundred words required to be copied.

(5) Where inspection of the register is refused or a copy as aforesaid is refused or not forwarded—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(6) Where a company is in default as referred to in subsection (5), the court may also by order compel an immediate inspection of the register or direct that any copy required as aforesaid shall be sent to the person requiring them.

Directors
prohibited from
acting as
trustees.

82. A director of a company shall not be capable of being appointed as a trustee for the holders of debentures of the company :

Provided that the provisions of this section shall not apply to any director of a company who holds office as a trustee for the holders of debentures of the company, by virtue of an appointment made on or before July 2, 1982, and accordingly any such director may continue in office as trustee until the termination of that appointment.

83. A condition contained in any debentures or in any deed for securing any debentures whether issued or executed before or after the appointed date, shall not be invalid by reason only of the fact that the debentures are thereby made irredeemable or redeemable only on the happening of a contingency, however remote, or on the expiration of the period, however long.

Perpetual debentures.

84. (1) Where a company has redeemed any debentures previously issued, then—

Power to reissue redeemed debentures in certain cases.

- (a) unless any provision to the contrary, whether express or implied, is contained in the company's articles or in any contract entered into by the company; or
- (b) unless the company has by passing a resolution to that effect or by some other act, manifested its intention that the debentures shall be cancelled,

the company shall have and shall be deemed always to have had, power to reissue the debentures, either by reissuing the same debentures or by issuing other debentures in their place.

(2) On a reissue of redeemed debentures, the person entitled to the debentures shall have and shall be deemed always to have had the same priorities as if the debentures had never been redeemed.

(3) Where a company has deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures shall not be deemed to have been redeemed by reason only of the account of the company having ceased to be in debit, whilst the debentures remained so deposited.

(4) The reissue of a debenture or the issue of another debenture in its place under the power by this section given to or deemed to have been possessed by a company, shall be treated as the issue of a new debenture for the purposes of

stamp duty. But it shall not be so treated for the purposes of any provision limiting the amount or number of debentures to be issued :

Provided that any person lending money on the security of a debenture reissued under the provisions of this section which appears to be duly stamped, may give the debenture in evidence in any proceedings for enforcing his security without payment of the stamp duty or any penalty in respect thereof, unless he had notice or but for his negligence might have discovered, that the debenture was not duly stamped. In any such case the company shall be liable to pay the proper stamp duty and penalty.

(5) The re-issue after the appointed date of debentures redeemed before that date, shall not prejudice any right or priority which any person would have had under or by virtue of any mortgage or charge created before that date.

Specific performance of contracts to subscribe for debentures.

85. A contract with a company to take up and pay for any debentures of the company may be enforced by an order for specific performance.

PART V

SHAREHOLDERS AND THEIR RIGHTS AND OBLIGATIONS

Meaning of “shareholder”.

86. (1) In this Act, the term “shareholder” means—

- (a) a person whose name is entered in the share register as the holder for the time being of one or more shares in the company ;
- (b) until a person’s name is entered in the share register, a person named as a shareholder in an application for incorporation of a company at the time of registration of the company ;

- (c) until a person's name is entered in the share register, a person who is entitled to have that person's name entered in the share register under a registered amalgamation proposal as a shareholder in an amalgamated company ;
- (d) until a person's name is entered in the share register, a person to whom a share has been transferred and whose name ought to be but has not been entered in the register.

(2) Where a notice of any trust has been entered in the share register in respect of any shares in a company under subsection (2) of section 129, the person for whose benefit those shares are held in trust—

- (a) shall be deemed to be a shareholder in the company ;
and
- (b) shall in respect of those shares, enjoy all such rights and privileges and be subject to all such duties and obligations under this Act, as if his name had been entered in the share register as the holder of those shares.

(3) Where a company has wrongfully failed to enter in the share register the name of a person to whom shares have been transferred, that person—

- (a) shall be deemed to be a shareholder in the company ;
and
- (b) shall in respect of those shares, enjoy all such rights and privileges and be subject to all such duties and obligations under this Act, as if his name had been entered in the share register as the holder of those shares.

LIABILITY OF SHAREHOLDERS

Liability of shareholder.

87. (1) A shareholder shall not be liable for any act, default or an obligation of the company, by reason only of being a shareholder.

(2) The liability of a shareholder to the company is limited to any liability expressly provided for in the articles of the company or under this Act.

(3) Nothing in this section shall effect the liability of a shareholder to a company under a contract including a contract for the issue of shares, or for any tort or breach of a fiduciary duty or other actionable wrong committed by the shareholder.

Liability for calls.

88. (1) Subject to section 269, where a share renders its holder liable to calls or otherwise imposes a liability on its holder, that liability shall attach to the holder of the share for the time being and not to a former holder of the share, whether or not the liability became enforceable before the share was registered in the name of the current holder.

(2) Where—

(a) all or part of the consideration payable in respect of the issue of a share remains unsatisfied ; and

(b) the person to whom the share was issued no longer holds that share,

liability in respect of that unsatisfied considerations shall not attach to subsequent holders of the share, but shall remain the liability of the person to whom the share was issued or of any other person who assumed that liability at the time of issue.

89. Notwithstanding anything to the contrary in the articles of the company, a shareholder shall not be—

Shareholders must agree to increase in liability.

- (a) bound by a resolution altering its articles ; or
- (b) required to acquire or hold more shares in the company,

where that resolution or the holding of those shares would increase the liability of the shareholder to the company, unless the shareholder agrees in writing to be bound by the resolution or to accept the shares, as the case may be.

POWERS OF SHAREHOLDERS

90. (1) Powers reserved to the shareholders of a company by this Act may be exercised only—

Exercise of powers reserved to shareholders.

- (a) at a meeting of shareholders ; or
- (b) by a resolution in lieu of a meeting in terms of section 144.

(2) Powers reserved to the shareholders of a company by the articles of the company may subject to the articles, be exercised—

- (a) at a meeting of shareholders ; or
- (b) by a resolution in lieu of a meeting pursuant to section 144.

91. Unless otherwise provided by this Act or in the articles of a company, a power reserved to shareholders may be exercised by an ordinary resolution.

Exercise of powers by ordinary resolution.

92. (1) Notwithstanding anything to the contrary contained in the articles of a company, when shareholders exercise a power to—

Powers exercised by special resolution.

- (a) alter the company's articles ;

- (b) approve a major transaction for the purpose of paragraphs (a) or (b) of subsection (1) of section 185 of this Act;
- (c) approve an amalgamation of the company under section 241 of this Act ;
- (d) reduce the company's stated capital ;
- (e) resolve that the company be wound up voluntarily in terms of paragraph (b) or (c) of subsection (1) of section 319 of this Act;
- (f) change the name of a company ; or
- (g) change the status of a company,

such powers shall be exercised by special resolution.

(2) A special resolution passed in relation to a power referred to in paragraph (a), paragraph (b) or paragraph (c) of subsection (1), may be rescinded only by another special resolution.

(3) A special resolution passed in relation to a power referred to in paragraph (d) or paragraph (e) of subsection (1), cannot be rescinded thereafter.

MINORITY BUY-OUT RIGHTS

Shareholder may require company to purchase shares.

93. Where a shareholder is entitled to vote on the exercise of the power set out in paragraph (a) of subsection (1) of section 92 and the proposed alteration imposes or removes a restriction on the business or activities in which the company may engage, or set out in paragraph (b) or (c) of subsection (1) of section 92, and the shareholder resolved to exercise those powers , and-

- (a) the shareholder cast all the votes attached to shares registered in the shareholder's name and having the same beneficial owner against the exercise of the power ; or

- (b) where the resolution to exercise the power was passed under section 144, the shareholder did not sign the resolution in respect of the shares registered in the shareholder's name and having the same beneficial owner,

that shareholder shall be entitled to require the company to purchase those shares in accordance with section 94.

94. (1) A shareholder of a company who is entitled to require the company to purchase shares by virtue of the provisions of section 93 or section 100 may—

Notice requiring purchase.

- (a) within ten working days of the passing of the resolution at a meeting of shareholders ; or
- (b) where the resolution was passed under section 144, before the expiration of ten working days after the date on which notice of the passing of the resolution is given to the shareholder,

give a written notice to the company, requiring the company to purchase those shares.

(2) Within twenty working days of receiving a notice under subsection (1), the board shall—

- (a) agree to the purchase of the shares by the company ;
- (b) arrange for some other person to agree to purchase the shares ;
- (c) apply to the court for an order under section 97 or section 98 ; or
- (d) arrange before taking the action concerned for the resolution to be rescinded in accordance with section 92 or decide in the appropriate manner not to take the action concerned, as the case may be,

and give written notice to the shareholder of the board's decision under this subsection.

Purchase by
company.

95. (1) Where the board agree under paragraph (a) of subsection (2) of section 94 to the purchase of the shares by the company, it shall, on giving notice under that subsection or within five working days of doing so—

- (a) nominate a fair and reasonable price for the shares to be acquired ; and
- (b) give notice of the price nominated to the holder of those shares.

(2) The shares are deemed to have been purchased by the company upon receipt by the shareholder of a notice under subsection (1).

(3) A shareholder who considers that the price nominated by the board is not fair or reasonable, shall forthwith give a notice of objection to the company.

(4) If within ten working days of giving notice to a shareholder under subsection (1), no objection to the price has been received by the company—

- (a) the company shall forthwith pay the price nominated to the shareholder ; and
- (b) the shareholder shall forthwith deliver any share certificate in respect of the shares to the company.

(5) If within ten working days of giving notice to a shareholder under subsection (1), an objection to the price has been received by the company, the company shall within five working days—

- (a) refer the question as to what amounts to a fair and reasonable price to the auditors of the company ; and

- (b) pay a provisional price in respect of the shares, equal to the price nominated by the board.

Upon payment of the provisional price by the company, the shareholder shall forthwith deliver any share certificate in respect of the shares to the company.

(6) Where a reference is made under paragraph (a) of subsection 5, the auditor shall expeditiously determine a fair and reasonable price for the shares to be purchased.

(7) Where the price determined under subsection (6)—

- (a) exceeds the provisional price already paid, the company shall forthwith pay the balance owing to the shareholder ; or
- (b) is less than the provisional price already paid, the shareholder shall forthwith repay the excess to the company.

(8) The auditors may determine the interest on any balance payable or excess to be repaid under subsection (7) at such rate as they think fit, having regard to whether the provisional price paid was reasonable.

(9) Where the company fails to refer the question to the auditors under paragraph (a) of subsection (5), a shareholder who has given notice of objection under subsection (3) and a shareholder not satisfied with the price as determined under subsection (6), may apply to court to appoint a fit and proper person for the purposes of determining a fair and reasonable price for the shares and the court may appoint such person as it thinks fit. A person so appointed by court may award interest according to the provisions of subsection (8).

(10) A purchase of shares by a company under this section is deemed not to be a distribution for the purposes of section 56, but is deemed to be a distribution for the purposes of subsections (1) and (3) of section 61.

Purchase of shares by third party.

96. (1) The provisions of section 95 shall apply to the purchase of shares by a person with whom the company has entered into an arrangement for the purchase in accordance with the provisions of paragraph (b) of subsection (2) of section 94, subject to such modifications as may be necessary, and in particular as if references in that section to the board and the company were references to that person.

(2) Every holder of shares that are to be purchased in accordance with the arrangement, shall be indemnified by the company in respect of any loss that may be suffered by such holder due to the failure by the person who has agreed to purchase the shares to purchase them at the price nominated or as determined under subsections (6) or (9) of section 95, as the case may be.

Court may grant exemption.

97. (1) A company to which a notice has been given under section 94 may apply to court for an order exempting it from the obligation to purchase the shares to which the notice relates, on the ground that—

- (a) the purchase would be disproportionately damaging to the company ; or
- (b) the company cannot reasonably be required to finance the purchase.

(2) On an application made under this section, the court may make an order exempting the company from the obligation to purchase the shares, and may make any other order it thinks fit, including an order—

- (a) setting aside a resolution of the shareholders ;
- (b) directing the company to take or refrain from taking, any action specified in the order ;
- (c) requiring the company to pay compensation to the shareholders affected ; or
- (d) that the company be wound up by the court.

(3) The court shall not make an order under subsection (2) of this section, unless it is satisfied that the company has made reasonable efforts to arrange for another person to purchase the shares in accordance with paragraph (b) of subsection (2) of section 94.

98. (1) Where a notice is given to a company under section 94, and—

Court may grant exemption if company is insolvent.

- (a) the board considers that after the purchase by the company of the shares, the company would fail to satisfy the solvency test ; and
- (b) the company has made reasonable efforts to arrange for the shares to be purchased by another person in accordance with the provisions of paragraph (b) of subsection (2) of section 94, but has been unable to do so,

the company shall apply to the court for an order exempting it from the obligation to purchase those shares.

(2) The court may on an application made under subsection (1) and where it is satisfied that after the purchase of the shares the company would fail to satisfy the solvency test and the company has made reasonable efforts to arrange for the shares to be purchased by another person in accordance with paragraph (b) of subsection (2) of section 94, make—

- (a) an order exempting the company from the obligation to purchase the shares ;
- (b) an order suspending the obligation to purchase the shares ; or
- (c) such other order as it thinks fit, including any order referred to in subsection (2) of section 97.

(3) For the purposes of this section, the stated capital of a company shall not be taken into account in determining whether the company will after the purchase, fail to satisfy the solvency test.

Alteration of shareholder rights.

99. (1) A company shall not take any action that would affect the rights attached to shares, unless that action has been approved by a special resolution of each interest group.

(2) For the purposes of this section, the rights attached to a share include—

- (a) the rights, privileges, limitations, and conditions attached to the share under this Act or the articles of the company, including voting rights and rights to distributions ;
- (b) pre-emptive rights under section 53 ;
- (c) the right to have the procedure set out in this section, and any further procedure required by the articles of the company for the amendment or alteration of the articles, observed by the company ; and
- (d) the right that a procedure required by the articles of the company for the amendment or alteration of the articles, not be amended or altered.

Shareholder may require company to purchase shares.

100. Where an interest group has approved the taking of any action that affects the rights attached to shares and the company becomes entitled to take that action, and—

- (a) a shareholder who was a member of the interest group cast all the votes attached to the shares registered in that shareholder's name and having the same beneficial owner against approving the action ; or
- (b) where the resolution approving the taking of the action was passed under section 144, a shareholder

who was a member of the interest group did not sign the resolution in respect of the shares registered in that shareholder's name and having the same beneficial owner,

such shareholder shall be entitled to require the company to purchase those shares in accordance with section 94.

101. The taking of any action by a company affecting the rights attached to shares shall not be invalid by reason only that the action was not approved under section 99.

Action not invalid.

PART VI

REGISTRATION OF CHARGES

REGISTRATION OF CHARGES WITH REGISTRAR

102. (1) Where a company creates a charge to which this section applies, it shall be the duty of the company within the time specified in subsection (3), to cause a copy of the instrument by which the charge is created or evidenced, to be delivered to the Registrar for registration under this Act. The copy of the instrument shall be accompanied by a certificate in the prescribed form issued by a director or secretary of the company or an attorney-at law, verifying the copy as a true copy and containing the prescribed particulars of the charge.

Registration of charges created by companies registered in Sri Lanka.

(2) This section shall apply to the following charges :—

- (a) a charge for the purpose of securing any issue of debentures ;
- (b) a charge on uncalled share capital of the company ;
- (c) a charge created or evidenced by an instrument which, if executed by an individual, would require registration as a bill of sale ;

- (d) a charge on land wherever situated, or on any interest in land ;
- (e) a charge on book debts of the company ;
- (f) a floating charge on the undertaking or property of the company ;
- (g) a charge on calls made but not paid ;
- (h) a charge on a ship or aircraft or any share in a ship or aircraft ;
- (i) a charge on goodwill or intellectual property within the meaning of the Intellectual Property Act, No. 36 of 2003 ; and
- (j) a trust receipt to which section 4 of the Trust Receipts Ordinance (Cap. 86) applies or an inland trust receipt within the meaning of the Inland Trust Receipts Act, No. 14 of 1990.

(3) An instrument which is required to be registered under this section shall—

- (a) in the case of instruments executed in Sri Lanka, be registered within twenty - one working days of the date of execution of the instrument ; or
- (b) in the case of an instrument executed outside Sri Lanka, be registered within three months of the date of execution of the instrument.

(4) Where a charge is created in Sri Lanka but comprises of property outside Sri Lanka, the instrument creating or purporting to create the charge may be sent for registration under the provisions of this section, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated.

(5) Where a negotiable instrument has been given to secure the payment of any book debts of a company, the deposit of the instrument for the purpose of securing an advance to the company, shall not for the purposes of this section, be treated as a charge on those book debts.

(6) The holding of debentures entitling the holder to a charge on land shall not for the purposes of this section, be treated as an interest in land.

(7) Where a series of debentures containing or giving by reference to any other instrument any charge to the benefit of which the debenture holder of that series are entitled *pari passu* is created by a company, it shall for the purposes of this section be sufficient if, within fifteen working days from the date of execution of the deed containing the charge or if there is no such deed, from the date of execution of any debentures of the series, the following particulars :—

- (a) the total amount secured by the whole series ;
- (b) the dates of the resolutions authorising the issue of the series and the date of the covering deed, if any, by which the security is created or defined ;
- (c) a general description of the property charged ; and
- (d) the names of the trustees, if any, for the debenture holders,

together with a copy of the deed containing the charge verified in the prescribed manner, or if there is no such deed, one of the debentures of the series, are delivered to or received by the Registrar :

Provided that, where more than one issue is made of debentures in the series, there shall be sent to the Registrar for entry in the register particulars of the date and amount of each issue. An omission to send such particulars shall not affect the validity of the debentures issued.

(8) Where any commission, allowance or discount has been paid or made either directly or indirectly by a company to any person, in consideration of his—

- (a) subscribing or agreeing to subscribe whether absolutely or conditionally, for any debentures of the company ; or
- (b) procuring or agreeing to procure subscriptions whether absolute or conditional, for any such debentures,

the particulars required to be sent for registration under the provisions of this section shall include particulars as to the amount or rate *per centum* of the commission, discount or allowance so paid or made. An omission to send such particulars shall not affect the validity of the debentures issued.

(9) The deposit of any debentures as security for any debt of the company shall not for the purposes of subsection (8), be treated as the issue of the debentures at a discount.

(10) Registration of a charge under this section may be effected on the application of any person interested in it. Where registration is effected on the application of a person other than the company, that person shall be entitled to recover from the company the amount of any fees paid by him to the Registrar.

(11) Where any company fails to send to the Registrar for registration the particulars of any charge created by the company or of the issue of debentures of a series which requires registration under this section, then, unless the registration has been effected on the application of some other person—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and

(b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(12) The provisions of this section shall be in addition to and not in substitution of any other written law relating to the registration of any document or instrument creating or purporting to create a charge on any property, whether movable or immovable.

(13) For the purpose of this Part of this Act, “charge” includes a mortgage.

103. (1) Subject to the provisions of this Part, every charge shall in so far as it confers any security on the company’s property or undertaking, be void against the liquidator and any creditor of the company, unless it is registered in the manner and within the time prescribed by section 102 of this Act or by section 91 of the Companies Act, No. 17 of 1982, as the case may be, or if the time for registration has been extended under section 108 of this Act, or under section 97 the Companies Act, No. 17 of 1982, then within such extended time.

Unregistered charges void in certain cases.

(2) Nothing in this section shall affect any contract or obligation for repayment of money secured by a charge. If a charge becomes void under this section, the money which it secures shall immediately become payable.

(3) For the purpose of this section “charge” means a charge created on or after July 2, 1982, which was required to be registered under section 91 of the Companies Act, No. 17 of 1982 or under section 102 of this Act.

104. (1) Where a company registered in Sri Lanka acquires any property which is subject to a charge that would, if it had been created by the company after the acquisition of the property, have been required to be registered under this

Duty of company to register charges existing on property acquired.

Part, the company shall, within the time specified by subsection (2), deliver to the Registrar for registration—

- (a) the prescribed particulars of the charge ; and
- (b) a copy (certified in the prescribed manner to be a correct copy) of the instrument, if any, by which the charge was created or is evidenced.

(2) Particulars of a charge which is required to be registered under subsection (1) shall be delivered to the Registrar—

- (a) if the property is situated and the charge was created outside Sri Lanka, within three months of the date on which the acquisition is completed ; or
- (b) in all other cases within twenty-one working days of the date on which the acquisition is completed.

(3) Where a company fails to comply with this section—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Register of charges to be kept by Registrar.

105. (1) The Registrar shall keep with respect to each company, a register in the prescribed form of all the charges requiring registration under this Part, and shall on payment of the prescribed fee enter in the register with respect to such charges, the following particulars :—

- (a) in the case of a charge to the benefit of which the holders of a series of debentures are entitled, the particulars specified in subsection (8) of section 102 ;

- (b) in the case of any other charge—
- (i) if it is a charge created by the company, the date of its creation, and if it is a charge which was existing on property acquired by the company, the date of the acquisition of the property ;
 - (ii) the amount secured by the charge ;
 - (iii) short particulars of the property charged ;
 - (iv) the persons entitled to the charge.

(2) The Registrar shall issue a certificate in the prescribed form, of the registration of any charge registered under this Part stating the amount secured by it. The certificate shall be conclusive evidence that the requirements of this Part as to registration have been complied with.

(3) Registration of a charge under this Part shall constitute notice to all persons of the particulars of the charge entered on the register of charges under this section, but not of the contents of the instrument which creates or is evidence of the charge.

106. (1) The company shall cause a copy of every certificate of registration given under provision of section 105 to be endorsed on every debenture or certificate of debenture stock which is issued by the company, and the payment of which is secured by the charge so registered.

Endorsement of certificate of registration on debentures.

(2) Nothing in subsection (1) shall be construed as requiring a company to cause a certificate of registration of any charge to be endorsed on any debenture or certificate of debenture stock issued by the company, before the charge was created.

(3) Where any person knowingly and willfully authorises or permits the delivery of any debenture or certificate of debenture stock, which under the provisions of this section is required to have endorsed on it a copy of a certificate of registration without the copy being so endorsed upon it, he shall without prejudice to any other liability, be guilty of an offence and liable on conviction to a fine not exceeding two hundred thousand rupees.

Entries of satisfaction and release.

107. Where the Registrar is satisfied that—

- (a) the debt for which any registered charge was given has been paid or satisfied in whole or in part ; or
- (b) any part of the property or undertaking charged has been released from the charge or has ceased to form part of a company's property or undertaking,

he may enter on the register a memorandum of satisfaction in whole or in part or of the fact that part of the property or undertaking has been released from the charge or has ceased to form part of the company's property or undertaking, as the case may be.

Rectification of register of charges.

108. If the court is satisfied that—

- (a) the omission to register a charge within the time required by this Act ; or
- (b) the omission or mis-statement of any particular with respect to any such charge or in a memorandum of satisfaction,

was accidental or due to inadvertence or to some other sufficient cause or is not of a nature to prejudice the position of creditors or shareholders of the company or it is otherwise just and equitable to grant relief, the court may on the application of the company or any person interested and on

such terms and conditions as seem to the court just and expedient, order that the time for registration shall be extended, or that the omission or misstatement shall be rectified, as the case may be.

PROVISIONS AS TO COMPANY'S REGISTER OF CHARGES AND AS TO
COPIES OF INSTRUMENTS CREATING CHARGES

109. Every company shall keep a copy of every instrument creating any charge requiring registration under this Part at its registered office or at such other place as may be notified to the Registrar under section 116. In the case of a series of uniform debentures, a copy of one debenture of the series shall be sufficient.

Copies of instruments creating charges to be kept by company.

110. (1) Every limited company shall—

Company's register of charges.

- (a) keep at its registered office or at such other place as may be notified to the Registrar under section 116, a register of charges ; and
- (b) enter in that register all charges specifically affecting property of the company and all floating charges on the undertaking or any property of the company, specifying in each case —
 - (i) a short description of the property charged ;
 - (ii) the amount of the charge ;
 - (iii) except in the case of securities to bearer, the names of the persons entitled to the charge.

(2) Any officer of the company who knowingly and willfully authorises or permits the omission of any entry required to be made under the provisions of this section, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

REVIEW OF REGISTER OF CHARGES

Review of
Register of
charges.

111. (1) The Registrar may from time to time by notice in writing issued to a company, require that company to deliver to him within fifteen working days of the receipt of such notice—

- (a) the particulars required to be provided under section 102 in respect of all charges which have been registered under this Part or under Part III of the Companies Act, No. 17 of 1982 or Part III of the Companies Ordinance (Cap. 145), in relation to the property or undertaking of the company, and which have not been satisfied in whole or otherwise ceased to apply to any property of the company ;
- (b) a certified copy of the instrument, if any, by which each such charge is created or evidenced ;
- (c) a copy of the certificate issued by the Registrar on the registration of each such charge ;
- (d) an affidavit sworn or affirmed by a director or the secretary of the company, verifying that the information provided under this section is to the best of his knowledge, complete and accurate in every particular.

(2) Following receipt from a company of the documents required to be provided under subsection (1), the Registrar shall review the register of charges kept by him, and shall make such entries in the register as may be required to ensure the accuracy of the register.

(3) The Registrar shall not enter a memorandum of satisfaction of a charge in whole or in part or of the fact that part of the property or undertaking has been released from a charge or has ceased to form part of the company's property or undertaking, pursuant to a review under this section.

(4) Where a company fails to comply with a notice given under subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence, and be liable on conviction to a fine not exceeding fifty thousand rupees.

APPLICATION OF THIS PART TO OVERSEAS COMPANIES

112. The provisions of this Part of this Act shall apply in relation to charges on property in Sri Lanka which are created and to charges on property in Sri Lanka which is acquired, by an overseas company.

Application of this Part to charges and property to be acquired by an overseas company.

PART VII

MANAGEMENT AND ADMINISTRATION

REGISTERED OFFICE

113. (1) Every company shall have a registered office in Sri Lanka to which all communications and notices may be addressed.

Registered office of a company.

(2) Subject to section 114, the registered office of a company at a particular time is the place that is described in the register as its registered office at that time.

(3) If the registered office of a company is at the office of any chartered accountant, attorney-at-law, or any other person, the description of the registered office shall state—

- (a) that the registered office of the company is at the office of the chartered accountant, attorney-at-law, or any other person ; and
- (b) particulars of the location of those offices.

Change of registered office.

114. (1) Subject to the company's articles and to the provisions of subsection (2), the board of a company may change the registered office of the company at any time.

(2) Notice in the prescribed form of the change shall be given to the Registrar for registration, and the change shall take effect five working days after the notice is received by the Registrar or on such later date as may be specified in the notice.

Requirement to change registered office.

115. (1) The Registrar may require a company to change its registered office by notice in writing delivered or sent—

- (a) to the company at its registered office ; and
- (b) to each person who appears from the documents delivered to the Registrar to be a director of the company, at his latest address as shown in those documents.

(2) The notice which shall be dated and signed by the Registrar, shall—

- (a) state that the company is required to change its registered office by a date specified in the notice, not being a date that is earlier than twenty working days after the date of receipt of the notice ;
- (b) state the reasons for requiring the change ; and
- (c) state that the company has the right to appeal against such requirement to court under section 472 ;

(3) The company shall change its registered office—

- (a) by the date stated in the notice ; or

- (b) if it appeals to court and the appeal is dismissed, within five working days after the decision of the court.
- (4) Where a company fails to comply with this section—
 - (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ; and
 - (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

COMPANY RECORDS

116. (1) Subject to the provisions of subsection (3), a company shall keep the following documents at its registered office :—

Location of company records.

- (a) the certificate of incorporation and the articles of the company ;
- (b) minutes of all meetings and resolutions of shareholders passed within the last ten years ;
- (c) an interests register, unless it is a private company which is dispensed with the need to keep such a register ;
- (d) minutes of all meetings held and resolutions of directors passed and directors' committees held within the last ten years ;
- (e) certificates required to be given by the directors under this Act within the last ten years ;
- (f) the register of directors and secretaries required to be kept under section 223 ;

- (g) copies of all written communications to all shareholders or all holders of the same class of shares during the last ten years, including annual reports prepared under section 166 ;
- (h) copies of all financial statements and group financial statements required to be completed under this Act for the last ten completed accounting periods of the company ;
- (i) the copies of instruments creating or evidencing charges and the register of charges required to be kept under sections 109 and 110 ;
- (j) the share register required to be kept under section 123 ; and
- (k) the accounting records required to be kept under section 148 for the current accounting period and for the last ten completed accounting periods of the company.

(2) Notwithstanding the provisions of subsection (1), the references in paragraphs (b), (d), (e), and (g) of subsection (1) to the period of ten years and the references in paragraph (h) and (k) of that subsection to ten completed accounting periods, may be reduced to such lesser period by the Registrar, where he considers it necessary and appropriate.

(3) The documents referred to in—

- (a) paragraphs (a) to (i) of subsection (1) may be kept at a place in Sri Lanka other than in the registered office, notice of which is given to the Registrar in accordance with subsection (4) ;
- (b) paragraph (j) of subsection (1) may be kept at a place other than the registered office, in accordance with section 124 ;

- (c) paragraph (k) of subsection (1) may be kept at a place other than the registered office, in accordance with section 149.

(4) If any records are not kept at the registered office of the company or the place at which they are kept is changed, the company shall ensure that within ten working days of their first being kept elsewhere or moved, as the case may be, notice is given to the Registrar of the place or places where the records are kept.

(5) If a company fails to comply with the requirements in subsection (1) or subsection (4)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

117. (1) The records of a company shall be kept in written form or in a form or in a manner that allows the documents and information that comprise the records to be easily accessible and convertible into written form.

Form of records.

(2) A company shall ensure that adequate measures exist to prevent the records being falsified and detect any falsification of them.

(3) Where a company fails to comply with the requirements of subsection (2)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees ; and

- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

INSPECTION OF COMPANY RECORDS

Inspection of records by directors.

118. (1) Subject to the provisions of subsection (2), every director of a company is entitled on giving reasonable notice, to inspect the written records of the company without a charge, at a reasonable time specified by the director.

(2) A court may on application made in that behalf by the company, if it is satisfied that—

- (a) it would not be in the company's interests for a director to inspect the records ; or
- (b) the proposed inspection is for a purpose that is not properly connected with the director's duties,

direct that the records be not made available for inspection or limit the inspection of them in any manner it thinks fit.

Inspection of company records by shareholders.

119. (1) In addition to the records being made available for public inspection under section 120, a company shall keep the following records available for inspection in the manner prescribed in section 121 by a shareholder of the company or by a person authorised in writing by a shareholder for that purpose, who serves a written notice of such intention to inspect the company,;—

- (a) minutes of all meetings and resolutions of shareholders ;
- (b) copies of written communications to all shareholders or to all holders of a class of shares during the preceding ten years, including annual reports, financial statements, and group financial statements ;

- (c) certificates issued by directors under this Act ; and
- (d) the interests register of the company.

(2) Where a company fails to comply with the requirements of subsection (1)—

- (a) the company shall guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

120. (1) A company shall keep the following records available for inspection in the manner described in section 121 by any person who serves written notice of such intention to inspect on the company, :—

Public inspection
of company
records.

- (a) the certificate of incorporation of the company ;
- (b) the articles of the company, if they are not the model articles ;
- (c) the share register ;
- (d) the register of directors and secretaries ;
- (e) particulars of the registered office of the company ;
- (f) copies of the instruments creating or evidencing charges and the register of charges kept under sections 109 and 110.

(2) Where a company fails to comply with the requirements of subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees ; and

- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

Manner of inspection.

121. (1) Documents which may be inspected under section 119 or section 120 shall be available for inspection at the place at which the company's records are kept, between the hours of 9.00 a.m. and 4.00 p.m. on each working day during the inspection period.

(2) A document need not be made available for inspection in the manner specified in subsection (1), if a certified copy of the document has been provided to the person or shareholder concerned without a charge.

(3) In this section, the term "inspection period" means the period commencing on the third working day after the day on which notice of intention to inspect is served on the company by the person or shareholder concerned and ending on the eighth working day after the day of service.

Copies of documents.

122. (1) A person may require a copy of or extract from a document which is made available for inspection by him under section 119 or section 120 to be sent to him within five working days after he has made a request in writing for such copy or extract and has paid a reasonable copying and administration fee as may be determined by the company.

(2) Where a company fails to provide a copy of or extract from a document in compliance with a request under subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

SHARE REGISTER

123. (1) Every company which has issued shares shall maintain a share register that records the shares issued by the company, and which includes—

Company to maintain share register.

- (a) the name and the latest known address of each person who is or has within the last ten years been a shareholder ;
- (b) the number of shares of each class held by each shareholder within the last ten years ; and
- (c) the date of any—
 - (i) issue of shares to ;
 - (ii) repurchase or redemption of shares from ; or
 - (iii) transfer of shares by or to,

each shareholder within the last ten years, and in relation to the transfer, the name of the person to or from whom the shares were transferred.

(2) Where a company fails to comply with the requirements of subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

124. (1) The share register of a company may, if expressly permitted by the articles, be divided into two or more registers kept in different places.

Place of share register.

- (2) The principal register shall be kept in Sri Lanka.
- (3) Where a share register is divided into two or more registers kept in different places—
- (a) notice of the place where each register is kept shall be delivered to the Registrar within ten working days after the share register is so divided, or the place where a register is kept is altered ;
 - (b) a copy of every register shall be kept at the place where the principal register is kept ; and
 - (c) if an entry is made in a register other than in the principal register, a corresponding entry shall be made within ten working days in the copy of that register kept with the principal register.
- (4) Where the share register is not divided and the principal register is not kept at the registered office of the company, notice of the place where it is kept shall be delivered to the Registrar within ten working days after it ceases to be kept there or after the place at which it is kept is altered.
- (5) In this section, “principal register” in relation to a company, means—
- (a) if the share register is not divided into two or more registers, the share register ;
 - (b) if the share register is divided into two or more registers, the register described as the principal registers in the last notice sent to the Registrar.
- (6) Where a company fails to comply with the requirements of subsection (3) or subsection (4)—
- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees ; and

- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

125. An instrument of transfer of a share registered in a register kept outside Sri Lanka shall be deemed to be a transfer of property situated outside of Sri Lanka, and unless executed in Sri Lanka, shall be exempt from stamp duty chargeable in Sri Lanka.

Stamp duties in case of shares registered in a register outside Sri Lanka.

126. (1) Every company having more than fifty shareholders shall, (unless the share register is in such a form as to constitute in itself an index) keep an index of the names of the shareholders of the company and shall within ten working days from the date on which any alteration is made in the share register, make any necessary alteration in the index.

Index of shareholders.

(2) The index shall in respect of each shareholder, contain sufficient indication enabling the account of that shareholder in the register to be readily found.

(3) Where an index kept under this section contains the name of a company to which subsection (2) of section 129 applies, there shall be annexed to the index all written notices given by that company relating to the person or persons for whose benefit the shares registered in the name of that company are held in trust.

(4) Where a company fails to comply with subsection (1), subsection (2) or subsection (3)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Power to close register.

127. A company may, after notice published in the *Gazette* and in any newspaper circulating in the district in which the registered office of the company is situated and in which the share register is kept, close the share register for any time or times not exceeding in the whole thirty working days in each year.

Power of court to rectify register.

128. (1) Where—

- (a) the name of any person is without sufficient cause entered in or omitted from the share register of a company ; or
- (b) default is made or unnecessary delay takes place in entering on the register the fact of any person having ceased to be a shareholder,

the person aggrieved or the company or any shareholder of the company, may make an application to the court for rectification of the register.

(2) Where an application is made under this section, the court may order rectification of the register and payment by the company of any damages sustained by any party aggrieved.

(3) On an application made under this section, the court may decide—

- (a) any question relating to the title of any person who is a party to the application to have his name entered in or omitted from the register, whether the question arises between shareholders or alleged shareholders or between shareholders or alleged shareholders on the one hand and the company on the other hand ; and
- (b) any other question necessary or expedient to be decided for rectification of the register.

(4) If the court makes an order directing the rectification of the register, the company shall within ten working days of the making of the order, deliver a copy of the order to the Registrar.

(5) Where a company fails to comply with the requirements of subsection (4)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

129. (1) Subject to the provisions of subsection (2), no notice of any trust, expressed, implied or constructive, shall be entered on the share register or be receivable by the Registrar in the case of companies registered in Sri Lanka.

Trusts not to be entered on share register.

(2) A company shall enter in its register and the Registrar shall receive notice of any trust, the trustee of which is a company and—

- (a) the principal business of which is to act as a central depository to a stock exchange licensed under the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 ; and
- (b) which has been approved by the Minister in consultation with the Securities and Exchange Commission of Sri Lanka, established by that Act.

130. (1) The entry of the name of a person in the share register as holder of a share shall be *prima facie* evidence that title to the share is vested in that person.

Share register to be evidence.

(2) Subject to the provisions of subsections (2) and (3) of section 86, a company may treat the registered holder of a share as the only person entitled to—

- (a) exercise the right to vote attaching to the share ;
- (b) receive notices ;
- (c) receive a distribution in respect of the share ; and
- (d) exercise any other rights and powers attaching to the share.

ANNUAL RETURN

Annual return.

131. (1) Subject to the provisions of subsection (3), every company shall at least once in every year deliver to the Registrar an annual return in the prescribed form, containing the matters specified in the Fifth Schedule hereto.

(2) The annual return shall be completed within thirty working days from the date of the Annual General Meeting for the year, whether or not that meeting is the first or only meeting of the shareholders in the year. The company shall forthwith forward to the Registrar a copy of the return, signed both by a director and the secretary of the company.

(3) The provisions of this section shall not apply to a company in the year of its incorporation.

(4) Where a company fails to comply with the requirements of subsection (1) or subsection (2)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

132. Every private company shall send to the Registrar with its annual return—

Declaration and certificate to be sent by private company with annual return.

- (a) a declaration signed by the directors of the company to the effect that to the best of their knowledge and belief, they have done all things required to be done by them by or under this Act ;
- (b) a certificate signed by a director and by the secretary of the company—
 - (i) that the company has not since the date of the last return or in the case of a first return, since the date of the incorporation of the company, issued any invitation to the public to subscribe for any shares or debentures of the company ;
 - (ii) where the annual return discloses the fact that the number of shareholders of the company exceeds fifty, that the excess consists wholly of persons who under section 27, are not to be taken into account in relation to that limit.

MEETINGS AND PROCEEDINGS

133. (1) Subject to the provisions of subsection (2) and of section 144, the board of a company shall call an annual general meeting of shareholders to be held once in each calendar year—

Annual general meeting.

- (a) not later than six months after the balance sheet date of the company ; and
- (b) not later than fifteen months after the previous annual general meeting.

(2) A company is not required to hold its first annual general meeting in the calendar year of its incorporation, but shall hold that meeting within eighteen months of its incorporation.

(3) Where default is made in holding a meeting of the company in accordance with the provisions of this section, the Registrar may on the application of any shareholder of the company, call or direct the calling of an annual general meeting of the company and give such ancillary or consequential directions as the Registrar thinks expedient, including any direction modifying or supplementing in relation to the calling, holding and conducting of the meeting, the operation of the company's articles and a direction to the effect that one shareholder of the company present in person or by proxy shall be deemed to constitute a meeting.

(4) An annual general meeting held in pursuance of the provisions of subsection (3) shall, subject to any direction of the Registrar, be deemed to be an annual general meeting of the company, but where a meeting so held is not held in the year in which the default in holding the company's annual general meeting occurred, the meeting so held shall not be treated as the annual general meeting for the year in which it is held, unless at that meeting the company resolves that it shall be so treated.

(5) Where a company resolves that a meeting be treated in the manner referred to in subsection (4), a copy of the resolution shall within ten working days from the date of passing thereof, be forwarded to the Registrar and recorded by him.

(6) Where default is made in holding a meeting of the company in accordance with the provisions of subsection (1) or in complying with any directions of the Registrar under the provisions of subsection (3) or in complying with the provisions of subsection (4)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees ; and

- (b) every officer of the company who is in default shall be guilty of an offence, and be liable on conviction to a fine not exceeding fifty thousand rupees.

134. (1) Notwithstanding anything in its articles, the directors of a company shall on the requisition of shareholders holding at the date of the deposit of the requisition shares which carry not less than ten *per centum* of the votes which may be cast on an issue, forthwith proceed duly to convene an extraordinary general meeting of the company to consider and vote on that issue. The meeting shall be convened not later than fifteen working days after the date of the deposit of the requisition and held not later than thirty working days after the date of the deposit of the requisition.

Convening of extraordinary general meeting on requisition.

(2) The requisition shall state the issue or issues to be considered and voted on at the meeting and shall be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form each signed by one or more requisitionists.

(3) Where the directors do not within fifteen working days from the date of the deposit of the requisition duly proceed to convene a meeting, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

(4) A meeting convened under the provisions of this section by the requisitionists shall be convened in the same manner and as nearly as possible as that in which meetings are to be convened by the directors.

(5) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors to duly convene a meeting shall be repaid to the requisitionists by the company, and any sum so repaid shall be retained by the

company out of any sums due or to become due from the company by way of fees or other remuneration, in respect of their services to such of the directors as were in default.

(6) For the purposes of this section the directors shall, in the case of a meeting at which a resolution is to be proposed as a special resolution, be deemed not to have duly convened the meeting, if they do not give such notice thereof as is required by the provisions of section 145.

Length of notice
for calling
meetings.

135. (1) Any provision of a company's articles shall be void in so far as it provides for the calling of a meeting of the company (other than an adjourned meeting) by a shorter notice than—

- (a) in the case of the annual general meeting, fifteen working days' notice in writing ; and
- (b) in the case of a meeting other than an annual general meeting or a meeting for the passing of a special resolution, ten working days' notice in writing in the case of a company other than a private or an unlimited company and five working days' notice in writing in the case of a private or an unlimited company.

(2) Subject to the provisions of subsection (1), save in so far as the articles of a company make other provisions in that behalf, a meeting of the company (other than an adjourned meeting) may be called—

- (a) in the case of the annual general meeting, by fifteen working days' notice in writing ; and
- (b) in the case of a meeting, other than an annual general meeting or a meeting for the passing of a special resolution, by ten days notice in writing in the case of a company other than a private or unlimited company and by five working days' notice in writing in the case of a private or an unlimited company.

(3) A meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in the preceding subsection or in the company's articles, as the case may be, be deemed to have been duly called, if it is so agreed—

- (a) in the case of the meeting called as the annual general meeting, by all the shareholders entitled to attend and vote at such meeting ; and
- (b) in the case of any other meeting, by the shareholders having a right to attend and vote at the meeting, being shareholders together holding shares which carry not less than ninety-five *per centum* of the voting rights, on each issue to be considered and voted on at that meeting.

136. The following provisions shall have effect in so far as the articles of the company do not make other provisions in that behalf—

Provisions as to meetings and votes.

- (a) notice of the meeting of a company shall be served on every shareholder of the company in the manner in which notices are required to be served under the provisions of the model articles ;
- (b) two or more shareholders holding shares which carry not less than ten *per centum* of the votes which may be cast on an issue, may call a meeting to consider and vote on that issue ;
- (c) in the case of a private company two shareholders, and in the case of any other company three shareholders, present in person or by an authorised representative under the provisions of paragraph (a) of subsection (1) of section 138 shall be a quorum ;
- (d) any shareholder elected by the shareholders present at a meeting may be chairman thereof ;

- (e) no shareholder shall be entitled to vote at any general meeting, unless all calls or other sums then payable by him in respect of shares in the company have been paid ;
- (f) where voting is by show of hands, each shareholder shall have one vote and on a poll every shareholder shall have one vote in respect of each share held by him.

Power of court to order meeting.

137. (1) Where for any reason it is impracticable to call a meeting of a company in any manner in which meetings of that company may be called, or to conduct the meeting of the company in the manner specified by the company's articles or this Act, the court may either of its own motion or on the application of any director of the company or of any shareholder of the company who would be entitled to vote at the meeting, order a meeting of the company to be called, held and conducted in such manner as the court thinks fit, and where any such order is made, may give such ancillary or consequential direction as it thinks expedient, and any meeting called, held and conducted in accordance with any such order shall for all purposes be deemed to be a meeting of the company duly called, held and conducted and any such direction may include a direction that one shareholder of the company present in person or by proxy shall be deemed to constitute a meeting.

(2) A copy of each notice calling a meeting under the provisions of this section, shall be sent to the Registrar at the same time as such notice is required to be sent to the shareholders.

(3) Where default is made in complying with the provisions of subsection (2)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees ; and

- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

138. (1) A corporation, whether a company within the meaning of this Act or not, may—

Representation of companies at meetings of other companies and of creditors.

- (a) where it is a shareholder of another corporation, being a company within the meaning of this Act, by resolution of its directors or other governing body, authorise such a person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of shareholders of the company ;
- (b) where it is a creditor (including a holder of debentures) of another corporation being a company within the meaning of this Act, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the company, held in pursuance of this Act or any rules made thereunder, or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.

(2) A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual shareholder, creditor or holder of debentures, of that other company.

139. (1) Any shareholder of a company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the shareholder to vote on a show of hands or on a poll and to speak at the meeting :

Proxies.

Provided that unless the articles otherwise provide, a shareholder shall not be entitled to appoint more than one proxy to attend on the same occasion.

(2) Notwithstanding anything in this Act, where the Secretary to the Treasury is the holder of more than ten *per centum* of the shares, the Secretary to the Treasury shall be entitled to appoint another person as his proxy for every ten *per centum* or part thereof of the shares held by the Secretary to the Treasury :

Provided where the Secretary to the Treasury is a holder of a golden share in a company in terms of its articles, notwithstanding anything in this Act, the Secretary to the Treasury as the golden shareholder thereof shall be entitled to appoint not more than three other persons as his proxies to attend on the same occasion.

(3) In every notice calling a meeting of a company, there shall appear with reasonable prominence a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not also be a shareholder. Where default is made in complying with the provisions of this subsection as respects any meeting, every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(4) Any provisions contained in a company's articles shall be void in so far as it would have the effect of requiring the instrument appointing a proxy or any other document necessary to show the validity of or otherwise relating to the appointment of a proxy, to be received by the company or any other person more than forty-eight hours before a meeting or adjourned meeting, in order that the appointment may be effective thereat.

(5) Where for the purpose of any meeting of a company, invitations to appoint as proxy a person or one of a number of

persons specified in the invitations are issued at the company's expense to some only of the shareholders entitled to be sent a notice of the meeting and to vote thereat by proxy, every officer of the company who knowingly and wilfully authorises and permits their issue as aforesaid, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees :

Provided that an officer shall not be liable under the provisions of this subsection by reason only of the issue to a shareholder at his request in writing of a form of appointment naming the proxy or of a list of persons willing to act as proxy, if the form or list is available on request in writing to every shareholder entitled to vote at the meeting by proxy.

(6) The provisions of this section shall apply to meetings of any class of shareholders of a company as it applies to general meetings of the company.

(7) Every shareholder of the company or a proxy holder, shall be entitled to inspect the proxies received under the provisions of this section at least three hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

140. (1) Any provision contained in a company's articles shall be void, in so far as it would have the effect either — Right to demand a poll.

- (a) of excluding the right to demand a poll at a general meeting on any question, other than the election of the chairman of the meeting or the adjournment of the meeting; or
- (b) of making ineffective a demand for a poll on any such question which is made either —
 - (i) by not less than five shareholders having the right to vote at the meeting; or

- (ii) by a shareholder or shareholders representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting.

(2) The instrument appointing a proxy to vote at a meeting of a company shall be deemed also to confer authority to demand or join in demanding a poll, and for the purposes of the provisions of subsection (1), a demand by a person as proxy for a share holder shall be the same as a demand by the shareholder.

Voting on a poll.

141. On a poll taken at a meeting of a company or a meeting of any class of shareholders of a company, a shareholder entitled to more than one vote need not if he votes, use or cast all his votes in the same way.

Circulation of shareholder's resolutions on requisition.

142. (1) It shall be the duty of a company on the requisition in writing of such number of shareholders as is hereinafter specified and (unless the company otherwise resolves) at the expense of the requisitionists—

- (a) to give to shareholders of the company entitled to receive notice of the next annual general meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting;
- (b) to circulate to shareholders entitled to have notice of any general meeting sent to them, any statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

(2) The number of shareholders necessary for a requisition under the provisions of subsection (1) shall be—

- (a) any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition

a right to vote at the meeting to which the requisition relates; or

(b) not less than fifty shareholders.

(3) Notice of any such resolution shall be given and any such statement shall be circulated to shareholders of the company entitled to have notice of the meeting sent to them, by serving a copy of the resolution or statement on each such shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other shareholder of the company by giving notice of the general effect of the resolution, in any manner permitted for giving him notice of meetings of the company :

Provided that the copy shall be served or notice of the effect of the resolution shall be given, as the case may be, in the same manner and as far as practicable at the same time as notice of the meeting, and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

(4) A company shall not be bound under the provisions of this section to give notice of any resolution or to circulate any statement unless—

(a) a copy of the resolution signed by the requisitionists (or two or more copies which between them contain the signatures of all the requisitionists) is deposited at the registered office of the company —

(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the date of the meeting; and

(ii) in the case of any other requisition, not less than one week before the meeting; and

- (b) there is deposited or tendered with the requisition, a sum reasonably sufficient to meet the company's expenses in giving effect thereto :

Provided that where after a copy of a requisition requiring notice of a resolution has been deposited at the registered office of the company, an annual general meeting is called for a date six weeks or less from the date on which the copy has been so deposited, the copy though not deposited within the time required by this subsection, shall be deemed to have been properly deposited for the purposes thereof.

(5) The company shall not be bound under the provisions of this section to circulate any statement, if on the application either of the company or of any other person who claims to be aggrieved, the court is satisfied that the rights conferred by the provisions of this section are being abused to secure unnecessary publicity for defamatory matter and the court may order the company's costs on an application made under the provisions of this section, to be paid in whole or in part by the requisitionists, notwithstanding that they are not parties to the application.

(6) Notwithstanding anything in the company's articles, the business which may be dealt with at an annual general meeting shall include any resolution, of which notice is given in accordance with the provisions of this section, and for the purpose of this subsection notice shall be deemed to have been so given notwithstanding the accidental omission of giving such notice to one or more shareholders.

(7) Where any default is made in complying with the provisions of this section, every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

143. (1) A resolution shall be a special resolution when it has been passed— Special resolutions.

- (a) by a majority of seventy-five *per centum* of those shareholders entitled to vote and voting on the question;
- (b) at a general meeting of which not less than fifteen working days' notice, specifying the intention to propose the resolution as a special resolution has been duly given :

Provided that, where it is so agreed by the shareholders having the right to attend and vote at any such meeting, being shareholders together representing not less than eighty-five *per centum* of the total voting rights at that meeting, a resolution may be proposed and passed as a special resolution at a meeting of which less than fifteen working days' notice has been given.

(2) At any meeting at which a special resolution is submitted to be passed, a declaration of the chairman that the resolution is carried shall, unless a poll is demanded, be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(3) In computing the majority on a poll demanded on the question that a special resolution be passed, reference shall be had to the number of votes cast for and against the resolution.

(4) For the purposes of this section notice of a meeting shall be deemed to be duly given and the meeting to be duly held, when the notice is given and the meeting is held in the manner provided for by the company's articles or by this Act.

Resolution in lieu of meeting.

144. (1) Subject to the provisions contained in the company's articles, a resolution in writing signed by not less than eighty-five *per centum* of the shareholders who would be entitled to vote on that resolution at a meeting of shareholders, who together hold not less than eighty-five *per centum* of the votes entitled to be cast on that resolution, shall be as valid as if it had been passed at a meeting of those shareholders.

(2) Subject to the provisions contained in the company's articles, a resolution in writing that—

- (a) relates to a matter that is required by this Act or by the articles to be decided at a meeting of the shareholders of a company; and
- (b) is signed by the shareholders specified in subsection (1),

is deemed to be made in accordance with the provisions of this Act or the articles of the company.

(3) It shall not be necessary for a company to hold an annual general meeting of shareholders under section 133, if everything required to be done at that meeting (by resolution or otherwise) is done by resolution in accordance with this section.

(4) Within five working days of a resolution being passed under this section, the company shall send a copy of the resolution to every shareholder who did not sign the resolution.

(5) A resolution may be signed under subsection (1) or subsection (2) without any prior notice being given to shareholders.

(6) Where a company fails to comply with the requirements of subsection (4) —

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees; and

(b) every officer who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(7) A person who is registered as the holder of parcels of shares having different beneficial owners, may expressly sign a resolution under this section in respect of shares having one beneficial owner and refrain from signing the resolution in respect of shares having another beneficial owner.

(8) Notwithstanding any provision in this Act, where the Secretary to the Treasury is the holder of a share of a company, any resolution referred to in this section shall not be valid unless the consent in writing of the Secretary to the Treasury as a holder of the share is also obtained in favour of such resolution.

145. Where by any provision hereafter contained in this Act, special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the company not less than twenty-eight days before the date of the meeting at which it is to be moved, and the company shall give its shareholders notice of any such resolution at the same time and in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other manner allowed by the company's articles, not less than fifteen working days before the date of the meeting:

Resolutions
requiring special
notice.

Provided that, where after notice of the intention to move such a resolution has been given to the company a meeting is called for a date twenty-eight days or less from the date of the notice, the notice though not given within the time required by this section, shall be deemed to have been properly given for the purposes thereof.

Resolutions passed at adjourned meetings.

146. Where after the appointed date, a resolution is passed at an adjourned meeting of—

- (a) a company ;
- (b) the holders of any class of shares in a company;
- (c) the directors of a company,

the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed, and shall not be deemed to have been passed on any earlier date.

Minutes of proceedings of meetings of shareholders and directors.

147. (1) Every company shall cause minutes of all proceedings of general meetings and meetings of its directors to be entered in books kept for that purpose.

(2) Any such minutes purporting to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall be evidence of such proceedings.

(3) Where minutes have been made in accordance with the provisions of this section of the proceedings at any general meeting, or a meeting of directors of the company, as the case may be, then until the contrary is proved, the meeting shall be deemed to have been duly held and convened and all appointments of directors, managers or liquidators, made at the meeting, shall be deemed to be valid.

(4) Every director and former director of a company shall be entitled to receive from the company secretary, certified copies of the minutes of all the meetings of the board of directors of such company held during the period when he is or he was a director of that company.

(5) Where a company fails to comply with the provisions of subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees; and

- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

ACCOUNTING RECORDS

148. (1) Every company shall keep accounting records which correctly record and explain the company's transactions, and will— Duty to keep accounting records.

- (a) at any time enable the financial positions of the company to be determined with reasonable accuracy;
- (b) enable the directors to prepare financial statements in accordance with this Act; and
- (c) enable the financial statements of the company to be readily and properly audited.

(2) Without limiting the provisions contained in subsection (1), the accounting records shall contain—

- (a) entries of money received and expended each day by the company and the matters in respect of which such money was spent;
- (b) a record of the assets and liabilities of the company ;
- (c) if the company's business involves dealing in goods—
 - (i) a record of goods bought and sold, except goods sold for cash in the ordinary course of carrying on a retail business that identifies both the goods and buyers and sellers and the relevant invoices;
 - (ii) a record of stock held at the end of the financial year together with records of any stock takings during the year;

- (d) if the company's business involves providing services, a record of services provided and relevant invoices.

(3) Where a company fails to comply with the requirements of this section—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence, and be liable on conviction to a fine not exceeding two hundred thousand rupees.

Place where
accounting
records are kept.

149. (1) A company shall keep its accounting records in Sri Lanka. However, where the Registrar considers it not prejudicial to the national economy or to the interests of shareholders of the company, he may permit a company to keep its accounting records outside Sri Lanka.

(2) If the records are not kept in Sri Lanka—

- (a) the company shall ensure that the accounts and returns of the operations of the company—
 - (i) disclose with reasonable accuracy the financial position of the company at intervals not exceeding periods of six months; and
 - (ii) will enable the preparation in accordance with this Act of the company's financial statements and any group financial statements and any other document required to be maintained under this Act,

are sent to and kept at a place in Sri Lanka; and

(b) notice of the place where the accounting records and the accounts and returns required under paragraph (a) are kept, shall be given to the Registrar.

(3) Where a company fails to comply with the requirements of subsection (2)—

(a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees; and

(b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

DUTY TO PREPARE FINANCIAL STATEMENTS

150. (1) The board of every company shall ensure that within six months or within such extended period as may be determined by the Registrar after the balance sheet date of the company, financial statements that comply with the requirements of section 151 are—

Obligation to prepare financial statements.

(a) completed in relation to the company and that balance sheet date;

(b) certified by the person responsible for the preparation of the financial statements that it is in compliance with the requirements of this Act; and

(c) dated and signed on behalf of the board by two directors of the company or if the company has only one director, by that director.

(2) Where the board fails to comply with the requirements specified in subsection (1), every director of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

Contents and form of financial statements.

151. (1) The financial statements of a company shall give a true and fair view of—

- (a) the state of affairs of the company as at the balance sheet date; and
- (b) the profit or loss or income and expenditure, as the case may be, of the company for the accounting period ending on that balance sheet date.

(2) Without limiting the provisions contained in subsection (1), the financial statements of a company shall comply with—

- (a) any regulations made under this Act which specifies the form and content of financial statements; and
- (b) any requirements which apply to the company's financial statements under any other law.

Obligation to prepare group financial statements.

152. (1) Subject to the provisions of subsection (2), the board of a company that has on the balance sheet date of the company one or more subsidiaries, shall, in addition to complying with section 150, ensure that within the time specified in that section, group financial statements that comply with section 153 are—

- (a) completed in relation to that group and that balance sheet date;
- (b) certified by the person responsible for the preparation of the financial statements that it is in compliance with the requirements of this Act; and
- (c) dated and signed on behalf of the directors by two directors of the company or if the company has only one director, by that director.

(2) Group financial statements and a balance sheet date shall not be required in relation to a company, if the company is at that balance sheet date the wholly owned subsidiary of another company.

(3) Where the board fails to comply with the requirements specified in subsection (1), every director of the company who is in default shall be guilty of an offence, and be liable on conviction to a fine not exceeding one hundred thousand rupees.

153. (1) The financial statements of a group shall give a true and fair view of —

- (a) the state of affairs of the company and its subsidiaries as at the balance sheet date; and
- (b) the profit or loss or income and expenditure, as the case may be, of the company and its subsidiaries for the accounting period ending on that balance sheet date.

(2) Without limiting the provisions contained in subsection (1), the financial statements of a group shall comply with —

- (a) any regulations made under this Act which specifies the form and content of group financial statements; and
- (b) any requirements which apply to the group financial statements under any other law.

(3) Where a subsidiary became a subsidiary of a company during the accounting period to which the group financial statements relate, the consolidated profit and loss statement or the consolidated income and expenditure statement for the group, shall relate to the profit or loss of the subsidiary for each part of that accounting period during which it was a subsidiary, and not to any other part of that accounting period.

Contents and form of group financial statements.

(4) Subject to the provisions of subsection (3), where the balance sheet date of a subsidiary of a company is not the same as that of the company, the group financial statements shall —

- (a) if the balance sheet date of the subsidiary does not precede that of the company by more than three months, incorporate the financial statements of the subsidiary for the accounting period ending on that date, or incorporate interim financial statements of the subsidiary completed in respect of a period that is the same as the accounting period of the company; or
- (b) in any other case, incorporate interim financial statements of the subsidiary completed in respect of a period that is the same as the accounting period of the company.

(5) Subject to the provisions of subsections (3) and (6), group financial statements shall incorporate the financial statements prepared in accordance with section 151, of every subsidiary of the company.

(6) Subject to the provisions of subsection (7), group financial statements prepared by a company need not incorporate the financial statements of a subsidiary of that company, where the board of the company is of the opinion that—

- (a) it is impracticable to do so or would be of no real value to the shareholders of the company in view of the insignificant amounts involved, or would involve expense or delay out of proportion to the value to shareholders;
- (b) the result would be misleading or harmful to the business of the company or any of its subsidiaries; or

- (c) the business of the company and that of the subsidiary are so different, that they cannot reasonably be treated as a single undertaking.

(7) Group financial statement prepared by a company may not omit the financial statements of a subsidiary of that company under subsection (6), without the prior approval in writing of the Registrar, which may be given on such terms or conditions as the Registrar thinks fit.

AUDITORS

154. (1) A company shall at each annual general meeting, appoint an auditor to—

Appointment of auditor.

- (a) hold office from the conclusion of that meeting until the conclusion of the next annual general meeting; and
- (b) audit the financial statements of the company and if the company is required to complete group financial statements, those group financial statement for the accounting period next after the balance sheet date for which financial statements were audited.

(2) The board of a company may fill any casual vacancy in the office of auditor, but while the vacancy remains the surviving or continuing auditor, if any, may continue to act as auditor.

(3) Where —

- (a) at an annual general meeting of a company no auditor is appointed or re-appointed and no resolution has been passed under subsection (2); or
- (b) a casual vacancy in the office of auditor is not filled within one month of the occurring of such vacancy,

the Registrar may appoint an auditor.

(4) A company shall within five working days of the power becoming exercisable, give written notice to the Registrar of the fact that the Registrar is entitled to appoint an auditor under subsection (3).

(5) Where a company fails to comply with the requirements of subsection (4)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees ; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

Auditor's fees and expenses.

155. The fees and expenses of an auditor of a company shall be fixed —

- (a) if the auditor is appointed at a meeting of the company, by the company at such meeting or in such manner as the company determines at the meeting;
- (b) if the auditor is appointed by the directors, by the directors; or
- (c) if the auditor is appointed by the Registrar, by the Registrar.

Appointment of partnership as auditor.

156. (1) A partnership may be appointed by the firm's name to be the auditor of a company, if the partners are persons who are qualified to be appointed as auditors of the company.

(2) The appointment of a partnership by the firm's name to be the auditor of a company is deemed, subject to the provisions of section 157, to be the appointment of all the persons who are partners in the firm, from time to time.

157. (1) A person shall not be appointed or act as auditor of a company, unless that person— Qualifications of auditors.

- (a) is a member of the Institute of Chartered Accountants of Sri Lanka; or
- (b) is a registered auditor.

(2) Notwithstanding the provisions of subsection (1), a person shall not be appointed or act as auditor of a company other than a private company or a company limited by guarantee, unless that person is a member of the Institute of Chartered Accountants of Sri Lanka.

(3) None of the following persons may be appointed or act as an auditor of a company :—

- (a) a director or employee of the company;
- (b) a person who is a partner or in the employment of a director or employee of the company;
- (c) a liquidator or an administrator or a person who is a receiver in respect of the property of the company ;
- (d) a body corporate ;
- (e) a person who, by virtue of paragraph (a), (b) or (c), may not be appointed or act as auditor of a related company.

(4) A person who holds any office referred to in paragraph (a), (b) or (c) of subsection (3), may not be appointed or act as an auditor of a company for a period of two years after such person has ceased to hold that office.

- (5) Regulations may be made providing for —
- (a) the qualifications necessary to become a registered auditor;
 - (b) the procedure for the registration of auditors;
 - (c) the fees payable for such registration.

Automatic re-
appointment.

158. (1) An auditor of a company, other than an auditor appointed under subsection (1) of section 159, shall be deemed to be re-appointed at an annual general meeting of the company, unless—

- (a) he is not qualified for appointment;
- (b) the company passes a resolution at the meeting appointing another person to replace him as auditor;
or
- (c) the auditor has given notice to the company that he does not wish to be re-appointed.

(2) An auditor is not automatically re-appointed if the person who it is proposed to replace him, dies or is or becomes incapable of or disqualified from being so appointment.

Appointment of
first auditor.

159. (1) The first auditor of a company may be appointed by the board of the company before the first annual general meeting, and if so appointed, will hold office until the conclusion of that meeting.

(2) If the board does not appoint an auditor under subsection (1), the company shall appoint the first auditor at a meeting of the company.

(3) Neither the board nor the company shall be required to appoint an auditor in accordance with the provisions of this section, if a unanimous resolution is passed by the shareholders that no auditor be appointed. Such a resolution ceases to have effect at the commencement of the first annual general meeting.

160. (1) A company shall not appoint a new auditor in place of an auditor who is qualified for re-appointment, unless—

Replacement of auditor.

- (a) at least twenty working days' written notice of a proposal to do so has been given to the auditor; and
- (b) the auditor has been given a reasonable opportunity to make representations to the shareholders on the appointment of another person, either in writing or by the auditor or his representative speaking at a shareholders' meeting (whichever the auditor may choose).

(2) An auditor is entitled to be paid reasonable fees and expenses by the company for making representations to shareholders under this section.

161. (1) If an auditor resigns or ceases for any other reason to hold office, he shall deliver to the company a statement of any circumstances connected with his ceasing to hold office which he considers should be brought to the attention of the shareholders or creditors of the company, or if he considers that there are no such circumstances, a statement that there are none.

Statement by person ceasing to hold office as auditor.

(2) The statement required under subsection (1) shall be delivered by the auditor —

- (a) if he resigns, with the notice of resignation;

- (b) if he gives notice that he does not wish to be re-appointed, with that notice;
- (c) if he ceases to hold office for any other reason, within ten working days of ceasing to hold office.

(3) If the auditor has stated circumstances which he believes ought to be brought to the attention of the shareholders or creditors, the company shall —

- (a) send a copy of the statement to each shareholder; and
- (b) deliver a copy of the statement to the Registrar:

Provided that the company may with permission of court (obtained by an order, the costs of which is to be paid by the auditor) refrain from sending copies to shareholders or reading the representations at the meeting so convened.

(4) Where an auditor fails to comply with subsection (1), he shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

(5) If a company fails to comply with subsection (3)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence, and be liable on conviction to a fine not exceeding one hundred thousand rupees.

Auditor to avoid conflict of interest.

162. An auditor of a company shall in carrying out the duties of an auditor under this Act, ensure that his judgment is not impaired by reason of any relationship with or interest in the company or any of its subsidiaries.

163. (1) The auditor of a company shall make a report to the shareholders on the financial statements audited by him. Auditor's report.

(2) The auditor's report shall state—

- (a) the basis of opinion;
- (b) the scope and limitations of the audit;
- (c) whether the auditor has obtained all information and explanations that was required;
- (d) whether in the auditor's opinion as far as appears from an examination of them, proper accounting records have been kept by the company;
- (e) whether in the auditor's opinion the financial statements and any group financial statements give a true and fair view of the matters to which they relate and if they do not, the respects in which they fail to do so; and
- (f) whether in the auditor's opinion the financial statements and any group financial statements comply with the requirements of section 151 or section 153, as the case may be, and if they do not, the respects in which they fail to do so.

(3) The auditor of a company shall at the same time as he delivers his report to the company, deliver to the company a statement of—

- (a) the existence of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in, the company or any of its subsidiaries; and

- (b) the amounts payable by the company to the person or firm holding office as auditor of the company as audit fees and expenses and as a separate item, any fees and expenses payable by the company for other services provided by that person or firm.

Auditor's
access to
information.

164. (1) The board of a company shall ensure that an auditor of a company has access at all times to the accounting records and other documents of the company.

(2) An auditor of a company is entitled to require from a director or employee of the company, such information and explanations as he thinks necessary for the performance of his duties as auditor.

(3) Where the board of a company fails to comply with subsection (1), every director of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

(4) A director or employee who fails to comply with subsection (2) or provides false information, shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

(5) It is a defence to an employee charged with an offence under subsection (4), if he proves that—

- (a) he did not have the information required in his possession or under his control; or
- (b) by reason of the position occupied by him or the duties assigned to him, he was unable to give the explanations required.

Auditor's
attendance at
shareholders'
meeting.

165. (1) The board of a company shall ensure that an auditor of the company—

- (a) is permitted to attend every meeting of shareholders of the company;

- (b) receives the notices and communications that a shareholder is entitled to receive relating to a meeting of shareholders; and
- (c) may be heard at a meeting of shareholders which he attends on any part of the business of the meeting which concerns him as auditor.

(2) Where the board of a company fails to comply with subsection (1), every director of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

ANNUAL REPORT TO SHARE HOLDERS

166. (1) The board of every company shall within six months after the balance sheet date of the company, prepare an annual report on the affairs of the company during the accounting period ending on that date.

Obligation to prepare annual report.

(2) Where the board of a company fails to comply with subsection (1), every director of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

167. (1) The board of a company shall cause a copy of the annual general meeting report to be sent to every shareholder of the company not less than fifteen working days before the date fixed for holding the annual general meeting of shareholders :

Sending of annual report to shareholders.

Provided that a company may in the first instance, send every shareholder the financial statement in the summarised form as may be prescribed, in consultation with Institute of Chartered Accountants of Sri Lanka, together with the annual report :

Provided further the company shall inform each shareholder that he is entitled to receive full financial statement if he so requires, within a stipulated period of time.

(2) Where the board of a company fails to comply with subsection (1), every director of the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

Contents of
annual report.

168. (1) The annual report of the board shall be in writing and be dated, and subject to subsection (2), shall—

- (a) describe so far as the board believes is material for the shareholders to have an appreciation of the state of the company's affairs and will not be harmful to the business of the company or of any of its subsidiaries, any change during the accounting period in—
 - (i) the nature of the business of the company or any of its subsidiaries ; or
 - (ii) the classes of business in which the company has an interest, whether as a shareholder of another company or otherwise ;
- (b) include financial statements for the accounting period completed and signed in accordance with section 151, and any group financial statements for the accounting period completed and signed in accordance with section 152 ;
- (c) where an auditor has been appointed by the company, include that auditor's report on the financial statements and any group financial statements ;
- (d) describe any change in accounting policies made during the accounting period ;
- (e) state particulars of entries in the interests register made during the accounting period ;

- (f) state the remuneration and other benefits of directors during the accounting period ;
- (g) state the total amount of donations made by the company during the accounting period ;
- (h) state the names of the persons holding office as directors of the company as at the end of the accounting period and the names of any persons who ceased to hold office as directors of the company during the accounting period ;
- (i) state the amounts payable by the company to the person or firm holding office as auditor of the company as audit fees and as a separate item, fees payable by the company for other services provided by that person or firm ;
- (j) state the particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the company or any of its subsidiaries ; and
- (k) be signed on behalf of the board by-
 - (i) two directors of the company or if the company has only one director, by that director ; and
 - (ii) the secretary of the company.

(2) A company that is required to include group financial statements in its annual report shall include in relation to its subsidiaries, the information specified in paragraphs (b) to (j) of subsection (1).

(3) The annual report of a company need not comply with of paragraph (a) and paragraphs (d) to (j) of subsection (1), if all shareholders agree in writing that it need not do so. Any such agreement shall be noted in the annual report.

Failure to
send reports
&.

169. Subject to the provisions contained in the articles of a company, the failure to send an annual report, notice, or other document to a shareholder in accordance with any requirement under this Act, shall not affect the validity of proceedings at a meeting of the shareholders of the company, if the failure to do so was accidental.

REGISTRATION OF FINANCIAL STATEMENTS

Registration
of financial
statements.

170. (1) Every company that is not a private company, shall ensure that within twenty working days after the financial statements of the company and any group financial statements are required to be signed, copies of those statements together with a copy of the auditor's report on those statements are delivered to the Registrar for registration.

(2) The Registrar may by notice in writing require a private company to deliver to him within twenty working days, the financial statements of the company and any group financial statements in respect of such accounting periods as may be specified in the notice, together with copies of any auditor's report on those statements.

(3) The copies delivered to the Registrar under this section shall be certified to be correct copies by two directors of the company or where the company has only one director, by that director.

INTERPRETATION

Balance sheet
date.

171. (1) Subject to the provisions of subsections (2) and (3), a company shall have a balance sheet date in each calendar year.

(2) A company shall not be required to have a balance sheet date in the calendar year in which it is incorporated, if its first balance sheet date is in the following calendar year and is not later than fifteen months after the date of its formation or incorporation.

(3) Where a company changes its balance sheet date, it shall be required to have a balance sheet date in a calendar year if—

- (a) the period between any two balance sheet dates does not exceed fifteen months ; and
- (b) the Registrar approves the change of balance sheet date before it is made.

(4) The Registrar may approve a change of balance sheet date for the purposes of subsection (3), with or without conditions.

(5) Where a company changes its balance sheet date, the period between any two balance sheet dates shall not exceed fifteen months.

(6) The adoption or change of a balance sheet date shall have effect upon receipt of a notice by the Registrar to that effect.

(7) The board of a company shall ensure that, unless in the board's opinion there are good reasons against it, the balance sheet date of each subsidiary of the company is the same as the balance sheet date of the company.

(8) Where the balance sheet date of a subsidiary of a company is not the same as that of the company, the balance sheet date of the subsidiary for the purposes of any particular group financial statements, shall be that preceding the balance sheet date of the company.

INVESTIGATION OF COMPANY'S AFFAIRS

172. (1) The Registrar may appoint one or more competent inspectors to investigate the affairs of a company and to report on them in such manner as the Registrar directs—

Investigation of company's affairs on application of shareholders.

- (a) on the application of the company, approved by special resolution ;

- (b) in the case of a company which has issued shares, on the application either of not less than fifty shareholders or of shareholders holding not less than one-fifth of the shares issued ;
- (c) in the case of a company which has not issued shares, on the application of not less than one-fifth in number of the persons on the company's register of members.

(2) An application under subsection (1) shall be supported by such evidence as the Registrar may require, for the purpose of showing that the applicant or applicants have good reason for requiring the investigation.

(3) The Registrar may before appointing such inspector and from time to time as he considers it necessary, require the applicant or applicants to give security for payment of the costs of the investigation.

(4) Where a person fails to furnish any amount by way of security as and when required so to do under subsection (3), the Registrar may in his absolute discretion direct that any security already paid shall be forfeited, and terminate the investigation.

Investigation
of
company's
affairs in
other cases.

173. (1) Without prejudice to the provisions of section 172, the Registrar—

- (a) shall appoint one or more competent inspectors to investigate the affairs of a company and to report thereon in such manner as the Registrar directs, where the court by order declares that the company's affairs ought to be investigated by a person appointed by the Registrar ;
- (b) may appoint one or more competent inspectors to investigate the affairs of a company and to report

thereon to the Registrar, if it appears to him that there are circumstances suggesting that—

- (i) its business is being conducted with intent to defraud its creditors or the creditors of any other person, or otherwise for a fraudulent or unlawful purpose, or in a manner which is unfairly prejudicial to any part of its shareholders ;
- (ii) it was formed for any fraudulent or unlawful purpose ;
- (iii) persons concerned with its formation or the management of its affairs have in connection therewith been guilty of fraud, misfeasance or other misconduct towards it or towards its shareholders ;
- (iv) its shareholders have not been given all the information with respect to its affairs which they might reasonably expect ; or
- (v) it is necessary to do so for any of the purposes of this Act.

(2) An inspector may be appointed under this section on the condition that any report that he makes is not for publication, and in any such case subsection (3) of section 176 shall not apply to such reports.

174. Where an inspector appointed under section 172 or section 173 to investigate the affairs of a company, considers it necessary for the purposes of this investigation to investigate also the affairs of any other body corporate which is or has at any relevant time been the company's subsidiary or holding company or a subsidiary of its holding company, he shall with the prior written approval of the Registrar have power to do so, and shall report on the affairs of the other body corporate

Power of inspectors to carry out investigation into affairs of related companies.

so far as he thinks the results of his investigation of its affairs are relevant to the investigation of the affairs of the first-mentioned company.

Production of documents and evidence at investigation.

175. (1) Where an inspector is appointed under section 172 or section 173, it shall be the duty of all directors, officers and agents of the company and of all directors, officers and agents of any other body corporate whose affairs are investigated by virtue of section 174 to —

- (a) produce to the inspector all books and documents of or relating to the company or, as the case may be, the other body corporate, which are in their custody or power ;
- (b) attend before the inspector when required to do so ;
and
- (c) give to the inspector all assistance in connection with the investigation which they are reasonably able to give.

(2) An inspector may examine on oath or affirmation the officers and agents of the company or other body corporate in relation to its business, and may administer an oath to or take the affirmation of any such person.

(3) Where any officer or agent of the company or other body corporate refuses to produce to the inspector any book or document which it is his duty under this section to produce, or refuses to answer any question which is put to him by the inspector with respect to the affairs of the company or other body corporate, as the case may be, the inspector may certify the refusal in writing to the court, and the court may inquire into the case and after hearing any witnesses who may be produced against or on behalf of the alleged offender and after hearing any statement which may be offered in defence, punish the offender as if he had been guilty of contempt of court.

(4) Where an inspector thinks it necessary for the purpose of his investigation that a person whom he has no power to examine on oath or affirmation should be so examined, he may apply to the court and the court may if it thinks fit, order that person to attend and be examined on oath or affirmation before it on any matter relevant to the investigation. On any such examination—

- (a) the inspector may appear either personally or be represented by an attorney-at-law ;
- (b) the court may put such questions to the persons examined as the court thinks fit ;
- (c) the person examined shall answer all such questions as the court may put or allow to be put to him ;
- (d) the person examined may at his own cost be represented by an attorney-at-law who may put questions to him for the purpose of enabling him to explain or qualify any answers given by him ;
- (e) the examination shall be recorded in writing and the person examined shall sign the record ; and
- (f) subject to any directions by the court, the record of an examination under this section shall be admissible in evidence in any proceedings under this Act.

(5) Notwithstanding anything contained in paragraph (d) of subsection (4), the court may allow the person examined such costs as it thinks fit. Any costs so allowed shall be paid as part of the expenses of the investigation.

(6) In this section, any reference to officers or to agents shall include past as well as present officers or agents, as the case may be, and the expression “agents” in relation to a company or other body corporate, shall include its bankers

and attorneys-at-law and any persons employed by it as auditors, whether those persons are or are not officers of the company or other body corporate.

Inspector's
report.

176. (1) An inspector—

- (a) may and if so directed by the Registrar shall, make interim reports to the Registrar in the course of an investigation ;
- (b) shall on the conclusion of an investigation, make a final report in writing to the Registrar.

(2) Where an inspector was appointed under section 173 in pursuance of an order of court, the Registrar shall furnish a copy of any report made by such inspector to the court.

(3) The Registrar may if he thinks fit—

- (a) forward a copy of any report made by the inspector to the registered office of the company ;
- (b) furnish a copy of any report on request and on payment of the prescribed fee to—
 - (i) any shareholder of the company or of any other body corporate dealt with in the report by virtue of section 174 ;
 - (ii) any person whose conduct is referred to in the report ;
 - (iii) the auditors of the company or body corporate ;
 - (iv) the applicants for the investigation ;
 - (v) any other person whose financial interests appear to the Registrar to be affected by the

matters dealt with in the report, whether as a creditor of the company or body corporate or otherwise ;

(c) cause the report to be printed and published.

177. (1) Where from any report made under section 176 it appears to the Registrar that any person has in relation to the company or to any other body corporate whose affairs have been investigated under section 174, been guilty of any offence for which he is criminally liable, the Registrar shall, if it appears to him that the case is one in which the prosecution ought to be undertaken by the Attorney-General, refer the matter to the Attorney-General.

Proceedings on
inspector's
report.

(2) Where in any matter referred to the Attorney-General under subsection (1) the Attorney-General considers that the case is one in which a prosecution ought to be instituted, he shall institute proceedings accordingly and it shall be the duty of all officers and agents of the company or other body corporate, as the case may be, (other than the defendant in the proceedings) to give him all assistance in connection with the prosecution which they are reasonably able to give. The provisions of subsection (6) of section 175 shall apply for the purposes of this subsection as they apply for the purposes of that section.

(3) Where in the case of any body corporate a liquidator of which may be appointed under this Act, it appears to the Registrar from any report made under the provisions of section 176 that it is expedient so to do by reason of any such circumstances as are referred to in sub-paragraph (i) or sub-paragraph (ii) of paragraph (b) of subsection (1) of section 173, the Registrar may apply to the court to appoint a liquidator.

(4) Where from any report made under section 176 it appears to the Registrar that proceedings ought in the public interest to be brought by any body corporate, he may bring such proceedings in the name and on behalf of the body corporate.

(5) The Registrar shall indemnify the body corporate against any costs or expenses incurred by it in or in connection with any proceedings brought under subsection (4).

Expenses of investigation of company's affairs.

178. (1) The expenses of and incidental to an investigation by an inspector appointed by the Registrar under section 172 or section 173 shall be met in the first instance by the Registrar.

(2) The following person shall, to the extent specified, be liable to repay the Registrar—

- (a) any person who is convicted on a prosecution instituted as a result of the investigation by the Attorney-General, or who is ordered to pay the whole or any part of the costs of proceedings brought under subsection (4) of section 177, may in the same proceedings be ordered to pay the said expenses to such extent as may be specified in the order ;
- (b) any body corporate in whose name proceedings are brought under subsection (4) of section 177 shall be liable to the amount or value of any sum or property recovered by it as a result of those proceedings and the amount for which the body corporate is liable shall be a first charge on the sum or property recovered ; and
- (c) unless as a result of the investigation a prosecution is instituted by the Attorney-General—
 - (i) any body corporate dealt with by the report where the inspector was appointed otherwise than of the Registrar's own motion, shall be liable except so far as the Registrar otherwise directs ; and
 - (ii) any person making an application for the investigation where the inspector was

appointed under section 172, shall be liable to such extent, if any, as the Registrar may direct.

(3) The report of an inspector appointed otherwise than of the Registrar's own motion may if he thinks fit, and shall if the Registrar so directs, include a recommendation as to the directions (if any) which the inspector thinks appropriate to be given under the provisions of paragraph (c) of subsection (2).

(4) For the purposes of this section, any costs or expenses incurred by the Registrar in or in connection with proceedings brought under subsection (4) of section 177 (including expenses incurred under subsection (5) of that section) shall be treated as expenses of the investigation giving rise to the proceedings.

(5) Any liability to repay the Registrar imposed by the provisions of paragraphs (a) and (b) of subsection (2) shall, subject to satisfaction of the Registrar's right to repayment, be a liability also to indemnify all persons against liability under the provisions of paragraph (c) of subsection (2), and any such liability imposed by the provisions of paragraph (a) shall, subject to as aforesaid, be a liability also to indemnify all persons against liability under the provisions of paragraph (b).

(6) Any person liable under the provisions of paragraph (a) or paragraph (b) or sub-paragraph (i) or sub-paragraph (ii) of paragraph (c) of subsection (2), shall be entitled to contribution from any other person liable under the same paragraph or sub-paragraph, as the case may be, according to the amount of their respective liabilities under it.

(7) The expenses to be met by the Registrar under this section shall so far as not recovered by him under it, be paid out of moneys provided by Parliament for the purpose.

Inspector's report to be evidence.

179. A copy of any report of an inspector appointed under section 172 or section 173 shall be admissible in any legal proceedings as evidence of the opinion of the inspector in relation to any matter contained in the report.

Appointment and powers of inspectors to investigate ownership of company.

180. (1) Where it appears to the Registrar that there is good reason so to do, he may appoint one or more inspectors to investigate and report on the ownership of the shares of the company and otherwise with respect to the company, for the purpose of determining the true persons who are or have been financially interested in the success or failure (real or apparent) of the company or able to control or materially influence its policy.

(2) The appointment of an inspector under this section may define the scope of his investigation whether as respects the matters or the period to which it is to extend or otherwise, and in particular may limit the investigation to matters connected with particular shares or debentures.

(3) Subject to the terms of appointment of an inspector, his powers shall extend to the investigation of any circumstances suggesting the existence of an arrangement or understanding which, though not legally binding, is or was observed or likely to be observed in practice and which is relevant to the purposes of his investigation.

(4) Where an application for an investigation under the provisions of this section with respect to particular shares or debentures of a company is made to the Registrar by shareholders of the company, and the number of applicants or the amount of the shares held by them is not less than that which is required for an application for the appointment of an inspector under sub-paragraph (b) or (c) of subsection (1) of section 172, the Registrar shall subject to the provisions of subsections (5) and (6) appoint an inspector to conduct the investigation. Where an inspector is appointed his terms of appointment shall exclude any matter which the Registrar is satisfied it is unreasonable to investigate.

(5) The Registrar shall not appoint an inspector under subsection (4) if he considers that the application is vexatious.

(6) Where on an application under subsection (4) it appears to the Registrar that the powers conferred by section 181 are sufficient for the purpose of investigating the matters which it is sought to have investigated, he may instead conduct the investigation under that section.

(7) For the purposes of an investigation under the provisions of this section, the provisions of sections 174, 175 and 176 shall apply with the necessary modifications of references to the affairs of the company or to those of any other body corporate, subject to the provisions of subsections (8) and (9).

(8) Sections 174, 175 and 176 shall apply in relation to all persons who are or have been or whom the inspector has reasonable cause to believe to be or have been, financially interested in the success or failure or the apparent success or failure of the company or any other body corporate whose ownership is investigated with that of the company, or able to control or materially to influence its policy including persons concerned only on behalf of others, as they apply in relation to the officers and agents of the company or of the other body corporate, as the case may be.

(9) Where the Registrar considers that there is good reason not to divulge any part of a report made under this section, he may disclose the report under section 176 with the omission of that part.

(10) The expenses of an investigation made under this section shall be met by the Registrar out of moneys provided by Parliament for the purpose.

Power to
require
information
as to persons
interested in
shares or
debentures.

181. (1) Where it appears to the Registrar that there is good reason to investigate the ownership of any shares in or debentures of a company and that it is unnecessary to appoint an inspector for the purpose, the Registrar may require any person whom he has reasonable cause to believe—

- (a) to be or to have been interested in those shares or debentures; or
- (b) to act or to have acted in relation to those shares or debentures as the attorney or agent of any person interested in them,

to give the Registrar any information which he has or can reasonably be expected to obtain, as to the present and past interests in those shares or debentures and the names and addresses of the persons interested, and of any person who act or have acted on their behalf in relation to the shares or debentures.

(2) For the purposes of this section a person shall be deemed to have an interest in shares or debentures, if he has any right to acquire or dispose of them or of any interest in them or to vote in respect of them, or if his consent is necessary for the exercise of any rights of other persons interested in them, or if other persons interested in them can be required or are accustomed to exercise their rights in accordance with his instructions.

(3) Any person who fails to give information required of him under subsection (1), or who in giving any such information makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to an imprisonment for a term not exceeding five years or to both such fine and imprisonment.

182. (1) Where in connection with an investigation under the provisions of section 180 or section 181, it appears to the Registrar that there is difficulty in finding out the relevant facts about any shares (whether issued or to be issued), and that the difficulty is due wholly or mainly to the unwillingness of the persons concerned or any of them to assist the investigation as required by the Registrar, the Registrar may by order direct that the shares shall until further order, be subject to the restrictions imposed by this section.

Power to impose restrictions on shares or debentures.

(2) So long as any shares are directed to be subject to the restrictions imposed by this section —

- (a) any transfer of those shares or in the case of unissued shares any transfer of the right to be issued with them and any issued of them, shall be void;
- (b) no voting rights shall be exercisable in respect of those shares;
- (c) no further shares shall be issued in right of those shares or pursuant to any offer made to the holder of them;
- (d) except in a liquidation, no payment shall be made on any sums due from the company on those shares, whether in respect of capital or otherwise.

(3) Where the Registrar makes an order directing that shares shall be subject to the restriction set out in subsection (2), or refuses to make an order directing that shares shall cease to be subject to those restrictions, any person aggrieved by the order may appeal to the court against the order under section 472. The court may, if it thinks fit, direct that the shares shall cease to be subject to those restrictions.

(4) Any order made by the Registrar or the court directing that shares shall cease to be subject to the restrictions set out in subsection (2) which is expressed to be made with a view

to permitting a transfer of those shares, may continue the restrictions specified in paragraphs (c) and (d) of subsection (2) either in whole or in part, so far as they relate to any right acquired or offer made before the transfer.

(5) Any person who—

- (a) exercises or purports to exercise any right to dispose of any shares which, to his knowledge, are for the time being subject to the restrictions specified in subsection (2) or of any right to be issued with any such shares;
- (b) votes in respect of any such shares whether as holder or proxy, or appoints a proxy to vote in respect of them; or
- (c) being the holder of any such shares fails to notify of the restrictions to any person whom he does not know to be aware of them but does know to be entitled, apart from the restrictions to vote in respect of those shares, whether as holder or proxy,

shall be guilty of an offence and be liable on conviction to a fine not exceeding five hundred thousand rupees or to a term of imprisonment of a term not exceeding two years or to both such fine and imprisonment.

(6) Where shares in any company are issued in contravention of the restrictions specified in subsection (2)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

(7) A prosecution shall not be instituted under this section except by or with the consent of the Registrar.

(8) The provisions of this section shall apply in relation to debentures as it applies in relation to shares.

183. The Registrar shall have the power to verify the assets and liabilities of any company.

Registrar's powers to verify assets and liabilities.

POWERS OF MANAGEMENT

184. Subject to the provisions contained in the articles of a company—

Management of company.

- (a) the business and affairs of a company shall be managed by or under the direction or supervision of the board of the company;
- (b) the board of a company shall have all the powers necessary for managing and for directing and supervising the management of, the business and affairs of the company.

185. (1) A company shall not enter into any major transaction, unless such transaction is—

Major transactions.

- (a) approved by special resolution;
- (b) contingent on approval by special resolution;
- (c) consented to in writing by all the shareholders of the company; or
- (d) a transaction which the company is expressly authorised to enter into by a provision in its articles, which was included in it at the time the company was incorporated.

(2) In this section the reference to—

“assets” includes property of any kind, whether corporal or incorporeal;

“major transaction”, means—

- (a) the acquisition of or an agreement to acquire whether contingent or not, assets of a value which is greater than half the value of the assets of the company before the acquisition;
- (b) the disposition of an agreement to dispose of, whether contingent or not, the whole or more than half by value of the assets of the company;
- (c) a transaction which has or is likely to have the effect of the company acquiring rights or interests or incurring obligations or liabilities of a value which is greater than half the value of the assets before the acquisition; or
- (d) a transaction or series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the company.

(3) Nothing in this section shall apply to—

- (a) a transaction under which a company gives or agrees to give a floating charge over all or any part of the property of the company;
- (b) a transaction entered into by a receiver appointed pursuant to an instrument creating a floating charge over all or any part of the property of a company;
- (c) a transaction entered into by an administrator or liquidator of a company.

186. (1) Subject to any restrictions contained in the provisions of the articles of the company, the board of a company may delegate to a committee of directors, a director or employee of the company or any other person, any one or more of its powers other than its powers under any of the sections of this Act specified in the Sixth Schedule.

Delegation of powers.

(2) A board that delegates a power under subsection (1) shall be responsible for the exercise of the power by the delegate as if the power had been exercised by the board, where—

- (a) the board had reason to believe before the exercise of the power, that the delegate would not exercise the power in conformity with the duties imposed on directors of the company by this Act and the company's articles; or
- (b) the board has failed to monitor by means of reasonable methods properly used, the exercise of the power by the delegate.

DIRECTORS' DUTIES

187. (1) A person exercising powers or performing duties as a director of a company shall act in good faith, and subject to subsection (2), in what that person believes to be in the interests of the company.

Duty of directors to act in good faith and in the interests of company.

(2) A director of a company which is a wholly owned subsidiary of another company may, if expressly permitted to do so by the company's articles, act in a manner which he believes is in the interest of that other company even though it may not be in the interests of the company of which he is a director.

188. A director of a company shall not act or agree to the company acting, in a manner that contravenes any provisions of this Act, or the provisions contained in the articles of the company.

Directors to comply with Act and company's articles.

Directors
standard of care.

189. A person exercising powers or performing duties as a director of a company—

- (a) shall not act in a manner which is reckless or grossly negligent; and
- (b) shall exercise the degree of skill and care that may reasonably be expected of a person of his knowledge and experience.

Use of
information and
advice.

190. (1) Subject to the provisions of subsection (2), a director of a company may rely on reports, statements, and financial data and other information prepared or supplied, and on professional or expert advice given by any of the following persons :—

- (a) an employee of the company;
- (b) a professional adviser or expert in relation to matters which the director believes to be within the person's professional or expert competence;
- (c) any other director or committee of directors in which the director did not serve, in relation to matters within the directors or committee's designated authority.

(2) Provisions of subsection (1) shall apply to a director, if, and only if, the director—

- (a) acts in good faith;
- (b) makes proper inquiry where the need for inquiry is indicated by the circumstances; and
- (c) has no knowledge that such reliance is unwarranted.

(3) The provisions contained in this Act are in addition to and not in derogation of any provisions contained in any other law relating to the duty or liability of directors or officers of a company.

TRANSACTIONS IN WHICH A DIRECTOR IS INTERESTED

191. (1) Subject to the provisions of subsection (2), for the purposes of this Act a director of a company is interested in a transaction to which the company is a party if, and only if, the director—

Meaning of
“interested”.

- (a) is a party to or will or may derive a material financial benefit from the transaction.;
- (b) has a material financial interest in another party to, the transaction;
- (c) is a director, officer or trustee of another party to or person who will or may derive a material financial benefit from the transaction, not being a party or person that is—
 - (i) the company’s holding company being a holding company of which the company is a wholly-owned subsidiary;
 - (ii) a wholly owned subsidiary of the company;
or
 - (iii) a wholly-owned subsidiary of a holding company of which the company is also a wholly-owned subsidiary;
- (d) is the parent, child, or spouse of another party to or person who will or may derive a material financial benefit from the transaction; or
- (e) is otherwise directly or indirectly materially interested in the transaction.

(2) A director of a company is not deemed to be interested in a transaction to which the company is a party, if the transaction comprises only of the giving by the company of

security to a third party which has no connection with the director at the request of the third party, in respect of a debt or obligation of the company for which the director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity or by the deposit of a security.

Disclosure of interest.

192. (1) A director of a company shall, forthwith after becoming aware of the fact that he is interested in a transaction or proposed transaction with the company, cause to be entered in the interests register and if the company has more than one director, disclosed to the board of the company, the nature and extent of that interest.

(2) For the purposes of subsection (1), a general notice entered in the interests register or disclosed to the board to the effect that a director is a shareholder, director, officer or trustee of another named company or other person or is otherwise connected with another named company or other person, and is to be regarded as interested in any transaction which may after the date of the entry or disclosure be entered into with that company or person, shall be a sufficient disclosure of interest in relation to any transaction with that company or person.

(3) A failure by a director to comply with the requirements of subsection (1) shall not affect the validity of a transaction entered into by the company or the director.

(4) Every director who fails to comply with the requirements of subsection (1) shall be guilty of an offence, and be liable on conviction to a fine not exceeding two hundred thousand rupees.

Avoidance of transaction.

193. (1) A transaction entered into by the company in which a director of the company is interested, may be avoided by the company at any time before the expiration of six months after the transaction, and the director's interest in it have been disclosed to all the shareholders (whether by means of the company's annual report or otherwise).

(2) A transaction shall not be avoided under this section if the company receives fair value under it.

(3) For the purposes of subsection (2), the question whether a company receives fair value under a transaction shall be determined on the basis of the information known to the company and to the interested director, at the time the transaction is entered into.

(4) If a transaction is entered into by the company in the ordinary course of its business and on usual terms and conditions, the company shall be presumed to have received fair value under the transaction.

(5) For the purposes of this section —

- (a) a person seeking to uphold a transaction and who knew or ought to have known of the director's interest at the time the transaction was entered into, shall have the burden of establishing fair value; and
- (b) in any other case, the company shall have the burden of establishing that it did not receive fair value.

(6) A transaction in which a director is interested shall not be avoided on the ground of the director's interest, other than pursuant to this section or the company's articles.

194. The avoidance of a transaction under section 193 shall not affect the title or interest of a person in or to property which that person has acquired, if the property was acquired—

Effect on third parties.

- (a) from a person other than the company;
- (b) for valuable consideration; and
- (c) in good faith without notice of the circumstances as a consequence of which the transaction becomes voidable.

Non- application of sections 192 and 193 in certain cases.

195. Nothing contained in sections 192 and 193 shall apply in relation to—

- (a) remuneration or any other benefit given to a director in accordance with section 216; or
- (b) an indemnity given or insurance provided in accordance with section 218.

Interested director may vote.

196. Subject to the provisions contained in the articles of the company, a director of a company who is interested in a transaction entered into or to be entered into by the company, may—

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purpose of a quorum;
- (c) sign a document relating to the transaction on behalf of the company; and
- (d) do any other thing in his capacity as a director in relation to the transaction,

as if the director were not a party interested in that transaction.

Use of company information.

197. (1) A director of a company who has information in his capacity as a director or employee of the company which would not otherwise be available to him, shall not disclose that information to any person or make use of or act on the information, except—

- (a) for the purposes of the company;
- (b) as required by law;

- (c) in accordance with subsection (2); or
- (d) in any other circumstances in which the company's articles authorise the director to do so.

(2) A director of a company may disclose, make use of or act on information, if—

- (a) the director is first authorised to do so by the board under subsection (3); and
- (b) particulars of the authorisation are entered in the interests register.

(3) The board authorise a director to disclose, make use of or act on information, if it is satisfied that to do so will not be likely to prejudice the company.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARES

198. (1) For the purposes of section 200, a director of a company has a relevant interest in a share issued by a company (whether or not the director is registered in the share register as the holder of it) if the director—

Meaning of
"relevant
interest".

- (a) is a beneficial owner of the share;
- (b) has the power to exercise any right to vote attached to the share;
- (c) has the power to control the exercise of any right to vote attached to the share;
- (d) has the power to acquire or dispose of the share;
- (e) has the power to control the acquisition or disposition of the share by another person; or

- (f) under or by virtue of any trust, agreement, arrangement or understanding relating to the share (whether or not that person is a party to it) may at any time have the power to—
 - (i) exercise any right to vote attached to the share;
 - (ii) control the exercise of any right to vote attached to the share;
 - (iii) acquire or dispose of the share; or
 - (iv) control the acquisition or disposition of the share by another person.

(2) Where a person (whether or not a director of the company) has a relevant interest in a share by virtue of subsection (1), and—

- (a) that person or its directors are accustomed or under an obligation, whether legally enforceable or not, to act in accordance with the directors, instructions, or wishes of a director of the company in relation to—
 - (i) the exercise of the right to vote attached to the share;
 - (ii) the control of the exercise of any right to vote attached to the share;
 - (iii) the acquisition or disposition of the share; or
 - (iv) the exercise of the power to control the acquisition or disposition of the share by another person;

- (b) a director of the company has the power to exercise the right to vote attached to twenty *per centum* or more of the shares of that person;
- (c) a director of the company has the power to control the exercise of the right to vote attached to twenty *per centum* or more of the shares of that person;
- (d) a director of the company has the power to acquire or dispose of twenty *per centum* or more of the shares of that person; or
- (e) a director of the company has the power to control the acquisition or disposition of twenty *per centum* or more of the shares of that person,

that director has a relevant interest in the share.

(3) A person who has or may have a power referred to in paragraphs (b) to (f) of subsection (1), has a relevant interest in a share, regardless of whether the power is—

- (a) expressed or implied;
- (b) direct or indirect ;
- (c) legally enforceable or not ;
- (d) related to a particular share or not;
- (e) subject to restraint or restriction or is capable of being made subject to restraint or restriction ;
- (f) exercisable presently or in the future;
- (g) exercisable only on the fulfillment of a condition;
- (h) exercisable along or jointly with another person or persons.

(4) A power referred to in subsection (1) exercisable jointly with another person or persons, is deemed to be exercisable by either or any of those persons.

(5) A reference to a power in this section includes a reference to a power that arises from or is capable of being exercised as the result of a breach of any trust, agreement, arrangement or understanding or any of them, whether or not it is legally enforceable.

Relevant interests to be disregarded in certain cases.

199. (1) For the purposes of section 200, no account shall be taken of a relevant interest of a person in a share, if—

- (a) the ordinary business of the person who has the relevant interest consists of or includes the lending of money or the provision of financial services or both, and that person has the relevant interest only as security given for the purposes of a transaction entered into in the ordinary course of the business of that person;
- (b) that person has the relevant interest by reason only of acting for another person to acquire or dispose of that share on behalf of the other person;
- (c) that person has the relevant interest solely by reason of being appointed as a proxy to vote at a particular meeting of members or of a class of members, of the company;
- (d) that person—
 - (i) is a trustee corporation or a nominee company; and
 - (ii) has the relevant interest by reason only of acting for another person in the ordinary course of business of that trustee corporation or nominee company; or

- (e) the person has the relevant interest by reason only of the fact that the person is a trustee of a trust to which the share is subject.

(2) For the purposes of paragraph (e) of the subsection (1), a person may be a trustee notwithstanding that he is entitled as a trustee to be remunerated out of the income or property of the trust.

200. (1) A person who—

- (a) is a director of a company on the appointed date; or
- (b) becomes a director of a company thereafter,

Disclosure of
share dealing by
directors.

and who has a relevant interest in any shares issued by the company, shall forthwith—

- (c) disclose to the board the number and class of shares in which the relevant interest is held and the nature of the relevant interest; and
- (d) ensure that the particulars disclosed to the board under paragraph (c) are entered in the interests register.

(2) A director of a company who acquires or disposes of a relevant interest in shares issued by the company shall, forthwith after the acquisition or disposition—

- (a) disclose to the board—
 - (i) the number and class of shares in which the relevant interest has been acquired or the number and class of shares in which the relevant interest was disposed of, as the case may be;

- (ii) the nature of the relevant interest;
 - (iii) the consideration paid or received; and
 - (iv) the date of the acquisition or disposition; and
- (b) ensure that the particulars disclosed to the board under paragraph (a) are entered in the interests register.

APPOINTMENT AND REMOVAL OF DIRECTORS

Number of directors.

201. A company shall have at least one director, except a public company which should have at least two directors.

Qualification of directors.

202. (1) Any person who is not disqualified under subsection (2) of this section, may be appointed as a director of a company.

(2) The following persons shall be disqualified from being appointed or holding office as director of a company—

- (a) a person who is under eighteen years of age;
- (b) a person who is an undischarged insolvent;
- (c) a person who is or would be prohibited from being a director of or being concerned or taking part in the promotion, formation or management of a company, under the Companies Act, No. 17 of 1982, but for the repeal of that Act;
- (d) a person who is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under section 213 or section 214 of this Act;
- (e) a person who has been adjudged to be of unsound mind;

- (f) a person that is not a natural person;
- (g) in relation to any particular company, a person who does not comply with any qualifications for directors contained in the articles of that company.

(3) A person who is disqualified from being a director but who acts as a director, shall be treated as a director for the purposes of any provision of this Act that imposes a duty or any obligation on a director of a company.

203. A person shall not be appointed as director of a company unless he has, in the prescribed form—

Director's consent required.

- (a) consented to be a director; and
- (b) certified that he is not disqualified from being appointed or holding office as a director of a company.

204. (1) A person named as a director in an application for incorporation or in an amalgamation proposal, shall hold office as a director from the date of incorporation or from the date the amalgamation proposal becomes effective, as the case may be, until that person ceases to hold office as a director in accordance with the provisions of this Act.

Appointment of first and subsequent directors.

(2) All subsequent directors of a company shall, unless the articles of the company otherwise provide, be appointed by ordinary resolution.

205. (1) Subject to the provisions contained in the articles of the company, the shareholders of a company that is not a private company may vote on a resolution to appoint a director of the company, only if—

Appointment of directors to be voted on individually.

- (a) the resolution is for the appointment of one director; or

(b) the resolution is a single resolution for the appointment of two or more persons as directors of the company, and a separate resolution that it be so voted on has first been passed without a vote being cast against it.

(2) A resolution moved in contravention of the provisions of subsection (1) shall be void, even if the moving of it was not objected to at the time.

(3) The provisions of subsection (2) shall not limit the operation of the provisions contained in section 209 of this Act.

(4) No provision for the automatic reappointment of retiring directors in default of another appointment, shall apply on the passing of a resolution in contravention of subsection (1).

(5) Nothing in this section shall prevent the election of two or more directors by ballot or poll.

Removal of directors.

206. (1) Subject to the provisions contained in the articles of a company, a director may be removed from office by ordinary resolution passed at a meeting called for the purpose or for purposes that include the removal of the director.

(2) The notice calling the meeting shall state that the purpose or a purpose of the meeting is the removal of the director.

(3) Where notice is given of an intended resolution to remove a director and the director concerned makes representations within a period of fourteen days of such notice with a request to send copies to all shareholders, the company shall send copies of the said representations to all shareholders. If the representations are not sent due to the company's default, the director concerned may require that the representations be read at the meeting :

Provided that the company may with permission of court obtained on an order for costs to be paid by the director concerned, refrain from either sending such representations to the shareholders or reading the said representations at the meeting, where the company is able to satisfy court that the provisions of this section are being abused by the director concerned to secure unnecessary publicity for a defamatory matter.

207. (1) The office of director of a company shall be vacated if the director—

Director ceasing to hold office.

- (a) resigns from his office in accordance with subsection (2);
- (b) is removed from office in accordance with the provisions of this Act or the articles of the company;
- (c) becomes disqualified from being a director in terms of the provisions of section 202;
- (d) dies;
- (e) vacates office pursuant to subsection (2) of section 210; or
- (f) otherwise vacates office in accordance with the articles of the company.

(2) A director of a company may resign by signing a written notice of resignation and delivering it to the registered office of the company. Subject to the provisions of section 208, the notice is effective when it is received at the registered office or at a later time specified in the notice.

208. (1) Where a company has only one director, that director may not resign office until that director has called a meeting of shareholders to receive notice of the resignation, and to appoint one or more new directors.

Resignation of last remaining director.

(2) Notwithstanding its terms, a notice of resignation given by the sole director of a company shall not take effect until the date of the meeting of shareholders, called in accordance with subsection (1).

Validity of director's acts.

209. The acts of a person as a director shall be valid notwithstanding the fact that —

- (a) the person's appointment was defective; or
- (b) the person is not qualified for such appointment.

RETIRING AGE OF DIRECTORS.

Age limit for directors.

210. (1) Subject to the provisions of section 211, no person shall be capable of being appointed a director of a public company or of a private company which is a subsidiary of a public company, if he has attained the age of seventy years.

(2) Subject to the provisions of section 211, a director of a public company or of a private company which is a subsidiary of a public company, shall vacate office —

- (a) at the conclusion of the annual general meeting commencing next after he attains the age of seventy years ;
- (b) if he is reappointed as a director after attaining the age of seventy years, at the annual general meeting following that reappointment.

(3) Where a person retires from office under the provisions of subsection (2), no provision for the automatic reappointment of retiring directors in default of another appointment shall apply and if at the meeting at the conclusions of which he retires the vacancy is not filled, it may be filled as a casual vacancy.

(4) In this section "public company" means a limited company which is not a private company.

211. (1) Nothing in section 210 shall prevent the appointment of a director who has attained the age of seventy years, or require a director who has attained that age to retire, if his appointment is or was made or approved by a resolution passed by the company at a general meeting which declares that the age limit referred to in section 210 shall not apply to that director, However, any resolution approved at a general meeting will be valid only for one year from his appointment.

(2) A notice of any resolution referred to in subsection (1) which is given to the company or by the company to its shareholders, shall state the age of the person to whom it relates.

212. (1) Any person who is appointed or to his knowledge is proposed to be appointed director of a company at a time when he has attained the age of seventy years or such lower age, if any, as may be specified in the company's articles, shall give notice of his age to the company.

(2) Provisions of subsection (1) shall not apply in relation to a person's reappointment on the termination of a previous appointment as a director of the company, where notice has been given by that person under subsection (1) on any previous occasion.

(3) Any person who—

- (a) fails to give notice of his age as required by the provisions of subsection (1); or
- (b) acts as director under any appointment which is invalid or which has terminated by reason of his age,

shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(4) For the purposes of paragraph (b) of subsection (3), a person who has acted as a director under an appointment which is invalid or has terminated, shall be deemed to have continued so to act throughout the period from the date of the invalid appointment or the date on which the appointment terminated, as the case may be, until the last day on which he acted thereunder.

DISQUALIFICATION OF DIRECTORS

Persons
prohibited from
managing
companies.

213. (1) Where a person—

- (a) has been convicted of any offence under this Act which is punishable by imprisonment;
- (b) has been convicted of an offence involving dishonest or fraudulent acts;
- (c) is adjudged insolvent under the Insolvency Ordinance (Cap. 97) ; or
- (d) adjudged to be of unsound mind,

such person shall not, during the period of five years after the conviction or adjudication, as the case may be, be a director or promoter of or in any way, whether directly or indirectly, be concerned or take part in the management of a company, unless that person first makes an application to obtain the leave of the court. Leave may be given on such terms and conditions as the court thinks fit.

(2) A person intending to apply for the leave of court under this section, shall give to the Registrar not less than ten days' notice of his intention to apply for such leave.

(3) The Registrar and such other persons as the court thinks fit, may attend and be heard at the hearing of any application under this section.

(4) A person who acts in contravention of this section or of any order made under this section, shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to a term of imprisonment not exceeding five years or to both such fine and imprisonment.

(5) In this section, the term “company” includes an overseas company which carries on business in Sri Lanka.

214. (1) Where a person—

Court may disqualify directors.

- (a) is prohibited from being a director of company under section 213;
- (b) while a director of a company, has persistently failed to comply with the provisions of this Act;
- (c) has been convicted of an offence of involving dishonest or fraudulent acts in a country other than Sri Lanka; or
- (d) was a director of a company which became insolvent and that person’s conduct as a director of that company or of any other company makes that person unfit to be a director of a company,

the court may make an order that the person shall not, without leave of court, be a director or promoter of or in any way whether directly or indirectly be concerned or take part in the management of a company, for such period not exceeding ten years as may be specified in the order.

(2) A person intending to apply for an order under this section shall give not less than ten working days’ notice of that intention to the person against whom the order is sought. On the hearing of the application the person against whom the order is sought, may appear and give evidence or call witnesses.

(3) An application for an order under this section may be made by the Registrar or by a liquidator or an administrator of a company of which the person against whom the order is sought was a director, or by a person who is or has been a shareholder or creditor of any such company.

(4) An order may be made under this section even though the person concerned may be criminally liable in respect of the matters on the ground of which the order is to be made.

(5) The Registrar of the court shall as soon as practicable after the making of an order under this section, give notice to the Registrar that the order has been made and the Registrar—

(a) shall cause to be published in the *Gazette* the name of the person against whom the order is made; and

(b) may give such further notice of the making of the order as he thinks fit.

(6) Every person who acts in contravention of an order made under this section shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to a term of imprisonment not exceeding five years or to both such fine and imprisonment.

(7) In this section “company” includes an overseas company which carries on business in Sri Lanka.

MISCELLANEOUS PROVISIONS RELATING TO DIRECTORS.

Proceedings
of board.

215. The articles of a company shall govern the proceedings of the board of a company.

Remuneration
and other
benefits.

216. (1) Subject to the provisions of section 217, the board of a company may, if authorised to do so by the articles or by an ordinary resolution, approve—

(a) the payment of any remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity;

- (b) the payment by the company to a director or former director, of compensation for loss of office;
- (c) the entering into of a contract to do any one of the things referred to in paragraphs (a) or (b),

if the board is satisfied that to do so is fair to the company.

(2) The board shall ensure that forthwith after approving the making of the payment or the provision of the benefit or the entering into of the contract, as the case may be, particulars of the payment or benefit or contract are entered in the interests register.

(3) The payment of remuneration or the giving of any other benefit to a director in accordance with a contract authorised under subsection (1), shall not be required to be separately authorised under that subsection.

(4) The directors who vote in favour of approving a payment, benefit, or contract under subsection (1), shall sign a certificate stating that in their opinion, the making of the payment or the provision of the benefit or the entering into of the contract is fair to the company, and the reasons for reaching that opinion.

(5) Where a payment is made or other benefit provided to which subsection (1) applies, and either—

- (a) the provision of subsections (1) and (4) have not been complied with ; or
- (b) reasonable grounds did not exist for the opinion set out in the certificate given under subsection (4),

the director or former director to whom the payment is made or the benefit is provided, shall be personally liable to the company for the amount of the payment or the monetary

value of the benefit, except to the extent to which he proves that the payment or benefit was fair to the company at the time it was made or provided.

(6) Nothing in this section shall prevent the articles of a company from providing for the authorisation by shareholders of payment of remuneration or the giving of other benefits to directors, and the provisions of subsections (1) to (5) of this section shall not apply to the payment of remuneration or the giving of any other benefit approved by shareholders pursuant to such a provision in the company's articles.

Restrictions on loans to directors.

217. (1) Subject to the provisions of section 31, and subsection (2) of this section, a company shall not—

- (a) give a loan to a director of the company or of a related company; or
- (b) enter into any guarantee or provide any security in connection with a loan made by any person to a director of the company or of a related company.

(2) The provisions of subsection (1) shall not prevent a company from—

- (a) giving a loan to a director, where the aggregate of the amounts advanced to the director by the company does not exceed twenty-five thousand rupees or such higher sum as may be prescribed by the Minister from time to time, on the recommendation of the Advisory Commission constituted under Part XIX of this Act ;
- (b) giving a loan to a related company or entering into a guarantee or providing security in connection with a loan given by any person to a related company;
- (c) providing a director with funds to meet expenditure incurred or to be incurred by him for the purposes of

the company or for the purpose of enabling him to perform his duties as an officer of the company; or

- (d) giving a loan in the ordinary course of the business of lending money, where that business is carried on by the company.

(3) Where any loan is given in contravention of the provisions of subsection (1), the loan shall be voidable at the option of the company and the loan shall be immediately repayable upon being avoided by the company, notwithstanding the terms of any agreement relating to the loan.

(4) Where a transaction other than giving a loan to a director is entered into by a company in contravention of subsection (1)—

- (a) the director shall be liable to indemnify the company for any loss or damage resulting from the transaction; and
- (b) the transaction shall be voidable at the option of the company, unless —
 - (i) the company has been indemnified under paragraph (a) for any loss or damage suffered by it; or
 - (ii) any rights acquired by a person other than the director in good faith and for value, without actual notice of the circumstances giving rise to the breach of this section, would be affected by its avoidance.

(5) Where a company fails to comply with the provisions of subsection (1) —

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees; and

- (b) every director of the company who authorises or permits the company to enter into the relevant transaction, shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

Indemnity and insurance.

218. (1) Except as provided for in this section, a company shall not indemnify or directly or indirectly effect insurance for a director or employee of the company or a related company, in respect of any—

- (a) liability for any act or omission in his capacity as a director or employee; or
- (b) costs incurred by that director or employee in defending or settling any claim or proceeding relating to any such liability.

(2) A company may if expressly authorised by its articles, indemnify a director or employee of the company or a related company, for any costs incurred by him in any proceeding —

- (a) that relates to liability for any act or omission in his capacity as a director or employee; and
- (b) in which judgment is given in his favour or in which he is acquitted or which is discontinued or in which he is granted relief under section 526.

(3) A company may if expressly authorised by its articles, indemnify a director or employee of the company or a related company in respect of—

- (a) liability to any person other than the company or a related company, for any act or omission in his capacity as a director or employee; or
- (b) cost incurred by that director or employee in defending or settling any claim or proceeding relating to any such liability,

not being criminal liability or in the case of a director, liability in respect of a breach of the duty specified in section 187.

(4) A company may if expressly authorised by its articles and with the prior approval of the board, effect insurance for a director or employee of the company or a related company in respect of—

- (a) liability not being criminal liability, for any act or omission in his capacity as a director or employee;
- (b) costs incurred by that director or employee in defending or settling any claim or proceeding relating to any such liability; or
- (c) costs incurred by that director or employee in defending any criminal proceedings in which he is acquitted.

(5) The board of a company shall ensure that particulars of any indemnity given to or insurance effected for any director or employee of the company or a related company, are forthwith entered in the interests register.

(6) An indemnity given in breach of this section shall be void.

(7) Where insurance is effected for a director or employee of a company or a related company and the provisions of either subsection (4) or subsection (5) have not been complied with, the director or employee shall be personally liable to the company for the cost of effecting the insurance, except to the extent that he proves that it was fair to the company at the time the insurance was effected.

(8) In this section —

“director” includes a former director;

“effect insurance” includes the payment, whether directly or indirectly, the costs of the insurance;

“employee” includes a former employee;

“indemnify” includes relieve or excuse from liability, whether before or after the liability arises and “indemnity” has a corresponding meaning.

Duty of directors on insolvency.

219. (1) A director of a company who believes that the company is unable to pay its debts as they fall due, shall forthwith call a meeting of the board to consider whether the board should apply to court for the winding up of the company and the appointment of a liquidator or an administrator or carry on further the business of the company.

(2) Where a director referred to in subsection (1) fails to comply with the requirement of that subsection and at the time of that failure the company was unable to pay its debts as they fell due, and the company is subsequently placed in liquidation, the court may on the application of the liquidator or of a creditor of the company, make an order that the director shall be liable for the whole or any part of any loss suffered by creditors of the company as a result of the company continuing to carry on its business.

(3) If—

- (a) at a meeting called under subsection (1) the board does not resolve to apply to court for the winding up of the company and for the appointment of a liquidator or an administrator;
- (b) at the time of that meeting there were no reasonable grounds for believing that the company was able to pay its debts as they fell due; and
- (c) the company is subsequently placed in liquidation,

the court may, on the application of the liquidator or of a creditor of the company, make an order that the directors, other than those directors who attended the meeting and voted in favour of applying to court for the winding up of the company and for the appointment of the liquidator or an administrator, shall be liable for the whole or any part of any loss suffered by creditor of the company as a result of the company continuing to carry on its business.

220. (1) If at any time it appears to a director of a company that the net assets of the company are less than half of its stated capital, the board shall within twenty working days of that fact becoming known to the director, call an extraordinary general meeting of shareholders of the company for the purposes of this section, to be held not later than forty working days from that date of calling of such meeting.

Duty of directors on serious loss of capital.

(2) The notice calling a meeting under this section shall be accompanied by a report prepared by the board, which advises shareholders of—

- (a) the nature and extent of the losses incurred by the company;
- (b) the cause or causes of the losses incurred by the company;
- (c) the steps, if any, which are being taken by the board to prevent further such losses or to recoup the losses incurred.

(3) The business of a meeting called under this section shall be to discuss the report prepared by the directors and the financial position of the company. The chairperson of the meeting shall ensure that shareholders have a reasonable opportunity to ask questions in relation to and to discuss and comment on the report and the management of the company generally.

(4) Where the board of a company fails to comply with subsection (1), every director who knowingly and willfully authorises or permits the failure or permits the failure to continue, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

SECRETARIES

Secretary.

221. (1) Every company shall have a secretary.

(2) No person shall be appointed as a secretary of a company unless such person has, in the prescribed form—

- (a) consented to be the secretary of such company; and
- (b) certified that such person has such qualifications as may be prescribed in relation that company, under section 222.

(3) A person named as the secretary of a company in an application for incorporation or in an amalgamation proposal, shall hold office as a secretary from the date of the incorporation of the company or the date the amalgamation proposal becomes effective, as the case may be, until that person ceases to hold office under any provisions of this Act or any provisions contained in the articles of the company.

(4) Unless the articles of the company otherwise provides, the board shall have the power to appoint or remove a secretary of the company.

Qualifications of secretary to be prescribed.

222. The secretary of every company having a turnover or stated capital of an amount prescribed under this Act, shall have such qualifications as may be prescribed, having regard to the nature of the duties the secretary will be called upon to discharge.

REGISTER OF DIRECTORS AND SECRETARIES

223. (1) Every company shall keep at its registered office or at such other place as may be notified to the Registrar under section 116, a register of its directors and secretaries containing with respect to each of them, the following particulars :—

Register of directors and secretaries.

- (a) in the case of an individual, the present name and surname, any former name or surname, usual residential address and business occupation;
- (b) in the case of a secretary which is a corporation, its corporate name and registered or principal office.

(2) The company shall ensure that notice in the prescribed form of—

- (a) a change in the directors or the secretary of the company; or
- (b) a change in the particulars contained in the register in respect of a director or secretary of the company,

is delivered to the Registrar for registration.

(3) A notice under subsection (2) shall—

- (a) specify the date of the change;
- (b) in the case of the appointment of a new director or secretary, have annexed to the notice the form of consent and certificate required under section 203 or subsection (2) of section 211, as the case may be; and
- (c) be delivered to the Registrar within twenty working days of—
 - (i) the change occurring, in the case of the appointment or resignation of a director or secretary; or

- (ii) the company first becoming aware of the change, in the case of the death of a director or secretary or a change in the particulars contained in the register in respect of a director or secretary.

(4) Where a company fails to comply with this section—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

PREVENTION OF OPPRESSION AND MISMANAGEMENT

Oppression.

224. (1) Subject to the provisions of section 226, any shareholder or shareholders of a company who has a complaint against the company that the affairs of such company are being conducted in a manner oppressive to any shareholder or shareholders (including the shareholder or shareholders with such complaint) may make an application to court, for an order under the provisions of this section.

(2) Where on any application made under the provisions of subsection (1), the court is of the opinion that the affairs of a company are being conducted in a manner oppressive to any shareholder or shareholders of the company, the court may with a view to remedying the matters complained of, make such order as it thinks fit.

(3) Pending the making by it of a final order, the court may on the application of a party to the proceedings, make an interim order which it thinks is necessary for regulating the conduct of the company's affairs, upon such terms and conditions as appear to it to be just and equitable. The provisions of section 521 shall apply to any interim order made hereunder.

225. (1) Subject to the provisions of section 226, any shareholder or shareholders of a company, having a complaint—

Mis-
management.

- (a) that the affairs of the company are being conducted in a manner prejudicial to the interests of the company; or
- (b) that a material change (not being a change brought about by or in the interest of any creditors, including debenture holders or any class of shareholders of the company) has taken place in the management or control of the company, whether by an alteration in its board of directors or of its agent or secretary or in the constitution or control of the firm or body corporate acting as its agent or secretary or in the ownership of the shares of the company or in any other manner whatsoever, and that by reason of such change it is likely that the affairs of the company may be conducted in a manner prejudicial to the interests of the company,

may make an application to court for an order under the provisions of this section.

(2) Where, on any application made under the provisions of subsection (1), the court is of opinion that the affairs of the company are being conducted as referred to in subsection (1) or that by reason of any material change that is referred to in that subsection in the management or control of the company, it is likely that the affairs of the company will be conducted as aforesaid, the court may with a view to remedying or preventing the matters complained of or apprehended, make such order as it thinks fit.

(3) Pending the making by it of a final order, the court may on the application of a party to the proceedings make an interim order which it thinks is necessary, for regulating the

conduct of the company's affairs upon such terms and conditions as appear to it to be just and equitable. The provisions of section 521 shall apply to any interim order made hereunder.

Who may make an application.

226. (1) An application under section 224 or section 225 may only be made by a shareholder or shareholders, who at any time during the six months prior to the making of the application—

- (a) constituted not less than five *per centum* of the total number of shareholders; or
- (b) held shares which together carried not less than five *per centum* of the voting rights at a general meeting of the company.

(2) For the purposes of subsection (1), where any shares are held by two or more persons jointly, such persons shall be counted only as one shareholder.

(3) Where several shareholders of a company are entitled to make an application under subsection (1), any one or more of them having obtained the consent in writing of the remaining shareholders, may make the application on behalf and for the benefit of all of them.

(4) Where at the conclusion of an inquiry under the provisions of section 224 or section 225, the court holds that the shareholder or shareholders of the company making the application has or have done so vexatiously or without reason or probable cause, the court may in addition to any award of costs against such shareholder or shareholders, direct that such shareholder or shareholders be disqualified from being appointed as a director or agent or secretary or manager of the company for a period not exceeding five years from the date of the order to be fixed by court, or direct that the shareholder or shareholders shall not have the right to convene

or requisition any meeting of the company or have the right to be present in person or by proxy at any meeting of the company within the aforesaid period, or to vote upon a show of hands or at a poll by person or by proxy at such meeting.

227. Notwithstanding the provisions of Part XII, at any stage of the winding up proceedings in respect of a company, where a court is of the opinion that to wind up the company would be prejudicial to the interests of a shareholder of the company, it shall be lawful for the court to act under the provisions of section 224 or section 225 in like manner, as if an application had been made to the court under the provisions of either of those two sections.

Power of court to act under section 224 or section 225 during winding up proceedings.

228. Without prejudice to the generality of the powers conferred on the court by section 224 or section 225, any order made under either of such sections, may provide for—

Powers of court on application under section 224 or section 225.

- (a) the regulation of the conduct of the company's affairs in the future;
- (b) the purchase of the shares or interests of any shareholders of the company by other shareholders thereof or by the company;
- (c) the termination, setting aside or modification of any agreement, however arrived at, between the company on the one hand and any of the following persons on the other, namely—
 - (i) the managing director;
 - (ii) any other director;
 - (iii) the board of directors ;
 - (iv) the agent or secretary ; or
 - (v) the manager ;

upon such terms and conditions as may, in the opinion of the court, be just and equitable in all the circumstances of the case;

- (d) the termination, setting aside or modification of any agreement between the company and any person not referred to in paragraph (c), upon such terms and conditions as may, in the opinion of the court, be just and equitable in all the circumstances of the case, but always so that no such agreement shall be terminated, set aside or modified, except after due notice to the party concerned and after giving such person an opportunity of being heard;
- (e) the setting aside of any transfer, delivery of goods, payment, execution or other act relating to property made or done by or against the company within the three months immediately prior to the date of the application or the commencement of winding up proceedings, as the case may be, which would, if made or done by or against an individual, be deemed in a case of his insolvency, to be fraudulent preference; and
- (f) any other matter for which in the opinion of the court it is just and equitable that provision should be made.

Effect of alteration of articles of company by order under section 224 or 225.

229. (1) Where an order under section 224 or section 225 makes any alteration in the articles of the company, then, notwithstanding anything to the contrary contained in any other provision of this Act, the company shall not have power, except to the extent if any permitted in the order, to make without the leave of the court, any alteration whatsoever in the articles which is inconsistent with the order.

(2) Subject to the provisions of subsection (1), the alteration made by the order shall in all respects, have the same effect as if they had been duly made by the company in accordance with the provisions of this Act, and the said provisions shall apply accordingly to the articles so altered.

(3) A certified copy of every order altering or giving leave to alter a company's articles shall, within ten working days after the making of such order, be filed by the company with the Registrar who shall register the same.

(4) Where default is made in complying with the provisions of subsection (3)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees;
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

230. Where the managing director or any other director, the agent or secretary or the manager of a company or any other person who has not been named as a respondent to any application made under the provisions of section 224 or section 225, applies to be added as a respondent to such application, the Court shall where it is satisfied that there is sufficient cause for doing so, direct that he may be added as a respondent accordingly.

Addition of respondents to application under section 224 or section 225.

231. (1) Where an order of a court made under section 224 or section 225 terminates, sets aside or modifies an agreement such as is referred to in paragraph (d) or paragraph (e) of section 228—

Consequences of termination or modification of certain agreements.

- (a) the order shall not give rise to any claim whatsoever against the company by any person for damages or for compensation for loss of office or in any other respect, either in pursuance of the agreement or otherwise; and
- (b) no managing director or other director, agent, secretary or manager whose agreement is so terminated or set aside and no person who, at the date of the order terminating or setting aside the agreement was or subsequently becomes an

associate of such agent or secretary shall, for a period of five years from the date of the order terminating the agreement, be appointed or act as the managing director or other director, agent, secretary or manager of the company, unless with the leave of the court.

(2) (a) Any person who knowingly acts as a managing director or other director, agent or secretary or manager of a company in contravention of the provisions of paragraph (b) of section (1), shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees.

(b) Where an offence under the provisions of this section is committed by a body of persons—

- (i) if the body of person is a body corporate, every director and officer of that body corporate; or
- (ii) if the body of person is a firm, every partner of the firm,

shall be deemed to be guilty of such offence:

Provided that no such person shall be deemed to be guilty of such offence, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

Extended
meaning of
“shareholder”.

232. A reference in sections 224 to 228 to a “shareholder”, shall also include a reference to —

- (a) a person on whom shares have devolved through the death of a shareholder;
- (b) the executor or administrator of a deceased shareholder; or
- (c) a person who was a shareholder at any time within six months prior to the making of an application under section 224 or section 225.

RESTRAINING ORDERS

233. (1) The court may on an application made under this section, make an order restraining a company that, or a director of a company who, proposes to engage in a conduct that would contravene the articles of the company or any provision of this Act, from engaging in that conduct. Restraining orders.

(2) An application may be made by —

(a) the company; or

(b) a director or shareholder of the company.

(3) Where the court makes an order under subsection (1), it may also grant such consequential relief as it thinks fit.

(4) An order may not be made under this section in relation to a conduct or a course of conduct that has been completed.

(5) The court may at any time before the final determination of an application under subsection (1), make as an interim order, any order that it is empowered to make under that subsection. Such order may at the discretion of the court, be made *ex parte* or after notice to the respondent. The respondent may make an application for an order of revocation or variation of the *ex parte* order with notice to the petitioner.

(6) The provision of section 521 shall not apply to any interim order made under this section.

DERIVATIVE ACTIONS

234. (1) Subject to the provisions of subsections (3) and (4) of this section, the court may, on the application of a shareholder or director of a company, grant leave to that shareholder or director to— Derivative actions.

(a) bring proceedings in the name and on behalf of the company or any subsidiary of that company; or

- (b) intervene in proceedings to which the company or any subsidiary is a party, for the purpose of continuing, defending, or discontinuing the proceedings on behalf of the company or subsidiary, as the case may be.

(2) Without limiting the powers given to a court under subsection (1), in determining whether to grant or not grant leave under that subsection, the court shall have regard to—

- (a) the likelihood of the proceedings succeeding;
- (b) the costs of the proceedings in relation to the relief likely to be obtained;
- (c) any action already taken by the company or subsidiary to obtain relief;
- (d) the interests of the company or subsidiary in the proceedings being commenced, continued, defended or discontinued, as the case may be.

(3) Leave to bring proceedings or intervene in proceedings may be granted under subsection (1), only if the court is satisfied that either—

- (a) the company or subsidiary does not intend to bring, diligently continue, defend or discontinue the proceedings, as the case may be; or
- (b) it is in the interests of the company or subsidiary, that the conduct of the proceedings should not be left to the directors or to the determination of the shareholders as a whole.

(4) Notice of the application shall be served on the company or subsidiary as the case may be.

(5) The company or subsidiary may appear and be heard and shall inform the court whether or not it intends to bring, continue, defend, or discontinue the proceedings, as the case may be.

(6) Except as provided for in this section, a shareholder or director of a company is not entitled to bring or intervene in any proceedings in the name of or on behalf of the company or a subsidiary of the company.

235. The court may on the application of a shareholder or a director to whom leave is granted under section 234 to bring or intervene in proceedings, order that the whole or part of the reasonable costs of bringing or intervening in the proceeding, including any costs relating to any settlement, compromise or discontinuance approved under section 237, shall be met by the company.

Costs of derivative action to be met by company.

236. The court may at any time, make any order it thinks fit in relation to any proceedings brought by a shareholder or a director or in which a shareholder or director intervenes, as the case may be, with leave of the court under section 234, and without limiting the generality of the powers conferred under this section, may—

Powers of court where leave is granted.

- (a) make an order authorising the shareholder or any other person to control the conduct of the proceedings;
- (b) give directions for the conduct of the proceedings;
- (c) make an order requiring the company or the directors to provide information or assistance in relation to the proceedings; or
- (d) make an order directing that any amount ordered to be paid by a defendant in the proceedings shall be paid, in whole or in part, to the former and present shareholders of the company or subsidiary, instead of to the company or to the subsidiary, as the case may be.

Compromise, settlement or continuance of derivative action.

237. No proceedings brought by a shareholder or a director or in which a shareholder or a director intervenes, as the case may be, with leave of the court under section 234, may be settled or compromised or discontinued without the approval of the court.

RATIFICATION

Ratification of certain actions of directors.

238. (1) The purported exercise by a director or the board of directors of a company or of a power vested in the shareholders or any other person, may be ratified or approved by those shareholders or that person, in the same manner in which the power may be exercised.

(2) The purported exercise of a power that is ratified under subsection (1) is deemed to be and always to have been, a proper and valid exercise of that power.

(3) The ratification or approval under this section of the purported exercise of a power by director or the board of directors does not prevent the court from exercising a power which might, apart from the ratification or approval, be exercised in relation to the action of the director or the board.

PART VIII

AMALGAMATIONS

Amalgamations.

239. Two or more companies may amalgamate and continue as one company, which may be one of the amalgamating companies or may be a new company. Public notice of such amalgamation shall be given in accordance with the provisions of this Act.

Amalgamation proposal.

240. (1) Every company which proposes to amalgamate shall approve in accordance with the provisions of section

241 an amalgamation proposal setting out the terms of the amalgamation, and in particular —

- (a) the name of the amalgamated company, if it is the same as the name of one of the amalgamating companies;
- (b) the registered office of the amalgamated company;
- (c) the full name and residential address of each of the directors of the amalgamated company;
- (d) the full name and address of the secretary of the amalgamated company;
- (e) the share structure of the amalgamated company, specifying—
 - (i) the number of shares of the company;
 - (ii) the rights, privileges, limitations, and conditions attached to each share of the company, if different from those set out in subsection (2) of section 49;
- (f) the manner in which the shares of each amalgamating company are to be converted into shares of the amalgamated company;
- (g) if shares of an amalgamating company are not to be converted into shares of the amalgamated company, any consideration that the holders of those shares are to receive in place of shares of the amalgamated company;
- (h) any payment to be made to a shareholder or director of an amalgamating company, other than a payment of the kind described in paragraph (g) ;

- (i) details of any arrangement necessary to complete the amalgamation and to provide for the subsequent management and operation of the amalgamated company;
- (j) the date on which the amalgamation is intended to become effective.

(2) If the proposed articles of the amalgamated company are different from the model articles, a copy of the proposed articles shall be attached to and shall form part of the amalgamation proposal.

(3) Where shares of one of the amalgamating companies are held by or on behalf of another of the amalgamating companies, the amalgamation proposal—

- (a) shall provide for the cancellation of those shares without payment or the provisions of other consideration when the amalgamation becomes effective ;
- (b) shall not provide for the conversion of those shares into shares of the amalgamated company.

Approval of
amalgamation
proposal.

241. (1) Before an amalgamation proposal is put to the shareholders, the board of an amalgamating company shall resolve that—

- (a) in its opinion the amalgamation is in the best interests of the company ; and
- (b) it is satisfied that the amalgamated company will immediately after the amalgamation becomes effective, satisfy the solvency test.

(2) The directors who vote in favour of a resolution required under subsection (1) shall sign a certificate stating that in their opinion, the conditions set out in that subsection are satisfied and setting out the reasons for reaching that opinion.

(3) The board of each amalgamating company shall send to each shareholder of the company, not less than twenty working days before the amalgamation is proposed to take effect—

- (a) a copy of the amalgamation proposal ;
- (b) copies of the certificates given by the directors of each board ;
- (c) a statement setting out the rights of shareholders under section 93 ;
- (d) a statement of any material interests of any director in the proposal, whether in that capacity or otherwise ;
- (e) such further information and explanation as may be necessary to enable a reasonable shareholder to understand the nature and implications for the company and its shareholders of the proposed amalgamation.

(4) The board of each amalgamating company shall, not less than twenty working days before the date on which amalgamation is intended to become effective—

- (a) send a copy of the amalgamation proposal to every secured creditor of the company ; and
- (b) give public notice of the proposed amalgamation, including a statement to the effect that—
 - (i) copies of the amalgamation proposal are available for inspection by any shareholder or creditor of an amalgamating company, or any person to whom an amalgamating company is under an obligation, at the registered offices of the amalgamating

companies and at such other places as may be specified, during normal business hours ; and

- (ii) a shareholder or creditor of an amalgamating company or any person to whom an amalgamating company is under an obligation, is entitled to be supplied free of charge with a copy of the amalgamation proposal upon request made to an amalgamating company.

(5) An amalgamation may be effected if the amalgamation proposal is approved—

- (a) by a special resolution of the shareholders of each amalgamating company, in accordance with the provisions of section 92 ; and
- (b) if a provision in the amalgamation proposal would, if contained in an amendment to an amalgamating company's articles or otherwise proposed in relation to that company, require the approval of an interest group, by a special resolution of that interest group.

(6) For the purposes of this section, the solvency test shall be applied without taking into account the stated capital of the amalgamated company.

(7) A director who fails to comply with the requirements of subsection (2) shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

(8) If the court is satisfied that giving effect to an amalgamation proposal would unfairly prejudice a creditor of an amalgamating company or a person to whom an amalgamating company is under an obligation, it may on application made in that behalf by that person made at any

time before the date on which the amalgamation becomes affective, make any order as it thinks fit in relation to the proposal, and may without limiting the generality of this subsection, make an order—

- (a) directing that effect shall not be given to the proposal ;
- (b) directing the company or its board to reconsider the proposal or any part of it.

(9) An order under subsection (8) may be made on such terms and conditions as the court thinks fit.

242. (1) A company and one or more other companies that are directly or indirectly wholly owned by it, may amalgamate and continue as one company (being the company first referred to) without complying with the provisions of section 240 and section 241, if—

Short form
amalgamation.

- (a) the amalgamation is approved by a resolution of the board of each amalgamating company ; and
- (b) each resolution provides that—
 - (i) the shares of each amalgamating company, other than the amalgamated company, will be cancelled without payment or other consideration ;
 - (ii) the articles of the amalgamated company will be the same as the articles of the company first referred to ;
 - (iii) the board is satisfied that the amalgamated company will immediately after the amalgamation becomes effective, satisfy the solvency test ; and

- (iv) the person or persons named in the resolution will be the director or directors of the new company.

(2) Two or more companies each of which is directly or indirectly wholly owned by the same company, may amalgamate and continue as one company without complying with the provisions of section 240 or section 241 if—

- (a) the amalgamation is approved by a resolution of the board of each amalgamating company ;
- (b) each resolution provides that—
 - (i) the shares of all but one of the amalgamating companies will be cancelled without payment or other consideration ;
 - (ii) the articles of the amalgamated company will be the same as the articles of the amalgamating company whose shares are not cancelled ;
 - (iii) the board is satisfied that the amalgamated company will immediately after the amalgamation becomes affective, satisfy the solvency test ; and
 - (iv) the person or persons named in the resolution will be the director or directors of the new company.

(3) The board of each amalgamating company shall, not less than twenty working days before the date on which the amalgamation is intended to become effective—

- (a) give written notice of the proposed amalgamation to every secured creditors of the company ; and

(b) give public notice of the proposed amalgamation.

(4) The resolutions approving an amalgamation under this section shall, taken together, be deemed to constitute an amalgamation proposal that has been approved.

(5) The directors who vote in favour of a resolution required under subsection (1) or subsection (2), as the case may be, shall sign a certificate stating that in their opinion, the conditions set out in subsection (1) or subsection (2) are satisfied, and setting out the reasons for reaching that opinion.

(6) For the purposes of this section, the solvency test shall be applied without taking into account the stated capital of the amalgamated company.

(7) A director who fails to comply with subsection (5) shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

243. For the purpose of effecting an amalgamation, the following documents shall be delivered to the Registrar for registration :—

Registration of
amalgamation
proposal.

- (a) the approved amalgamation proposal ;
- (b) any certificates required under subsection (2) of section 241 or subsection (5) of section 242 ;
- (c) a certificate signed by the board of each amalgamating company stating that the amalgamation has been approved in accordance with the provisions of this Act and the articles of the company ;
- (d) a consent from each of the persons named in the amalgamation proposal as a director of the amalgamated company, to act as a director of that company, as required by section 203 ; and

- (e) a consent from each of the persons named in the amalgamation proposal as secretary of the amalgamated company, to act as secretary of that company, as required by subsection (2) section 221.

Certificate of amalgamation.

244. (1) The Registrar shall forthwith after receipt of the documents required under section 243—

- (a) if the amalgamated company is the same as one of the amalgamating companies, issue a certificate of amalgamation in the prescribed form ; or
- (b) if the amalgamated company is a new company—
 - (i) enter particulars of the company on the Register ; and
 - (ii) issue a certificate of amalgamation in the prescribed form together with a certificate of incorporation in the prescribed form.

(2) If an amalgamation proposal specifies a date on which the amalgamation is intended to become effective, and that date is the same as or later than the date on which the Registrar receives the documents, the certificate of amalgamation, and any certificate of incorporation shall be deemed to have affect on the date specified in the amalgamation proposal.

(3) Notice of completion of such amalgamation shall be given to the public by the company.

Effect of certificate of amalgamation.

245 On the date shown in a certificate of amalgamation—

- (a) the amalgamation becomes effective ;
- (b) if it has the same name as of one of the amalgamating companies, the amalgamated company shall have the name specified in the amalgamation proposal ;

- (c) the Registrar shall remove all particulars relating to the amalgamating companies, other than the amalgamated company, from the Register ;
- (d) the amalgamated company succeeds to all the property, rights, powers, and privileges of each of the amalgamating companies ;
- (e) the amalgamated company succeeds to all the liabilities and obligations of each of the amalgamating companies ;
- (f) proceedings pending by or against an amalgamating company may be continued by or against the amalgamated company ;
- (g) a conviction, ruling, order, or judgment in favour of or against an amalgamating company, may be enforced by or against the amalgamated company ;
- (h) the stated capital of the amalgamated company shall be the sum certified by the auditor of the amalgamated company ; and
- (i) any provisions of the amalgamation proposal that provide for the conversion of shares or rights of shareholders in the amalgamating companies, shall have effect according to their tenor.

246. (1) Where any person pursuant to an offer made to the holders of voting rights of a company acquires not less than ninety *per centum* of the voting rights of such company, such person may within three months of such acquisition give notice in the prescribed manner to all the shareholders holding the outstanding shares carrying voting rights, the desire to acquire such shares, and unless the court thinks fit to order otherwise, upon an application made by any shareholder to the court within fourteen days of the receipt of

Power to acquire shares of shareholders dissenting from scheme or contract approved by majority.

such notice for the acquisition of his shares, shall be entitled to acquire such shares on terms not less favourable than the terms made under the aforementioned offer.

(2) A copy of the notice in relation to the acquisition referred to in subsection (1) shall be forwarded to the company, the shares of which are to be so acquired.

(3) Where any person has given notice under the provisions of subsection (1), on the expiration of one month from the date on which such notice was given, such person shall forward the due consideration to the company, the shares of which are to be so acquired and the company secretary of such company shall register such acquirer as the holder of all such shares.

(4) Any consideration received by the company shall be held by the company on trust for the person or persons entitled to the shares in respect of which the sum or other consideration was received. The company secretary of such company shall forward such consideration due, to all shareholders without any undue delay.

(5) Where after reasonable inquiry is made at such intervals and the publication of notices in all three languages in daily newspapers, the person entitled to any consideration cannot be found and six years have elapsed since the consideration has been received or the company is wound up, the consideration together with any interest, dividend or other benefit that has accrued from it, shall be paid by the company to the Public Trustee.

(6) In the case where the company is wound up—

(a) the trust shall terminate ;

(b) the company or, as the case may be, the liquidator shall sell the consideration other than cash and any benefit other than cash that has accrued from the consideration ; and

- (c) a sum representing ;
 - (i) the consideration so far as it is cash,
 - (ii) the proceeds of any sale under subparagraph (b) above ; and
 - (iii) any interest, dividend or other benefit that has accrued from the consideration,

shall be deposited in the name of the Public Trustee.

(7) The expenses of any such inquiry and press notices as is mentioned above shall be defrayed out of the money or other property held in trust referred to in subsection (4) above.

PART IX

COMPROMISES WITH CREDITORS

247. In this Part of this Act, unless the context otherwise requires— Interpretation.

“compromise” means a compromise between a company and its creditors, including a compromise—

- (a) cancelling all or part of any debt of the company ;
- (b) varying the rights of its creditors or the terms of a debt ;
- (c) relating to an alteration of a company’s articles that affects the likelihood of the company’s ability to pay a debt;

“creditor” includes a person who in a liquidation, would be entitled to claim in accordance with the provisions of section 357, that a debt is owing to that person by the company ; and

“proponent” means a person referred to in section 248 who proposed a compromise in accordance with the provisions of this Part of this Act.

Compromise proposal.

248. (1) Any of the following persons may propose a compromise under this Part, if that person has reason to believe that a company is or is likely to become unable to pay its debts as they fall due:—

- (a) the board of the company ;
- (b) a receiver appointed in relation to the property and undertakings of the company ;
- (c) an administrator of the company appointed under Part XIII ;
- (d) a liquidator of the company ; or
- (e) with the leave of the court, any creditor or shareholder of the company.

(2) Where the court grants leave to a creditor or shareholder under paragraph (d) of subsection (1), the court may make an order directing the company to supply to the creditor or shareholder within such time as may be specified, a list of the names and addresses of the company’s creditors, showing the amounts owed to each of them or such other information as may be specified, to enable the creditor or shareholder to propose a compromise.

Notice of proposed compromise.

249. (1) The proponent shall compile, in relation to each class of creditors of the company, a list of creditors known to the proponent who would be affected by the proposed compromise, and setting out—

- (a) the amount owing or estimated to be owing to each of them ; and

- (b) the number of votes which each of them is entitled to cast on a resolution approving the compromise.

(2) The proponent shall give to each known creditor, the company, any receiver or administrator or liquidator respectively, and deliver to the Registrar—

- (a) a notice in accordance with the requirements specified in the Seventh Schedule hereto, of the intention to hold a meeting of creditors, or any two or more classes of creditors, for the purpose of voting on the resolution ; and
- (b) a statement—
 - (i) containing the name and address of the proponent and the capacity in which the proponent is acting ;
 - (ii) containing the address and telephone number to which inquiries may be directed during normal business hours ;
 - (iii) setting out the terms of the proposed compromise and the reasons for it ;
 - (iv) setting out the reasonably foreseeable consequences for creditors of the company of the compromise being approved ;
 - (v) setting out the extent of any interest of a director in the proposed compromise ;
 - (vi) explaining that the proposed compromise and any amendment to it proposed at a meeting of creditors or any classes of creditors, will be binding on all creditors or on all creditors of that class, if approved in accordance with the provisions of section 250 ; and

(vii) containing details of any procedure proposed as part of the proposed compromise for varying the compromise following its approval ; and

(c) a copy of the list or lists of creditors referred to in subsection (1).

Effect of
compromise.

250. (1) A compromise including any amendment proposed at the meeting, is deemed to be approved by creditors or a class of creditors, if at a meeting of creditors or that class of creditors conducted in accordance with the requirements specified in the Seventh Schedule hereto, the compromise, including any amendment is adopted in accordance with paragraph 5 of that Schedule.

(2) A compromise including any amendment approved by creditors or a class of creditors of a company in accordance with the provisions of this Part, is binding on the company and on—

(a) all creditors ; or

(b) if there is more than one class of creditors, on all creditors of that class,

to whom notice of the proposal was given under section 249.

(3) Where a resolution proposing a compromise including any amendment is put to the vote of more than one class of creditors, it shall be presumed unless the contrary is expressly stated in the resolution, that the approval of the compromise, including any amendment by each class, is conditional on the approval of the compromise, including any amendment by every other class voting on the resolution.

(4) The proponent shall give written notice of the result of the voting to each known creditor, the company, any receiver or administrator or liquidator and the Registrar, respectively.

251. (1) A compromise approved under section 250 may be varied either— Variation of compromise

- (a) in accordance with any procedure for variation incorporated in the compromise as approved ; or
- (b) by the approval of a variation of the compromise in accordance with the requirements provided for in this Part which, for that purpose, shall apply with such modifications as may be necessary, as if any proposed variation were a proposed compromise.

(2) The provisions of this Part shall apply to any compromise that is varied in accordance with this section.

252. (1) On the application of the proponent or the company, the court may— Powers of court.

- (a) give directions in relation to a procedural requirement imposed under provisions of this Part or waive or vary any such requirement, if the court is satisfied that it would be just to do so; or
- (b) order that during a period specified in the order, beginning not earlier than the date on which notice was given of the proposed compromise and ending not later than ten working days after the date on which notice was given of the result of the voting on it—
 - (i) proceedings in relation to a debt owing by the company be stayed; or
 - (ii) a creditor should refrain from taking any other measure to enforce payment of a debt owing by the company.

(2) Nothing in paragraph (b) of subsection (1) shall affect the right of a secured creditor during that period to seize, realise, appoint a receiver in respect of or otherwise deal with property of the company, over which that creditor has a charge.

(3) Where the court is satisfied on the application of a creditor of a company who was entitled to vote on a compromise, that —

- (a) insufficient notice of the meeting or of the matters required to be notified under section 249 was given to that creditor;
- (b) there was some other material irregularity in obtaining approval of the compromise; or
- (c) in the case of a creditor who voted against the compromise, the compromise is unfairly prejudicial to that creditor or to the class of creditors to which that creditor belongs,

the court may make an order that such creditor is not bound by the compromise, or make such other order as it thinks fit.

(4) An application under subsection (3) shall be made not later than ten working days after the date on which notice of the result of the voting was given to the creditor.

Effect of
compromise in
liquidation of a
company.

253. (1) Where a compromise is approved under section 250, the court may on the application of—

- (a) the company ;
- (b) a receiver appointed in relation to property of the company;
- (c) an administrator; or
- (d) with the leave of the court, any creditor or shareholder of the company,

make such order as the court thinks fit with respect to the extent, if any, to which the compromise will, if the company is put into liquidation, continue in effect and be binding on the liquidator of the company.

(2) Where a compromise is approved under section 250 and the company is subsequently put into liquidation, the court may on the application of—

- (a) the liquidator;
- (b) a receiver appointed in relation to property of the company; or
- (c) with the leave of the court, any creditor or shareholder of the company,

make such order as the court thinks fit with respect to the extent, if any, to which the compromise will continue in effect and be binding on the liquidator of the company.

254. Unless the court orders otherwise, the costs incurred in organising and conducting a meeting of creditors for the purpose of voting on a proposed compromise—

Costs of compromise.

- (a) shall be met by the company;
- (b) if incurred by a receiver or a liquidator, shall be deemed to be a cost of the receivership or liquidation;
- (c) if incurred by an administrator, shall be deemed to be a cost of the administration; or
- (d) if incurred by any other person, shall be deemed to be a debt due to that person from the company and, if the company is put into liquidation, are payable in the order of priority specified in the Ninth Schedule.

PART X

APPROVAL OF ARRANGEMENTS, AMALGAMATIONS, AND
COMPROMISES BY COURT

Interpretation.

255. In this Part of this Act, unless the context otherwise requires—

“arrangement” includes a re-organisation, of the shares and the stated capital of a company;

“company” includes a registered overseas company; or of the shares or the stated capital of the company ; and

“creditor” includes a person who in a liquidation, would be entitled to claim in accordance with the provision of section 357 that a debt is owing to that person by the company.

Court approval of arrangements, amalgamation and compromises.

256. (1) Notwithstanding the provisions of this Act or the provisions contained in the articles of a company, the court may on the application of —

- (a) a company;
- (b) an administrator appointed under Part XIII; or
- (c) with the leave of the court, any shareholder or creditor of a company,

order that an arrangement or amalgamation or compromise shall be binding on the company and on such other persons or classes of persons as the court may specify. Any such order may be made on such terms and conditions as the court thinks fit.

(2) Before making an order under subsection (1), the court may, on the application of the company or the administrator

or any shareholder or creditor or other person who appears to the court to be interested or of its own motion, make any one or more of the following orders :—

- (a) an order that notice of the application together with such information relating to it as the court thinks fit, be given in such form and in such manner and to such persons or classes of persons as the court may specify;
- (b) an order directing the holding of a meeting or meetings of shareholders or any class of shareholders or creditors or any class of creditors of a company, to consider and if determined fit, to approve in such manner as the court may specify, the proposed arrangement or amalgamation or compromise. The court may for that purpose determine the shareholders or creditors that constitute a class of shareholders or creditors of a company;
- (c) an order requiring that report on the proposed arrangement or amalgamation or compromise be prepared for the court by a person specified by the court, and if the court thinks fit, be supplied to the shareholders or any class of shareholders or creditors or any class of creditors of a company or to any other person who appears to the court to be interested;
- (d) an order as to the payment of the costs incurred in the preparation of any such report;
- (e) an order specifying the persons who shall be entitled to appear and be heard on the application to approve the arrangement or amalgamation or compromise.

(3) An order made under this section shall have effect on and from the date specified in the order.

(4) Within ten working days of an order being made by the court under this section, the company shall ensure that a copy of the order is delivered to the Registrar.

(5) Where a company fails to comply with the requirements of subsection (4)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and liable on conviction to a fine not exceeding fifty thousand rupees.

Court may make additional orders.

257. (1) Without limiting the powers conferred under section 256, the court may for the purpose of giving effect to any arrangement or amalgamation or compromise approved under that section, either by the order approving the arrangement or amalgamation or compromise or by any subsequent order, provide for and prescribe terms and conditions relating to —

- (a) the transfer or vesting of movable or immovable property, assets, rights, powers, interests, liabilities, contracts and engagements;
- (b) the issue of shares, securities or policies of any kind;
- (c) the continuation of legal proceedings;
- (d) the liquidation or the removal from the Register without liquidation, name and particulars of any company;
- (e) the provision to be made for persons who voted against the arrangement or amalgamation or compromise at any meeting called in accordance with an order made under paragraph (b) of subsection (2) of section 256, or who appeared before the court

in opposition to the application, to approve the arrangement or amalgamation or compromise;

- (f) such other matters as are necessary or desirable to give effect to the arrangement or amalgamation or compromise.

(2) An order made by the court under subsection (1) shall have effect according to its tenor.

(3) Within ten working days of an order being made by the court under this section, the company shall ensure that a copy of the order is delivered to the Registrar.

(4) Where a company fails to comply with the requirements of subsection (3)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees; and
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

258. The court shall not approve an arrangement or amalgamation or compromise under section 256 if it could be effected under Part VIII or this Part or under any other provisions of this Act, unless it is satisfied that it is not reasonably practicable to do so.

Application of Part VIII.

259. The provisions of section 253 shall apply with such modifications as may be necessary, in relation to any compromise approved under section 256.

Application of section 253 to compromise approved under this Part.

PART XI

PROVISIONS RELATING TO OFFSHORE COMPANIES

Interpretation. **260.** In this Part of this Act, “company” includes a company or a body corporate incorporated under the laws of any foreign country.

Company incorporated for business outside Sri Lanka. **261.** (1) Any company may make an application to the Registrar in accordance with the provisions of this Part of this Act to be registered in Sri Lanka as an off-shore company and to be so referred to, and in the case of a company incorporated abroad, to be deemed to be incorporated in Sri Lanka, as if it had been incorporated under the provisions of this Act.

(2) An application for registration under subsection (1) shall have annexed thereto the following documents :—

- (a) a certified copy of the charter, statute or memorandum and articles of association of the company or other instrument constituting or defining the constitution of the company, and where such instrument is not in an official language or in English, a translation of the instrument in such language as may be specified by the Registrar;
- (b) a list of the directors or those managing the affairs of the company, containing their full names, addresses, occupations and the offices they hold in the company;
- (c) the names and addresses of one or more persons who are resident in and are citizens of Sri Lanka, who is or are authorised to represent the company;
- (d) a statement containing the full address of—
 - (i) the registered or principal office of the company in the country of incorporation; and
 - (ii) the office of the company in Sri Lanka;

- (e) a certified copy (certified of recent date of the incorporation of the company).

(3) The company shall notify the Registrar of any amendments or alterations in respect of any of the aforesaid particulars within the prescribed time, and in the prescribed form.

262. (1) Subject to the provisions of subsections (3) and (4), the Registrar may, having regard to the national interest or in the interest of the national economy, issue a certificate of registration to an off-shore company for the carrying on of its business outside Sri Lanka, where that off-shore company—

Grant of certificate of registration to off-shore company.

- (a) makes payment of the prescribed fee; and
- (b) produces to the Registrar a certificate from a bank, that the prescribed sum to defray the expenses of the off-shore company for the purposes of its office in Sri Lanka, has been deposited to the credit of an account at that bank in the name of the off-shore company.

(2) A certificate of registration issued to an off-shore company under this Part of this Act, shall exempt the company from complying with any other provision of this Act.

(3) No certificate of registration shall be granted to a company under this section, where —

- (a) the winding up or liquidation of such company has commenced;
- (b) a receiver of the property of such company has been appointed;
- (c) there is any scheme or order in force in relation to such company under which the rights of creditors are suspended or restricted.

(4) Before the Registrar issues a certificate of registration to an off-shore company under this section, he shall satisfy himself that—

- (a) in the case of a company incorporated abroad, there is no legal impediment in the country of incorporation to the company engaging in the business of an off-shore company;
- (b) the issue of such certificate does not render defective any legal or other proceedings instituted or to be instituted by or against the company,

and shall embody in the certificate such conditions as he may deem necessary in the national interest or in the interest of the national economy.

(5) The Registrar may for good cause cancel the registration of an off-shore company under this Part of this Act. Upon such cancellation, the off-shore company shall cease to enjoy the privileges and benefits granted under this Part of this Act or under any other written law relating to off-shore companies.

Continuation of business of off-shore company.

263. An off-shore company which intends to continue its business as an off-shore company under this Act shall in every calendar year—

- (a) produce to the Registrar proof of payment of the prescribed fee in the prescribed manner at the commencement of that year and not later than the thirty first day of January of that year ; and
- (b) produce to the Registrar not later than the thirty-first day of January of that year, or such later date as the Registrar may approve, a bank certificate as required under paragraph (b) of subsection (1) of section 262 in regard to defraying of the expenses of the off-shore company for that year.

264. (1) An off-shore company shall have power to carry on any business outside Sri Lanka; but shall not be entitled to carry on any business within Sri Lanka.

Prohibition on carrying on business in Sri Lanka.

(2) Nothing in subsection (1) shall preclude an off-shore company securing in Sri Lanka any benefits or advantages available under any written law which may be applicable to it.

265. An off-shore company may cease carrying on business as an off-shore company by giving notice to the Registrar in the prescribed form of its intention to do so.

Cessation of business as an off-shore company.

PART XII

WINDING UP

(1) PRELIMINARY

Modes of winding up

266. In this Part of this Act, the expression “contributory” means every shareholder of the company and every other person liable to contribute to the assets of a company in the event of its being wound up, and for the purposes of all proceedings for determining and all proceedings prior to the final determination of, the persons who are to be deemed contributories and includes any person alleged to be a contributory.

Definition of contributory.

267. (1) The winding up of a company may be either —

Modes of winding up.

- (a) by the court;
- (b) voluntary; or
- (c) subject to the supervision of the court.

(2) The provisions of this Act with respect to winding up shall apply unless the contrary appears, to the winding up of a company in any manner set out in subsection (1).

CONTRIBUTORIES

Power of liquidator to enforce liability of share holders and former shareholders.

268. (1) The liquidator may—

- (a) if a shareholder is liable to calls, make calls on the shares held by that shareholder;
- (b) if a shareholder or former shareholder is otherwise liable to the company, enforce that liability.

(2) A call under paragraph (a) of subsection (1) shall be made in writing.

Liability of former shareholders for unpaid calls.

269. (1) Subject to the provisions of subsection (2), if a shareholder of a company in liquidation fails to pay any amount due in respect of a share, that amount shall be payable by and may be recovered by the liquidator from any other person who was registered as the holder of the share at any time, within—

- (a) the period of one year before the commencement of the liquidation; or
- (b) in the case of a company that was put into liquidation by the court, the period of one year before the making of the application to the court together with the period commencing on the date of the making of that application and ending on the date on which the order of the court was made.

(2) A former shareholder shall not be liable under subsection (1), if at all times that he was registered as the holder of the share during the period referred to in subsection (1), the company was able to pay its debts as they fell due.

(3) Where the liability attached to a share has increased after the time at which the former shareholder was registered as the holder of the share, he shall be liable only for the amount of any liability attached to the share at the time at which it was held by him.

(II) WINDING UP BY THE COURT

CASES IN WHICH COMPANY MAY BE WOUND UP BY THE COURT

- 270.** A company may be wound up by the court, if—
- (a) the company has by special resolution resolved that the company be wound up by the court;
 - (b) the company does not commence its business within a year from its incorporation or suspends its business for one year;
 - (c) if the number of the members falls below the minimum number required under subsection (2) of section 4 of this Act;
 - (d) the company has no directors;
 - (e) the company is unable to pay its debts; or
 - (f) the court is of opinion that it is just and equitable that the company should be wound up.
- 271.** A company shall be deemed to be unable to pay its debts where—
- (a) a creditor by assignment or otherwise, to whom the company is indebted in a sum exceeding fifty thousand rupees then due, has served on the company by leaving it at the registered office of the company, a demand under his hand requiring the company to pay the sum so due and the company has for three weeks from the date of so leaving, neglected to pay the sum or to secure or compound for it to the reasonable satisfaction of the creditor;
 - (b) execution or other process issued on a judgment, decree or order of any court in favour of a creditor of the company, is returned unsatisfied in whole or in part; or
- Circumstance in which a company may be wound up by the court.
- Definition of inability to pay debts.

- (c) it is proved to the satisfaction of the court that the company is unable to pay its debts, and in determining whether a company is unable to pay its debts, the court shall take into account the contingent and prospective liabilities of the company.

PETITION FOR WINDING UP AND EFFECTS THEREOF

Application for winding up.

272. (1) An application to the court for the winding up of a company shall be by petition presented subject to the provisions of this section, either by the company or by any creditor or creditors (including any contingent or prospective creditor or creditors), contributory or contributories, or by all or any of those parties, jointly or separately:

Provided that—

- (a) a contributory shall not be entitled to present a winding-up petition unless—
- (i) the number of members falls below the minimum number required under subsection (2) of section 4 of this Act ; or
 - (ii) the shares in respect of which he is a contributory or some of them, either were originally allotted to him or have been held by him and registered in his name, for at least six months during the eighteen months immediately preceding the date of commencement of the winding up or have devolved on him through the death of a former holder ;
- (b) the court shall not give a hearing to a winding-up petition presented by a contingent or prospective creditor until such security for costs has been given as the court thinks reasonable, and until a *prima facie* case for winding up has been established to the satisfaction of the court ; and

- (c) the Registrar may present a winding-up petition in the case of a company referred to in subsection (3) of section 177.

(2) Where a company is being wound up voluntarily or subject to supervision, a winding-up petition may be presented by the official receiver attached to the court as well as by any other person authorised in that behalf under the provisions of this section, but the court shall not make a winding up order on the petition, unless it is satisfied that the voluntary winding up or winding up subject to supervision cannot be continued with due regard to the interests of the creditors or contributories.

273. (1) On hearing a winding-up petition, the court may dismiss it or adjourn the hearing conditionally or unconditionally or make any interim order or any other order that it thinks fit, but the court shall not refuse to make a winding up order on the ground that the assets of the company have been mortgaged to an amount equal to or in excess of those assets, or that the company has no assets.

Powers of court on hearing petition.

(2) Where a winding-up petition is presented by shareholders of the company as contributories on the ground that it is just and equitable that the company should be wound up, the court shall where it is of opinion that—

- (a) the petitioners are entitled to relief either by winding-up the company or by some other means ; and
- (b) in the absence of any other remedy it would be just and equitable that the company should be wound up,

make a winding-up order, unless it is of the opinion that some other remedy is available to the petitioners and that they are acting unreasonably in seeking to have the company wound up instead of pursuing that other remedy.

Power to stay or restrain proceedings against a company.

274. At any time after the presentation of a winding-up petition, and before a winding-up order has been made, the company or any creditor or contributory may-

- (a) where any action or proceeding against the company is pending in any court in Sri Lanka, make an application to the court in which such action or proceeding is pending for a stay of proceedings therein ; and
- (b) where any other action or proceeding is pending against the company, make an application to the court having jurisdiction to wind up the company, to restrain further proceedings in such action or proceeding, and the court to which application is so made may, as the case may be, stay or restrain the proceedings accordingly on such terms as it thinks fit.

Avoidance of disposition of property &c. after commencement of winding-up.

275. In a winding up by the court, any disposition of the property of the company, including things in action and any transfer of shares or alteration in the status of the members of the company made after the commencement of the winding up, shall unless the court otherwise orders, be void.

Avoidance of attachments &c.

276. (1) Where any company is being wound up by the court, subject to the provisions of subsection (2) any attachment, sequestration, or execution put in force against the estate or effects of the company after the time of the presentation of the petition for the winding up, shall be void to all intents.

(2) Nothing in this section shall apply to an execution process or attachment against any property by or for the benefit of a creditor, who is entitled to a charge in respect of that property.

COMMENCEMENT OF WINDING UP

277. (1) Where before the presentation of a petition for the winding up of a company by the court, a resolution has been passed by the company for voluntary winding up, the winding up of the company shall be deemed to have commenced at the time of the passing of the resolution and unless the court, on proof of fraud or mistake thinks fit otherwise to direct, all proceedings taken in the voluntary winding up shall be deemed to have been validly taken.

Commencement of winding up by the court.

(2) In any other case, the winding up of a company by the court shall be deemed to commence at the time of the presentation of the petition for the winding up.

CONSEQUENCES OF WINDING UP ORDER

278. On the making of a winding up order, a copy of the order shall forthwith be forwarded by the company or otherwise as may be prescribed, to the Registrar who shall make a minute thereof in his books relating to the company.

Copy of order to be forwarded to Registrar.

279. (1) When a winding up order has been made or a provisional liquidator has been appointed, subject to the provisions of subsection (2), no action or proceeding shall be proceeded with or commenced against the company except by leave of the court, and subject to such terms as the court may impose.

Actions stayed on winding up.

(2) Nothing in this section shall apply to an execution process or attachment against any property by or for the benefit of a creditor, who is entitled to a charge in respect of that property.

280. An order for winding up a company shall operate in favour of all the creditors and of all the contributories of the company, as if made on the joint petition of a creditor and of a contributory.

Effect of winding up order.

OFFICIAL RECEIVER IN WINDING UP

Official receiver.

281. For the purposes of this Act, the expression “official receiver” so far as it relates to the winding up of a company by the court, means the official receiver if any, attached to the court for insolvency purposes, or if there is no such official receiver so attached, such person as the Minister may appoint as official receiver to that court.

Appointment of official receiver by court in certain cases.

282. If in the case of the winding up of any company by court it appears to the court desirable with a view to securing a more convenient and economical conduct of such winding up, that some officer, other than the person who would by virtue of the provisions of section 281 be the official receiver should be the official receiver for the purposes of that winding up, the court may appoint that other officer to act as official receiver in that winding up, and the person so appointed shall be deemed to be the official receiver in that winding up for all purposes of this Act.

Statement of company’s affairs to be submitted to official receiver.

283. (1) Where the court has made a winding up order or appointed a provisional liquidator, there shall, unless the court thinks fit to order otherwise and so orders, be made out and submitted to the official receiver a statement in the prescribed form of the affairs of the company, verified by affidavit and showing the particulars of its assets, debts and liabilities, the names, residences and occupations of its creditors, the securities held by them respectively, the dates when the securities were respectively given and such further or other information as may be prescribed or as the official receiver may require.

(2) The statement referred to in subsection (1) shall be submitted and verified by one or more of the persons who are at the relevant date the directors and by the person who is at that date the secretary of the company or by such of the persons referred to below, who may be appointed by court as the official receiver, subject to the direction of the court —

(a) who are or have been officers of the company ;

- (b) who have taken part in the formation of the company at any time within one year before the relevant date ;
- (c) who are in the employment of the company or have been in the employment of the company within the said year and are in the opinion of the official receiver, capable of giving the information required ;
- (d) who are or have been within the said year officers of or in the employment of a company which is or within the said year was, an officer of the company to which the statement relates.

(3) The statement referred to in subsection (1) shall be submitted within fourteen days from the relevant date, or within such extended time as the official receiver or the court may, for special reasons appoint.

(4) Any person making or concurring in making the statement and affidavit required by the provisions of this section, shall be allowed and shall be paid by the official receiver or provisional liquidator, as the case may be, out of assets of the company, such costs and expenses incurred in and about the preparation and making of the statement and affidavit as the official receiver may consider reasonable, subject to an appeal to the court.

(5) Where any person without reasonable excuse fails to comply with the requirements of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

(6) Any person claiming in writing to be a creditor or contributory of the company shall be entitled by himself or by his agent at all reasonable times, on payment of the prescribed fee to inspect the statement submitted in pursuance of the provisions of this section and to a copy of or extract from such statement.

(7) Any person claiming to be a creditor or contributory knowing it to be false shall be guilty of a contempt of court and shall on the application of the liquidator or of the official receiver, be punishable for such contempt.

(8) In this section the expression “the relevant date” means, in a case where a provisional liquidator is appointed, the date of his appointment and in case where no such appointment is made, the date of the winding up order.

Report by
official receiver.

284. (1) In any case where a windingup order is made, the official receiver shall, as soon as practicable after receipt of the statement to be submitted under the provisions of section 283 or in any case where the court orders that no such statement shall be submitted, as soon as practicable after the date of the order, submit a preliminary report to the court—

- (a) as to the number and types of shares issued, the stated capital and the estimated amount of assets and liabilities ;
- (b) where the company has failed, as to the causes of the failure ; and
- (c) whether in his opinion further inquiry is desirable as to any matter relating to the promotion, formation, or failure of the company or the conduct of the business thereof.

(2) The official receiver may also if he thinks fit, make a further report or further reports stating the manner in which the company was formed and whether in his opinion any fraud has been committed by any person in its promotion or formation or by any officer of the company in relation to the company since the formation of such company, and any other matters which in his opinion it is desirable to bring to the notice of the court.

(3) Where the official receiver states in any such further report as is referred to in subsection (2) that in his opinion a fraud has been committed, the court shall exercise the powers set out in section 311 in dealing with such report.

LIQUIDATORS

285. For the purposes of conducting the proceedings in winding up a company and performing such duties in reference thereto as the court may impose, the court may appoint a liquidator or liquidators.

Power of court to appoint liquidators.

286. (1) The court may appoint a liquidator provisionally at any time after the presentation of a winding up petition and before the making of a winding up order and either the official receiver or any other fit person, may be so appointed.

Appointment and powers of provisional liquidator.

(2) Where a liquidator is provisionally appointed by the court, the court may limit and restrict his powers by the order appointing him.

287. The following provisions with respect to liquidators shall have effect on a winding up order being made—

Appointment style, &c. of liquidators.

- (a) the official receiver shall by virtue of his office become the provisional liquidator and shall continue to act as such until he or another person becomes liquidator and is capable of acting as such ;
- (b) the official receiver shall summon separate meetings of the creditors and contributories of the company, for the purposes of determining whether or not an application is to be made to the court for appointing a liquidator in place of the official receiver ;
- (c) the court may make any appointment and make any order required to give effect to any such determination, and if there is a difference between

the determinations of the meetings of the creditors and contributories in respect of the matter aforesaid, the court shall decide the difference and make such order thereon as the court may think fit ;

- (d) in a case where the liquidator is not appointed by the court, the official receiver shall be the liquidator of the company ;
- (e) the official receiver shall by virtue of his office be the liquidator during any vacancy in the office of liquidator ;
- (f) a liquidator shall be described where a person other than the official receiver is the liquidator, by the style of “the liquidator”, and where the official receiver is liquidator, by the style of “the official receiver and liquidator” of the particular company in respect of which he is appointed and not by his individual name.

Provisions where person other than official receiver is appointed a liquidator.

288. Where in the winding up of a company by the court, a person other than the official receiver is appointed liquidator, that person—

- (a) shall not be capable of acting as liquidator until he has been notified of such appointment and given security in the prescribed manner to the Registrar ;
- (b) shall give the official receiver such information and such access to and facilities for inspecting the books and documents of the company, and generally such aid as may be required for enabling that officer to perform his duties under this Act.

General provisions as to liquidators.

289. (1) A liquidator appointed by the court may resign or on cause shown, be removed by the court.

(2) Where a person other than the official receiver is appointed liquidator, he shall receive such salary or remuneration by way of percentage or otherwise as the court may direct, and where more than one such persons are appointed liquidators, their remuneration shall be distributed among them in such proportions as the court directs.

(3) A vacancy in the office of a liquidator appointed by the court shall be filled by the court.

(4) Where more than one liquidator is appointed by the court, the court shall declare whether any act required or authorised to be done under the provisions of this Act by the liquidator, is to be done by all or any one or more of the persons so appointed.

(5) No act of a liquidator shall be or shall be deemed to be invalid by reason only of any defect in the appointment or qualification of such liquidator.

290. Where a windingup order has been made or where a provisional liquidator has been appointed, the liquidator or the provisional liquidator, as the case may be, shall take into his custody or under his control all the property and things in action to which the company is or appears to be entitled.

Custody of company's property.

291. Where a company is being wound up by the court, the court may on the application of the liquidator by order direct that that all or any part of the property of whatever description belonging to the company or held by trustees on its behalf, shall vest in the liquidator by his official name, and thereupon the property to which the order relates shall vest accordingly and the liquidator may, after giving such indemnity, if any, as the court may direct, bring or defend in his official name any action or other legal proceedings which relates to that property or which it is necessary to bring or defend for the purpose of effectually winding up the company and recovering its property.

Vesting of property of company in liquidator.

Powers of liquidator.

292. (1) The liquidator in a winding up by the court shall have power, with the sanction either of the court or of the committee of inspection—

- (a) to bring or defend any action or other legal proceeding in the name and on behalf of the company ;
- (b) to carry on the business of the company so far as may be necessary for the beneficial winding up of such company ;
- (c) to appoint an attorney-at-law to assist him in the performance of his duties ;
- (d) to pay any classes of creditors in full ;
- (e) to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, certain or contingent, ascertained or sounding only in damages against the company or whereby the company may be rendered liable ;
- (f) to compromise all calls and liabilities to calls, debts, and liabilities capable of resulting in debts and all claims, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or alleged to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or the winding up of the company, on such terms as may be agreed and take any security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect thereof.

(2) The liquidator in a winding up by the court shall have power—

- (a) to sell the movable and immovable property and things in action of the company by public auction or private contract, with power to transfer the whole thereof to any person or company or to sell the same in parcels ;
- (b) to do all acts and to execute in the name and on behalf of the company, all deeds, receipts, and other documents and for that purpose to use when necessary, the seal of the company, if any ;
- (c) to prove, rank and claim in the bankruptcy, insolvency or sequestration of any contributory for any balance against his estate, and to receive dividends in the bankruptcy, insolvency or sequestration in respect of that balance as a separate debt due from the bankrupt or insolvent, and rateably with the other separate creditors ;
- (d) to draw, accept, make and endorse any bills of exchange or promissory note or like instruments in the name and on behalf of the company, with the same effect with respect to the liability of the company as if the bill or note or such instrument had been drawn, accepted, made, or endorsed by or on behalf of the company in the course of its business ;
- (e) to raise on the security of the assets of the company any money required ;
- (f) to take out in his official name letters of administration to any deceased contributory, and to do in his official name any other act necessary for obtaining payment of any money due from a contributory or his estate which cannot be conveniently done in the name of the company, and

in all such cases the money due shall, for the purpose of enabling the liquidator to take out the letters of administration or recover the money, be deemed to be due to the liquidator himself :

Provided that nothing herein empowered shall be deemed to affect the rights, duties, and privileges of the Public Trustee appointed under the Public Trustee Ordinance (Cap. 88) ;

- (g) to appoint an agent to do any business on behalf of such liquidator ;
- (h) to do all such other things as may be necessary for windingup the affairs of the company and distributing its assets.

(3) The exercise by the liquidator in a winding up by the court of the powers conferred by the provisions of this section, shall be subject to the control of the court and any creditor or contributory may make an application to the court for the exercise or proposed exercise of any of those powers.

Exercise and control of liquidator's powers.

293. (1) Subject to the provisions of this Act, the liquidator of a company which is being wound up by the court shall, in the administration of the assets of the company and in the distribution thereof among its creditors, have regard to any directions that may be given by resolution of creditors or contributories at any general meeting or by the committee of inspection, and any directions given by the creditors or contributories at any general meeting shall in case of conflict, be deemed to prevail over any directions given by the committee of inspection.

(2) The liquidator may summon general meetings of the creditors or contributories for the purpose of ascertaining their wishes, and it shall be his duty to summon meetings at such times as the creditors or contributories, by resolution, either at the meeting appointing the liquidator or otherwise

may direct, or whenever requested in writing to do so by one-tenth of the total number of creditors or contributories, as the case may be.

(3) The liquidator may make an application to court in the prescribed manner for directions in relation to any particular matter arising under the winding up.

(4) Subject to the provisions of this Act, the liquidator shall use his own discretion in the management of the estate and its distribution among the creditors.

(5) Where any person is aggrieved by any act or decision of the liquidator, that person may appeal to the court against such act or decision, and the court may confirm, reverse, or modify the act or decision complained of and make such order as it thinks just.

294. Every liquidator of a company which is being wound up by the court shall keep in the prescribed manner, proper books in which he shall cause to be made entries or minutes of proceedings at meetings and of such other matters as may be prescribed, and any creditor or contributory may subject to the control of the court, personally or by his agent inspect any such books.

Books to be kept by liquidators.

295. (1) Every liquidator of a company which is being wound up by the court shall pay the money received by him into an account or accounts established for the purpose at one or more licenced commercial banks.

Payments by liquidator into bank.

(2) A liquidator of a company which is being wound up by the court shall not pay any sums received by him as liquidator into his private banking account.

296. (1) Every liquidator of a company which is being wound up by the court shall, at such times as may be prescribed but not less than twice in each year during his tenure of office, send to the Registrar an account of his receipts and payments as liquidator.

Audit of liquidator's accounts.

(2) The account shall be in the prescribed form, shall be made in duplicate and shall be certified by a statutory declaration in the prescribed form.

(3) The Registrar shall cause the account to be audited and for the purpose of the audit the liquidator shall furnish the Registrar with such vouchers and information as the Registrar may require and the Registrar may at any time require the production of and inspect any books or accounts kept by the liquidator.

(4) When the account has been audited, one copy thereof shall be filed and kept by the Registrar and the other copy shall be delivered to the court for filing, and each copy shall be open to the inspection of any person on payment of the prescribed fee.

(5) The liquidator shall send a copy of the account or summary by post to every creditor and contributory, unless he considers that it is not practicable to do so, having regard to the cost of so doing and the value of the assets of the company.

Control of
Registrar over
liquidator.

297. (1) The Registrar shall take cognizance of the conduct of liquidators of companies which are being wound up by the court, and where a liquidator does not faithfully perform his duties and duly observe all requirements imposed on him by any written law or otherwise with respect to the performance of his duties, or where any complaint is made to the Registrar by any creditor or contributory in regard thereto, the Registrar shall inquire into the matter and if necessary, report to the court.

(2) The Registrar may at any time require any liquidator of a company which is being wound up by the court to answer any inquiry in relation to any winding up in which he is engaged, and may where the Registrar thinks fit so to do, make an application to court to examine him or any other person on oath on any matter concerning the winding up.

(3) The Registrar may also direct a local investigation to be made of the books and vouchers of the liquidator.

298. (1) When the liquidator of a company which is being wound up by the court has realized all the property of the company or so much thereof as can in his opinion, be realized without needlessly protracting the liquidation, has distributed a final dividend, if any, to the creditors and adjusted the rights of the contributories among themselves and made a final return if any to the contributories, or has resigned or has been removed from his office, the court shall, on his application for a release from the office of the liquidator, cause a report on the accounts to be prepared, and on his complying with all the requirements of the court, shall take into consideration the report and any objection which may be urged by any creditor or contributory or person interested against the release of the liquidator, and shall either grant or withhold such release accordingly.

Release of liquidators.

(2) Where the release of a liquidator is withheld, the court may on the application of any creditor or contributory or person interested, make such order as it thinks just, charging the liquidator with the consequences of any act done or default made by him in the administration of the affairs of the company.

(3) An order of the court releasing the liquidator shall discharge him from all liability in respect of any act done or default made by him in the administration of the affairs of the company or otherwise in relation to his conduct as liquidator, but any such order may be revoked on proof that it was obtained by fraud or by suppression or concealment of any material fact.

(4) Where the liquidator has not previously resigned or been removed from office, his release shall have the effect of a removal of a liquidator from his office.

COMMITTEE OF INSPECTION

Meetings of creditors and contributories to determine whether committee of inspections shall be appointed.

299. (1) When a winding up order has been made by the court, it shall be the business of the separate meetings of creditors and contributories summoned for the purpose of determining whether or not an application should be made to the court for appointing a liquidator in place of the official receiver, to determine further, whether or not an application shall be made to the court for the appointment of a committee of inspection to act with the liquidator and the persons who shall be members of such committee, if appointed.

(2) The court may make any appointment or order required to give effect to any such determination, and where there is any difference between the determinations of the meetings of the creditors and contributories in respect of the matters referred to in subsection (1), the court shall decide the difference and make such order thereon as the court may think fit.

Constitution and proceedings of committee of inspection.

300. (1) A committee of inspection appointed in pursuance of the provisions of this Act shall consist of creditors and contributories of the company or persons holding general powers of attorney from creditors or contributories in such proportions as may be agreed on at the meetings of creditors and contributories, or in case of any difference, as may be determined by the court.

(2) The committee shall meet at such times as they from time to time appoint, provided that a meeting is held at least once in every three months. The liquidator or any member of the committee may also call a meeting of the committee as and when such liquidator or member, as the case may be, thinks necessary.

(3) The committee shall not act unless a majority of the members of the committee are present at the meeting.

(4) A member of the committee may resign by notice in writing signed by him and delivered to the liquidator.

(5) Where a member of the committee becomes insolvent or bankrupt or compounds or arranges with his creditors or is absent from three consecutive meetings of the committee without the leave of those members who together with himself represent the creditors or contributories, as the case may be, his office shall become vacant.

(6) A member of the committee may be removed by an ordinary resolution at a meeting of creditors if he represents creditors or of contributories if he represents contributories, notice of such meeting being given seven days prior to the date and also stating the objects of such meeting.

(7) On a vacancy occurring in the committee, the liquidator shall forthwith summon a meeting of creditors or of contributories, as the case may be, to fill the vacancy and the meeting may by resolution, re-appoint the same or appoint another creditor or contributory to fill the vacancy:

Provided that where the liquidator having regard to the state of the winding up, is of the opinion that it is unnecessary for the vacancy to be filled, he may make an application to the court for an order that the vacancy shall not be filled and the court may make such an order or an order that such vacancy shall not be filled except in such circumstances as may be specified in the order.

301. Where in the case of a winding up there is no committee of inspection, the court may on the application of the liquidator, do any act or give any direction or permission which by this Act is authorised or required to be done or given, by the committee.

Powers of court where there is no committee of inspection.

GENERAL POWERS OF COURT IN CASE OF WINDING UP BY COURT

Power to stay winding up.

302. (1) The court may at any time after an order for winding up is made, on the application either of the liquidator or the official receiver or any creditor or contributory, and on proof to the satisfaction of the court that all proceedings in relation to the winding up ought to be stayed, make an order staying the proceedings either altogether or for a limited time, on such terms and conditions as the court thinks fit.

(2) On any application made under the provisions of subsection (1), the court may before making an order require the official receiver to furnish to the court a report with respect to any facts or matters which are in his opinion relevant to the application.

(3) A copy of every order made under the provisions of this section shall forthwith be forwarded by the company or otherwise as may be prescribed to the Registrar, who shall forthwith make a minute of the order in his books relating to the company.

Settlement of list of contributories and application of assets.

303. (1) As soon as may be after making a winding up order, the court shall settle a list of contributories, with power to rectify the share register in all cases where rectification is required in pursuance of this Act and shall cause the assets of the company to be collected and applied in discharge of its liabilities:

Provided that where it appears to the court that it will not be necessary to make calls on or adjust the rights of contributories, the court may dispense with the settlement of a list of contributories.

(2) In settling the list of contributories, the court shall distinguish between persons who are contributories in their own right and persons who are contributories as being representatives of or liable for the debts of others.

304. The court may, at any time after making a winding up order, require any contributory for the time being on the list of contributories, and any trustee, receiver, banker, agent or officer of the company to pay, deliver, convey, surrender or transfer forthwith or within such time as the court directs, to the liquidator any money, property, or books and papers in his hand to which the company is *prima facie* entitled.

Delivery of property to liquidator.

305. (1) The court may at any time after making a winding up order, make an order on any contributory for the time being on the list of contributories, to pay in the manner directed by the order, any money due from him or from the estate of the person whom he represents to the company, exclusive of any money payable by him or such estate by virtue of any call in pursuance of this Act.

Payment of debts due by contributory to company and extent to which set off is allowed.

(2) The court in making such an order may in the case of an unlimited company, allow to the contributory by way of set-off any money due to him or to the estate which he represents from the company, on any independent dealing or contract with the company, but not any money due to him as a member of the company in respect of any dividend or profit.

(3) In the case of any company whether limited or unlimited, when all the creditors are paid in full, any money due on any account whatever to a contributory from the company may be allowed to him by way of set-off against any subsequent call.

306. (1) The court may order any contributory, purchaser or other person from whom money is due to the company, to pay the amount due into a specified bank or any branch thereof to the account of the liquidator instead of to the liquidator, and any such order may be endorsed in the same manner as if it had directed payment to the liquidator.

Payment into bank of moneys due to company.

(2) All moneys and securities paid or delivered into a specified bank or any branch thereof in the event of a winding up by the court shall be subject in all respects to the orders of the court.

Appointment of special manager.

307. (1) Where the official receiver becomes the liquidator of a company whether provisionally or otherwise, he may where satisfied that the nature of the estate or business of the company or the interests of the creditors or contributories generally, require the appointment of a special manager of the estate or business of the company other than himself, make an application to court for the appointment of a special manager of the estate or business of the company, and the court may on such application appoint a special manager of the said estate or business to act during such time as the court may direct, with such powers including any of the powers of a receiver or manager, as may be entrusted to him by the court.

(2) The special manager appointed under the provisions of subsection (1), shall give such security and account in such manner as the court directs.

(3) The special manager appointed under the provisions of subsection (1) shall receive such remuneration as may be fixed by the court.

Inspection of books by creditors and contributories.

308. The court may at any time after making a winding up order, make such order for inspection of the books and papers of the company by creditors and contributories as the court thinks just, and any books and papers in the possession of the company may be inspected by creditors or contributories accordingly.

Power to order costs of winding up to be paid out of assets.

309. The court may in the event of the assets being insufficient to satisfy the liabilities, make an order as to the payment out of the assets of the costs, charges, and expenses incurred in the winding up, in such order of priority as the court thinks just.

Power to summon persons suspected of having property of company.

310. (1) The court may at any time after the appointment of a provisional liquidator or the making of a winding up order, summon before it any officer of the company or person known or suspected to have in his possession any property of the company or alleged to be indebted to the company, or

any person whom the court deems capable of giving information concerning the promotion, formation, trade, dealings, affairs or property of the company.

(2) The court may examine on oath any officer or person summoned under the provisions of subsection (1) on any matter referred to in that subsection, either orally or on written interrogatories, and may where such examination is conducted orally, reduce the answers to writing and require such officer or person to sign it.

(3) The court may require any officer or person summoned under the provisions of subsection (1), to produce any books and papers in his custody or power relating to the company, but where such officer or person claims any lien on such books or papers produced by him, the production shall be without prejudice to that lien, and the court shall have jurisdiction in the winding up to determine all questions relating to that lien.

(4) Any officer or person summoned under the provisions of subsection (1) who refuses or fails without reasonable cause, to appear before court or to produce any books or papers required to be produced by him at the time and on the date specified in the summons, shall be liable to be arrested and produced before court for examination.

311. (1) Where an order has been made by the court for the winding up of a company and the official receiver has made a further report under the provisions of this Act, stating that in his opinion a fraud has been committed by any person in the promotion or formation of the company or by any officer of the company in relation to the company since its formation, the court may after consideration of such report, direct that such person or officer shall attend before the court on a day appointed by the court for that purpose, and be publicly examined as to the promotion or formation or the conduct of the business of the company or as to his conduct and dealing as officer thereof.

Power to order public examination of promoters, directors &c.

(2) The official receiver may make representations at the examination referred to in subsection (1), and for that purpose may be represented by an attorney at-law.

(3) The liquidator, where the official receiver is not the liquidator, and any creditor or contributory may also take part in the examination either personally or by an attorney-at-law.

(4) The person or officer examined under the provisions of this section shall be examined on oath or affirmation and shall answer all such questions as the court may put or allow to be put to him

Person or officer being examined to be represented by an attorney-at-law, &c.,

312. (1) A person or officer directed to be examined under the provisions of section 311 shall at his own cost, before being so examined, be furnished with a copy of the report of the official receiver and may at his own cost be represented by an attorney-at-law, who shall be at liberty to put to such person or officer such questions as the court may deem just for the purpose of enabling him to explain or qualify any answers given by him :

Provided that, where any such person or officer makes an application to court to be exculpated from any charges made or alleged against him, it shall be the duty of the official receiver to appear at the hearing of the application and draw the attention of the court to any matters which appear to the official receiver to be relevant, and where the court after hearing any evidence given or witnesses called by the official receiver, grants the application, the court may allow the applicant such costs as it may in its discretion, think fit.

(2) Proceedings of the examination held under section 311 shall be reduced to writing and shall be read over to or by, and signed by the person or officer examined, and may thereafter be used in evidence against him and shall be open to the inspection of any creditor or contributory at all reasonable times.

(3) The court may if it thinks fit, adjourn the examination from time to time.

313. The court may at any time either before or after making a winding up order, on reasonable cause being shown for believing that a contributory is about to leave Sri Lanka or otherwise to abscond or to remove or conceal any of his property for the purpose of evading payment of calls, or for avoiding examination with respect to the affairs of the company, may cause the contributory to be arrested, and his books and papers and movable personal property to be seized and kept in safe custody until such time, as the court may specify.

Power to arrest absconding contributory.

314. Any powers by this Act conferred on the court shall be in addition to and not in restriction of any existing powers of instituting proceedings against any contributory or debtor of the company or the estate of any contributory or debtor, for the recovery of any call or other sums.

Powers of court cumulative.

315. The Minister may make rules for enabling or requiring all or any of the powers and duties conferred and imposed on the court by this Act, in respect of—

Delegation to liquidator of certain powers of court.

- (a) the holding and conducting of meetings to ascertain the wishes of creditors and contributories;
- (b) the settling of lists of contributories and the rectifying of the register of members where required, and the collecting and applying of the assets;
- (c) the paying, delivery, conveyance, surrender or transfer of money, property, books or papers to the liquidator;
- (d) the fixing of a time within which debts and claims shall be proved,

to be exercised or performed by the liquidator as an officer of the court and subject to the control of the court:

Provided that the liquidator shall not without the special leave of the court, rectify the register of members and shall not make any call without either the special leave of the court or the sanction of the committee of inspection.

Dissolution of a company.

316. (1) Where the affairs of a company have been completely wound up, the court shall where the liquidator makes an application in that behalf, make an order that the company be dissolved from the date of such order and the company shall be dissolved accordingly.

(2) A copy of the order made under the provisions of subsection (1) shall, within fifteen days from the date of such order, be forwarded by the liquidator to the Registrar who shall make in his books a minute of the dissolution of the company.

(3) Where the liquidator fails to comply with the requirements of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees.

Manner of enforcing order of court.

317. Any order made by a court under this Act may be enforced in the same manner in which a decree of such court made in any suit pending therein may be enforced.

Enforcement of winding up order in another court.

318. Where any order made by one court is required to be enforced by any other court, a certified copy of the order shall be produced to the court required to enforce the same, and the production of a certified copy shall be sufficient evidence of the order, and thereupon such other court shall take the requisite steps in the matter for enforcing the order, in the same manner as if it had been made by that court.

(III) VOLUNTARY WINDING UP

RESOLUTION FOR AND COMMENCEMENT OF VOLUNTARY WINDING UP

- 319.** (1) A company may be wound up voluntarily—
- (a) when the period if any, fixed for the duration of the company by the articles expires or the event if any, occurs on the occurrence of which the articles provide that the company is to be dissolved, and the company at a general meeting has passed a resolution requiring the company to be wound up voluntarily;
 - (b) where the company resolves by special resolution that the company be wound up voluntarily;
 - (c) where the company resolves by special resolution to the effect that it cannot by reason of its liabilities continue its business and that it is advisable to wind up.

Circumstances in which a company may be wound up voluntarily.

(2) In this Act the expression “a resolution for voluntary winding up” means a resolution passed under the provisions of subsection (1).

320. (1) When the company has passed a resolution for voluntary winding up, it shall within fourteen days from the date of the passing of the resolution, give notice of the resolution by publication in the *Gazette*.

Notice of resolution to wind up voluntarily.

(2) Where the company fails to comply with the provisions of this section —

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees; and

(b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a penalty not exceeding fifty thousand rupees.

(3) For the purposes of this section, the liquidator of company shall be deemed to be an officer of the company.

Commencement of voluntary winding up.

321. A voluntary winding up shall be deemed to commence at the time of the passing of the resolution for voluntary winding up.

CONSEQUENCES OF VOLUNTARY WINDING UP

Effect of voluntary winding up on business and status of company.

322. In the case of a voluntary winding up, the company shall from the date of commencement of the winding up, cease to carry on its business except so far as may be required for the beneficial winding up thereof:

Provided that the corporate state and corporate powers of the company shall, notwithstanding anything to the contrary in its articles, continue until such company is dissolved.

Avoidance of transfers, &c., after commencement of voluntary

323. Any transfer of shares, not being a transfer made to or with the sanction of the liquidator and any alteration in the status of the shareholders of the company made after the date of commencement of a voluntary winding up, shall be void.

DECLARATION OF SOLVENCY

Statutory declaration of solvency in case of proposal to wind up voluntarily.

324. (1) Where it is proposed to wind up a company voluntarily, the directors of the company or in the case of a company having more than two directors the majority of the directors may at a meeting of the directors, make a statutory declaration to the effect that they have made a full inquiry into the affairs of the company and that they are of the opinion that the company will be able to pay its debts in full within

such period not exceeding twelve months, from the date of commencement of the winding up as may be specified in the declaration.

(2) A declaration made under the provisions of subsection (1) shall have no effect for the purposes of this Act, unless—

- (a) it is made within the five weeks immediately preceding the date of the passing of the resolution for winding up of the company and is delivered to the Registrar for registration by that date; and
- (b) it embodies a statement of the company's assets and liabilities as at the latest practicable date before the making of such declaration.

(3) A winding up in the case of which a declaration has been made and delivered in accordance with the provisions of this section, is in this Act referred to as "a shareholders' voluntary winding up", and a winding up in the case of which a declaration has not been so made and delivered, is in this Act referred to as "a creditors' voluntary winding up".

PROVISIONS APPLICABLE TO A SHAREHOLDERS' VOLUNTARY WINDING UP

325. The provisions of sections 326 to 332 (both inclusive) shall, subject to the provisions of section 326, apply in relation to a shareholders' voluntary winding up.

Provisions relating to a shareholders' voluntary winding up.

326. (1) The company at a general meeting shall appoint one or more liquidators for the purpose of winding up the affairs and distributing the assets of the company and may fix the remuneration to be paid to each such liquidator.

Power of company to appoint and fix remuneration of liquidators.

(2) On the appointment of a liquidator, all the powers of the directors shall cease, except so far as the company in general meeting or the liquidator sanctions the continuance thereof.

Power to fill vacancy in office of liquidator.

327. (1) Where a vacancy occurs by death, resignation, or otherwise in the office of liquidator appointed by the company, the company at a general meeting may, subject to any arrangement with its creditors, fill the vacancy.

(2) For the purpose of filling a vacancy in the office of liquidator, a general meeting of the company may be convened by any contributory or where there are more liquidators than one, by the continuing liquidators.

(3) The meeting referred to in subsection (2) shall be held in the manner provided by this Act or by the articles or in such manner as may on application by any contributory or by the continuing liquidators, be determined by the court.

Power of liquidator to accept shares &c. in consideration for sale of property of company.

328. (1) Where a company is proposed to be or is in the course of being, wound up voluntarily, and the whole or part of its business or property is proposed to be transferred or sold to another company, whether a company within the meaning of this Act or not (in this section called “the transferee company”) the liquidator of the first-mentioned company (in this section called “the transferor company”) may with the sanction of a special resolution of that company conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee company for distribution among the shareholders of the transferor company, or may enter into any other arrangement whereby the shareholders of the transferor company may, in lieu of receiving cash, shares, policies, or other like interest, or in addition thereto, participate in the profits of or receive any other benefit from the transferee company.

(2) Any sale or arrangement in pursuance of the provisions of this section shall be binding on the shareholders of the transferor company.

(3) Where any shareholder of the transferor company who did not vote in favour of the special resolution expresses his dissent therefrom in writing addressed to the liquidator and is left at the registered office of the company within seven days from the date of the passing of the resolution, he may require the liquidator either to abstain from carrying the resolution into effect or to purchase his interest at a price to be determined by agreement or by court, upon application made to court by the shareholder or the liquidator in the manner provided for by this section.

(4) Where the liquidator elects to purchase the shareholder's interest, the purchase money shall be paid before the company is dissolved and be raised by the liquidator in such manner as may be determined by special resolution.

(5) A special resolution shall not be invalid for the purposes of this section by reason that it is passed before or concurrently with a resolution for voluntary winding up or for appointing liquidators, but where an order is made within a year of the date of passing of the resolution for winding up the company, by or subject to the supervision of the court, the special resolution shall not be valid unless sanctioned by the court.

329. (1) Where the liquidator at any time is of opinion that the company will not be able to pay its debts in full within the period stated in the declaration made under the provisions of section 324, he shall forthwith summon a meeting of the creditors and shall lay before the meeting a statement of the assets and liabilities of the company.

Duty of liquidators to call creditors' meeting in case of insolvency.

(2) Where the liquidator fails to comply with the provisions of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Duty of liquidator to call general meeting at end of each year.

330. (1) Subject to the provisions of section 332, in the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company at the end of the first year from the date of commencement of the winding up, and of each succeeding year or at the first convenient date within three months from the end of the year or such longer period as the Registrar may allow, and shall lay before the meeting an account of his acts and dealings and of the conduct of the winding up during the preceding year.

(2) Where the liquidator fails to comply with the provisions of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Final meeting and dissolution.

331. (1) Subject to the provisions of section 332, as soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company for the purpose of laying before it the account and giving an explanation thereof.

(2) The meeting referred to in subsection (1) shall be called by a notice published in the *Gazette*, specifying the date, time, place, and object thereof and published at least one month before such date.

(3) Within one week after the meeting referred to in subsection (1), the liquidator shall send to the Registrar a copy of the account and shall make a return to him of the holding of the meeting and of its date, and where the copy is not sent or the return is not made in accordance with the provisions of this subsection, the liquidator shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees :

Provided that where a quorum is not present at the meeting, the liquidator shall in lieu of the return referred to in the preceding provisions, make a return that the meeting was duly summoned and that no quorum was present thereat, and upon such a return being made the provisions of this subsection as to the making of the return shall be deemed to have been complied with.

(4) The Registrar on receiving the account and either of the returns referred to in subsection (3), shall forthwith register them and on the expiration of three months from the date of the registration of the return, the company shall be deemed to be dissolved :

Provided that the court may on the application of the liquidator or of any other person who appears to the court to be interested, make an order deferring the date at which the dissolution of the company is to take effect, for such time as the court thinks fit.

(5) It shall be the duty of the person on whose application an order of the court under the provisions of this section is made, within seven days from the date of making of the order to deliver to the Registrar a certified copy of such order for registration, and where such person fails so to do, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(6) Where a liquidator fails to call a general meeting of the company as required by the provisions of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

332. In any case where the provisions of section 329 have effect, the provisions of sections 340 and 341 shall apply to the winding up to the exclusion of the provisions of sections 330 and 331, as if the winding up were a creditors' voluntary winding up and not a members' voluntary winding up :

Alternative provision as to annual and final meetings in case of insolvency.

Provided that the liquidator shall not be required to summon a meeting of creditors under the provisions of section 340 at the end of the first year from the date of the commencement of the winding up, unless the meeting held under the provisions of section 329 is held more than three months before the end of that year.

PROVISIONS APPLICABLE TO A CREDITOR'S VOLUNTARY WINDING UP

Provisions applicable to a creditors' winding up.

333. The provisions of sections 334 to 341 (both inclusive) shall apply in relation to a creditor's voluntary winding up.

Meeting of creditors.

334. (1) The company shall cause a meeting of the creditors of the company to be summoned for the day or the day next following the day, on which there is to be held the meeting at which the resolution for voluntary winding up is to be proposed, and shall cause the notices of such meeting of creditors to be sent by post to the creditors, simultaneously with the sending of the notices of the said meeting of the company.

(2) The company shall cause notice of the meeting of the creditors to be published in the *Gazette* and at least in two local newspapers circulating in the district where the registered office or principal place of business of the company is situated.

(3) The directors of the company shall—

- (a) cause a full statement of the position of the company's affairs together with a list of creditors of the company and the estimated amount of their claims are to be laid before the meeting of creditors to be held, as referred to in subsection (1) ; and
- (b) appoint one of their number to preside at such meeting.

(4) It shall be the duty of the director appointed to preside at the meeting of creditors to attend the meeting and preside thereat.

(5) Where the meeting of the company at which the resolution for voluntary winding up is to be proposed is adjourned and the resolution is passed at an adjourned meeting, any resolution passed at the meeting of the creditors held in pursuance of the provisions of subsection (1), shall have effect as if it had been passed immediately after the passing of the resolution for winding up of the company.

(6) Where default is made—

- (a) by the company in complying with the provisions of subsections (1) and (2) ;
- (b) by the directors of the company in complying with the provisions of subsection (3) ;
- (c) by any director of the company in complying with the provisions of subsection (4),

such company or any such director, as the case may be, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees and in the case of default by the company, every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a penalty not exceeding one hundred thousand rupees.

335. The creditors and the company at their respective meetings referred to in section 334, may nominate a person to be liquidator for the purpose of winding up the affairs and distributing the assets of the company and where the creditors and the company nominate different persons, the person nominated by the creditors shall be the liquidator, and where

Appointment of liquidator.

no person is nominated by the creditors, the person if any, nominated by the company shall be the liquidator :

Provided that, in the case of different persons being nominated, any director, shareholder or creditor of the company may, within seven days from the date on which the nomination was made by the creditors, make an application to court for an order, either directing that the person nominated as liquidator by the company shall be liquidator instead of or jointly with the person nominated by the creditors or appointing some other person to be liquidator instead of the person appointed by the creditors.

Appointment of
committee of
inspection.

336. (1) The creditors at the meeting held in pursuance of the provisions of section 334 or at any subsequent meeting may, if they think fit, appoint a committee of inspection consisting of not more than five person, and where such a committee is appointed the company may either at the meeting at which the resolution for voluntary winding up is passed or at any time subsequently at a general meeting, appoint such number of persons not exceeding five as they think fit, to act as members of the committee :

Provided that the creditors may if they think fit, resolve that all or any of the persons so appointed by the company ought not to be members of the committee of inspection, and where the creditors so resolve the persons specified in the resolution shall not, unless the court otherwise directs, be qualified to act as members of the committee and on any application to the court under the provisions of this section the court may, if it thinks fit, appoint other persons to act as such members in place of the persons specified in the resolution.

(2) Subject to the provisions of any rule made under this Act, the provisions of section 300, other than the provisions of subsection (1) of that section, shall apply with respect to a

committee of inspection appointed under the provisions of this section, as they apply with respect to a committee of inspection appointed in a winding up by the court.

337. (1) The committee of inspection or where there is no such committee the creditors, may fix the remuneration to be paid to the liquidator or liquidators.

Fixing of liquidators' remuneration and ceasing of directors' powers.

(2) On the appointment of a liquidator, all the powers of the directors shall cease, except so far as the committee of inspection, or where there is no such committee the creditors, sanction the continuance thereof.

338. Where a vacancy occurs by death, resignation or otherwise in the office of a liquidator, other than a liquidator appointed by or by the direction of the court, the creditors may fill the vacancy.

Power to fill vacancy in office of liquidator.

339. The provisions of section 328 shall apply in the case of a creditors' voluntary winding up as in the case of a members' voluntary winding up, with the modification that the powers of the liquidator under that section shall not be exercised except with the sanction either of the court or of the committee of inspection.

Application of section 328 to a creditors' voluntary winding up.

340. (1) In the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company and a meeting of the creditors at the end of the first year from the commencement of the winding up and each succeeding year or at the first convenient date within three months from the end of the year or such longer period as the Registrar may allow, and shall lay before the meeting an account of his acts and dealings and of the conduct of the winding up during the preceding year.

Duty of liquidator to call meetings of company and of creditors at end of each year.

(2) Where the liquidator fails to comply with the provisions of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Final meeting
and dissolution.

341. (1) As soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors, for the purpose of laying the account before the meetings and giving an explanation thereof.

(2) Every meeting referred to in subsection (1) shall be called by notice published in the *Gazette*, specifying the date, time, place, and object thereof and published at least one month before such date.

(3) Within one week from the date of the meetings referred to in subsection (1), or where such meetings are not held on the same date, from the date of the later meeting, the liquidator shall send to the Registrar a copy of the account and shall make a return to him of the holding of the meetings and of their dates, and where the copy is not sent or the return is not made in accordance with the provisions of this subsection, the liquidator shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees :

Provided that, where a quorum is not present at either such meeting, the liquidator shall in lieu of the return referred to in the preceding provisions, make a return that the meeting was duly summoned and that no quorum was present thereat, and upon such a return being made the provisions of this subsection as to the making of the return shall, in respect of that meeting, be deemed to have been complied with.

(4) The Registrar on receiving the account in respect of each meeting referred to in subsection (1) and either of the returns referred to in subsection (3), shall forthwith register them and on the expiration of three months from the date of registration thereof, the company shall be deemed to be dissolved :

Provided that the court may on the application of the liquidator or of any other person who appears to the court to

be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court thinks fit.

(5) It shall be the duty of the person on whose application an order of the court under the provisions of this section is made, within seven days from the date of the making of the order, to deliver to the Registrar a certified copy of the order for registration and where that person fails so to do, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

(6) Where a liquidator fails to call a general meeting of the company or a meeting of the creditors as required by the provisions of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

PROVISIONS APPLICABLE TO EVERY VOLUNTARY WINDING UP.

342. The provisions of sections 343 to 350 (both inclusive) shall apply to every voluntary winding up, whether a shareholders' or a creditors' winding up.

Provisions applicable to every voluntary winding up.

343. Subject to the provisions of this Act as to preferential payments, the property of a company shall on its winding up be applied in satisfaction of its liabilities *pari passu*, and subject to such application, shall, unless the articles otherwise provide, be distributed among the shareholders according to their rights and interests in the company.

Distribution of property of company.

344. (1) The liquidator may—

- (a) in the case of a shareholders' voluntary winding up with the sanction of a special resolution of the company, and in the case of a creditors' voluntary winding up with the sanction of either the court or the committee of inspection or (if there is no such

Powers and duties of liquidator in voluntary winding up.

committee) a meeting of creditors, exercise any of the powers specified in the provisions of paragraphs (d), (e) and (f) of subsection (1) of section 292 in relation to a liquidator in a winding up by the court ;

- (b) without sanction exercise any power other than those referred to in paragraph (a), given by this Act to the liquidator in a winding up by the court ;
- (c) exercise the power of the court under the provisions of this Act of setting of list of contributories, and the list of contributories shall be *prima facie* evidence of the liability of the persons named therein to be contributories ;
- (d) exercise the power of the court of making calls ;
- (e) summon general meetings of the company for the purpose of obtaining the sanction of the company by special resolution or for any other purpose the liquidator may think fit.

(2) The liquidator shall pay the debts of the company and shall adjust the rights of the contributories among themselves.

(3) When several liquidators are appointed, any power given by this Act may be exercised by such one or more of them as may be determined at the time of their appointment, or in default of such determination, by any number not less than two.

Power of court to appoint and remove liquidator in voluntary winding up.

345. (1) Where for any cause whatever, there is no liquidator acting, the court may appoint a liquidator.

(2) The court may on cause shown, remove a liquidator and appoint another liquidator.

346. (1) A liquidator appointed under any of the provisions of this Act shall, within fourteen days from the date of his appointment, publish in the *Gazette* and deliver to the Registrar for registration, a notice of his appointment in the prescribed form.

Notice by liquidator of his appointment.

(2) Where the liquidator fails to comply with the requirements of subsection (1), he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

347. (1) Any arrangement entered into between a company about to be or in the course of being wound up, and its creditors shall, subject to the right of appeal under the provisions of this section, be binding on the company where sanctioned by a special resolution, and on the creditors where acceded to by three-fourths the number and value of the creditors.

Arrangement when binding on creditors.

(2) Any creditor or contributory may within three weeks from the completion of the arrangement appeal to the court against such arrangement, and the court may thereupon as it thinks just, amend, vary or confirm the arrangement.

348. (1) The liquidator or any contributory or creditor may make an application to court to determine any question arising in the winding up of a company or to exercise, as respects the enforcing of calls or any other matter, all or any of the powers which the court might exercise if the company were being wound up by the court.

Power to apply to court to have question determined or powers exercised.

(2) The court if satisfied that the determination of the question or the required exercise of power will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as it thinks fit or may make such other order on the application as it thinks just.

(3) A copy of an order made by virtue of the provisions of subsection (2) staying the proceedings in the winding up,

shall forthwith be forwarded by the company or otherwise as may be prescribed, to the Registrar who shall make a minute of the order in his books relating to the company.

Costs of voluntary winding up.

349. All costs, charges, and expenses properly incurred in the winding up including the remuneration of the liquidator, shall be payable out of the assets of the company in priority to all other claims.

Saving for rights of creditors and contributories.

350. The winding up of a company shall not bar the right of any creditor or contributory to have it wound up by the court, but where an application for winding up is made by a contributory, the court shall be satisfied that the rights of the contributories will be prejudiced by a voluntary winding up.

(IV) WINDING UP SUBJECT TO SUPERVISION OF COURT

Power to order winding up subject to supervision.

351. When a company has passed a resolution for voluntary winding up, the court may make an order that the voluntary winding up shall continue but subject to such supervision of the court, and with such liberty for creditors, contributories or others to apply to the court, and generally on such terms and conditions as the court thinks just.

Effect of petition for winding up subject to supervision.

352. A petition for the continuance of a voluntary winding up subject to the supervision of the court shall, for the purpose of giving jurisdiction to the court over actions, be deemed to be a petition for winding up by the court.

Applications of section 275 and 276 to winding up subject to supervision.

353. A winding up subject to the supervision of the court shall for the purposes of sections 275 and 276 be deemed to be a winding up by the court.

Power of court to appoint or remove liquidators.

354. (1) Where an order is made by court for a winding up subject to supervision, the court may by that or any subsequent order, appoint an additional liquidator.

(2) A liquidator appointed by the court under the provisions of subsection (1) shall have the same powers, be subject to the same obligations, and in all respects have the same position, as if he had been duly appointed in accordance with the provisions of this Act with respect to the appointment of liquidators in a voluntary winding up.

(3) The court may remove any liquidator appointed under the provisions of subsection (1), or any liquidator in a winding up continued under the supervision of court and fill any vacancy occasioned by such removal, or by death or resignation of any liquidator.

355. (1) When an order is made under the provisions of section 351 for a winding up subject to supervision, the liquidator may subject to any restrictions imposed by the court, exercise all his powers without the sanction or intervention of the court, in the same manner as if the company were being wound up voluntarily :

Effect of supervision order.

Provided that the powers specified in the provisions of paragraphs (d), (e) and (f) of subsection (1) of section 292 shall not be exercised by the liquidator, except with the sanction of the court or in a case where before the order the winding up was a creditor's voluntary winding up, with the sanction of either the court or the committee of inspection or where there is no such committee, a meeting of the creditors.

(2) A winding up subject to the supervision of the court shall not constitute a winding up by the court for the purpose of the provisions of this Act which are set out in the Eighth Schedule hereto, but subject as aforesaid, an order for a winding up subject to supervision shall for all purposes, be deemed to be an order for winding up by the court:

Provided that, where the order for winding up subject to supervision was made in relation to a creditors' voluntary winding up in which a committee of inspection had been appointed, the order shall be deemed to be an order for

winding up by the court for the purposes of the provisions of section 300, other than the provisions of subsection (1) of that section, except in so far as the operation of that section is excluded in a voluntary winding up by rules made under this Act.

PROOF AND RANKING OF CLAIMS

Admissible claims.

356. A debt or liability present or future, certain or contingent, whether it is an ascertained debt or liability or a liability for damages, may be admitted as a claim against a company in liquidation.

Claims by unsecured creditors.

357. (1) A claim by an unsecured creditor against a company in a winding up shall be made in the prescribed form and shall —

- (a) contain full particulars of the claim; and
- (b) identify any documents that evidence or substantiate the claim.

(2) The liquidator may—

- (a) require the production of a document referred to in paragraph (b) of subsection (1); and
- (b) require a claim to be verified by affidavit.

(3) The liquidator shall as soon as practicable, either admit or reject a claim in whole or in part. If the liquidator subsequently considers that a claim has been wrongly admitted or rejected in whole or in part, he may revoke or amend that decision.

(4) If a liquidator rejects a claim whether in whole or in part, he shall forthwith give notice in writing of the rejection to the creditor.

(5) The costs of making a claim under subsection (1) or producing a document under subsection (2), shall be met by the creditor making the claim.

(6) Every person who—

- (a) makes or authorises the making of a claim under this section that is false or misleading in a material particular knowing it to be false or misleading; or
- (b) omits or authorises the omission from a claim under this section, of any matter knowing that the omission makes the claim false or misleading in a material particular,

shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

358. (1) A secured creditor may—

- (a) seize, attach and realise, issue execution against or appoint a receiver in respect of property subject to a charge, if entitled to do so;
- (b) value the property subject to the charge and claim in the liquidation—
 - (i) as a secured creditor for the amount of his claim, up to the value of the security; and
 - (ii) as an unsecured creditor for the balance due, if any; or
- (c) surrender the charge to the liquidator for the general benefit of creditors, and claim in the liquidation as an unsecured creditor for the whole debt.

Rights and duties
of secured
creditors.

(2) A secured creditor may exercise the power referred to in paragraph (a) of subsection (1) whether or not the secured creditor has exercised the power referred to in paragraph (b) of subsection (1).

(3) A secured creditor who realises property subject to a charge—

- (a) may claim as an unsecured creditor for any balance due after deducting the net amount realised;
- (b) shall account to the liquidator for any surplus remaining from the net amount realised after satisfaction of the debt, including interest payable in respect of that debt up to the time of its satisfaction and after making any proper payments to the holder of any other charge over the property subject to the charge.

(4) If a secured creditor values the security and claims as a secured creditor, the valuation and claim shall be made in the prescribed form and shall—

- (a) contain full particulars of the valuation and claim;
- (b) contain full particulars of the charge including the date on which it was given; and
- (c) identify any documents that substantiate the claim and the charge,

and the provisions of sections 359, 360 and 362 shall apply to any claim as a secured creditor.

(5) The liquidator may—

- (a) require production of any document referred to in paragraph (c) of subsection (4); and

- (b) require a claim under subsection (4) to be verified by affidavit.

(6) Where a claim is made by a secured creditor under subsection (4), the liquidator shall either—

- (a) accept the valuation and claim; or
- (b) reject the valuation and claim in whole or in part, but—
 - (i) where a valuation and claim is rejected in whole or in part, the creditor may make a revised valuation and claim within ten working days of receiving notice of the rejection; and
 - (ii) the liquidator may if he subsequently considers that a valuation and claim was wrongly rejected in whole or in part, revoke or amend that decision.

(7) Where the liquidator—

- (a) accepts a valuation and claim under paragraph (a) of subsection (6);
- (b) accepts a revised valuation and claim under subparagraph (i) of paragraph (b) of subsection (6); or
- (c) accepts a valuation and claim on revoking or amending a decision to reject a claim under subparagraph (ii) of paragraph (b) of subsection (6),

the liquidator shall unless the secured creditor has realised the property, redeem the security on payment of the amount of the claim or the assessed value, whichever is the less.

(8) The liquidator may at any time by notice in writing, require a secured creditor within twenty working days after receipt of the notice—

- (a) to elect which of the powers referred to in subsection (1) the creditor wishes to exercise; and
- (b) if the creditor elects to exercise the power referred to in paragraph (b) or paragraph (c) of that subsection, to exercise the power within that period.

(9) A secured creditor on whom notice has been served under subsection (8) and who fails to comply with the notice shall be taken to have surrendered the charge to the liquidator under paragraph (c) of subsection (1) for the general benefit of creditors, and may claim in the liquidation as an unsecured creditor for the whole debt.

(10) A secured creditor who has surrendered a charge under paragraph (c) of subsection (1) or who is deemed to have surrendered a charge under subsection (9) may, with the leave of the court or the liquidator and subject to such terms and conditions as the court or the liquidator thinks fit, at any time before the liquidator has realised the property charged—

- (a) withdraw the surrender and rely on the charge; or
- (b) submit a new claim under this section.

(11) Every person who—

- (a) makes or authorises the making of a claim under subsection (4) that is false or misleading in a material particular knowing it to be false or misleading; or
- (b) omits or authorises the omission from a claim under subsection (4) of any matter knowing that the omission makes the claim false or misleading in a material particular,

shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to a term of imprisonment not exceeding five years or to both such fine and imprisonment.

359. (1) The amount of a claim shall be ascertained as at the date of commencement of the winding up of the company.

Ascertainment of amount of claim.

(2) The amount of a claim based on debt or liability denominated in a currency other than Sri Lankan currency, shall be converted into Sri Lankan currency at the rate of exchange applicable at the close of the date of commencement of the winding up of the company.

360. (1) If a claim is subject to a contingency or is for damages or, if for some other reason the amount of the claim is not certain, the liquidator shall make an estimate of the amount of the claim and give notice of that estimate to the creditor.

Claim not of an ascertained amount.

(2) On the application of a claimant who is aggrieved by an estimate made by the liquidator, the court shall determine the amount of the claim.

361. Nothing in this Part of this Act shall limit or affect the recovery of—

Fines, penalties, or recoveries.

- (a) a fine imposed on a company whether before or after the commencement of the winding up of the company, for the commission of an offence;
- (b) a monetary penalty payable to the State imposed on a company by a court whether before or after the commencement of the winding up of the company, for the breach of any enactment;
- (c) costs ordered to be paid by the company in relation to proceedings for the offence or breach; or
- (d) all provident fund dues, employees trust fund dues and gratuity payments accrued due, prior the securing of any assets from the sale proceeds of such secured assets.

Claims relating to debts payable after commencement of winding up.

362. (1) A claim in respect of a debt that but for the winding up, would not be payable until a date that is more than six months after the commencement of the winding up, shall be treated for the purposes of this Part of this Act, as a claim for the present value of the debt.

(2) For the purposes of subsection (1), the present value of a debt shall be determined by deducting from the amount of the debt, interest at the prescribe rate for the period from the date of commencement of the winding up to the date when the debt is due.

Mutual credit and set-off.

363. (1) Where there have been mutual credits, mutual debts or other mutual dealing between a company and a person who seeks or but for the operation of this section, would seek to have a claim admitted in the winding up of the company—

- (a) an account shall be taken of what is due from one party to the other in respect of those credits, debts, or dealings;
- (b) an amount due from one party shall be set-off against an amount due from the other party; and
- (c) only the balance of the account shall be claimed in the winding up or be payable to the company, as the case may be.

(2) This section shall not apply to an amount paid or payable by a shareholder—

- (a) as the consideration or part of the consideration for the issue of a share; or
- (b) in satisfaction of a call in respect of an outstanding liability of the shareholder, made by the board or by the liquidator.

364. (1) The amount of a claim may include interest up to the commencement of the winding up— Interest on claims.

- (a) at such rate as may be specified or contained in any contract that makes provision for the payment of interest on that amount; or
- (b) in the case of a judgment debt, at such rate as is payable on the judgment debt.

(2) If any surplus assets remain after the payment of all admitted claims, interest shall be paid at the prescribed rate on those claims from the date of commencement of the winding up to the date on which each claim is paid. If the amount of the surplus assets is insufficient to pay interest in full on all claims, payment shall abate rateably among all claims.

(3) If any surplus assets remain after the payment of interest in accordance with subsection (2), interest shall be paid on all admitted claims referred to in subsection (1), from the commencement of the winding up to the date on which the claim is paid, at the difference between the rate referred to in paragraph (a) or paragraph (b) of that subsection, as the case may be, and the prescribed rate. If the amount of the surplus assets is insufficient to pay interest in full on all claims, payment shall abate rateably among all claims.

365. (1) The liquidator shall pay out of the assets of the company the expenses, fees, and claims set out in the Ninth Schedule to the extent and in the order of priority specified in that Schedule and that Schedule shall apply to the payment of those expenses, fees, and claims according to its tenor. Preferential claims.

(2) Without limiting paragraph 7(b) of the Ninth Schedule, the terms “assets” in subsection (1) shall not include assets subject to a charge, unless—

- (a) the charge is surrendered or taken to be surrendered or redeemed under section 358; or

- (b) the charge was when created, a floating charge in respect of those assets.

Claims of other creditors and distribution of surplus assets.

366. (1) After paying preferential claims in accordance with section 365, the liquidator shall apply the assets of the company in satisfaction of all other claims.

(2) The claims referred to in subsection (1) shall rank equally among themselves and shall be paid in full, unless the assets are insufficient to meet them, in which case payment shall abate rateably among all claims.

(3) Where before the commencement of the winding up, a creditor agrees to accept a lower priority in respect of a debt than that which it would otherwise have under this section, nothing in this section shall prevent the agreement from having effect according to its terms.

(4) Subject to section 364, after paying the claims referred to in subsection (1), the liquidator shall distribute the company's surplus assets—

- (a) in accordance with the provisions contained in the company's articles ; or
- (b) if the company's articles do not contain provisions for the distribution of surplus assets, in accordance with the provisions of this Act.

(5) The provisions of the Tenth Schedule shall apply in relation to the payment of claims referred to in subsection (1).

VOIDABLE TRANSACTIONS

Transactions having preferential effect.

367. (1) A transaction by a company is voidable on the application of the liquidator, if the transaction —

- (a) took place—
- (i) at a time when the company was unable to pay its debts as they fell due; and

- (ii) within the specified period; and
- (b) enabled another person to receive more towards satisfaction of a debt than the person would otherwise have received or be likely to have received in the liquidation.

(2) Unless the contrary is proved, for the purposes of subsection (1), a transaction that took place within the restricted period is presumed to have been made at a time when the company was unable to pay its debts as they fell due.

(3) A transaction with a person shall not be set aside under this section, unless the company was influenced in entering into the transaction by a desire to produce in relation to that person, the effect mentioned in paragraph (b) of subsection (1).

(4) A company which has entered into a transaction with any connected person is presumed, unless the contrary is shown, to have been influenced by a desire to produce in relation to that person, the effect mentioned in paragraph (b) of subsection (1).

368. (1) A charge over any property or undertaking of a company is voidable on the application of the liquidator, if the charge was given within the specified period, unless—

Voidable charge.

- (a) the charge secures—
 - (i) money actually advanced or paid, or the actual price or value of property sold or supplied to the company, or any other valuable consideration given in good faith by the grantee of the charge at the time of, or at any time after the giving of the charge; and
 - (ii) any interest payable on an amount referred to in sub-paragraph (i);
- (b) immediately after the charge was given, the company was able to pay its debts as they fell due; or

- (c) the charge is in substitution for a charge given before the specified period.

(2) Unless the contrary is proved, a company giving a charge within the restricted period is presumed to have been unable to pay its debts as they fell due immediately after giving the charge.

(3) The provisions of paragraph (c) of subsection (1) shall not apply to the extent that —

- (a) the amount secured by the substituted charge exceeds the amount secured by the existing charge; or
- (b) the value of the property subject to the substituted charge at the date of the substitution, exceeds the value of the property subject to the existing charge at that date.

(4) Nothing in subsection (1) shall apply to a charge given by a company that secures the unpaid purchase price of property and any interest payable on that amount, whether or not the charge is given over that property, if the instrument creating the charge is executed not later than thirty days after the sale of the property or in the case of the sale of an estate or interest in land, not later than thirty days after the final settlement of the sale.

(5) For the purposes of paragraph (a) of subsection (1) and subsection (4), where any charge was given by the company within the period specified in subsection (1), all payments received by the grantee of the charge after it was given shall be deemed to have been appropriated so far as may be necessary—

- (a) towards repayment of money actually advanced or paid by the grantee to the company on or after the giving of the charge;

- (b) towards payment of the actual price or value of property sold by the grantee to the company on or after the giving of the charge;
- (c) towards payment of any other liability of the company to the grantee in respect of any other valuable consideration given in good faith on or after the giving of the charge; or
- (d) towards interest payable on any amount referred to in paragraphs (a), (b) or (c).

369. (1) A transaction by a company is voidable on the application of the liquidator, if — Uncommercial transactions.

- (a) the transaction took place within the specified period;
- (b) the transaction was an uncommercial transaction;
- (c) when the transaction took place, the company—
 - (i) was unable to pay its due debts;
 - (ii) was engaged or about to engage in business for which its financial resources were grossly inadequate; or
 - (iii) incurred an obligation knowing that the company would not be able to perform the obligation when required to do so.

(2) A transaction by a company is an “uncommercial transaction” if, and only if, a reasonable person in the company’s circumstances would not have entered into the transaction having regard to—

- (a) the benefits (if any) to the company of entering into the transaction;

- (b) the detriment to the company of entering to the transaction;
- (c) the respective benefits to the other parties to the transaction; and
- (d) any other relevant matters.

(3) A transaction may be an uncommercial transaction for the purposes of this section—

- (a) whether or not a creditor of the company is a party to the transaction; and
- (b) even if the transaction is given effect to or is required to be given effect to, because of an order made by a court.

(4) Unless the contrary is proved for the purposes of subsection (1), a transaction that took place within the restricted period is presumed to have been made at a time when the company was unable to pay its debts as they fell due.

Procedure
for setting
aside
voidable
transactions
and charges.

370. (1) A liquidator who wishes to set aside a transaction that is voidable under section 367 or section 369 or a charge that is voidable under section 368 shall—

- (a) file in the court a notice by way of a motion to that effect specifying the transaction or charge to be set aside and, in the case of a transaction, the property or value which the liquidator wishes to recover, and setting out the effect of subsections (2), (3) and (4) of this section ; and
- (b) serve a copy of the notice as filed in court under paragraph (a), on the other party to the transaction or the grantee of the charge and or every other person from whom the liquidator wishes to recover the property or value.

(2) A person —

- (a) who would be affected by the setting aside of the transaction or charge specified in the notice; and
- (b) who considers that the transaction or charge is not voidable,

may apply to the court for an order that the transaction or charge, be not set aside.

(3) Unless a person on whom the notice was served has applied to the court under subsection (2), the transaction or charge shall be deemed to be set aside on the twentieth working day after the date of service of the notice.

(4) If one or more persons have applied to the court under subsection (2), the transaction or charge shall be deemed to be set aside on the day on which the last application is finally determined, unless the court orders otherwise.

371. If a transaction or charge is set aside under section 370, the court may make one or more of the following orders:—

Other orders.

- (a) an order requiring a person to pay to the liquidator in respect of benefits received by that person as a result of the transaction or charge, such sums as fairly represent those benefits;
- (b) an order requiring property transferred to a person as part of the transaction to be restored to the company;
- (c) an order requiring property to be vested in the company if that property represents the application either of the proceeds of sale of property or of money so transferred;
- (d) an order releasing in whole or in part a debt incurred or a guarantee or charge given by the company;

- (e) an order declaring an agreement constituting, forming part of or relating to the transaction or charge or specified provisions of such an agreement, to have been void at and after the time when the agreement was made or at and after a specified later time;
- (f) an order varying such an agreement in the manner specified in the order and if the court thinks fit, declaring the agreement to have had effect as so varied at and after the time when the agreement was made or at and after a specified later time;
- (g) an order declaring such an agreement or specified provisions of such an agreement to be unenforceable;
- (h) an order requiring security to be given for the discharge of an order made under this section;
- (i) an order specifying the extent to which a person affected by the setting aside of a transaction or by an order made under this section, is entitled to claim as a creditor in the liquidation.

Additional provisions relating to setting aside of transactions and charges.

372. (1) The setting aside of a transaction or an order made under section 371 shall not affect the title or interest of a person in property, which that person has acquired—

- (a) from a person other than the company;
- (b) for valuable consideration ; and
- (c) in good faith.

(2) The setting aside of a charge or an order made under section 371 shall not affect the title or interest of a person in property which that person has acquired—

- (a) as the result of the exercise of a power of sale by the grantee of the charge;

- (b) for valuable consideration; and
- (c) in good faith.

(3) Recovery by the liquidator of property or its equivalent value, whether under section 371 or any other section of this Act or under any other enactment or in equity or otherwise, may be denied wholly or in part if—

- (a) the person from whom recovery is sought received the property in good faith and has altered his position in the reasonably held belief that the transfer to that person was validly made; and
- (b) in the opinion of the court, it is inequitable to order recovery or recovery in full.

373. (1) In sections 367 and 369 “transaction” in relation to a company, includes—

Interpretation in relation to preferences &.

- (a) a conveyance or transfer or any other disposition of property by the company;
- (b) the giving of a security or charge over the property of the company;
- (c) the incurring of an obligation by the company;
- (d) the acceptance by the company of execution under a judicial proceeding;
- (e) the payment of money by the company including the payment of money under a judgment or order of a court.

(2) For the purposes of sections 367, 368 and 369 “specified period” means—

- (a) in the case of a transaction entered into with or a charge granted to a connected person—
 - (i) the period of two years before the commencement of the winding up; and

- (ii) in the case of a company that is being wound up by the court, the period of two years before the filing of the petition in the court, together with the period commencing on the date of the filing of that petition and ending on the date on which the order of the court was made;
 - (b) in any other case—
 - (i) the period of one year before the commencement of the winding up; and
 - (ii) in the case of a company that is being wound up by the court, the period of one year before the filing of the petition in the court, together with the period commencing on the date of the filing of that petition and ending on the date on which the order of the court was made.
- (3) For purposes of subsection (4) and of section 367, a person is a “connected person”, if that person is—
- (a) a person who was at the time of the transaction, a director of the company or a nominee or relative of or a trustee for, or a trustee for a relative of, a director of the company;
 - (b) a person or a relative of a person, who at the time of the transaction, had control of the company;
 - (c) another company that was at the time of the transaction, controlled by a director of the company or a nominee or relative of or a trustee for, or a trustee for a relative of, a director of the company;
 - (d) another company that was at the time of the transaction, a related company.

(4) For the purposes of sections 367, 368 and 369 “restricted period” means—

- (a) the period of one month before the commencement of the winding up; and
- (b) in the case of a company that is being wound up by the court, the period of one month before the filing of the petition in the court together with the period commencing on the date of the filing of that petition and ending on the date on which the order of the court was made.

MALPRACTICE BEFORE WINDING UP AND LIABILITY OF OFFICERS

374. (1) When a company is wound up, a person who is a past or present officer of the company is deemed to have committed an offence if, within the two years preceding the commencement of the winding up, he has—

Fraud &c. in anticipation of winding up.

- (a) concealed any part of the company’s property to the value of ten thousand rupees or more or concealed any debt due to or from the company;
- (b) fraudulently removed any part of the company’s property to the value of ten thousand rupees or more;
- (c) concealed, destroyed, mutilated or falsified any book or document affecting or relating to the company’s property or affairs;
- (d) made any false entry in any book or document affecting or relating to the company’s property or affairs;
- (e) fraudulently parted with, altered or made any omission in any document affecting or relating to the company’s property or affairs;

- (f) pawned, pledged or disposed of any property of the company which has been obtained on credit and has not been paid for, unless the pawning, pledging or disposal was in the ordinary course of the company's business;
- (g) made or caused to be made any gift or transfer of or charge on, or has caused or connived at the levying of any execution against the company's property, with the intent of defrauding the company's creditors; or
- (h) concealed or removed any part of the company's property since or within two months before the date of any unsatisfied judgment or order for the payment of money obtained against the company, with the intent of defrauding the company's creditors.

(2) It is a defence—

- (a) for a person charged under paragraph (a) or (f) of subsection (1), to prove that he had no intent to defraud;
- (b) for a person charged under paragraph (c) or (d) of subsection (1), to prove that he had no intent to conceal the state of affairs of the company or to defeat the law.

(3) A person who commits an offence under subsection (1) shall be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

Fraudulent trading.

375. (1) Where any business of a company that has been wound up has been carried on with intent to defraud creditors of the company or creditors of any other person or for any fraudulent purpose, every person who was knowingly a party to the carrying on of the business in that manner, shall be

deemed to have committed an offence and shall be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

(2) Where in the course of the winding up of a company it appears that any business of the company has been carried on with intent to defraud creditors of the company or creditors of any other person or for any fraudulent purpose, the court may, on the application of the liquidator or any creditor of the company, declare that any persons who were knowingly parties to the carrying on of the business in that manner, shall be—

- (a) liable to make such contribution to the company's assets; or
- (b) personally responsible for such debts or other liabilities of the company,

as the court may think fit.

376. (1) Where in the course of the winding up of a company it appears to the court that a person who has taken part in the formation or promotion of the company or a past or present director, manager, liquidator or receiver of the company, has misapplied or retained or become liable or accountable for money or property of the company, or been guilty of negligence, default or breach of duty or trust in relation to the company, the court may, on the application of the liquidator or a creditor or shareholder—

- (a) inquire into the conduct of the promoter, director, manager, liquidator, or receiver; and
- (b) order that person—
 - (i) to repay or restore the money or property or any part of it with interest at a rate the court thinks just; or

Power of court to require persons to repay money or return property.

- (ii) to contribute such sum to the assets of the company by way of compensation as the court thinks just; or
- (c) where the application is made by a creditor, order that person to pay or transfer the money or property or any part of it with interest at a rate the court thinks just, to the creditor.

(2) The provisions of this section shall have effect even though the conduct may constitute an offence under this Act.

(3) Where an order for payment of money is made under this section, it shall for the purposes of the Insolvency Ordinance (Cap. 97), be deemed to be a judgment for the recovery of a debt or money demand referred to in section 12 of that Ordinance.

Disclaimer of
onerous
property.

377. (1) Where any part of the property of a company which is being wound up consists of land of any tenure burdened with onerous covenants of shares or stock in companies, unprofitable contracts or of any other property that is unsaleable or not readily saleable, by reason of its binding the possessor thereof to the performance of any onerous act, or to the payment of any sum of money, the liquidator of the company, notwithstanding that he has endeavoured to sell or has taken possession of the property, or exercised any act of ownership in relation thereto, may, with the leave of the court and subject to the provisions of this section, by writing signed by him at any time within twelve months from the date of commencement of the winding up or such extended period as may be allowed by the court, disclaim the property:

Provided that, where any such property has not come to the knowledge of the liquidator within one month from the date of commencement of the winding up, the power of disclaiming the property under the provisions of this section

may be exercised at any time within twelve months from the date he has become aware thereof, or such extended period as may be allowed by the court.

(2) The disclaimer shall operate to determine as from the date of the disclaimer, the rights, interest, and liabilities of the company and the property of the company, in or in respect of the property disclaimed, but shall not, except so far as is necessary for the purpose of releasing the company and the property of the company from liability, affect the rights or liabilities of any other person.

(3) The court before or on granting leave to disclaim, may require such notices to be given to persons interested and impose such terms as a condition of granting such leave and make such other order in the matter, as the court thinks just.

(4) The liquidator shall not be entitled to disclaim any property under the provisions of this section, in any case where an application in writing has been made to him by any person interested in the property requiring him to decide whether he will or will not disclaim, and the liquidator has not, within a period of twenty-eight days from the date of receipt of the application or such further period as may be allowed by the court, given notice to the applicant that he intends to make an application to the court for leave to disclaim, and in the case of a contract, where the liquidator upon receipt of an application as aforesaid, does not within the said period or further period, disclaim the contract, the company shall be deemed to have adopted it.

(5) The court may on the application of any person, who is, as against the liquidator, entitled to the benefit or subject to the burden of a contract made with the company, make an order rescinding the contract on such terms as to payment by or to either party of damages for the non performance of the contract, or otherwise as the court thinks just, and any damages payable under such order to any such person may be proved by him as a debt in the winding up.

(6) The court may, on an application by any person who either claims any interest in any disclaimed property or is under any liability not discharged by this Act in respect of any disclaimed property and on hearing any such person as it thinks fit, make an order for the vesting of the property in or the delivery of the property to any persons entitled thereto, or to whom it may seem just that the property should be delivered by way of compensation for such liability as aforesaid or a trustee for him, and on such terms as the court thinks just, and on any such vesting order being made, the property comprised therein shall vest accordingly in the person therein named in that behalf without any conveyance or assignment for the purpose:

Provided that, where the property disclaimed is of a leasehold nature, the court shall not make a vesting order in favour of any person claiming under the company, whether as sub-lessee or as mortgagee, except upon the terms of making that person—

- (a) subject to the same liabilities and obligations as those to which the company was subject under the lease in respect of the property at the date of commencement of the winding up; or
- (b) where the court thinks fit, subject only to the same liabilities and obligations, as if the lease had been assigned to that person at that date,

and in either event (if the case so requires) as if the lease had comprised only the property comprised in the vesting order, and any sub-lessee or mortgagee declining to accept a vesting order upon such terms shall be excluded from all interest in and security upon, the property, and where there is no person claiming under the company who is willing to accept an order upon such terms, the court shall have power to vest the estate and interest of the company in the property in any person liable either personally or in a representative character, and either by himself or jointly with the company to perform

the lessor's covenants in the lease, freed and discharged from all estates, encumbrances and interests created therein by the company.

(7) Any person injured by the operation of a disclaimer under the provisions of this section shall be deemed to be a creditor of the company to the amount of the injury, and may accordingly prove the amount as a debt in the winding up.

378. (1) Where a creditor has issued execution against the goods or lands of a company or has attached any debt due to the company and the company is subsequently wound up, he shall not be entitled to retain the benefit of the execution of the company, unless he has completed the execution or attachment before the date of commencement of the winding up:

Restriction of rights of creditor as to execution or attachment in case of company.

Provided that—

- (a) where any creditor has had notice of a meeting having been called at which a resolution for voluntary winding up is to be proposed, the date on which the creditor so had notice shall for the purposes of the preceding provisions, be substituted for the date of commencement of the winding up;
- (b) a person who purchases in good faith under a sale by order of court any goods of a company on which an execution has been levied, shall in all cases acquire a good title to them against the liquidator;
- (c) the rights conferred by the provisions of this subsection on the liquidator may be set aside by the court in favour of the creditor, to such extent and subject to such terms as the court may think fit.

(2) For the purposes of this section, an execution against goods shall be taken to be completed by seizure and sale, and an attachment of a debt shall be deemed to be completed

by receipt of the debts, and an execution against land shall be deemed to be completed by seizure, and in the case of an equitable interest, by the appointment of a receiver.

(3) In this section the expression “goods” includes all movable property.

(4) Nothing this section shall apply to an execution process or attachment against any property by or for the benefit of a creditor, who is entitled to a charge in respect of that property.

Duty of fiscal as to goods taken in execution.

379. (1) Subject to the provisions of subsection (3), where any goods of a company are taken in execution and before the sale thereof or the completion of the execution, by receipt or recovery of the full amount of the levy, notice is served on the Fiscal that a provisional liquidator has been appointed or that a winding up order has been made or that a resolution for voluntary winding up has been passed, the Fiscal shall on being so required, deliver the goods and any money seized or received in part satisfaction of the execution to the liquidator, but the costs of the execution shall be a first charge on the goods or money so delivered, and the liquidator may sell the goods or a sufficient part thereof for the purpose of satisfying that charge.

(2) Subject to the provisions of subsection (3), where under an execution in respect of a judgment for a sum exceeding two hundred and fifty rupees, the goods of a company are sold or money is paid in order to avoid the sale, the Fiscal shall deduct the costs of the execution from the proceeds of the sale or the money paid and retain the balance for fourteen days, and if within that time notice is served on him of a petition for the winding up of the company having been presented or of a meeting having been called at which there is to be proposed a resolution for voluntary winding up of the company and an order is made or a resolution is passed, as the case may be, for the winding up of the company, the Fiscal shall pay the balance to the liquidator who shall be entitled to retain it as against the execution creditor.

(3) The rights conferred by the provisions of this section on the liquidator may be set aside by the court in favour of the creditor, to such extent and subject to such terms as the court may think fit.

(4) In this section the expression “goods” includes all movable property and the expression “Fiscal” includes any officer charged with the execution of a writ or other process.

(5) Nothing in this section shall apply to an execution process or attachment against any property by or for the benefit of a creditor, who is entitled to a charge in respect of that property.

OFFENCES ANTECEDENT TO OR IN THE COURSE OF WINDING UP

380. (1) Where any person being a past or present officer of a company which at the time of the commission of the alleged offence is being wound up whether by or under the supervision of the court or voluntarily, or is subsequently ordered to be wound up by the court or subsequently passes a resolution for voluntary winding up—

Offences by officers of companies in liquidation.

- (a) does not to the best of his knowledge and belief fully and truly make known to the liquidator all the property, movable and immovable, of the company, and how and to whom and for what consideration and when the company disposed of any part thereof, except such part as has been disposed of in the ordinary course of the business of the company;
- (b) does not deliver to the liquidator or as he directs, all such part of the movable and immovable property of the company as in his custody or under his control, and which he is required by law to deliver;
- (c) does not deliver to the liquidator or as he directs, all books and papers in his custody or under his control belonging to the company and which he is required by law to deliver;

- (d) makes any material omission in any statement relating to the affairs of the company;
- (e) knowing or believing that a false debt has been proved by any person under the winding up, fails for the period of one month to inform the liquidator thereof;
- (f) after the date of commencement of the winding up, prevents the production of any book or paper affecting or relating to the property or affairs of the company;
- (g) after the date of commencement of the winding up or at any meeting of the creditors of the company within the twelve months immediately prior to the date of commencement of the winding up, attempts to account for any part of the property of the company by fictitious losses or expenses;
- (h) has within the twelve months immediately prior to the date of commencement of the winding up or at any time thereafter, by any false representation or other fraud, obtained any property for or on behalf of the company on credit which the company does not subsequently pay for;
- (i) within the twelve months immediately prior to the date of commencement of the winding up or at any time thereafter, under the false pretense that the company is carrying on its business, obtains on credit for or on behalf of the company, any property which the company does not subsequently pay for; or
- (j) is guilty of any false representation or other fraud for the purpose of obtaining the consent of the creditors of the company or any of them, to an agreement with reference to the affairs of the company or to the winding up,

shall be guilty of an offence and shall on conviction, in the case of the offences referred to in paragraphs (h), (i) and (j), be liable to a fine not exceeding one million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment, and in the case of any other offence under the provisions of this subsection, be liable to a fine not exceeding five hundred thousand rupees or to imprisonment for a term not exceeding two years or to both such fine and imprisonment:

Provided that it shall be a good defence to a charge under the provisions of paragraphs (a), (b), (c), (d) and (i), for the accused to prove that he had no intent to defraud, and to a charge under the provisions of paragraph (f), to prove that he had no intent to conceal the state of affairs of the company or to defeat the law.

(2) For the purposes of this section, the expression “officer” shall include any person in accordance with whose directions or instructions the directors of a company have been accustomed to act.

381. (1) Where in the course of winding up of a company it is shown that proper books of accounts were not kept by the company throughout the period of two years immediately preceding the date of commencement of the winding up, or the period between the incorporation of the company and the date of commencement of the winding up, whichever is the shorter, every officer of the company who is in default shall, unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on the default was inevitable, be guilty of an offence and shall be liable on conviction to a fine not exceeding one hundred thousand rupees.

Liability where proper accounts are not kept.

(2) For the purposes of this section, proper books of accounts shall be deemed not to have been kept in the case of any company, if there have not been kept such books or accounts as are necessary to exhibit and explain the transactions and financial position of the trade or business of

the company, including books containing entries from day to day in sufficient detail of all cash received and cash paid, and where the trade or business has involved dealing in goods, statement or annual stock-takings and (except in the case of goods sold by way of ordinary retail trade) of all goods sold and purchased, showing the goods and the buyers and sellers thereof in sufficient detail to enable those goods and those buyers and sellers to be identified.

Prosecution of delinquent officers and members of the company.

382. (1) Where it appears to the court in the course of a winding up by or subject to the supervision of the court, that any past or present officer or any shareholder of the company has been guilty of any offence in relation to the company for which he is criminally liable, the court may, either on the application of any person interested in the winding up or of its own motion, direct the liquidator either himself to prosecute the offender or to refer the matter to the Attorney-General.

(2) Where it appears to the liquidator in the course of a voluntary winding up that any past or present officer or any shareholder of the company has been guilty of any offence in relation to the company for which he is criminally liable, he shall forthwith report the matter to the Attorney-General and shall furnish to him such information and give to him such access to and facilities for inspecting and taking copies of any documents, being information or documents in possession or under the control of the liquidator and relating to the matter in question, as he may require.

(3) Where any report is made under the provisions of subsection (2) to the Attorney-General, he may if he thinks fit, refer the matter to the Registrar for inquiry, and the Registrar shall thereupon investigate the matter and may where he thinks it expedient, make an application to court for an order conferring on him or any person designated by him for the purpose with respect to the company concerned, all such powers of investigating the affairs of the company as are provided by this Act in the case of a winding up the court.

(4) Where on any report to the Attorney-General under the provisions of subsection (2), it appears to the Attorney-General that the case is not one in which proceedings ought to be taken by him, he shall inform the liquidator accordingly and thereupon, subject to the previous sanction of the court, the liquidator may himself take proceedings against the offender.

(5) Where it appears to the court in the course of voluntary winding up that any past or present officer or any shareholder of the company has been guilty as aforesaid, and that no report with respect to the matter has been made by the liquidator to the Attorney-General under the provisions of subsection (2), the court may, on the application of any person interested in the winding up or of its own motion, direct the liquidator to make such report, and on a report being made accordingly, the provisions of this section shall have effect as though the report has been made in pursuance of the provision of subsection (2).

(6) If where any matter is reported or referred to the Attorney-General under the provisions of this section, the Attorney-General considers that the case is one in which a prosecution ought to be instituted, he shall institute proceedings accordingly, and it shall be the duty of the liquidator and of every officer and agent of the company past and present (other than the accused in the proceedings) to give him all assistance in connection with the prosecution which he is reasonably able to give.

For the purposes of this subsection, the expression “agent” in relation to a company shall be deemed to include any banker or attorney-at-law of the company and any person employed by the company as auditor, whether that person is or is not an officer of the company.

(7) Where any person fails or neglects to give assistance in the manner required by subsection (6), the court may on the application of the Attorney-General, direct that person to comply with the requirements of the said subsection, and

where any such application is made with respect to a liquidator, the court may, unless it appears that the failure or neglect to comply was due to the liquidator not having in his hands sufficient assets of the company to enable him so to do, direct that the costs of the application shall be borne by the liquidator personally.

SUPPLEMENTARY PROVISIONS AS TO WINDING UP

Qualifications
of
liquidators.

383. (1) None of the following persons may be appointed or act as a liquidator of a company :—

- (a) a person below eighteen years of age;
- (b) a creditor of the company in liquidation;
- (c) a person who has within the two years immediately preceding the commencement of the winding up, been a shareholder, director, auditor, or receiver of the company or of a related company;
- (d) an undischarged bankrupt;
- (e) a person who has been adjudged to be of unsound mind under the provision of the Mental Diseases Ordinance (Cap. 227);
- (f) a person in respect of whom an order has been made under section 468;
- (g) a person who is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under section 186 of the Companies Act, No. 17 of 1982, or who would be so prohibited, but for the repeal of that Act; or
- (h) a person who is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under section 213 or 214.

(2) A body corporate shall not be appointed or act as a liquidator.

(3) Every person who acts in contravention of the provisions of subsection (1) or subsection (2) shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

384. Any person who gives or agrees or offers to give to any shareholder or creditor of a company any valuable consideration with a view to securing his own appointment or nomination or to securing or preventing the appointment or nomination of some person other than himself as the company's liquidator, shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

Corrupt inducement affecting appointment as liquidator.

385. (1) Where any liquidator, who has made any default in filing, delivering or making any account, document or return, as the case may be, or in giving any notice which he is by law required to file, deliver, make or give, fails to make good the default within ten working days from the date of service on him of a notice requiring him to do so, the court may on an application made to the court by any contributory or creditor of the company or by the Registrar, make an order directing the liquidator to make good the default within such time as may be specified in the order.

Enforcement of duty of liquidator to make returns, &c.,

(2) Any order made under the provisions of subsection (1), may provide that all costs of and incidental to the application shall be borne by the liquidator.

(3) Nothing in this section shall be taken to prejudice the operation of any written law imposing penalties on a liquidator in respect of any such default as is referred to in subsection (1).

Notification that a company is in liquidation.

386. (1) Where a company is being wound up, whether by or under the supervision of the court or voluntary, every invoice, order for goods or business letter issued by or on behalf of the company or a liquidator of the company or a receiver or manager of the property of the company, being a document on or in which the name of the company appears, shall contain a statement that the company is being wound up.

(2) Where default is made in complying with the provisions of this section, the company and any of the following persons who knowingly and willfully authorises or permits the default, namely, any officer of the company, any liquidator of the company and any receiver or manager shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Exemption of certain documents from stamp duty on winding up of companies.

387. In the case of a winding up by the court or of a creditors' voluntary winding up of a company—

- (a) every deed relating solely to movable or immovable property or creating any mortgage, charge or other encumbrance on, or any estate, right or interest in any such property which forms part of the assets of the company and which, after the execution of the deed, is or remains part of the assets of the company; and
- (b) every power of attorney, proxy paper, writ, order, certificate, affidavit, bond or other instrument of writing relating solely to the property of any company which is being so wound up or to any proceeding under any such winding up,

shall be exempt from stamp duty.

Books of company to be evidence.

388. Where a company is being wound up, all books and papers of the company and of the liquidators shall, as between contributories of the company, be *prima facie* evidence of the truth of all matters purporting to be there in recorded.

389. (1) Where a company has been wound up and is about to be dissolved, the books of the company and of the liquidators may be disposed of as follows, that is to say—

Disposal of books and papers of the company.

- (a) in the case of a winding up by or subject to the supervision of the court, in such a way as the court directs;
- (b) in the case of a shareholders' voluntary winding up, in such a way as the company by special resolution directs, and in the case of a creditors' voluntary winding up, in such a way as the committee of inspection or where there is no such committee, as the creditors of the company may direct.

(2) After five years from the date of dissolution of the company no responsibility shall rest on the company, the liquidators, or any person to whom the custody of the books and papers has been committed, by reason of any book or paper not being forthcoming to any person claiming to be interested therein.

(3) Rules may be made for enabling the Registrar to prevent, for such period (not exceeding five years from the date of dissolution of the company) as he thinks fit, the destruction of the books and papers of a company which has been wound up, and for enabling any creditor or contributory of the company to make representations to the Registrar and to appeal to the Court of Appeal from any direction which may be given by the Registrar in the matter.

(4) Where any person acts in contravention of any rule made under the provisions of subsection (3) or of any direction of the Registrar thereunder, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding two hundred thousand rupees.

Information as to pending liquidation.

390. (1) Where the winding up of a company is not concluded within one year from the date of its commencement, the liquidator shall at such intervals as may be prescribed, until the winding up is concluded, send to the Registrar a statement in the prescribed form and containing the prescribed particulars with respect to the proceedings in and position of the liquidation.

(2) Where a liquidator fails to comply with the provisions of this section, he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Resolutions passed at adjourned meetings of creditors and contributories.

391. Where a resolution is passed at an adjourned meeting of any creditors or contributories of a company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed, and shall not be deemed to have been passed on any earlier date.

SUPPLEMENTARY POWERS OF COURT

Meetings to ascertain wishes of creditors or contributories.

392. (1) The court may as to all matters relating to the winding up of a company, have regard to the wishes of the creditors or contributories of the company as proved to it by any sufficient evidence, and may if it thinks fit for the purpose of ascertaining those wishes, direct meetings of the creditors or contributories to be called, held, and conducted in such manner as the court directs, and may appoint a person to act as chairman of any such meeting and to report the result thereof to the court.

(2) In the case of creditors, regard shall be had to the value of each creditor's debt.

(3) In the case of contributories, regard shall be had to the number of votes conferred on each contributory by this Act or the company's articles.

PROVISIONS AS TO DISSOLUTION

393. (1) Where a company has been dissolved, the court may at any time within two years from the date of the dissolution on an application being made for the purpose by the liquidator of the company, or by any other person who appears to the court to be interested, make an order upon such terms as the court thinks fit, declaring the dissolution to have been void, and thereupon such proceedings may be taken as might have been taken if the company had not been dissolved.

Power of court to declare dissolution of company void.

(2) It shall be the duty of the person on whose application the order under the provisions of subsection (1) was made, within seven days from the date of the order or such further time as the court may allow, to deliver to the Registrar for registration a certified copy of such order, and where such person fails to do so he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding fifty thousand rupees.

394. (1) Where the Registrar has reasonable cause to believe that a company is not carrying on business or is in operation, he may send to the company by post a letter inquiring whether the company is carrying on business or is in operation.

Registrar may strike off defunct company from register.

(2) Where the Registrar does not within one month of the date of sending the letter referred to in subsection (1) receive any answer thereto, he shall within ten working days from the date of expiry of the said period of one month, send to the company a letter by registered post referring to the first letter, and stating that no answer thereto has been received, and that if an answer is not received to the second letter within one month from the date thereof, a notice will be published in the *Gazette* with a view to striking off the name of the company from the register.

(3) Where the Registrar under the provisions of subsection (2), either receives an answer to the effect that the company is not carrying on business or in operation, or does not within one month after sending the second letter receive an answer, he may publish in the *Gazette*, and send to the company by post, a notice that at the expiration of three months from the date of that notice the name of the company specified therein will, unless cause is shown to the contrary, be struck off the register and be dissolved.

(4) Where in the winding up of a company the Registrar has reasonable cause to believe either that no liquidator is acting, or that the affairs of the company are fully wound up, and the returns required to be made by the liquidator under the provisions of this Act have not been made for a period of six consecutive months, the Registrar shall publish in the *Gazette* and send to the company or the liquidator, if any, a notice as is referred to in subsection (3).

(5) Upon the expiration of the period specified in the notice given under the provisions of subsection (4), the Registrar may, unless cause to the contrary is previously shown by the company, strike off the name of the company from the register, and shall publish notice thereof in the *Gazette*, and upon such publication the company shall be dissolved:

Provided that—

- (a) the liability, if any, of every director, manager and shareholder of the company shall continue and may be enforced as if the company had not been dissolved; and
- (b) nothing in the provisions of this subsection shall affect the power of the court to wind up a company the name of which has been struck off the register.

(6) Where a company or any shareholder or creditor thereof is aggrieved by the company having been struck off the register, the court on an application made by the company

or shareholder or creditor, as the case may be, before the expiration of five years from the publication in the *Gazette* of the notice referred to in subsection (5) may, if satisfied, that the company was at the time of the striking off carrying on business or in operation, or otherwise that it is just that the name of the company should be restored to the register, order the name of the company to be restored to the register, and upon a certified copy of the order being delivered to the Registrar for registration, the company shall be deemed to have continued in existence as if its name had not been struck off the register, and the court may by such order give such directions and make such provisions as to it seems just for placing the company and all other persons in the same position as nearly as may be, as if the name of the company had not been struck off the register.

(7) A notice to be sent under the provisions of this section to a liquidator may be addressed to the liquidator at his last known place of business, and a letter or notice to be sent under the provisions of this section to a company may be addressed to the company at its registered office, or where no office has been registered, to the care of some officer of the company at the most recent address recorded for that person in the annual returns or any other documents sent to the Registrar by the company.

395. Where a company is dissolved, all property and rights whatsoever vested in or held on trust for the company immediately before the date of its dissolution (including leasehold property but not including property held by the company on trust for any other person) shall, subject to and without prejudice to any order which may at any time be made by the court under the provisions of sections 393 and 394, vest in and be at the disposal of the State.

Property of dissolved company to vest in the State.

COMPANIES LIQUIDATION ACCOUNT

396. (1) An Account to be called the Companies Liquidation Account, shall be kept by the Registrar with such bank as may from time to time be approved by the Minister in charge of the subject of Finance.

Establishment of Companies Liquidation Account.

(2) Whenever the balance standing to the credit of the Companies Liquidation Account is in the opinion of the Registrar, in excess of the amount required for the time being to meet claims under section 397, the Registrar shall notify the Deputy Secretary to the Treasury of the excess and shall pay to him, to such account as he may direct, the whole or any part of that excess which he may require. The Deputy Secretary to the Treasury may invest the sums paid to him or any part of them in Government securities, to be held to the credit of the Companies Liquidation Account.

(3) When any part of the money paid to the Deputy Secretary to the Treasury under subsection (2) is in the opinion of the Registrar, required to meet any claim under section 397, the Registrar shall give notice of that requirement to the Deputy Secretary to the Treasury who shall repay the amount required to the Registrar to the credit of the Companies Liquidation Account, and may for that purpose sell any of the securities referred to in subsection (2).

(4) The dividends on investments made under this section shall be paid into the Companies Liquidation Account.

Payments into
and out of
Companies
Liquidation
Account.

397. (1) Money representing unclaimed assets of a company standing to the credit of a liquidator shall after completion of the winding up, be paid to the Registrar to be credited to the Companies Liquidation Account.

(2) Money held in the Companies Liquidation Account may be paid or distributed to any person who would have been entitled to payment or distribution in the winding up of a company of any money or surplus assets the proceeds of which, have been credited to the Companies Liquidation Account.

(3) Where any funds have been paid into the Companies Liquidation Account in respect of any company, and that company subsequently is dissolved, the provisions of section 395 shall apply to those funds.

398. (1) For the purposes of this section, an “essential service” means—

Refusal to supply essential services prohibited.

- (a) the retail supply of electricity ;
- (b) the supply of water ; and
- (c) the supply of telecommunications services.

(2) Notwithstanding the provisions contained in any written law to the contrary or any contract, a supplier of an essential service shall not—

- (a) refuse to supply the service to a liquidator or to a company in liquidation, by reason of the company’s default in paying charges due for the service in relation to a period before the commencement of the liquidation ; or
- (b) make it a condition of the supply of the service to a liquidator or to a company in liquidation, that payment be made of outstanding charges due for the service, in relation to a period before the commencement of the liquidation.

(3) For the avoidance of doubt, nothing in this section shall prevent the supplier of an essential service from exercising any right or power under any contract or under any written law in respect of a failure by a company to pay charges due for the service, in relation to any period after the commencement of the liquidation.

(4) The charges incurred by a liquidator for the supply of an essential service shall be an expense incurred by the liquidator, for the purposes of sub-paragraph (a) of paragraph 1 of the Ninth Schedule to this Act.

RULES AND FEES

Rules and fees
for winding up.

399. (1) Rules may be made by the Minister to provide for the carrying into effect of the objects of this Act, so far as it relates to the winding up of companies.

(2) There shall be paid in respect of proceedings under this Act in relation to the winding up of companies, such reasonable fees as the Minister may, by regulation, prescribe.

PART XIII

ADMINISTRATORS

APPOINTMENT OF ADMINISTRATOR

Interpretation.

400. In this Part of this Act, unless the context otherwise requires —

(a) “initial period” means the period beginning from the date of appointment of the administrator, until—

(i) the date on which a meeting is held under section 404 ; or

(ii) a receiver is appointed in accordance with the provisions of subsection (2) of section 402 ; or

(iii) the expiry of twenty working days, or such longer period as court may allow,

whichever occurs first ; and

(b) references to hire-purchase agreements include conditional sale agreements, chattel leasing arrangements and retention of title agreements.

401. (1) Subject to the provisions of subsection (4) of this section, where the board of a company considers that— Power of board to appoint administrator.

- (a) the company is or is likely to become unable to pay its debts as they fall due ; and
- (b) the appointment of an administrator will be likely to achieve one or more of the purposes referred to in subsection (2),

the board may resolve to appoint an administrator of a company.

(2) The purposes for which an administrator may be appointed are —

- (a) the survival of the company and the whole or any part of its undertaking as a viable concern ;
- (b) the preparation and approval of a compromise under Part IX or a compromise or arrangement under Part X ; or
- (c) a more advantageous realisation of the company's assets than would be likely on a winding up.

(3) A resolution appointing an administrator shall specify the purpose or purposes for which the appointment is being made, and once passed may not be rescinded without the leave of the court.

(4) A resolution shall not be passed by the board under this section where—

- (a) an order has been made for the winding up of the company ;
- (b) a receiver has been appointed in respect of the whole of the property and undertaking of the company,

unless the person by whom or on whose behalf the receiver was appointed has consented to the making of the order ; or

- (c) an administrator has been appointed by the company on a previous occasion, unless the leave of the court to make the further appointment is first obtained.

(5) A resolution passed in contravention of subsection (4) shall be void and of no effect.

Notice to charge holders of appointment of administrator.

402. (1) Where the board of a company appoints an administrator, the company shall forthwith give notice of the appointment and of the identity of the person who has been appointed as administrator, to any person who is entitled to appoint a receiver of the property and undertaking of the company.

(2) At any time within ten working days from the date on which notice has been given under subsection (1), a person who is entitled to appoint a receiver of the property and undertaking of the company may make such an appointment. Upon the appointment of such a receiver, the administrator shall immediately cease to hold office.

Effect of appointment of administrator.

403. (1) From and after the appointment of an administrator, until the end of the initial period—

- (a) no resolution may be passed or order made for the liquidation of the company ;
- (b) subject to the provisions of subsection (2) of section 402, no steps be taken to enforce any security over any property of the company or to repossess any goods in the company's use or possession under any hire-purchase agreement, except with the consent of the administrator or with the leave of the court and subject to such terms as the court may impose ;

- (c) no other proceedings and no execution or other legal process may be commenced or continued and no distress may be levied against the company or its property, except with the consent of the administrator or with the leave of the court and subject to such terms as the court may impose.

(2) Nothing in subsection (1) requires the leave of the court, for—

- (a) filing a petition to wind up the company ; or
- (b) giving notice in relation to a default under a charge over property of the company or under an agreement relating to property in the use, possession or occupation of the company.

INITIAL MEETING AND CONFIRMATION OF APPOINTMENT

404. (1) An administrator shall within ten working days of being appointed, send a written notice to all creditors of the company so far as he is aware of their addresses—

Duty of administrator to summon initial meeting.

- (a) advising them of the appointment of an administrator ; and
- (b) calling a meeting of creditors to consider whether the appointment should be confirmed.

(2) Where no meeting of creditors is held before the expiry of the initial period, the administrator shall cease to hold office at the expiry of that period.

(3) A meeting of creditors called under this section shall be conducted in accordance with the procedures specified in the Seventh Schedule, save that all creditors shall vote as one class.

(4) Where a meeting of creditors under this section does not confirm the appointment of the administrator, the administrator shall cease to hold office with effect from the close of the meeting.

(5) Where a meeting of creditors under this section confirms the appointment of the administrator, the administrator shall continue in office and shall prepare proposals in accordance with the provisions of section 406.

Effect of
confirmation
of
administrator.

405. (1) During the period for which an administrator holds office after the expiry of the initial period—

- (a) no resolution may be passed or order made for the winding up of the company ;
- (b) no receiver of the property of the company may be appointed ;
- (c) no other steps may be taken to enforce any security over any property of the company or to re-possess any goods in the company's use or possession under any hire-purchase agreement, except with—
 - (i) the consent of the administrator ; or
 - (ii) the leave of the court and subject to such terms as the court may impose ;
- (d) no other proceedings and no execution or other legal process may be commenced or continued and no distress may be levied against the company or its property, except with—
 - (i) the consent of the administrator ; or
 - (ii) the leave of the court and subject to such terms as the court may impose ;

(2) Nothing in subsection (1) requires the consent of the administrator or the leave of the court for—

- (a) filing a petition to wind up the company ; or
- (b) giving notice in relation to a default under a charge over property of the company or under an agreement relating to property in the use, possession, or occupation of the company.

ADMINISTRATOR'S PROPOSALS

406. (1) Within two months after the end of the initial period or such longer period as the court may allow, the administrator shall—

Statement of proposals.

- (a) prepare a statement of his proposals for achieving the purpose or purposes specified in the order appointing him ;
- (b) deliver a copy of the statement to the Registrar ;
- (c) send a copy of the statement to all creditors of the company so far as he is aware of their addresses.

(2) The administrator shall call a meeting of creditors to consider the statement, not less than five and not more than ten working days after the date on which copies of the statement had been sent to creditors.

(3) The administrator shall also within two months of the date of his appointment and before the date of the meeting of creditors to consider the statement, either—

- (a) send a copy of the statement to all shareholders of the company ; or
- (b) give public notice of an address at which shareholders of the company can obtain a copy of the statement free of charge.

(4) Where an administrator fails to comply with the requirements of this section he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Consideration of proposals by creditors' meeting.

407. (1) A meeting of creditors called under the provisions of section 406 shall decide whether to approve the administrator's proposals.

(2) The meeting may approve the proposals with modifications, if the administrator consents to the modifications.

(3) The meeting shall be conducted in accordance with the procedure specified in the Seventh Schedule and within ten working days of such meeting the administrator shall give notice of the result to the Registrar.

(4) Where the administrator's proposals are approved, the administrator shall continue in office if the proposals so provide or shall cease to hold office in the circumstances set out in the proposals.

(5) Where the administrator's proposals are not approved, the administrator shall cease to hold office five working days after the date of the meeting.

(6) Where the administrator fails to comply with the requirements of subsection (4) he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Consequential orders where administrator cease to hold office.

408. The court may on the application of a company or an administrator or former administrator, make such orders consequential upon the discharge of an administrator as it thinks fit.

Approval of substantial revisions to proposals.

409. (1) Where—

(a) the proposals of the administrator have been approved under section 407 ; and

- (b) the administrator proposes to make substantial revisions to those proposals,

the administrator shall send to all creditors of the company so far as he is aware of their addresses, a written statement of the proposed revisions.

(2) The administrator shall call a meeting of the creditors to consider the revisions, not less than five and not more than ten working days after the date on which copies of the statement had been sent to the creditors.

(3) The administrator shall also before the date of the scheduled meeting of the creditors to consider the statement, either—

- (a) send a copy of the statement to all shareholders of the company ; or
- (b) give public notice of an address at which shareholders of the company can obtain a copy of the statement free of charge.

(4) The meeting may approve the proposed revisions with modifications, if the administrator consents to the modifications.

(5) The meeting shall be conducted in accordance with the procedure specified in the Seventh Schedule, and at the conclusion of such meeting the administrator shall give notice of the result of the meeting to the Registrar.

NOTICE OF ADMINISTRATION

410. (1) An administrator shall forthwith after being appointed—

Notice of appointment of administrator.

- (a) give public notice of his appointment, including—
 - (i) his full name ;

(ii) the date of the appointment ;

(iii) his office address ; and

(b) send a copy of the public notice to the Registrar.

(2) Where the administrator fails to comply with the requirements of this section he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Notice of
administration

411. (1) Where an administrator is appointed in respect of a company, every agreement entered into and every document issued by or on behalf of the company or the administrator and on which the name of the company appears, shall state clearly that an administrator has been appointed.

(2) A failure to comply with the requirements of subsection (1) shall not affect the validity of the agreement or document.

(3) Every person who—

(a) contravenes the requirements of subsection (1); or

(b) knowingly or willfully authorises or permits a contravention of subsection (1),

shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

THE ADMINISTRATOR

Qualifications of
administrator.

412. (1) The following persons may not be appointed or act as administrator of a company :—

(a) a person who is under eighteen years of age;

(b) a creditor of the company;

- (c) a person who is or who has within the period of two years immediately preceding the commencement of the receivership, been an officer or employee of the company;
- (d) a person who has or who has had within the period of two years preceding the commencement of the administration, an interest whether direct or indirect, in a share issued by the company;
- (e) a person who is an undischarged insolvent;
- (f) a person who has been adjudged to be of unsound mind under the Mental Diseases Ordinance (Cap. 227);
- (g) a person in respect of whom an order has been made under subsection (5) of section 468;
- (h) a person who was prohibited from being a director of or being concerned or taking part in the promotion, formation or management of a company under section 188 of the Companies Act, No. 17 of 1982, or who would be so prohibited but for the repeal of that Act; or
- (i) a person who is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under section 213 or 214.

(2) A body corporate shall not be appointed or act as an administrator.

(3) A person who acts in contravention of subsection (1) or subsection (2), shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

Validity of acts of administrator.

413. Any act done by a person as an administrator shall be valid notwithstanding the fact that such person is not qualified to act as an administrator.

Consent to be appointed.

414. The appointment of a person as an administrator shall be of no effect, unless that person consents in writing to being appointed as an administrator.

Vacancy in office of administrator.

415. (1) The office of administrator shall become vacant if the person holding that office resigns, dies, is removed from office by the court or becomes disqualified under section 412.

(2) A person may resign from the office of administrator by appointing another person as his successor, and delivering notice in writing of the appointment of his successor to the company and to the Registrar.

(3) The court may on the application of the company or a shareholder or a director or creditor of the company or the Registrar, review the appointment of a successor to an administrator and may if it thinks fit, appoint another person to be the administrator of the company in his place.

(4) Where for any reason other than resignation a vacancy occurs in the office of administrator, written notice of the vacancy shall forthwith be delivered to the company and to the Registrar by the person vacating office or, if that person is unable to act, by his personal representative .

(5) If as the result of the vacation of office by an administrator no person is appointed to act as administrator, the board of the company may appoint a person to act as administrator.

(6) Where a vacancy occurs in the office of administrator or a person has been appointed to act as an administrator under subsection (5), as the case may be, the court may on the application of the company or a shareholder or director or creditor of the company or the Registrar, appoint another person to be the administrator of the company.

(7) An administrator appointed under subsection (5) or subsection (6) shall, within ten working days of being appointed deliver a notice of his appointment to the Registrar.

(8) An administrator may at any time be removed from office by the court.

(9) A person vacating the office of administrator shall where practicable, provide such information and give such assistance to his successor as that person may reasonably require.

(10) On the application of a person appointed to fill a vacancy in the office of administrator, the court may make any order that it considers necessary or desirable to facilitate the performance of the administrator's duties.

(11) Every person who fails without reasonable excuse to comply with the requirements of subsection (4) or who fails to comply with the provisions of subsection (7) shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

POWERS OF ADMINISTRATOR

416. (1) An administrator—

Powers of administrators.

- (a) shall manage the affairs, business and property of the company;
- (b) may do all such things as may be necessary or desirable for the management of the affairs, business and property of the company;
- (c) without limiting the powers specified in paragraphs (a) and (b), shall have all the powers that could be exercised by a receiver of the whole of the property and undertaking of the company under sections 443, 445 and 446.

(2) The administrator may apply to the court for directions in relation to any matter arising in connection with the carrying out of his functions.

(3) Where the exercise of any power conferred on the company or its board or officers by this Act or by the company's articles could interfere with the exercise by the administrator of his powers, such power shall not be exercised by the company, its board or officers, as the case may be, except with the consent of the administrator, which may be given generally or in relation to particular cases.

(4) Without limiting the generality of subsection (3), any disposal or other dealing with the property of the company without first obtaining the consent of the administrator, which may be given generally or in relation to particular cases, shall unless the court otherwise orders, be void.

(5) In exercising his powers the administrator is deemed to act as the company's agent, and a person dealing with the administrator in good faith and for value, shall not be required to inquire whether the administrator is acting within his powers.

Power to deal
with charged
property &c.,

417. (1) The administrator of a company may dispose of or otherwise exercise his powers in relation to any property of the company which is subject to a security to which this subsection applies, as if the property were not subject to the security.

(2) Provisions of subsection (1) shall apply to any security which, when it was created, was a floating charge.

(3) Where on an application by the administrator, the court is satisfied that the disposal (with or without other assets) of—

- (a) any property of the company subject to a security to which subsection (1) does not apply; or

- (b) any goods in the possession of the company under a hire-purchase agreement,

would be likely to promote the purpose or one or more of the purposes specified in the order appointing the administrator, the court may by order authorise the administrator to—

- (c) dispose of the property as if it were not subject to the security; or
- (d) dispose of the goods as if all rights of the owner under the hire purchase agreement were vested in the company.

(4) Where property is disposed of under subsection (1), the holder of the security has the same priority in respect of any property of the company directly or indirectly representing the property disposed of, as he would have had in respect of the property subject to the security.

(5) It shall be a condition of an order made by the court under subsection (3) that—

- (a) the net proceeds of the disposal; and
- (b) where those proceeds are less than such amount as may be determined by the court to be the net amount that would be realised on a sale of the property or goods in the open market, such sums as may be required to make good the deficiency,

shall be applied towards discharging the sums secured by the security, or payable under the hire purchase agreement.

(6) Where a condition imposed under subsection (5) relates to two or more securities, that condition requires the net proceeds of the disposal and any sum mentioned in paragraph (b) of that subsection to be applied towards discharging the sums secured by those securities, in the order of their priorities.

(7) A copy of any order made under subsection (3) shall within ten working days after the making of the order, be sent by the administrator to the Registrar.

(8) Where the administrator fails to comply with the requirements of subsection (7), he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

General duties
of administrator.

418. (1) The administrator on his appointment shall take into his custody or control, all the property to which the company is or appears to be entitled.

(2) The administrator shall manage the affairs, business and property of the company—

- (a) at any time before a proposal has been approved under section 407 in accordance with any directions of the court; and
- (b) at any time after a proposal has been so approved, in accordance with the proposal as from time to time revised and with any directions of the court.

(3) The administrator shall summon a meeting of the creditors of the company if—

- (a) he is requested to do so in writing by one tenth in value of the creditors; or
- (b) he is directed to do so by the court.

Discharge of
administrator or
variation of
resolution
appointing
administrator.

419. (1) The administrator shall, where—

- (a) it appears to him that the purpose or each of the purposes specified in the resolution appointing him either have been achieved or is incapable of achievement;

- (b) he is required to do so by a meeting of the company's creditors summoned for the purpose,

may at any time, give notice to the company notifying that the—

- (c) administration ought to be terminated; or
- (d) resolution appointing him as administrator ought to be varied to specify an additional purpose.

(2) The administrator shall cease to hold office five working days after giving a notice under paragraph (c) of subsection (1), or on such later date as may be specified in the notice, but in any event no more than ten working days after the date on which the notice is given.

(3) Where the administrator gives notice under paragraph (d) of subsection (1), the resolution shall be deemed to be amended accordingly.

(4) Where a notice is given under subsection (1), the administrator shall within ten working days after giving the notice, deliver a copy of the notice to the Registrar.

(5) Where the administrator fails to comply with subsection (4) he shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

420. (1) The remuneration to be paid to and expenses of the administrator and any indemnity to which he is entitled under section 421, shall be paid out of the property of the company, and shall have priority over any security which, as created, was a floating charge.

Remuneration and expenses of administrator.

(2) The court may on the application of the administrator or the company or any creditor of the company, review or fix the remuneration of the administrator in respect of any period at a level which is reasonable in the circumstances.

Liability of
administrator.

421. (1) Subject to the provisions of subsections (2) and (3), an administrator is personally liable—

- (a) on a contract entered into by the administrator in the exercise of any of the administrator's powers; and
- (b) for payment of wages or salary that during his administration, accrue under a contract of employment entered into before his appointment, if notice of the termination of the contract is not lawfully given within ten working days after the date of appointment.

(2) The court may, on the application of an administrator, extend the period within which notice of the termination of a contract is required to be given under paragraph (b) of subsection (1), on such terms and conditions as the court thinks fit, provided that application is made before the expiry of the period referred to in such paragraph.

(3) Subject to the provisions of subsection (6), an administrator is personally liable to the extent specified in subsection (4) for rent and any other payments becoming due under an agreement subsisting at the date of his appointment, relating to the use, possession, or occupation of property by the company.

(4) The liability of an administrator under subsection (3) is limited to that portion of the rent or other payments which is attributable to the period, commencing ten working days after the date of the appointment of the administrator and ending on—

- (a) the date on which the administration ends; or
- (b) the date on which the company ceases to use, possess, or occupy the property,

whichever is the earlier.

(5) The court may, on the application of an administrator—

- (a) limit the liability of the administrator to a greater extent than that specified in subsection (4); or
- (b) exempt the administrator from liability under subsection (3).

(6) Nothing in subsection (3) or subsection (4)—

- (a) shall be taken as giving rise to an adoption by an administrator of an agreement referred to in subsection (3); or
- (b) shall render an administrator liable to perform any other obligation under such an agreement.

(7) An administrator is entitled to an indemnity out of the property of the company in respect of his personal liability under this section.

422. (1) The court may relieve a person who has acted as an administrator from all or any personal liability incurred in the course of the administration, if it is satisfied that—

Relief from liability.

- (a) the liability was incurred solely by reason of a defect in the appointment of the administrator or in the order of the court under which the administrator was appointed; and
- (b) the administrator acted honestly and reasonably and ought in the circumstances to be exempted.

(2) The court may exercise its powers under subsection (1) subject to such terms and conditions as it thinks fit.

ASCERTAINMENT AND INVESTIGATION OF COMPANY'S AFFAIRS

Obligations of company and directors to provide information &c.

423. (1) Where an administrator is appointed, the company and every director of the company shall—

- (a) make available to the administrator all books, documents, and information relating to the business, affairs and property of the company in the company's possession or under its control;
- (b) if required to do so by the administrator, verify by affidavit that the books, documents, and information are complete and correct;
- (c) give the administrator such assistance as the administrator may reasonably require;
- (d) if the company has a common seal, make the common seal available for use by the administrator.

(2) Where the company or a director fails to comply with the requirements of subsection (1), the court may on the application of the administrator, make an order requiring the company or a director of the company to comply with the same.

MISCELLANEOUS

Creditors' committee.

424. (1) Where a meeting of creditors has approved the administrator's proposals, the meeting may if it thinks fit, establish a committee (hereinafter referred to as the "creditors' committee"), to exercise the functions conferred on it under this Act.

(2) Where a creditors' committee is established, it may on giving not less than five working days notice, require the administrator to attend before it at any reasonable time and provide it with such information relating to the carrying out of his functions as it may reasonably require.

425. (1) During any time at which an administrator holds office, a creditor or shareholder of a company may apply to the court for an order under this section, on the ground that—

Protection of interests of creditors and share holders.

- (a) the company's affairs, business and property are being or have been managed by the administrator in a manner which is unfairly discriminatory or unfairly prejudicial to the interests of the creditor or shareholder; or
- (b) any actual or proposed act or omission of the administrator is or would be unfairly discriminatory or unfairly prejudicial to the interests of such creditor or shareholder.

(2) On an application being made to court under this section, court may, where it considers it just and equitable to do so and subject to the provisions of subsection (3), make such order as it thinks fit including, without limiting the generality of this subsection, and order—

- (a) regulating the future management by the administrator of the company's affairs, business and property;
- (b) requiring the administrator to refrain from doing or continuing an act complained of by the applicant or to do an act which the applicant has complained he has omitted to do;
- (c) requiring the calling of a meeting of creditors or shareholders for the purpose of considering such matters as the court may direct;
- (d) discharging the administrator and making such consequential provisions as the court thinks fit.

(3) An order under this section shall not prejudice or prevent—

- (a) the implementation of a compromise or arrangement approved under Part IX or Part X of this Act; or
- (b) where the application for the order was made more than twenty working days after the approval of any proposals or any revised proposals under section 407 or section 409, as the case may be, the implementation of those proposals or revised proposals.

Application to administrator of provisions relating to receivers.

426. (1) The provisions contained in sections 453, 454, 460, 468, 469 and 470 shall apply to an administrator and to a company under administration with all necessary modifications, and in particular as if—

- (a) the administrator were a receiver appointed by the court ;
- (b) references to the property in receivership were references to the property and undertaking of the company ; and
- (c) references to the grantor were references to the company.

PART XIV

FLOATING CHARGES

Company may grant floating charge.

427. (1) A company may grant a charge to which this Part of this Act applies (in this Act referred to as a “floating charge”) over the whole or any part of the property and undertaking of the company, for the purpose of securing a debt or any other obligation incurred or to be incurred by the company or any other person.

(2) A floating charge may apply to any property of the company whether held by the company at the time of creation of the floating charge or acquired thereafter, including—

- (a) movable and immovable property ;
- (b) uncalled capital ;
- (c) circulating assets, including cash, stock in trade, raw materials, book debts and other receivables.

(3) A floating charge created under this Part of this Act shall, notwithstanding the provisions contained in any other law, have effect as a security over the property of the company to which it is expressed to apply, in the manner and to the extent specified in this Part—

- (a) subject to the provisions of the Registration of Documents Ordinance (Cap. 117) where applicable ; and
- (b) subject to section 103 of the Mortgage Act (Cap. 89).

428. (1) A floating charge may be created by a company only by the execution under the name of the company in accordance with the provisions of paragraph (a) of subsection (1) of section 19, of an instrument which is expressed to create such a charge.

Instrument
creating floating
charge.

(2) An instrument which creates a floating charge over property which includes land, shall be registered under the Registration of Documents Ordinance (Cap. 117) as an instrument affecting that land.

(3) An instrument which creates a floating charge over property which includes movable property, shall be registered under the Registration of Documents Ordinance (Cap. 117) as if it were a bill of sale. Where the floating charge also

includes land, the provisions of sections 16 to 22 of the Registration of Documents Ordinance (Cap. 117) shall not in any way affect the instrument, in so far as it relates to land.

(4) The provisions of sections 17 and 20 of the Registration of Documents Ordinance (Cap. 117) shall apply in relation to a floating charge, as if registration of that floating charge—

(a) under Chapter IV of that Ordinance in the district in which the registered office of the company is situated ; and

(b) under Part VI of this Act,

were registration under Chapter IV of that Ordinance, in every district in Sri Lanka.

(5) For the avoidance of doubt, nothing in section 63 of the Mortgage Act (Cap. 89) shall apply to or in relation to any instrument creating a floating charge.

Provisions of instrument creating floating charge.

429. (1) The terms specified in the Eleventh Schedule hereto shall be implied terms of every instrument which creates a floating charge, except to the extent that the terms of any such instrument expressly exclude or are inconsistent with those implied terms.

(2) An instrument creating a floating charge may contain—

(a) provisions prohibiting or restricting the creation of any fixed security or any other floating charge having priority over or ranking equally with the floating charge ; or

(b) provisions regulating the order in which the floating charge shall rank with any other subsisting or future floating charges or fixed securities over that property or any part of it.

430. (1) Subject to the terms of the instrument under which it is created, the creation of a floating charge in respect of any property shall not affect the ability of the company to deal with that property in the normal course of business.

Dealing with property subject to floating charge before attachment.

(2) Where—

- (a) any property of a company is subject to a floating charge which has not attached to that property ; and
- (b) the company has sold or disposed of that property,

any person who receives that property from the company shall be liable to account to the person entitled to the benefit of the floating charge for the value of the property, in the circumstances set out in subsection (3) or subsection (4).

(3) A person may be liable to account for the value of property received by that person under subsection (2), if—

- (a) the sale or disposal of the property did not take place in the normal course of the company's business ; and
- (b) that person knew or by reason of his relationship with the company ought to have known, that the sale or disposal did not take place in the normal course of the company's business.

(4) A person may be liable to account for the value of property received by that person under subsection (2), if—

- (a) the sale or disposal of the property is a breach of the instrument creating the floating charge ; and
- (b) that person knew or by reason of his relationship with the company ought to have known, of the terms of the instrument and the circumstances giving rise to a breach of those terms.

Ranking of floating charges.

431. (1) Where any property of a company is subject both to a floating charge and to a fixed security arising by operation of law, the fixed security shall have priority over the floating charge.

(2) Where any property of a company is subject both to a floating charge and to a fixed security granted by the company, the fixed security shall have priority over the floating charge, unless—

- (a) the instrument creating the floating charge—
 - (i) prohibited the granting by the company of that fixed security ; and
 - (ii) had been registered under Part VI of this Act before the date on which the fixed security was granted by the company ; or
- (b) the instrument creating the floating charge is expressed to take priority over the fixed security, and the person entitled to the benefit of the fixed security has consented in writing to that priority ; or
- (c) before the date on which the fixed security was granted by the company, the floating charge had attached to the property pursuant to section 433 and either—
 - (i) a receiver had been appointed in respect of the property and the person to whom the fixed security was granted had notice of the appointment of the receiver ; or
 - (ii) the person to whom the fixed security was granted knew or by reason of his relationship with the company ought to have known, that—
 - (A) the floating charge had attached to that property ;

- (B) the grant of the fixed security was a breach of the instrument creating the floating charge ; or
- (C) the grant of the fixed security did not occur in the normal course of the company's business.

(3) Where any property of a company is subject to more than one floating charge, those floating charges shall rank among themselves according to the date of registration under Part VI, subject to any provision to the contrary in an instrument creating a floating charge which has been consented to in writing by the person entitled to the benefit of the floating charge, the priority of which is postponed by that provision.

(4) For the avoidance of doubt and subject to the terms of the instrument under which it is created, the priority of a floating charge shall not be affected by the fact that all or any part of the debts or obligations secured by that floating charge, were incurred or arose after —

- (a) the creation and registration by the company of a subsequent floating charge ; or
- (b) the grant by the company of any fixed security in respect of the whole or any part of the property comprised in the floating charge.

(5) A person shall be deemed to have received notice of the appointment of a receiver for the purposes of subsection (2), if—

- (a) the person knows or ought by reason of his relationship with the company to know that a receiver has been appointed ; or
- (b) public notice of the appointment of the receiver has been given in accordance with paragraph (b) of subsection (1) of section 440.

(6) Without limiting the provisions contained in subsection (3) of section 427, where land owned by a company is subject to a floating charge and to a fixed security which has been registered under the Registration of Documents Ordinance (Cap. 117), the fixed charge shall have priority over the floating charge, unless the floating charge was registered in respect of that land under the Registration of Documents Ordinance (Cap. 117) prior to the registration of the fixed security.

Alteration and discharge of floating charges.

432. (1) The terms of an instrument creating a floating charge may be varied in the same manner in which an instrument may be executed by the company.

(2) Subject to the modifications contained in subsection (3) of this section subsections (1) and (3) of section 102, sections 103 and 108 shall apply to an instrument of alteration under this section, which—

- (a) prohibits or restricts creation of any fixed security or any other floating charge having priority over or ranking equally with the floating charge ;
- (b) varies or otherwise regulates the order of and the ranking of the floating charge in relation to fixed securities or to other floating charges ;
- (c) releases property from the floating charge ; or
- (d) where the floating charge secures a specified obligation or a specified amount, alters that obligation or increases that amount, as the case may be.

(3) The provisions of subsections (1) and (3) of sections 102, 103 and 108 shall apply in respect of an instrument of alteration to which subsection (2) applies, as if—

- (a) references to a charge were references to an alteration to a floating charge ; and

- (b) references to the creation of a charge, were references to the execution of the instrument of alteration.

(4) Where an alteration to the terms of an instrument creating a floating charge has the effect of extending the floating charge to property not previously comprised in the floating charge, the priority of the floating charge in respect of the additional property shall be determined, as if the instrument by which the amendments were affected were an instrument creating a new floating charge in respect of that additional property.

(5) A floating charge may be released in respect of the whole or any part of the property comprised in it, in the same manner in which such a charge may be created.

433. (1) A floating charge shall attach to and constitute a fixed charge in respect of all property comprised in the charge, on the occurrence of any of the following events :—

Circumstances in which floating charge attaches to property.

- (a) the appointment of a receiver of the whole or any part of the property or undertaking of the company, whether under the terms of the instrument creating the floating charge or otherwise ;
- (b) the commencement of the winding up of the company ;
- (c) the disposal by the company of the whole or any part of its undertaking, other than in the normal course of its business ;
- (d) the company ceasing to carry on business ;
- (e) any other event the occurrence of which is expressed in the instrument creating the floating charge to have the effect of causing that charge to attach to the property comprised in it.

(2) Where—

- (a) a floating charge has attached to any property of a company ; and
- (b) the company sells or otherwise disposes of any property to which the charge has attached,

the person to whom the property is sold or otherwise disposed of, shall be liable to account to the person entitled to the benefit of the floating charge for the value of the property, if—

- (c) a receiver had been appointed in respect of the property and that person had notice of the appointment of the receiver ; or
- (d) that person knew or ought by reason of his relationship with the company to have known that —
 - (i) the floating charge had attached to that property ;
 - (ii) the sale or disposal was a breach of the instrument creating the floating charge ; or
 - (iii) the sale or disposal did not occur in the normal course of the company's business.

(3) Nothing in subsection (2) shall apply to a sale of property—

- (a) by or under the authority of a receiver appointed in respect of the property, by the person entitled to the benefit of the floating charge ;

- (b) pursuant to a floating charge or other security in respect of the property which ranks prior to the floating charge, to the benefit of which the person making the claim is entitled ; or
- (c) by the court.

(4) A person who is liable to account to the holder of a floating charge for the value of property disposed of by the company, shall be given credit for the value of any consideration provided to the company for that property which has become available to the holder of the floating charge, in substitution for that property.

(5) A person shall be deemed to have received notice of the appointment of receiver for the purposes of subsection (2), if—

- (a) the person knows or ought by reason of his relationship with the company to know, that a receiver has been appointed ; or
- (b) public notice of the appointment of the receiver has been given in accordance with paragraph (b) of subsection (1) of section 440.

(6) For the avoidance of doubt, where a floating charge has become a fixed charge under this section, the grantee may without prejudice to any right he may have to appoint a receiver under Part XV, exercise any other remedy which is available to the holder of a fixed charge under the Mortgage Act (Cap. 89) or under any other written law.

PART XV

RECEIVERS AND MANAGERS

Interpretation. **434.** (1) In this Part of this Act, unless the context otherwise requires—

“creditor” includes a person to whom the grantor owes a debt or is under a liability, whether present or future, certain or contingent and whether an ascertained debt or liability or a liability in damages ;

“grantee” means in relation to an instrument which creates a floating charge, the person entitled to the benefit of the instrument ;

“grantor” means the person in respect of whose property a receiver is or may be appointed ;

“liquidator” means a liquidator appointed under Part XII ;

“mortgage” includes a charge on property for securing money or money’s worth ;

“mortgagee” includes a person from time to time deriving title under the original mortgagee, but does not include a receiver ;

“preferential claims” means the claims referred to in the Ninth Schedule (except paragraph 1 of that Schedule) ;

“property” includes—

(a) movable and immovable property ;

(b) an interest in movable or immovable property ;

- (c) a debt ;
- (d) any thing in action ;
- (e) any other right or interest ;

“property in receivership” means property in respect of which a receiver is appointed ;

“receiver” means a receiver or a manager or a receiver and a manager in respect of any property, appointed—

- (a) under any instrument ; or
- (b) by the court in the exercise of a power conferred on the court by this Act,

whether or not the person appointed is empowered to sell any of the property in receivership, but does not include—

- (c) a mortgagee who, whether personally or through an agent, exercises a power to—
 - (i) receive income from mortgaged property ;
 - (ii) enter into possession or assume control of mortgaged property ; or
 - (iii) sell or otherwise alienate mortgaged property ; or
- (d) an agent of any such mortgagee.

POWER TO APPOINT RECEIVER

435. An instrument that creates a floating charge in respect of the whole of the property and undertaking of a company, may confer on the grantee the power to appoint a receiver of the property and undertaking of the company.

Instrument may confer power to appoint receiver.

QUALIFICATIONS OF RECEIVERS

Qualifications
of receivers.

436. (1) The following persons may not be appointed or act as a receiver :—

- (a) a person who is under eighteen years of age ;
- (b) a creditor of the grantor ;
- (c) a person who is or who has within the period of two years immediately preceding the commencement of the receivership, been—
 - (i) an officer or employee of the grantor; or
 - (ii) an officer or employee of the mortgagee of the property in receivership;
- (d) a person who has or who has had within the period of two years preceding the commencement of the receivership, an interest, whether direct or indirect, in a share issued by the grantor;
- (e) a person who is an undischarged insolvent;
- (f) a person who has been adjudged to be of unsound mind under the Mental Diseases Ordinance (Cap. 227);
- (g) a person in respect of whom an order has been made under subsection (5) of section 468;
- (h) a person who was prohibited from being a director or promoter of or being concerned or taking part in the management of a company under section 186 of the Companies Act, No. 17 of 1982, or who would be so prohibited but for the repeal of that Act;

- (i) a person who is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under section 213 or 214;
 - (j) a person who is disqualified from acting as a receiver by the instrument that confers the power to appoint a receiver.
- (2) A body corporate shall not be appointed or act as a receiver.
- (3) A person who contravenes subsection (1) or subsection (2), shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

APPOINTMENT OF RECEIVER

437. (1) Where an instrument confers on the grantee the power to appoint a receiver of the property and undertaking of a company, the grantee may appoint a receiver by an instrument in writing signed by or on behalf of the grantee.

Appointment of receiver under an instrument.

- (2) A receiver appointed by or under a power conferred by an instrument shall be the agent of the grantor, unless the instrument expressly provides otherwise.
- (3) A receiver may be appointed under this section —
- (a) notwithstanding anything to the contrary contained in any other law; and
 - (b) whether or not the property in respect of which the receiver is appointed includes immovable property.
- (4) For the avoidance of doubt—
- (a) the appointment of a receiver under this section is not a hypothecary action; and

- (b) nothing in section 46 of the Mortgage Act (Cap. 89) shall affect, or shall apply in relation to, the appointment of a receiver under this section.

Extent of power to appoint a receiver.

438. (1) A power conferred by an instrument to appoint a receiver includes the power to appoint—

- (a) two or more receivers;
- (b) a receiver additional to one or more presently in office;
- (c) a receiver to succeed a receiver whose office has become vacant,

unless the instrument expressly provides otherwise.

(2) Two or more receivers may act jointly or severally to the extent that they have the same powers, unless the instrument under which or the order of the court by which they are appointed, expressly provides otherwise.

Court may appoint a receiver.

439. (1) Without limiting the inherent jurisdiction of the court under any other written law, the court may appoint a receiver of any property which is subject to a fixed security or a floating charge granted by a company, on the application of the grantee of that security or charge, where it is satisfied that—

- (a) the company has failed to pay a debt due to the grantee or has otherwise failed to meet any obligation to the grantee;
- (b) the company proposes to sell or otherwise dispose of the secured property in breach of the terms of any instrument creating the security or charge; or
- (c) it is necessary to do so to ensure the preservation of the secured property for the benefit of the grantee.

(2) A receiver may be appointed under this section—

- (a) notwithstanding anything to the contrary in any other law; and
- (b) whether or not the property in respect of which the receiver is appointed, includes immovable property.

(3) For the avoidance of doubt—

- (a) the appointment of a receiver under this section is not a hypothecary action; and
- (b) nothing in section 46 of the Mortgage Act (Cap. 89) shall affect, or shall apply in relation to the appointment of a receiver under this section.

440. (1) A receiver shall forthwith after being appointed and in any event no later than ten working days after being appointed —

Notice of appointment of receiver.

- (a) give written notice of his or her appointment to the grantor;
- (b) give public notice of his or her appointment, including —
 - (i) the receiver's full name;
 - (ii) the date of the appointment;
 - (iii) the receiver's office address; and
 - (iv) a brief description of the property in receivership ; and
- (c) send a copy of the public notice to the Registrar.

(2) Where the appointment of the receiver is in addition to a receiver who already holds office or is in place of a person who has vacated office as receiver, as the case may be, every notice under this section shall state that fact.

(3) Every receiver who acts in contravention of this section shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Notice of
receivership.

441. (1) Where a receiver is appointed in respect of the property and undertaking of a company, every agreement entered into and every document issued by or on behalf of the grantor or the receiver and on which the name of the grantor appears, shall state clearly that a receiver has been appointed.

(2) Where a receiver is appointed in relation to a specific asset or assets, every agreement entered into and every document issued by or on behalf of the grantor or the receiver that relates to the asset or assets, and on which the name of the grantor appears, shall state clearly that a receiver has been appointed.

(3) A failure to comply with subsection (1) or subsection (2) shall not affect the validity of the agreement or document.

(4) Every person who—

(a) acts in contravention of subsection (1) or subsection (2); or

(b) knowingly or willfully authorises or permits a contravention of subsection (1) or subsection (2),

shall be guilty of an offence, and be liable on conviction to a fine not exceeding fifty thousand rupees.

Vacancy in
office of
receiver.

442. (1) The office of receiver shall become vacant if the person holding office resigns, dies, or becomes disqualified under section 436.

(2) A receiver appointed under a power conferred by an instrument, may resign office by giving not less than five working days' written notice of his intention to resign, to the person by whom the receiver was appointed.

(3) If, for any reason other than resignation, a vacancy occurs in the office of receiver, written notice of the vacancy shall forthwith be delivered to the Registrar by the person vacating office or if that person is unable to act, by his legal representative.

(4) A receiver appointed by the court shall not resign office without prior leave of the court.

(5) A person vacating the office of receiver shall where practicable, provide such information and give such assistance in the conduct of the receivership to his or her successor as that person may reasonably require.

(6) On the application of a person appointed to fill a vacancy in the office of receiver, the court may make any order that it considers necessary or desirable to facilitate the performance of the receiver's duties.

(7) Every person who fails without reasonable cause to comply with subsection (3), shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

POWERS OF RECEIVERS

443. (1) A receiver shall have the powers and authorities expressly or impliedly conferred by the instrument or the order of the court by or under which the appointment was made.

Powers of receivers.

(2) Subject to the instrument or the order of the court by or under which the appointment was made, a receiver shall have and may exercise the powers specified in the Twelfth Schedule.

Precedence
among
receivers.

444. (1) Where there are two or more floating charges subsisting over all or any part of the property of the company, a receiver may be appointed under this Part of this Act by virtue of each such charge. A receiver appointed by or on the application of the holder of a floating charge, which has priority over any other floating charge by virtue of which a receiver has been appointed, has the powers conferred on a receiver by this Act, to the exclusion of any other receiver.

(2) Where two or more floating charges rank equally with one another, and two or more receivers have been appointed by virtue of such charges, the receivers so appointed are deemed to have been appointed as joint receivers, and shall act jointly, unless the instrument of appointment or each of the respective instruments of appointment, otherwise provide.

(3) Subject to subsection (4), the powers of a receiver appointed by or on the application of the holder of a floating charge are suspended by, and as from the date of the appointment of a receiver by or on the application of the holder of a floating charge having priority over that charge, to such extent as may be necessary to enable the receiver second mentioned, to exercise his powers under this Act. Any powers so suspended shall take effect again when the prior floating charge ceases to attach to the property subject to the charge, or when the appointment of a receiver under the prior floating charge ceases in respect of that property, whichever occurs first.

(4) The suspension of the powers of a receiver under subsection (3) does not have the effect of requiring him to release any part of the property (including any letters or documents) of the company from his control, until he receives from the receiver superceding him a valid indemnity (subject to the limit of the value of such part of the property as is subject to the charge, by virtue of which he was appointed) in respect of any expenses, charges and liabilities he may have incurred in the performance of his functions as receiver.

(5) The suspension of the powers of a receiver under this section shall not cause the floating charge by virtue of which he was appointed, to cease to attach to the property in respect of which he was appointed.

(6) Nothing in this section shall prevent the same receiver being appointed by virtue of two or more floating charges.

445. (1) A receiver has the same powers as the board of a company has or if the company is being wound up, as the board would have had if it was not being wound up, to make calls on the shareholders of the company in respect of uncalled capital that is charged under the instrument by or under which the receiver was appointed, and to charge interest on and enforce payment of calls.

Power to make calls on shares.

(2) For the purposes of subsection (1), the expression “uncalled capital” includes any amount payable in respect of the issue of shares or under the articles of the company.

(3) The making of a call or the exercise of a power under subsection (1) is, as between the shareholders of the company affected and the company, deemed to be a proper call or power made or exercised by the directors of the company.

446. (1) A receiver may execute in the name and on behalf of the company, all documents necessary or incidental to the exercise of the receiver’s powers.

Execution of documents.

(2) A document signed on behalf of a company by a receiver, shall be deemed to have been properly signed on behalf of the company for the purposes of section 19.

(3) Notwithstanding anything to the contrary in any other law or the articles of association of a company, where the

instrument under which a receiver is appointed empowers the receiver to execute documents and to use the company's common seal for that purpose, the receiver may execute documents in the name and on behalf of the company by affixing the company's common seal to the documents, and attesting the affixing of the common seal.

(4) Any document which is executed in the manner prescribed in subsection (3), shall be deemed to have been properly executed by the company.

Obligations
of company
and
directors.

447. (1) Where a receiver is appointed in respect of the whole or any part of the property of a company, the company and every director of the company shall—

- (a) make available to the receiver all books, documents, and information relating to the property in receivership in the company's possession or under the company's control;
- (b) if required to do so by the receiver, verify by affidavit that the books, documents and information are complete and correct;
- (c) give the receiver such assistance as he or she may reasonably require;
- (d) if the company has a common seal, make the common seal available for use by the receiver.

(2) On the application of the receiver, the court may make an order requiring the company or a director of the company, to comply with the requirements of subsection (1).

Validity of
acts of
receivers.

448. (1) Subject to subsection (2), no act of a receiver shall be deemed to be invalid merely because the receiver was not validly appointed, or is disqualified from acting as a receiver, or is not authorised to do the act.

(2) No transaction entered into by a receiver shall be deemed to be invalid merely because the receiver was not validly appointed or is not authorised to enter into the transaction, unless the person dealing with the receiver has or ought to have, by reason of his or her relationship with the receiver or the person by whom the receiver was appointed, knowledge that the receiver was not validly appointed or did not have authority to enter into the transaction.

449. (1) Where the consent of a mortgagee is required for the sale of property in receivership and the receiver is unable to obtain that consent, the receiver may apply to the court for an order authorising the sale of the property, either by itself or together with other assets.

Consent of mortgagee to sale of property.

(2) The court may on an application under subsection (1) of this section, make such order as it thinks fit authorising the sale of the property by the receiver, if satisfied that—

- (a) the receiver has made reasonable efforts to obtain the mortgagee's consent; and
- (b) the sale—
 - (i) is in the interests of the grantor and the grantor's creditors; and
 - (ii) will not substantially prejudice the interests of the mortgagee.

(3) An order under this section may be made subject to such terms and conditions as the court thinks fit.

DUTIES OF RECEIVERS

General duties of receivers.

450. (1) A receiver shall exercise his or her powers in good faith.

(2) A receiver shall exercise his or her powers in a manner he or she believes on reasonable grounds to be in the interest of the person in whose interests he or she was appointed.

(3) Without prejudice to the provisions contained in subsections (1) and (2), a receiver shall exercise his or her powers having reasonable regard to the interests of —

- (a) the grantor;
- (b) persons claiming through the grantor, interests in the property in receivership;
- (c) unsecured creditors of the grantor; and
- (d) sureties who may be called upon to fulfil obligations of the grantor.

(4) Where a receiver appointed under an instrument acts or refrains from acting in accordance with any directions given by the person in whose interests he or she was appointed, the receiver shall be deemed not to be in breach of the duty referred to in subsection (2), but shall remain liable for any breach of the duty referred to in subsection (1) or the duty referred to in subsection (3).

(5) Nothing in this section shall limit or affect the application of section 451.

Duty of receiver selling property.

451. A receiver who exercises a power of sale of property in receivership, owes a duty to the grantor to obtain the best price reasonably obtainable as at the time of sale.

452. Notwithstanding anything to the contrary in any other law or anything contained in the instrument by or under which a receiver is appointed—

No defence or indemnity.

- (a) it shall not be a defence to proceedings against a receiver for a breach of the duty imposed by section 451, that the receiver was acting as the grantor's agent or under a power of attorney from the grantor;
- (b) a receiver shall not be entitled to compensation or indemnity from the property in receivership or the grantor, in respect of any liability incurred by the receiver arising from a breach of the duty imposed by section 451.

453. A receiver shall keep money relating to the property in receivership separate from other money received in the course of but not relating to the receivership, and from other money held by or under the control of the receiver.

Duty in relation to money.

454. (1) A receiver shall at all times keep accounting records that correctly record and explain all receipts, expenditure, and other transactions relating to the property in receivership.

Accounting records.

(2) The accounting records shall be retained by the receiver for not less than five years after the receivership ends.

REPORTS OF RECEIVERS

455. (1) A receiver shall, not later than two months after his appointment, prepare a report on the state of affairs with respect to the property in receivership, including —

First report by receivers.

- (a) particulars of the assets comprising the property in receivership;
- (b) particulars of the debts and liabilities to be satisfied from the property in receivership;

- (c) the names and addresses of the creditors with an interest in the property in receivership;
- (d) particulars of any encumbrance over the property in receivership held by any creditor, including the date on which it was created;
- (e) particulars of any default by the grantor in making relevant information available; and
- (f) such other information as may be prescribed.

(2) The report referred to in subsection (1) shall also include details of—

- (a) the events leading up to the appointment of the receiver, so far as the receiver is aware of them ;
- (b) property disposed of and any proposals for the disposal of property in receivership ;
- (c) amounts owing as at the date of appointment, to any person in whose interest the receiver was appointed ;
- (d) amounts owing as at the date of appointment, to creditors of the grantor having preferential claims ; and
- (e) amounts likely to be available for payment to creditors, other than those referred to in paragraph (c) or paragraph (d).

(3) A receiver may omit from the report details of any proposals for disposal of the property in receivership, if he considers that their inclusion would materially prejudice the exercise of his functions.

(4) A receiver who fails to comply with this section shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

456. (1) A receiver or a person who was a receiver at the end of the receivership, as the case may be, shall not later than two months after—

Further reports
by receiver.

- (a) the end of each period of six months after his appointment as receiver ; and
- (b) the date on which the receivership ends,

prepare a further report summarising the state of affairs with respect to the property in receivership as at those dates, and the conduct of the receivership including all amounts received and paid, during the period to which the report relates.

(2) The report referred to in subsection (1) shall include details of—

- (a) property disposed of since the date of any previous report and any proposals for the disposal of property in receivership ;
- (b) amounts owing as at the date of the report, to any person in whose interest the receiver was appointed ;
- (c) amounts owing as at the date of the report, to creditors of the grantor having preferential claims ; and
- (d) amounts likely to be available as at the date of the report for payment to creditors, other than those referred to in paragraph (b) or paragraph (c).

(3) A receiver may omit from the report required to be prepared in accordance with paragraph (a) of subsection (1),

details of any proposals for disposal of property in receivership, if he or she considers that their inclusion would materially prejudice the exercise of his or her functions.

(4) Every person who fails to comply with the requirements of this section shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Extension of time for preparing reports.

457. (1) A period of time within which a person is required to prepare a report under section 455 or section 456 may be extended, on the application of that person, by-

- (a) the court, where the person was appointed a receiver by the court ; or
- (b) the Registrar, where the person was appointed a receiver by or under an instrument.

Persons entitled to receive reports.

458. (1) A copy of every report prepared under section 455 or section 456 shall be sent by the person required to prepare it, to —

- (a) the grantor ; and
- (b) every person in whose interest the receiver was appointed.

(2) A person appointed as a receiver by the court shall file a copy of every report prepared under section 455 or section 456 in the office of the court.

(3) Not later than fifteen working days after receiving a written request for a copy of any report prepared under section 455 or section 456 from —

- (a) a creditor, director, or surety of the grantor ; or
- (b) any other person with an interest in any of the property in receivership,

and on payment of the reasonable costs of making and sending the copy, the person who prepared the report shall send a copy of the report to the person who requested for it.

(4) Within ten working days after preparing a report under section 455 or section 456, the person who prepared the report shall send or deliver a copy of the report to the Registrar.

(5) Every person who fails to comply with this section shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

459. A person to whom a report must be sent in accordance with the provisions of section 458 is entitled to inspect the report during normal office hours at the office of the person required to send it.

Persons entitled to inspect reports.

460. (1) A receiver of a company who considers that the company or any director or officer of the company has committed an offence under this Act or the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987, shall report that fact to the Registrar.

Duty to notify breaches of any provisions of this Act.

(2) Nothing in subsection (1) shall impose any duty on a receiver to investigate whether any offence of the kind referred to in that subsection has been committed.

(3) A receiver who fails to comply with the provisions of subsection (1) shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

461. (1) Not later than ten working days after the receivership of a company ceases, the person who held office as receiver at the end of the receivership shall send or deliver to the Registrar, notice in writing of the fact that the receivership has ceased.

Notice of end of receivership.

(2) Every person who fails to comply with the requirements of subsection (1) shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

APPLICATION OF PROPERTY AND LIABILITY FOR COMPANY OBLIGATIONS

Preferential
claims.

462. (1) The provisions of this section applies to a receiver who was appointed under an instrument that created a floating charge.

(2) Subject to the provisions of section 449 and to the rights of any of the persons referred to in subsection (3), a receiver to whom this section applies shall pay moneys received by him to the grantee of the floating charge by virtue of which the receiver was appointed, in or towards satisfaction of the debt secured by the floating charge.

(3) The following persons shall be entitled to payment out of the property of a company subject to a floating charge, in priority to the grantee of the charge, and in the following order of priority :—

- (a) first, the holder of any fixed security, over any part of the property that ranks prior to the floating charge ;
- (b) second, the receiver, for his expenses and remuneration and any indemnity to which he is entitled out of the property of the company ; and
- (c) third, persons entitled to preferential claims, to the extent and in the order of priority specified in the Ninth Schedule (except paragraphs 1 and subparagraph (b) of paragraph 7).

(4) In the application of the provisions of the Ninth Schedule in accordance with the provisions of subsection (3) —

- (a) references to a “liquidator” shall be read as references to a “receiver” ;
- (b) references to the “commencement of the winding up” shall be read as references to the “appointment of the receiver” ;

- (c) references to “company being ordered to be wound up” or to the “winding up of the company” shall be read as references to the “company being put into or being in receivership”.

463. (1) Subject to the provisions of subsection (2), a receiver may be appointed or continue to act as a receiver and exercise all the powers of a receiver in respect of property of a company that is being wound up, unless the court orders otherwise.

Powers of receiver on liquidation.

(2) A receiver holding office in respect of property referred to in subsection (1) may act as the agent of the grantor, only with the approval of the court or with the written consent of the liquidator.

(3) A receiver who by reason of subsection (2) is not able to act as the agent of the grantor, does not by reason only of that fact, become the agent of a person by whom or in whose interests the receiver was appointed.

(4) A debt or liability incurred by a grantor through the acts of a receiver who is acting as the agent of the grantor in accordance with subsection (2), is not a cost, charge or expense of the liquidation.

464. (1) Subject to the provisions of subsections (2) and (3), a receiver is personally liable –

Liability of receiver.

- (a) on a contract entered into by the receiver in the exercise of any of the receiver’s powers ; and
- (b) for payment of wages or salary that during the receivership, accrue under a contract of employment relating to the property in receivership and entered into before his appointment, if notice of the termination of the contract is not lawfully given within ten working days after the date of appointment.

(2) The terms of a contract referred to in paragraph (a) of subsection (1) may exclude or limit the personal liability of a receiver, other than a receiver appointed by the court.

(3) The court may on the application of a receiver, extend the period within which notice of the termination of a contract is required to be given under paragraph (b) of subsection (1), and may extend that period on such terms and conditions as the court thinks fit.

(4) Every application under subsection (3) shall be made before the expiry of the period referred to.

(5) Subject to the provisions of subsection (7), a receiver is personally liable, to the extent specified in subsection (6), for rent and any other payments becoming due under an agreement subsisting at the date of his appointment, relating to the use, possession, or occupation by the grantor of property in receivership.

(6) The liability of a receiver under subsection (5), is limited to that portion of the rent or other payments which is attributable to the period commencing ten working days after the date of the appointment of the receiver, and ending on the date on which the receivership ends or the date on which the grantor ceases to use, possess, or occupy the property, whichever is the earlier.

(7) The court may on the application of a receiver —

- (a) limit the liability of the receiver to a greater extent than that specified in subsection (6) ; or
- (b) exempt the receiver from liability under subsection (5).

(8) Nothing contained in subsection (5) or subsection (6) shall —

- (a) be taken as giving rise to an adoption by a receiver of an agreement referred to in subsection (5) ; or

- (b) render a receiver liable to perform any other obligation under the agreement.

(9) A receiver is entitled to an indemnity out of the property in receivership, in respect of his personal liability under this section.

(10) Nothing contained in this section shall —

- (a) limit any other right of indemnity to which a receiver may be entitled ;
- (b) limit the liability of a receiver on a contract entered into without authority ; or
- (c) confer on a receiver a right to an indemnity in respect of liability on a contract entered into without authority.

465. (1) The court may relieve a person who has acted as a receiver from all or any personal liability incurred in the course of the receivership, if it is satisfied that :—

Relief from liability.

- (a) the liability was incurred solely by reason of a defect in the appointment of the receiver, or in the instrument or order of the court by or under which the receiver was appointed ; and
- (b) the receiver acted honestly and reasonably and ought in the circumstances to be exempted from liability.

(2) The court may exercise its powers under subsection (1) subject to such terms and conditions as it thinks fit.

(3) A person in whose interest a receiver was appointed is liable, subject to such terms and conditions as the court thinks fit, to the extent to which the receiver is relieved from liability under subsection (1).

COURT SUPERVISION OF RECEIVERS

Court supervision of receivers.

466. The court may on the application of a receiver —

- (a) give directions in relation to any matter arising in connection with the performance of the functions of the receiver ;
- (b) revoke or vary, any such directions.

(2) The court may, on the application of any of the persons referred to in subsection (3) —

- (a) in respect of any period, review or fix the remuneration of a receiver at a level which is reasonable in the circumstances ;
- (b) to the extent that an amount retained by a receiver as remuneration is found by the court to be unreasonable in the circumstances, order the receiver to refund the amount ;
- (c) declare whether or not a receiver was validly appointed in respect of any property or validly entered into possession or assumed control of any property.

(3) Any of the following person may make an application to the court under subsection (2) :—

- (a) the receiver ;
- (b) the grantor ;
- (c) a creditor of the grantor ;
- (d) a person claiming through the grantor an interest in the property in receivership ;
- (e) a liquidator.

(4) The powers conferred under subsections (1) and (2) shall be —

- (a) in addition to any other powers the court may exercise under this Act, any other enactment or in exercising its inherent jurisdiction ; and
- (b) exercised whether or not the receiver has ceased to act as receiver, when the application is made.

(5) The court may, on the application of a person referred to in subsection (3), revoke or vary an order made under subsection (2).

(6) Subject to the provisions of subsection (7), it would be a defence to a claim against a receiver in relation to any act or omission by the receiver, that such act or omission was done or omitted to be done in compliance with a direction given under subsection (1).

(7) The court may on the application of a person referred to in subsection (3), order that by reason of the circumstances in which a direction was obtained under subsection (1), a receiver is not entitled to the protection given by subsection (6).

467. (1) The court may subject to the provisions of subsection (2), on the application of the grantor or a liquidator of the grantor —

Court may terminate or limit receivership.

- (a) order that a receiver shall cease to act as such as from a specified date and prohibit the appointment of any other receiver in respect of the property in receivership ;
- (b) order that a receiver shall as from a specified date, act only in respect of specified assets forming part of the property in receivership.

(2) An order under subsection (1) may be made only where the court is satisfied that —

- (a) the purpose of the receivership has been satisfied so far as possible ; or
- (b) circumstances no longer justify its continuation.

(3) Unless the court orders otherwise, a copy of an application under this section shall be served on the receiver not less than five working days before the hearing of the application, and the receiver may appear and be heard at the hearing.

(4) An order under subsection (1) may be made on such terms and conditions as the court thinks fit.

(5) An order under this section shall not affect a security or charge over the property, in respect of which the order is made.

(6) The court may on the application of any person who applied for or is affected by the order, rescind or amend an order made under this section.

Orders to enforce receiver's duties.

468. (1) An application for an order under this section may be made by —

- (a) the registrar ;
- (b) a receiver ;
- (c) a person seeking appointment as a receiver ;
- (d) the grantor ;
- (e) the grantee,
- (f) a person with an interest in the property in receivership ;

- (g) a creditor of the grantor ;
- (h) a guarantor of an obligation of the grantor ;
- (i) a liquidator of the grantor;
- (j) a receiver of the property of a grantor, in relation to a failure to comply by another receiver of the property of the grantor.

(2) No application may be made to the court under paragraph (j) of subsection (1) in relation to a failure to comply, unless notice of such failure to comply has been served on the receiver not less than five working days before the date of the application and , as at the date of the application, there is a continuing failure to comply.

(3) Where the court is satisfied that there is or has been a failure to comply, the court may —

- (a) relieve the receiver of the duty to comply, wholly or in part ; or
- (b) without prejudice to any other remedy that may be available in relation to a breach of duty by the receiver, order the receiver to comply to the extent specified in the order.

(4) The court may in respect of a person who fails to comply with an order made under paragraph (b) of subsection (3), or is or becomes disqualified under section 436 to become or remain a receiver —

- (a) remove the receiver from office ; or
- (b) order that the person may be appointed to act or may continue to act as a receiver, notwithstanding the provisions of section 436.

(5) If it is shown to the satisfaction of the court that a person is unfit to act as a receiver by reason of —

- (a) persistent failures to comply ; or
- (b) the seriousness of a failure to comply,

the court shall make in relation to that person, a prohibition order for a period not exceeding five years.

(6) A person to whom a prohibition order applies shall not—

- (a) act as a receiver in any receivership ;
- (b) act as a liquidator in any winding up ; or
- (c) act as an administrator under Part XIII.

(7) In making an order under this section, the court may, if it thinks fit —

- (a) make an order extending the time for compliance ;
- (b) impose any term or condition ;
- (c) make any other ancillary order.

(8) A copy of every order made under subsection (5) shall, within ten working days of the order being made, be delivered by the applicant to the Registrar who shall keep it on a public file indexed by reference to the name of the receiver concerned.

(9) Evidence that on two or more occasions within the preceding five years —

- (a) a court has made an order to comply under this section in respect of the same person ; or

- (b) an application for an order to comply under this section has been made in respect of the same person, and that in each case the person has complied after the making of the application and before the hearing,

is, in the absence of special reasons to the contrary, evidence of persistent failures to comply for the purposes of this section.

(10) For the purpose of this section, “failure to comply” in relation to a receiver means, a failure by a receiver to comply with a relevant duty, arising—

- (a) under the instrument or the order of the court by or under which the receiver was appointed ; or
- (b) under this or any other Act or rule of law or Rules of Court ; or
- (c) under any order or direction of the court, other than an order to comply made under that section,

and “comply”, “compliance”, and “failed to comply” shall have corresponding meanings.

469. The court may on making an order that removes or has the effect of removing a receiver from office, make such orders as it thinks fit —

Orders protecting property in receivership.

- (a) for preserving the property in receivership ;
- (b) requiring the receiver for that purpose to make available to any person specified in the order, any information and documents in the possession or under the control of the receiver.

REFUSAL TO SUPPLY ESSENTIAL SERVICES

Refusal to supply essential services prohibited.

470. (1) For the purposes of this section, an “essential service” means —

- (a) the retail supply of electricity ;
- (b) the supply of water ; and
- (c) telecommunications services.

(2) Notwithstanding the provisions of any other written law to the contrary or any contract, a supplier of an essential service shall not —

- (a) refuse to supply the service to a receiver or to the owner of property in receivership, by reason of the grantor’s default in paying charges due for the service in relation to a period before the date of the appointment of the receiver ; or
- (b) make it a condition of the further supply of the service to a receiver or to the owner of property in receivership, that payment be made of outstanding charges due for the service in relation to a period before the date of the appointment of the receiver.

(3) For the avoidance of doubt, nothing in this section shall prevent the supplier of an essential service from exercising any right or power under any contract or under any written law, in respect of a failure by a company to pay charges due for the service in relation to any period, after the commencement of the liquidation.

PART XVI

REGISTRAR-GENERAL OF COMPANIES AND REGISTRATION

APPOINTMENT OF OFFICERS

471. (1) There may be appointed—

Appointment of officers.

- (a) a person by name or by office, to be or to act as the Registrar-General of Companies ;
- (b) persons by name or by office, to be or to act as Deputy Registrar-Generals of Companies ;
- (c) persons by name or by office, to be or to act as Assistant Registrar-Generals of Companies ; and
- (d) such other officers and servants as may from time to time be required for the purposes of this Act.

(2) Any person appointed under subsection (1) as a Deputy Registrar-General of Companies or an Assistant Registrar-General of Companies may, subject to the general directions of the Registrar, exercise all the powers, perform all the duties and discharge all the functions of the Registrar under this Act.

472. (1) A person who is aggrieved by an act or decision of the Registrar may appeal to the court within fifteen working days after the date of receiving notice of the act or decision, or such further time as the court may allow.

Appeals from Registrar's decisions.

(2) The court may on an appeal made under this section, confirm, revise, modify or set aside the act or decision against which the appeal is made and make any order as the interest of justice may require.

REGISTERS AND REGISTRATION OF DOCUMENTS

Registers to be kept.

473. (1) The Registrar shall establish and maintain a Register containing a record—

- (a) of companies registered or deemed to be registered under this Act ; and
- (b) of overseas companies registered or deemed to be registered under this Act.

(2) The Register may be kept in such manner as the Registrar thinks fit, including either wholly or partly by means of a device or facility that—

- (a) records or stores information electronically or by other means ; and
- (b) permits that information to be readily inspected or reproduced in legible form.

(3) The Minister may make regulations—

- (a) identifying or categorizing documents which may be destroyed by the Registrar under subsection (4) ; and
- (b) providing for all such matters as may become necessary, to give effect to any device or facility kept by the Registrar under subsection (2) for recording information.

(4) The Registrar shall have the power to destroy all such documents prescribed under paragraph (a) of subsection (3).

(5) Where the Registrar reproduces electronically or by any other means any document prior to its destruction, such reproduced document shall for all purposes, be treated as it were the original document, notwithstanding anything in any law to the contrary.

(6) Without prejudice to the above provisions of this section, where any document filed with or in the custody of the Registrar is damaged or is in danger of becoming illegible, the Registrar may if he thinks fit, direct a copy to be made of it, verified and certified in such manner as he may determine, and that copy shall be substituted for, and shall for all purposes of this Act be deemed to be, the document which is damaged or in danger of becoming illegible.

474. The Registrar may direct a seal or seals to be prepared for the authentication of documents required for or connected with the authentication of documents required for or connected with the registration of companies.

Authentication of documents by seal.

475. (1) The Registrar may, subject to the provisions of subsections (2) and (3), accept and register or record or file—

Registration of documents, copies of documents, notices &c.

- (a) any document which is by any provision of this Act required or authorised to be registered or recorded by, or filed with, the Registrar ; and
- (b) any document or copy of a document, and any return or notice, which is by any provision of this Act required or authorised to be sent, forwarded, given, delivered, produced or in any way notified to the Registrar.

(2) Where a document which is received by the Registrar for registration under this Act—

- (a) required to be submitted in the prescribed form is not in such prescribed form ;
- (b) does not comply with the provisions of this Act, or any regulations made thereunder ;
- (c) is not printed or typewritten ;
- (d) has not been properly completed ; or

- (e) contains material that is not clearly legible,

the Registrar may refuse to register such document, and in that event shall request either—

- (f) that the document be appropriately amended or completed and submitted for registration again ; or
- (g) that a fresh document be submitted in its place.

Translations of documents filed.

476. (1) Where any document required to be delivered to the Registrar under this Act is in a language other than an official language or English, the Registrar may request in writing the delivery of a printed translation in such language as may be decided by the Registrar, certified in the prescribed manner to be a correct translation.

(2) Where a request under subsection (1) has not been complied with, the Registrar shall take no further action on such document.

Fees.

477. (1) Regulations may be made under this Act for prescribing the fees payable to the Registrar for—

- (a) the registration of a limited company ;
- (b) the registration of an unlimited company ;
- (c) the registration of a company limited by guarantee ;
- (d) the registration of any document required or authorised to be registered or required to be delivered, sent, given or forwarded to or filed with, the Registrar, other than the notices and reports required to be delivered to the Registrar by a receiver or manager, an administrator or a liquidator ;
- (e) the recording of any fact required or authorised by this Act to be recorded by the Registrar ;

- (f) the registration of off-shore companies under Part XI ; and
- (g) the registration of overseas companies under Part XVIII.

(2) Where no special provision is made for the payment of a fee in respect of the registration, recording or filing of any document, the fee to be paid to the Registrar in respect of that registration, recording or filing shall be the same as the fee for making a record of any fact.

(3) The Registrar may refuse to exercise a power or perform a function, until the prescribed fee in respect of such function is paid.

478. Where any expenses or fees payable to the Registrar under this Act are not paid by the person liable to pay them upon demand, the default may be reported to a Magistrate, and the amount of those expenses or fees shall be recovered in the same manner as if it were a fine imposed by the Magistrate, who shall direct that the amount in default be credited to the Fund.

Recovery of expenses and fees.

FUND

479. (1) For the purposes of this Act, there shall be established a Fund which shall be maintained in such manner as the Secretary to the Ministry of the Minister, in consultation with the Registrar may direct.

Fund.

(2) There shall be paid into the Fund two-thirds of every fee or charge prescribed, levied or recovered under this Act by the Registrar.

(3) One-third of every fee or charge prescribed, levied or recovered under this Act by the Registrar, shall be paid into the Consolidated Fund.

(4) There shall be paid out of the Fund, all sums of money required to defray any expenditure incurred by the Registrar-General in the exercise, discharge and performance of his powers, functions and duties under this Act, and all sums of money as are required to be paid out of the Fund by or under this Act or any regulation made thereunder.

(5) The Secretary to the Ministry of the Minister shall as soon as possible after the end of each financial year, prepare a report on the administration of the Fund and shall cause to be maintained a full and appropriate account of the Fund in respect of each financial year.

(6) The Auditor-General shall audit the accounts of the Fund in accordance with Article 154 of the Constitution.

INSPECTION AND PRODUCTION OF DOCUMENTS, ENFORCEMENT OF DUTY
OF COMPANIES TO MAKE RETURNS AND THE PRODUCTION AND
INSPECTION OF BOOKS

Inspection,
production
and evidence
of
documents
kept by
Registrar.

480. (1) Any person may, on the payment of the prescribed fee, inspect—

- (a) any document which forms part of the register ; or
- (b) particulars of any registered document that have been entered on any device or facility of the kind referred to in subsection (2) of section 473.

(2) Any person may on the payment of the prescribed fee, require the Registrar to provide and certify—

- (a) a certificate of incorporation of a company;
- (b) a copy of or extract from any other document which forms part of the Register;
- (c) particulars of any registered document that have been entered on any device or facility of the kind referred to in subsection (2) of section 473; or

(d) a copy of or extract from any registered document, particulars of which have been entered on any device or facility of the kind referred to in subsection (2) of section 473.

(3) Nothing contained in the provisions of subsection (1) or (2) shall apply to—

(a) any report of an inspector appointed under sections 172, 173 or 180, unless the Registrar directs otherwise ;

(b) any financial statements delivered to the Registrar by a private company under subsection (2) of section 170 or under the Companies Act, No. 17 of 1982, unless the person applying to inspect the document or requiring a copy or extract of it, is a shareholder or creditor of that company ;

(c) a report filed by a receiver or administrator of a company, unless the person applying to inspect the document or requiring a copy or extract of it, is a shareholder or creditor of that company.

(4) No process for compelling the production of any document kept by the Registrar shall issue from any court, except with the leave of that court, and any such process shall state that it is issued with the leave of the court.

(5) A copy of or extract from any document kept and registered at any of the offices for the registration of companies in Sri Lanka, certified to be a true copy or extract by the Registrar, shall in all legal proceedings be admissible in evidence as of equal validity with the original document.

(6) Any person untruthfully stating himself to be a shareholder or creditor of a company for the purposes of subsection (3), shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees.

Enforcement of duty of company to make returns to Registrar.

481. (1) Where a company has failed to comply with any provision of this Act which requires it to file with, deliver or send to the Registrar any document or to give notice to him of any matter, and fails to make good the default within ten working days from the date of service of a notice on the company requiring it to do so, the court may on an application made to the court by the Registrar or any creditor of the company, make an order directing the company and any officer of the company to make good the default within such time as may be specified in the order.

(2) Any order made under subsection (1) may provide that all costs of and incidental to the application, shall be borne by the company or by any officer of the company responsible for the default.

(3) Nothing in this section shall, rejudge the operation of any enactment imposing penalties on a company or its officers, in respect of any default to which subsection (1) applies.

Unlawful disclosure of information relating to companies.

482. Any person who, being or having been employed in the Department of the Registrar-General, communicates any information relating to any documents filed by a company under the provisions of this Act with the Registrar, or matters connected therewith, obtained by him during the course of his employment in or at the Department of the Registrar-General, to any person not entitled or authorised to receive such information, or who makes any other unlawful use of such information, shall be guilty of an offence and be liable on conviction to a fine not exceeding five hundred thousand rupees or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

Production and inspection of books where an offence is suspected.

483. (1) Where on an application made to a Magistrate in chambers by the Attorney-General, the Registrar or any officer of police not below the rank of Assistant Superintendent, there is shown to be reasonable cause to believe that any person has while an officer of a company,

committed an offence in connection with the management of the company's affairs, and evidence of the commission of the offence is to be found in any books or papers of or under the control of the company, an order may be made—

- (a) authorising any person named in it to inspect those books or papers or any of them, for the purpose of investigating and obtaining evidence of the offence ;
or
- (b) requiring the secretary of the company or such other officer of the company as may be named in the order, to produce those books or papers or any of them to a person named in the order at a place so named.

(2) The provisions of subsection (1) shall apply in relation to any books or papers of a person carrying on the business of banking so far as they relate to the company's affairs, as it applies to any books or papers of or under the control of the company, except that no order of the kind referred to in paragraph (b) of that subsection, shall be made by virtue of the provisions of this subsection.

(3) No appeal shall lie from a decision of a Magistrate on an application made under this section.

484. (1) The Registrar may by written notice, direct any company to furnish or produce before a date specified in the notice —

- (a) such information relating to the company as the Registrar may require for the purposes of this Act; or
- (b) such information or explanations as the Registrar may require in respect of any particulars stated in any return, declaration or other document furnished by the company—
 - (i) which have or should have been stated in any return, declaration or other document furnished by the company; or

Registrar's power to call for information and to inspect books, registers and documents.

- (ii) which should have been stated in any return or other document which should have, but actually has not, been furnished by the company,

as at the date or dates specified in the notice; and

- (c) to produce before a date specified in the notice, any book, register or other document kept or required to be kept by the company, in connection with its business or transactions.

(2) Where a company fails to comply with any direction given by the Registrar under subsection (1)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding one hundred thousand rupees;
- (b) every officer of the company who is in default shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

PART XVII

APPLICATION OF ACT TO EXISTING COMPANIES

Application of Act to existing companies.

485. (1) In the application of the provisions of this Act to existing companies, it shall apply—

- (a) in the case of a limited company other than a company limited by guarantee, as if the company has been formed and registered under the provisions of this Act as a limited company;
- (b) in the case of a company limited by guarantee, as if the company had been formed and registered under the provisions of this Act as a company limited by guarantee;

(c) in the case of a company other than a limited company, as if the company had been formed and registered under the provisions of this Act as an unlimited company; and

(d) in the case of a company which is a people's company, as if had been formed and registered under the provisions of this Act as a limited company.

(2) An existing company which is a private company, shall continue under this Act as a private company to which Part II of this Act applies.

(3) An existing company which is an off-shore company, shall continue under this Act as an off-shore company to which Part XI of this Act applies.

(4) Any reference express or implied, to the date of registration of an existing company, shall be construed as a reference to the date on which the company was first incorporated under any written law.

(5) An existing company—

(a) which is a private limited company formed and registered under the Joint Stock Companies Ordinance 1861, the Joint Stock Banking Ordinance 1897, and the Companies Ordinance (Cap. 145) shall be deemed to have changed its name to include the suffix “(Pvt) Limited” or the abbreviation “(Pvt) Ltd.”; and

(b) which is a public listed company, shall be deemed to have changed its name to include the suffix “Public Limited Company” or the abbreviation “PLC”.

(6) (a) The Registrar shall enter the new name on the register in place of the former name, consequent to the deemed change of name under the provisions of subsection (5), and issue a fresh certificate of incorporation including the said suffix or the said abbreviation, as the case may be, in such certificate of incorporation.

(b) Such fresh certificate shall be issued after the Registrar has assigned a new number in terms of the provisions of section 487.

Provisions relating to articles of existing companies.

486. (1) The model articles shall not apply to an existing company unless it resolves that they shall apply, under subsection (1) of paragraph (b) of section 15.

(2) The memorandum of association of an existing company shall be deemed to form part of the articles of the company.

(3) The articles of an existing company shall continue to be the articles of such company for the purposes of this Act, and where such articles has adopted all or any of the rules set out in Table A of the First Schedule to the Companies Act, No. 17 of 1982, those rules shall be deemed to be incorporated in such articles of the company, as if set out in full in those articles.

Provisions relating to company numbers of existing companies &c.

487. (1) Subject to the provisions of subsection (2), the number which an existing company has been assigned by the Registrar for administrative purposes, shall be the company number of that company.

(2) Within a period of twelve months from the coming into operation of this Act, all existing companies shall apply to the Registrar to assign a new number as its company number, in a form as may be prescribed by the Registrar. The new number so assigned shall be entered in the register and also on the fresh certificate of incorporation to be issued under the provisions of subsection (6) of section 485.

(3) Where an existing company fails to comply with the requirements imposed under subsection (2) of this section within the time specified therein, the Registrar shall cause to be published the name of such company in a daily newspaper in the Sinhala, Tamil and English Language, and where such company continues to fail to comply with those requirements

thereafter, the Registrar shall, within six months of the publication of its name in the newspapers, strike off the name of such company from the register maintained by him under the provisions of section 473.

(4) During the period of six months referred to in subsection (3), in addition to a director of the company, a shareholder of such company or a person who has registered a charge under section 102 or a person who has a money claim pending before a court or in arbitration proceedings, shall also be entitled to apply to the Registrar to have a new number assigned to such company under subsection (2).

(5) Where a company's name is struck off from the register under subsection (3), all property and rights whatsoever vested in or held on trust for the company immediately before the date on which the name is struck off, (including leasehold property but not including property held by the company on trust for any other person), shall vest in and be at the disposal of the State.

PART XVIII

OVERSEAS COMPANIES

488. For the purposes of this Part of this Act, the expressions — Interpretation.

“director” in relation to a company, includes any person in accordance with whose directions or instructions the directors of the company are accustomed to act;

“overseas company” means any company or body corporate incorporated outside Sri Lanka, which —

(a) after the appointed date, established a place of business within Sri Lanka; or

- (b) has, before the appointed date, established a place of business within Sri Lanka and continues to have an established place of business within Sri Lanka on the appointed date;

“place of business” includes a share transfer or share registration office;

“registered overseas company” means an overseas company which has delivered or is deemed to have delivered to the Registrar, the documents and particulars required under section 489; and

“secretary” includes any person occupying the position of secretary, by whatever name called.

Documents and particulars to be delivered to Registrar by overseas companies.

489. (1) Every company incorporated outside Sri Lanka which after the appointed date, establishes a place of business within Sri Lanka, shall within one month from the date of establishment of its place of business, deliver to the Registrar for purpose of registration—

- (a) a certified copy of the charter, statutes or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company, and where that instrument is not in an official language of Sri Lanka or in English, a translation of that instrument in such language as may be specified by the Registrar;
- (b) a list of the directors of the company, containing such particulars with respect to the directors as are by this Act required to be contained with respect to directors, in the register of the directors of a company;
- (c) the names and addresses of one or more persons resident in Sri Lanka authorized to accept on behalf of the company, service of documents and of any notices required to be served on the company;

- (d) a statement containing the full address of—
 - (i) the registered or principal office of the company; and
 - (ii) the principal place of business of the company within Sri Lanka ;
- (e) a certified copy, certified of recent date, of any document effecting or evidencing the incorporation of the company.

(2) The Registrar may upon sufficient cause being shown by the defaulting company, extend the period of one month specified in subsection (1).

(3) Every company incorporated outside Sri Lanka which, on or before the appointed date, establishes or has established a place of business within Sri Lanka shall, subject to subsection (4), within a period of one month from that date, deliver to the Registrar for registration, the documents and particulars specified in subsection (1).

(4) Where an overseas company has established a place of business within Sri Lanka before the appointed date, and has complied with the requirements of Part XIII of the Companies Act, No. 17 of 1982 in relation to the delivery to the Registrar, of documents and particulars —

- (a) such company shall be deemed to have complied with subsection (3); and
- (b) the Registrar shall enter on the register of overseas companies, the documents and particulars delivered under Part XIII of the Companies Act, No. 17 of 1982, and issue a certificate of registration to such overseas company.

(5) The Registrar may upon receipt of the documents referred to in subsections (1) or (3), as the case may be, register the company as a registered overseas company and enter its

name in the register of overseas companies. A certificate of registration shall be issued to every registered overseas company, upon its registration.

(6) The Registrar may extend the period of one month referred to in subsection (3), if it appears to him expedient to do so having regard to the circumstances of any particular case.

(7) A company incorporated outside Sri Lanka shall not establish a place of business within Sri Lanka or be registered as an overseas company, where the business being carried on by that company does not conform to the stipulations made by or under the Exchange Control Act.

Power of overseas companies to hold lands.

490. A registered overseas company shall have the same power to hold lands in Sri Lanka, as if it were a company incorporated under this Act.

Return to be delivered to Registrar where documents &c. altered.

491. Where in the case of a registered overseas company, any alteration is made in—

- (a) the charter, statutes, or memorandum and articles of the company or any other instrument constituting or defining the constitution of the company;
- (b) the directors of the company or the particulars contained in the list of the directors;
- (c) the names and addresses of the persons authorised to accept service on behalf of the company; or
- (d) the address of—
 - (i) the registered or principal office of the company; or
 - (ii) the principal place of business of the company within Sri Lanka,

the company shall, within the prescribed time, deliver to the Registrar for registration, a return containing the prescribed particulars of the alteration.

492. (1) Every registered overseas company shall in every calendar year prepare financial statements, and where the company is a holding company, group financial statements, in such form and containing such particulars and including such documents, as under the provisions of this Act (subject however to any prescribed exceptions) it would, if it had been a company of the same description within the meaning of this Act, have been required to prepare and deliver certified copies of those documents to the Registrar for registration.

Financial statements of overseas company.

(2) Where any document referred to in subsection (1) is not in an official language of Sri Lanka or in English, there shall be annexed to it a translation in a language specified by the Registrar and certified in the prescribed manner.

493. (1) Where it appears to the Registrar that the corporate name of a registered overseas company is a name by which the company, had it been formed under this Act, would on the relevant date have been precluded from being registered under section 7 of this Act, or in respect of which a direction could have been given under subsection (1) of section 10, the Registrar may serve a notice on that registered overseas company stating why the name could not have been registered, or the grounds on which such a direction could have been given, as the case may be.

Name of overseas company.

(2) No notice under subsection (1) may be served on a company later than twelve months after the relevant date.

(3) The “relevant date” for the purposes of subsections (2) and (3) is—

(a) the date on which the overseas company has complied with the provisions of section 489; or

- (b) if there has been a change in the corporate name of the overseas company, the date on which notice of that change was given under section 491.

(4) A registered overseas company on which a notice has been served under subsection (1) —

- (a) may deliver to the Registrar a notice in the prescribed form, specifying a name approved by the Registrar, other than its corporate name under which it proposes to carry on business in Sri Lanka; and
- (b) may after that name has been registered, at any time deliver to the Registrar, a notice in the prescribed form specifying a name approved by the Registrar, other than its corporate name, in substitution for the name previously registered.

(5) The name by which an overseas company is for the time being registered under subsection (4), shall for all purposes of the law of Sri Lanka, be deemed to be the name of the company. The provisions of this subsection—

- (a) shall not affect references to the corporate name of the company in this section;
- (b) shall not affect any rights or obligations of the company or render defective any legal proceedings by or against the company. Any legal proceedings that might have been commenced or continued against the company by its corporate name, may be commenced or continued against it by the name by which it is for the time being registered.

(6) The Registrar may withdraw a notice given under subsection (1), if he is satisfied that it ought not to have been given, or that the circumstances in which it was given have changed, and at the time of withdrawal there would not be any grounds on which such a notice could be given. The provisions of subsection (7) shall not apply in respect of a notice that has been withdrawn under this subsection.

(7) A registered overseas company on which a notice has been served under subsection (1), shall not at any time after the expiration of two months from the service of that notice, (or such longer period as may be specified in the notice) carry on business in Sri Lanka under its corporate name.

(8) Where a registered overseas company fails to comply with the requirements of subsection (7)—

- (a) the company shall be guilty of an offence and be liable on conviction to a fine not exceeding two hundred thousand rupees;
- (b) every officer of the company who is in default shall be guilty of an offence, and be liable on conviction to a fine not exceeding one hundred thousand rupees.

494. Every registered overseas company shall—

Obligation to state name and particulars of company.

- (a) in every prospectus inviting subscriptions for its shares or debentures in Sri Lanka, state the country in which the company is incorporated;
- (b) ensure that at every place where it carries on business in Sri Lanka, the name of the company and the country in which the company is incorporated are clearly displayed;
- (c) ensure that its name and the name of the country in which it is incorporated, are clearly stated in—
 - (i) all business letters of the company;
 - (ii) all notices and other official publications of the company;
 - (iii) all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods signed on behalf of the company;
 - (iv) all invoices, receipts and letters of credit of the company; and

- (v) all other documents issued or signed by the company which evidence or create a legal obligation of the company; and
- (d) where the liability of the members of the company is limited, cause notice of that fact to be clearly stated in every such prospectus and in all letters and other documents referred to in paragraph (c), and to be clearly displayed at every place where it carries on its business.

Service on
overseas
company.

495. (1) Any document or notice required to be served on a registered overseas company, shall be sufficiently served if addressed to any person whose name has been delivered to the Registrar under this Part of this Act, and left at or sent by post to the address which has been so delivered.

(2) Where—

- (a) any registered overseas company has failed to deliver to the Registrar the name and address of a person resident in Sri Lanka, who is authorised to accept on behalf of the company service of documents or notices; or
- (b) at any time, all the persons whose names and addresses have been so delivered are dead or have ceased to reside in Sri Lanka or refuse to accept service on behalf of the company or for any reason cannot be served,

a document may be served on the company by leaving it at or sending it by post, to any place of business established by the company in Sri Lanka.

Registrar to be
notified when
company ceases
to have place of
business in Sri
Lanka.

496. Where any registered overseas company ceases to have a place of business in Sri Lanka, it shall forthwith give notice of the fact to the Registrar. As from the date on which notice is so given, the obligation of the company to deliver any document to the Registrar shall cease.

497. (1) An application may be made to the court for the winding up of the assets in Sri Lanka of an overseas company in accordance with Part XII, subject to the modifications and exclusions set out in the Thirteenth Schedule.

Liquidation of assets in Sri Lanka of overseas company.

(2) An application may be made under subsection (1), whether or not the overseas company—

- (a) is a registered overseas company;
- (b) has given notice under section 496 that it has ceased to have a place of business in Sri Lanka ; or
- (c) has been dissolved or otherwise ceased to exist as a company, under or by virtue of the laws of any other country.

498. Where any company to which this Part of this Act applies, fails to comply with any of the provisions of this Part other than section 493, the company, and every officer or agent of the company who knowingly and willfully authorises or permits the default, shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees.

Penalties for non-compliance.

499. (1) Where any overseas company has failed to comply with any provision of this Part of this Act, and fails to make good the default within ten working days from the date of service of a notice on the company requiring it to do so, the court may on an application made to the court by the Registrar or by any creditor of the company or by any other person who appears to the court to be interested, make an order directing the company and any officer of the company to make good the default within such time as may be specified in the order.

Enforcement of duty to comply with provisions of this Part.

(2) Any order made under subsection (1) may provide that, all costs of and incidental to the application, shall be borne by the company or by any officer of the company responsible for the default.

(3) Nothing in this section shall prejudice the operation of any enactment imposing penalties on a company or its officers, in respect of any default referred to in subsection (1).

RESTRICTIONS ON SALE OF SHARES AND OFFER OF SHARE
FOR SALE

Dating of prospectus and particulars to be contained therein.

500. (1) It shall not be lawful for any person to issue, circulate, or distribute in Sri Lanka any prospectus offering for subscription any shares in or debentures of a company, incorporated or to be incorporated outside Sri Lanka, whether the company has or has not established or when formed will or will not establish a place of business in Sri Lanka, unless the prospectus is dated and—

- (a) contains particulars with respect to the following matters :—
- (i) the instrument constituting or defining the constitution of the company ;
 - (ii) the enactments or provisions having the force of an enactment, by or under which the incorporation of the company was effected ;
 - (iii) an address in Sri Lanka where the said instrument, enactments, or provisions or copies thereof and if the same are in a language other than the official language of Sri Lanka or in English, a translation thereof in a language specified by the Registrar and certified in the prescribed manner, can be inspected ;
 - (iv) the date on which and the country in which the company was incorporated ;
 - (v) whether the company has established a place of business in Sri Lanka and, if so, the address of its principal office in Sri Lanka ;

- (b) states the matters specified in Part I of the Fourth Schedule hereto, and subject to the provisions contained in Part III, sets out the reports specified in Part II, of that Schedule :

Provided that the provisions of subparagraphs (i), (ii) and (iii) of paragraph (a) shall not apply in the case of a prospectus issued more than two years from the date on which the company is entitled to commence business, and in the application of Part I of the Fourth Schedule hereto for the purposes of this subsection, paragraph 3 of Part I of such Schedule shall have effect with the substitution for the reference to the articles, of a reference to the constitution, of the company.

(2) Any condition requiring or binding an applicant for shares or debentures, to waive compliance with any requirements imposed by virtue of paragraph (a) or paragraph (b) of subsection (1), or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(3) It shall not be lawful for any person to issue to any person in Sri Lanka a form of application for shares in or debentures of such a company or intended company as is referred to in subsection (1), unless the form is issued with a prospectus which complies with this Part and the issue thereof in Sri Lanka, does not contravene the provisions of subsection (1) of section 501 :

Provided that the provisions of this subsection shall not apply, where it is shown that the form of application was issued in connection with a *bona fide* invitation to a person to enter into an underwriting agreement with respect to the shares or debentures.

(4) In the event of non-compliance with or contravention of any of the requirements imposed by paragraphs (a) and (b) of subsection (1), a director or other person responsible for

the issue of the prospectus shall not incur any liability by reason of such non-compliance or contravention, where—

- (a) as regards any matter not disclosed, he proves he was not cognizant thereof ;
- (b) he proves that such non-compliance or contravention arose from a *bona fide* mistake of fact on his part ; or
- (c) such non-compliance or contravention was in respect of matters which in the opinion of the court dealing with the case, were immaterial or were otherwise such as ought, in the opinion of that court having regard to all the circumstances of the case, reasonably to be excused :

Provided that, in the event of failure to include in a prospectus a statement with respect to the matters contained in paragraph 17 of the Fourth Schedule hereto, no director or other person shall incur any liability in respect of the failure, unless it be proved that he had knowledge of the matters not disclosed.

(5) The provisions of this section—

- (a) shall not apply to the issue to existing members or debenture holders of a company, of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures has or does not have a right to renounce in favour of other persons ; and
- (b) except in so far as it requires a prospectus to be dated, shall not apply to the issue of a prospectus relating to shares or debentures which are or are to be in all respects, uniform with the shares or debentures previously issued,

but, subject as aforesaid, the provisions of this section shall apply to a prospectus or form of application whether issued on or with reference to, the formation of a company or subsequently.

(6) Nothing in this section shall limit or diminish any liability which any person may incur under the provisions of this Act, other than this section.

501. (1) It shall not be lawful for any person to issue, circulate or distribute in Sri Lanka, any prospectus offering for subscription shares in or debentures of a company incorporated outside Sri Lanka, whether the company has or has not established or when formed, will or will not be established, a place of business in Sri Lanka—

Provisions as to expert's consent and allotment.

- (a) if, where the prospectus includes a statement purporting to be made by an expert, he has not given or has before delivery of the prospectus for registration withdrawn his written consent to the issue of the prospectus, with the statement included in the form and context in which it is included, or there does not appear in the prospectus a statement that he has given and has not withdrawn his consent as aforesaid ; or
- (b) if the prospectus does not have the effect, where an application is made in pursuance thereof, of rendering all persons concerned bound by all the provisions other than penal provisions of section 47, so far as applicable thereto.

(2) In this section the expression “expert” includes an engineer, a valuer, an accountant and any other person whose profession gives authority to a statement made by him, and for the purposes of this section, a statement shall be deemed to be included in a prospectus, if it is contained in or in any report or memorandum appearing on the face of or by reference incorporated in or issued with, such prospectus.

Registration of prospectus.

502. It shall not be lawful for any person to issue, circulate or distribute in Sri Lanka, any prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside Sri Lanka, whether the company has or has not established or when formed will not establish a place of business in Sri Lanka, unless before the issue, circulation or distribution of the prospectus in Sri Lanka, a copy thereof certified by the Chairman of the company as having been approved by resolution of the managing body, has been so delivered and there is endorsed on or attached to the copy—

- (a) any consent to the issue of the prospectus required by the provisions of section 501 ; and
- (b) where the person making any report in accordance with Part II of the Fourth Schedule hereto, have made therein or have without giving reasons indicated therein, any such adjustments as are mentioned in paragraph 30 of that Schedule, a written statement signed by those persons setting out the adjustments and giving the reasons therefor.

Penalty for contravention of section 500, section 501 or section 502.

503. Any person who is knowingly responsible for the issue, circulation or distribution of prospectus or for the issue of a form of application for shares or debentures in contravention of any of the provisions of section 500, section 501, or section 502, shall be guilty of an offence and shall on conviction be liable to a fine not exceeding fifty thousand rupees.

Civil liability for misstatements in prospectus.

504. The provisions of section 41 shall extend to every prospectus offering for subscription shares in or debentures of a company incorporated or to be incorporated outside Sri Lanka, whether the company has or has not established or when formed will or will not establish a place of business in Sri Lanka, with the substitution for any reference to section 38, of the reference to section 501.

505. (1) Where any document by which shares in or debentures of a company incorporated outside Sri Lanka are offered for sale to the public would, where the company concerned had been a company within the meaning of this Act, have been deemed by virtue of the provisions of section 43 to be a prospectus issued by the company, that document shall be deemed to be for the purposes of this Part of this Act, a prospectus issued by the company.

Interpretation of provisions as to prospectuses.

(2) An offer of shares or debentures for subscription or sale to any person, whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, shall not be deemed to be an offer to the public for the purposes of this Part.

(3) In this Part, the expressions “prospectus”, “shares” and “debentures” shall have the same meanings as and when used in relation to a company incorporated under this Act.

PART XIX

ADVISORY COMMISSION

506. (1) For the purposes of advising the Minister on any matters in relation to the law relating to companies, the Minister may—

Appointment &c. of Advisory Commission.

- (a) constitute a Commission (hereinafter referred to as the “Advisory Commission”) consisting of not less than five and not more than ten persons with suitable qualifications ; and
- (b) appoint one of such persons to be Chairman of the said Advisory Commission.

(2) It shall be the duty of the Advisory Commission—

- (a) to inquire into and report to the Minister on any matter or question relating to companies and the

law applicable to companies, which may be referred to it from time to time by the Minister ;

- (b) to review the law relating to companies from time to time and to make proposals to the Minister for the alteration, modification or addition to such law ;
- (c) in making the recommendations referred to in paragraph (a) or (b), to consult and take into consideration where the Advisory Commission deems necessary, the views of trade chambers, professional organisations, monetary institutions, governmental authorities and the general public.

(3) The Registrar shall be an *ex-officio* member of the Advisory Commission, and shall also function as its Convener and Secretary.

(4) Subject to the provisions of subsections (6), (7) and (8), the term of office of the members of the Advisory Commission shall be three years :

Provided that a member appointed in place of a member who resigns or is removed or otherwise vacates office, shall hold office for the unexpired part of the term of office of the member whom he succeeds.

(5) Any member of the Advisory Commission who vacates office by effluxion of time, shall be eligible for re-appointment.

(6) A member of the Advisory Commission may resign from office by letter to that effect addressed to the Minister.

(7) All members of the Advisory Commission shall hold office during good behaviour, and may be removed from office by the Minister.

(8) Where a member is temporarily unable to discharge the duties of his or her office on account of ill-health, absence from Sri Lanka or any other cause, the Minister may appoint some other person to act as a member in his or her place.

(9) The Advisory Commission may, with the approval of the Minister, appoint such officers and servants as it thinks fit to assist the Advisory Commission in carrying out its duties under this Part of this Act.

(10) The members of the Advisory Commission, its Secretary and other officers and servants may be paid such remuneration out of the Fund, as may be determined by the Minister.

PART XX

COMPANIES DISPUTES BOARD

507. (1) The Minister may constitute a board (in this Act referred to as the “Companies Disputes Board”) for the purposes of carrying out the functions conferred on such Board by the provisions of this Part of this Act.

Companies
Disputes Board.

(2) The Companies Disputes Board shall consist of not less than three and not more than five persons appointed by the Minister, with substantial experience in relation to the law relating to companies or the administration of companies.

(3) The Minister may appoint one of the members of the Companies Disputes Board to be the President of the Board.

(4) Subject to the provisions of subsections (6), (7) and (8), the term of office of the members of the Companies Disputes Board shall be five years :

Provided that a member appointed in place of a member who resigns or is removed or otherwise vacates office, shall hold office for the unexpired part of the term of office of the member whom he succeeds.

(5) Any member of the Companies Disputes Board who vacates office by effluxion of time, shall be eligible for re-appointment.

(6) A member of the Companies Disputes Board may resign from office by letter to that effect addressed to the Minister.

(7) A member of the Companies Disputes Board shall hold office during good behaviour, and may be removed from office by the Minister.

(8) Where a member is temporarily unable to discharge the duties of his office on account of ill-health, absence from Sri Lanka or any other cause, the Minister may appoint some other person to act as a member in his place.

(9) The Companies Disputes Board may, with the approval of the Minister, appoint such officers and servants as it thinks fit to assist the Companies Disputes Board in carrying out its duties under this Part of this Act.

(10) The members of the Companies Disputes Board and its officers and servants may be paid such remuneration out of the Fund, as may be determined by the Minister.

Board members
may mediate
disputes.

508. (1) The parties to a dispute—

- (a) arising in giving effect to the provisions of this Act ;
or
- (b) which relates to the affairs or management of any company,

may, with the approval of the President of the Companies Disputes Board, refer the dispute for mediation before a member of the Board.

(2) A court may if it thinks fit, refer any proceeding pending before such court to mediation before a member of the Companies Disputes Board, with the consent of all parties to that proceeding. The proceedings shall be stayed until either a settlement is reached or a notice is given to the court by such Board, that the mediation has not resulted in a settlement.

(3) Where the parties to a dispute or proceeding referred to mediation under this section agree to settle that dispute or proceeding—

- (a) the settlement agreement shall be recorded in writing and signed by the parties and by the member of the Board who acted as mediator ; and
- (b) a certified copy of the settlement agreement shall be filed in the court, and shall have effect as if it were a judgment of the court.

(4) Regulations may be made prescribing the procedure for the conduct of proceedings in any dispute referred to mediation under this section.

(5) Where the parties to a dispute or proceeding referred to mediation under this section do not agree to settle that dispute or proceeding within three months of the reference to mediation, or within any extended period agreed to by all those parties, the member of the Board shall forthwith give notice—

- (a) to the parties ; and
- (b) if the matter was referred to mediation by the court, to the court,

that the mediation has not resulted in a settlement.

Privilege in respect of mediations proceeding.

509. All statements made in the course of or in relation to a mediation before a member of the Companies Disputes Board—

- (a) shall be deemed to be made for the purposes of arriving at a settlement of the dispute or proceeding referred to mediation ;
- (b) shall not be disclosed to any person other than the parties to the mediation and their legal advisers, without the consent of all parties to the mediation ;
- (c) shall not be admissible in evidence in any civil or criminal proceedings without the consent of all parties to the mediation.

Fees payable in respect of mediation.

510. (1) Where a matter is referred to mediation under section 508, the parties shall pay to the Companies Disputes Board such amount in respect of the costs incurred and such fee as may be agreed to by the President of the Board and the parties to the mediation. The parties shall, subject to any agreement to the contrary, bear the costs and the fee payable equally.

(2) Subject to subsection (3), all amounts payable under this section shall be credited to the Fund established under this Act.

(3) The President may direct that any fee payable under this section in respect of a mediation, shall be paid by the Board in whole or in part, to the member of the Board who acted as mediator.

PART XXI

OFFENCES

MISCELLANEOUS OFFENCES

511. Where in any return, report, certificate, balance sheet or other document, required by or for the purposes of this Act, any person wilfully makes a statement which is false in any material particular knowing it to be false, shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

Penalty for false statement.

512. (1) Any person who, with intent to defraud or deceive a person—

Penalty for falsification of records.

(a) destroys, parts with, mutilates, alters or falsifies, or is a party to the destruction, mutilation, alteration or falsification of any register, accounting records, book, paper or other document belonging or relating to a company ; or

(b) makes or is a party to the making of a false entry in any register, accounting records, book, paper or other document belonging or relating to a company,

shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to a term of imprisonment not exceeding five years or to both such fine and imprisonment.

513. Where any person or persons or trade carry on business under any name or title of which “Limited” or any contraction or imitation of that word is the last word, that person or those persons shall, unless duly incorporated with limited liability, be guilty of an offence and shall be liable on conviction to a fine not exceeding fifty thousand rupees.

Penalty for improper use of word “Limited”.

GENERAL PROVISIONS AS TO OFFENCES

Compounding
of certain
offences.

514. (1) Where any company has made default in complying with any provision of this Act requiring it to file with or deliver or send to the Registrar any account, document or return or to give notice to him of any matter, and has by reason of such default committed an offence under this Act, the Registrar may, if he thinks fit, instead of instituting proceedings in court or where such proceedings have already been instituted, instead of continuing such proceedings against the company or any officer of the company in respect of such offence, accept from the company or the officer, such sum of money as the Registrar may think proper in composition of the offence. Any sum so accepted shall be credited to the Fund established under this Act.

(2) Where the Registrar has accepted any sum of money under subsection (1) in composition of any offence, proceedings shall not be taken against the company or any officer of the company in respect of that offence or if already taken, shall not be continued.

(3) Where any sum of money payable in composition of an offence under the provisions of subsection (1) remains unpaid for a period of one month from the date fixed for its payment by the Registrar, or such extended time as the Registrar may allow, the Registrar may report the default in payment to a Magistrate. The amount unpaid shall be recovered from the company or any officer of the company in respect of the default, in the same manner as if it were a fine imposed by the court, and the court shall direct that the amount in default be credited to the Fund.

Offences
summarily
triable.

515. Notwithstanding anything contained in any other law to the contrary, all offences under this Act may be tried summarily by a Magistrate.

516. (1) A fine may be imposed by a court for any offence under this Act, notwithstanding that the fine exceeds the amount of the fine which the court may impose in the exercise of its ordinary jurisdiction.

Imposition and application of fines.

(2) The court imposing any fine under this Act, may direct that the whole or any part of it shall be applied in or towards payment of the costs of the proceedings or in or towards rewarding the persons on whose information or at whose suit the fine is recovered.

517. Nothing in this Act relating to the institution of criminal proceedings by the Attorney-General, shall be taken to preclude any person from instituting or carrying on any such proceedings.

Savings as to private prosecutors.

518. Where proceedings are instituted under this Act against any person by the Attorney-General, nothing in this Act shall be taken to require any person who has acted as attorney-at-law for the accused, to disclose any privileged communication made to him in that capacity.

Savings for privileged communications.

PART XXII

MISCELLANEOUS

PROHIBITION OF PARTNERSHIP WITH MORE THAN TWENTY MEMBERS

519. (1) No company, association or partnership consisting of more than twenty persons shall be formed for the purpose of carrying on any business that has for its object the acquisition of gain by the company, association or partnership, or by its individual members, unless it is registered as a company under this Act or under some other enactment.

Prohibition of partnership with more than twenty members.

(2) No company, association or partnership consisting of more than twenty persons, which is formed outside Sri Lanka, shall carry on in Sri Lanka any business that has for its object

the acquisition of gain by the company, association or partnership or by its individual members, unless—

- (a) it is duly incorporated as a company outside Sri Lanka ; and
- (b) has an established place of business within Sri Lanka.

(3) Nothing in subsection (1) or (2) shall apply to—

- (a) a partnership formed for the purpose of carrying on practice as attorneys-at-law, consisting of persons each of whom is an attorney-at-law ;
- (b) a partnership formed for the purpose of carrying on practice as accountants, consisting of persons each of whom is a chartered accountant ;
- (c) a partnership formed for the purpose of carrying on practice as members of a licensed stock exchange, consisting of persons each of whom is a member of that licensed stock exchange ;
- (d) a partnership formed for any purpose that may be prescribed, consisting of such persons as may be prescribed.

(4) Where any company, association or partnership consisting of more than twenty persons is formed in contravention of the provisions of subsection (1) or carries on any business in contravention of the provisions of subsection (2), each of those persons—

- (a) shall be guilty of an offence and be liable on conviction to a fine not exceeding fifty thousand rupees ;

- (b) shall, without prejudice to paragraph (a), be severally liable for the payment of the whole of the debts of the company, association or partnership of which he is or was a member, may be sued accordingly without joining in the suit any other member of the company, association or partnership.

APPLICATION AND REFERENCE TO COURT

520. (1) Every application or reference to court under the provisions of this Act shall, unless otherwise expressly provided or unless the court otherwise directs, be by way of petition and affidavit, and every person against whom such application or reference is made, shall be named a respondent in the petition and be entitled to be given notice of the same and to object to such application or reference. Procedure.

(2) Every application or reference made to the court in the course of any proceeding under this Act or incidental thereto, shall be made by motion in writing.

(3) The Registrar shall be entitled to be heard or represented in any application or reference made to the court under this Act at any stage of such application or reference.

(4) In all proceedings before court by way of application or reference under this Act, no order for costs shall be made against the Registrar.

521. (1) Subject to the provisions of subsections (2) and (3), pending the making of a final order in any application or reference to court made under this Act, the court may on the application of a party to the proceedings, make such interim order, including a restraining order, as it thinks fit. Such order may at the discretion of the court, be made *ex-parte* or after notice to the respondent. The respondent may make an application for an order of revocation or variation of the *ex-parte* order, with notice to the petitioner. Grant of interim relief.

(2) The court shall not grant a restraining order or any other form of interim order under this Act on the application of a shareholder, former shareholder or a director, unless the applicant has first lodged with the court an undertaking in writing that if the order sought is granted, and the company or any other person suffers loss or damage which the court considers as just and equitable for the applicant to bear, the applicant will indemnify the company or other person against that loss or damage.

(3) The court shall, before or at the time of granting a restraining order or any other form of interim order, fix the amount of security which the applicant shall provide for the undertaking given under subsection (2). Security may be provided by depositing funds with the court or by providing a bank guarantee or in such other manner as the court may consider sufficient.

(4) The court may from time to time, on the application of the company or any other person who may suffer loss or damage as a consequence of the making or continuation in force of an interim order, increase the amount of security to be provided by the applicant for the undertaking given under subsection (2). Where an order for an increase in the amount of security to be provided is made, it shall be a condition of the continuation of the interim order, that the increased security be provided within a period specified by the court.

(5) The court may make such orders as it think just and equitable—

- (a) by way of enforcement of an undertaking given under subsection (2) ;
- (b) for the payment out to any person of funds deposited as security under subsection (3) ;
- (c) for the investment in an interest bearing bank account, of any funds deposited as security under subsection (3).

522. Nothing in this Act shall require disclosure by any person to the Registrar or to an inspector appointed by the Registrar—

Savings for attorney-at-law and bankers.

- (a) of any information which he would in proceedings in a court be entitled to refuse to disclose on grounds of legal professional privilege, except if he is an attorney-at-law, the name and address of his client ;
or
- (b) unless the court orders otherwise, by a company's bankers, of any information as to the affairs of any of their customers other than the company.

523. A document may be served on a company—

Service of documents on company.

- (a) by leaving it at or sending it by post to the registered office of the company ;
- (b) by delivering it or sending it by post to any director, secretary, manager or other officer of the company ;
or
- (c) if for any reason it cannot be served as aforesaid, on such director, secretary, manager or other officer, by delivering it or sending it by post or by serving it in such manner as may be ordered by the court.

524. Any document purporting to be made or furnished for the purposes of this Act by or on behalf of a company or by any person, shall for all purposes be, until the contrary is proved, deemed to have been made or furnished by such company or person, as the case may be. Any person signing any such document shall be deemed to be cognizant all matters therein.

Documents to be received in evidence.

525. Where a limited company is plaintiff in any action or other legal proceeding, any judge having jurisdiction in the matter may, where it appears by credible testimony that there is reason to believe that the company will be unable to

Costs in action by certain limited companies.

pay the costs of the defendant if successful in his defence, require sufficient security to be given for those costs, and may stay all proceedings until the security is given.

Power of court to grant relief in certain cases.

526. (1) Where in any proceeding for negligence, default, breach of duty, or breach of trust against an officer of a company or a person employed by a company as auditor (whether he is or not an officer of the company), it appears to the court hearing the case that the officer or person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he has acted honestly and reasonably, and that having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, that court may relieve him, either wholly or partly, from his liability on such terms as the court may think fit.

(2) Where any such officer or person referred to in subsection (1) has reason to apprehend that, any claim will or might be made against him in respect of any negligence, default, breach of duty or breach of trust, he may apply to the court for relief, and the court on any such application shall have the same power to relieve him as under this section it would have had, if it had been a court before which proceedings against that person for negligence, default, breach of duty or breach of trust has been brought.

Regulations.

527. (1) The Minister may make regulations for or in respect of all matters which are stated or required by this Act to be prescribed or for which regulations are required or authorised by this Act to be made.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder. Notification of the date on which any regulation is so deemed to be rescinded, shall be published in the *Gazette*.

528. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

529. (1) In this Act, unless the context otherwise requires—

Interpretation.

“accounting period” means in relation to any body corporate, the period in respect of which the financial statements of such body corporate are made up, whether the said period is a year or not ;

“agent” does not include any person’s attorney-at-law acting as such ;

“annual return” means the return required to be made by a company under section 131;

“articles” means articles of association of a company as originally framed or as altered by special resolution, including so far as they apply to the company, the regulations contained in Part C of the Schedule to the Joint Stock Companies Ordinance, 1861 or in Table B in the Schedule to the Joint Stock Banking Ordinance, 1897 or in Table A in the First Schedule to the Companies Ordinance (Cap. 145) or in Table A in the First Schedule to the Companies Act, No. 17 of 1982, or the model articles ;

“balance sheet date” means the close of the 31st day of March or of such other date as the Board of the company has adopted as the company’s balance sheet date and the notification of which is given forthwith to the Registrar ;

“board” and “board of directors” in relation to a company, means —

- (a) directors of the company who number not less than the required quorum acting together as a board of directors ; or
- (b) if the company has only one director, that director ;

“book and paper” and “book or paper” includes accounts, deeds, writings and documents ;

“certified” means certified in such manner as may be prescribed, or if no manner of certification is prescribed in relation to any document or class of documents, in such manner as the Registrar may require ;

“class” means a class of shares having attached to them identical rights, privileges, limitations and conditions ;

“company” means a company incorporated under this Act or an existing company ;

“the court” means a High Court established under Article 154P of the Constitution for a Province, empowered with civil jurisdiction by Order published in the *Gazette* under section 2 of the High Court of the Provinces (Special Provisions) Act, No. 10 of 1996, within the Province for which such High Court is established, or where no such High Court vested

with such civil jurisdiction is established for any Province, the High Court established for the Western Province ;

“debenture” includes debenture stock, bonds and any other securities of a company, whether constituting a charge on the assets of the company or not ;

“director” includes—

- (a) a person occupying the position of director of the company, by whatever name called ;
- (b) for the purposes of sections 187, 188, 189, 190, 197, 374 and 377 —
 - (i) a person in accordance with whose directions or instructions a person referred to in paragraph (a) may be required or is accustomed to act ;
 - (ii) a person in accordance with whose directions or instructions the board of the company may be required or is accustomed to act ; and
 - (iii) a person who exercises or who is entitled to exercise or who controls or who is entitled to control the exercise of powers which, apart from the articles of the company, would be required to be exercised by the board ; and
- (c) for the purposes of sections 187 to 195 (both inclusive), 197, 374 and 377, a person to whom a power or duty of the board has been directly delegated by the board with that person’s consent or acquiescence, or who exercises the power or duty with the consent or acquiescence of the board.

The provisions of paragraphs (b) and (c) shall not apply to a person to the extent that the person acts only in a professional capacity ;

“distribution” means—

- (a) the direct or indirect transfer of money or property, other than the shares of a company, to or for the benefit of a shareholder ; or
- (b) the incurring of a debt to or for the benefit of a shareholder,

in relation to a share or shares held by that shareholder, whether by means of a payment of a dividend, a redemption or other acquisition of the share or shares, a distribution of indebtedness or otherwise ;

“dividend” shall have the same meaning as given in section 60 ;

“document” means a document in any form, including—

- (a) any writing on material ;
- (b) information recorded or stored by means of a tape recorder, computer, or other device and material subsequently derived from information so recorded or stored ;
- (c) a book, graph, or drawing ; and
- (d) a photograph, film negative, tape or other device in which one or more visual images are embodied so as to be capable (with or without the aid of equipment) of being reproduced ;

“employees’ share scheme”, in relation to a company, means a scheme for encouraging or facilitating the holding of shares in the company by or for the benefit of—

- (a) the *bona fide* employees or former employees of the company or any related company ; or
- (b) the wives, husbands, widows, widowers or children or step-children of such employees or former employees ;

“existing company” means, a company formed and registered under the Joint Stock Companies Ordinance, 1861, or the Joint Stock Banking Ordinance, 1897, the Companies Ordinance (Cap. 145), or the Companies Act, No. 17 of 1982 ;

“financial statements” means—

- (a) a balance sheet for the company as at the balance sheet date ; and
- (b) in the case of—
 - (i) a company trading for profit, a profit and loss statement for the company in relation to the accounting period ending at the balance sheet date ; and
 - (ii) a company not trading for profit, an income and expenditure statement for the company in relation to the accounting period ending at the balance sheet date,

together with any notes or documents giving information relating to the balance sheet or statement ;

“Fund” means, the Fund established under section 479;

“group financial statements” means—

- (a) a consolidated balance sheet for the group as at that balance sheet date ;
- (b) where a member of the group trades for profit, a consolidated profit and loss statement for the group in relation to the accounting period ending at that balance sheet date ; and
- (c) where no member of the group trades for profit, a consolidated income and expenditure statement for the group, in relation to the accounting period ending at that balance sheet date,

together with any notes or documents giving information relating to the balance sheet or statement ;

“holding company”, a company shall be deemed to be another company’s holding company, if and only if that other company is its subsidiary. For the purpose of this definition “company” includes any body corporate;

“interest group” in relation to any action or proposal affecting rights attached to shares, means a group of shareholders—

- (a) whose affected rights are identical; and
- (b) whose rights are affected by the action or proposal in the same way;

“legal representative” means, an executor or administrator or in the case of an estate not administrable in law, the next-of -kin who have inherited the inheritance;

“listed company” means, a company, any shares or securities of which are quoted on a licensed stock exchange;

“licensed commercial bank” means, a company or institution issued with a licence under the Banking Act, No. 30 of 1988, to carry on business as a licensed commercial bank;

“manager” includes, any person occupying the position of manger by whatever name called;

“minimum subscription” means, the amount stated in a prospectus as the minimum amount, which in the opinion of the directors must be raised by the issue of share capital and reckoned exclusively of any amount payable otherwise than in cash;

“officer” in relation to a body corporate, includes a director, manager or secretary;

“ordinary resolution” means, a resolution that is approved by a simple majority of the votes of those shareholders entitled to vote and voting on the question;

“overseas company” shall have the same meaning as given in section 488;

“prescribed” means, prescribed by regulation;

“prospectus” means, any prospectus, notice, circular, advertisement, or other invitation, offering to the public for subscription to or purchase of any shares or debentures of a company, and includes any such notice, circular, advertisement, or other invitation, notwithstanding that it may contain on the face thereof, that it is not a prospectus or offer of shares to the public;

“receiver” means, a receiver of the whole or a part of the property and undertaking of a company, appointed under Part XV;

“redeemable” shall have the same meaning as given in section 66;

“Register” means, the Register required to be kept under section 473;

“Registrar” means, the Registrar-General of Companies or other officer performing under this Act, the duty of registration of companies;

“resolution altering articles” shall have the same meaning as given in section 15;

“share” means, a share issued by a company;

“share register” means, the register required to be kept under section 123;

“shareholder” shall have the same meaning as given in section 86;

“stated capital” shall have the same meaning as given in section 58;

“subsidiary”, a company shall be deemed to be a subsidiary of another, if and only if—

- (a) that other company either—
 - (i) controls the composition of its board of directors ;
 - (ii) is in a position to exercise or control the exercise of more than half the maximum number of votes that can be exercised at a meeting of the company;

- (iii) hold more than half of the issued shares of the company, other than shares that carry no right to participate beyond a specified amount in a distribution of profits or capital;
 - (iv) is entitled to receive more than half of every dividend paid on shares issued by the company, other than shares that carry no right to participate beyond a specified amount in a distribution of profits or capital; or
- (b) the first-mentioned company is a subsidiary of any company which is that other company's subsidiary.

For the purpose of this definition, the composition of a company's board of directors shall be deemed to be controlled by another company if, and only if, that other company by the exercise of any power exercisable by it without the consent or concurrence of any other person, can appoint or remove all or a majority of the directors, and that other company shall be deemed to have power to appoint a director, if—

- (a) a person cannot be appointed as a director without the exercise in his favour by that other company, of a power to so appoint ; or
- (b) a person's appointment as a director follows necessarily from his appointment as a director of that other company.

In determining whether one company is a subsidiary of another—

- (a) any shares held or power exercisable by a company in a fiduciary capacity shall be treated as not held or exercisable by it;

- (b) subject to the provisions of paragraphs (c) and (d), any shares held or power exercisable—
 - (i) by any person as a nominee for that other (except where that other is concerned only in a fiduciary capacity); or
 - (ii) by or by a nominee for a subsidiary of that other, not being a subsidiary which is concerned only in a fiduciary capacity,

shall be treated as held or exercisable by that other;

- (c) any shares held or power exercisable by any person by virtue of the provisions of any debentures of the first-mentioned company, or of a trust deed for securing any issue of such debentures, shall be disregarded;
- (d) any shares held or power exercisable by or by a nominee for that other or its subsidiary (not being held or exercisable as referred to in paragraph (c)), shall be treated as not held or exercisable by that other, if the ordinary business of that other or its subsidiary, as the case may be, includes the lending of money, and the shares are held or the power is exercisable by way of security only, for the purposes of a transaction entered into in the ordinary course of that business.

For the purpose of this definition “company” includes a body corporate; and

“working day” means a day other than Saturday, Sunday or a public holiday.

(2) For the purposes of this Act, —

- (a) a company is related to another company, if—
 - (i) that company is the subsidiary or holding company of the other company;
 - (ii) the holding company of that company is also a holding company of the other company; or
 - (iii) that company is related to a company which is related to the other company ;
 - (b) where any section of this Act provides that an officer of a company who is in default shall be liable to a penalty, the expression “officer who is in default” means any director, manager, secretary or other officer of the company, who knowingly and wilfully authorizes or permits the default, refusal or contravention referred to in that section;
 - (c)
 - (i) one or more groups may exist in relation to any action or proposal; and
 - (ii) if—
 - (A) action is taken in relation to some holders of shares in a class and not others; or
 - (B) a proposal expressly distinguishes between some holders of shares in a class and other holders of shares of that class,

holders of shares in the same class, may fall into two or more interest groups.
- (3) Any reference in this Act—
- (a)
 - (i) to the shareholders of a company includes, in relation to a company which has only one shareholder, a reference to that shareholder;

- (ii) to the directors of a company includes, in relation to a company which has only one director, a reference to that director ;
- (b) to a body corporate or to a corporation, shall be construed as not including a corporation sole but as including a company incorporated outside Sri Lanka;
- (c) unless the context otherwise requires, to a person by whom, or in whose interests a receiver was appointed, includes a reference to a person to whom the rights and interests under any deed or agreement by or under which the receiver was appointed, have been transferred or assigned.

(4) Where public notice of any matter is required to be given under this Act, that notice shall be given by publishing a notice of that matter—

- (a) in at least one issue of the *Gazette*; and
- (b) in at least one issue of a daily newspaper in the Sinhala, Tamil and English languages, circulating in the area in which—
 - (i) the company's place of business;
 - (ii) if the company has more than one place of business, the company's principal place of business; or
 - (iii) if the company has no place of business or the location of neither its principal place of business nor any other place of business is known to the person required to give the notice, the company's registered office,

is situated.

TRANSITIONAL PROVISIONS AND SAVINGS

530. (1) Without prejudice to the provisions contained in sections 5 and 10 of the Interpretation Ordinance—

Transitional provisions.

- (a) nothing in the repeal of any former written law relating to companies shall affect any order, rule, regulation, scale of fees, appointment, conveyance, mortgage, deed or agreement made, resolution passed, direction given, proceeding taken, instrument issued or thing done under any former written law relating to companies, but any such order, rule, regulation, scale of fees, appointment, conveyance, mortgage, deed or agreement, resolution, direction, proceeding, instrument or thing shall, if in force on the appointed date, continue to be in force, and so far as it could have been made, passed, given, taken, issued or done under this Act, shall have effect as if made, passed, given, taken, issued, or done under the provisions of this Act;
- (b) any document referring to a provision in any former written law relating to companies, shall be construed as referring to the corresponding provision contained in this Act;
- (c) any person appointed to any office under or by virtue of any former written law relating to companies, shall be deemed to have been appointed to that office under or by virtue of the provisions of this Act;
- (d) any Register kept under any former written law relating to companies, shall be deemed part of the Register to be kept under the corresponding provisions of this Act;
- (e) all funds and accounts constituted under the provisions of this Act, shall be deemed to be in

continuation of the corresponding funds and accounts constituted under the former written law relating to companies.

(2) In this section the expression “former written law relating to companies” means any written law repealed by the Companies Ordinance (Cap. 145) or the Companies Act, No. 17 of 1982 or this Act.

(3) All actions, proceedings or matters, other than those referred to in section 532, and pending in a District Court on the day preceding the date on which this Act came into operation, shall stand removed to the court as defined in this Act and such court shall have jurisdiction to take cognizance of, hear and determine, or continue and complete, the same:

Provided that any such action, proceeding or matter, in which the adducing of evidence has commenced in the District Court on the day preceding the date on which this Act came into operation, shall be heard and determined by the said District Court.

Savings.

531. Nothing in this Act shall affect—

- (a) the incorporation of any company registered under any written law repealed by the Companies Ordinance (Cap. 145), Companies Act, No. 17 of 1982 or this Act;
- (b) Part C of the Schedule to the Joint Stock Companies Ordinance, 1861, or any part thereof, so far as the same applies to any company in existence on the appointed date;
- (c) Table B in the Schedule to the Joint Stock Banking Ordinance, 1897, or any part thereof, so far as the same applies to any company in existence on the appointed date;

- (d) Tables A and C in the First Schedule to the Companies Ordinance (Cap. 145) or any part thereof, so far as the same applies to any company in existence on the appointed date;
- (e) Table A and C in the First Schedule to the Companies Act, No. 17 of 1982 or any part thereof, so far as the same applies to any company in existence on the appointed date.

532. (1) Subject to the provisions of subsection (2), the provisions of this Act with respect to winding up shall not apply to any company of which the winding up has commenced before the appointed date. Every such company shall be wound up in the same manner and with the same incidents, as if this Act had not been enacted, and for the purposes of the winding up, the written law under which the winding up commenced shall be deemed to remain in full force.

Savings of pending proceedings for winding up.

(2) Where any company is being wound up in accordance with subsection (1), the court may, on application made by the Registrar or by any creditor of the company, and where the court is of opinion that it is expedient to do so in the circumstances of the case, make order that any specified provision of this Act with respect to liquidation shall apply to the winding up of that company, and may give such incidental or supplemental direction as may appear to the court to be necessary for the purposes of the application of such provision. Where the court makes any such order, any provision of this Act specified in the order shall, subject to any such directions, apply accordingly.

PART XXIII

REPEALS AND AMENDMENTS

Repeals. **533.** (1) The Companies Act, No. 17 of 1982 is hereby repealed.

(2) The Companies (Special Provisions) Law, No. 19 of 1974 and the Foreign Companies (Special Provisions) Law, No. 9 of 1975 are hereby repealed.

Amendment of
the First
Schedule of Act,
No. 10 of 1996.

534. The First Schedule to the High Court of the Provinces (Special Provisions) Act, No. 10 of 1996 is hereby amended by the substitution for item (2) of that Schedule, of the following item :—

“(2) All application and proceedings under the Companies Act, No. 07 of 2007”.

FIRST SCHEDULE

[Section 14]

MODEL ARTICLES

A. SHARES

1. *Issue of shares*

(1) Subject to articles 1 (2) and 1 (3), of these articles, the board may issue such shares to such persons as it thinks fit in accordance with section 51 of this Act. Where the shares confer rights other than those specified in subsection (2) of section 49 of this Act, or impose any obligation on the holder, the board must approve terms of issue which set out the rights and obligations attached to the shares as required by subsection (2) of section 51.

(2) Before it issues shares, the board must decide the consideration for which the shares will be issued. The consideration must be fair and reasonable to the company and to all existing shareholders.

(3) Where the company issues shares which rank equally with or prior to existing shares, those shares must be offered to the holders of the existing shares in a manner which would, if accepted, maintain the relative voting and distribution rights of those shareholders. The offer must remain open for acceptance for a reasonable time.

2. *Calls on shares*

(1) Where a share imposes any obligation on the holder to pay an amount of money —

- (a) on a fixed date, the holder must pay that amount on that date;
- (b) when called on to do so by the board, the board may at any time give written notice to the holder requiring the payment to be made within a specified period of not less than twenty working days, and the payment must be made in accordance with that notice.

Any amount not paid by the due date shall carry interest at a rate fixed by the board not exceeding ten *per cent per annum*, accruing daily. The board may waive payment of interest.

(2) Joint holders of a share are jointly and severally liable for any payments to be made under paragraph (1) of this article.

(3) The company has a lien on every share to which paragraph (a) of article 1 applies, and on every distribution payable in respect of that share, for all amounts presently due and payable to the company in respect of that share.

(4) The company may sell in such manner as the board thinks fit, any shares on which the company has a lien, if—

- (a) the company has given written notice of its intention to do so to the shareholder; and
- (b) the shareholder has failed to make the payment in respect of which the lien has arisen, within ten working days of the giving of that notice.

The transfer may be signed on behalf of the purchaser by any person appointed to do so by the board, and the purchaser shall be registered as the holder of the shares transferred and his title shall not be affected by any irregularity or invalidity in the sale.

(5) The proceeds of a sale under paragraph (4) of this article shall be received by the company and applied first in payment of the costs of sale, and then in payment of the amount in respect of which the lien arose. The remainder shall be paid to the person entitled to the shares, at the time of the sale.

3. *Distributions*

(1) The company may make distributions to shareholders in accordance with section 56 of this Act. Subject to paragraph (2) of this article, every dividend must be approved by the board and by an ordinary resolution of the shareholders. The board must be satisfied that the company will immediately after the distribution, satisfy the solvency test. The directors who vote in favour of the distribution must sign a certificate of their opinion to that effect.

(2) The board may from time to time approve the payment of an interim dividend to shareholders, where that appears to be justified by the company's profits, without the need for approval by an ordinary resolution of the shareholders. The board must be satisfied that the company will immediately after the interim dividend is paid, satisfy the solvency test. The directors who vote in favour of the interim dividend must sign a certificate of their opinion to that effect.

(3) The company is deemed to have satisfied the solvency test if—

- (a) it is able to pay its debts as they fall due in the normal course of business; and
- (b) the value of its assets is greater than the sum of the value of its liabilities and its stated capital.

4. *Share register, share certificates and transfer and transmission of shares*

(1) The company must maintain a share register, which complies with section 123 of this Act. The share register must be kept at the registered office of the company or at any other place in Sri Lanka, notice of which has been given to the Registrar in accordance with subsection (4) of section 124 of this Act.

(2) Where shares are to be transferred, a form of transfer signed by the holder or by his legal representative shall be delivered to the company. The transfer must be signed by the transferee if the share imposes any liability on its holder.

(3) The board may resolve to refuse to register a transfer of a share within six weeks of receipt of the transfer, if any amount payable to the company in respect of the share is due but unpaid. If the board resolves to refuse to register a transfer for this reason, it must give notice of the refusal to the shareholder within one week of the date of the resolution.

(4) Where a joint holder of a share dies, the remaining holders shall be treated by the company as the holders of that share. Where the sole

holder of a share dies, that shareholder's legal representative shall be the only person recognised by the company as having any title to or interest in the share.

(5) Any person who becomes entitled to a share as a consequence of the death, bankruptcy or insolvency or incapacity of a shareholder may be registered as the holder of that shareholder's shares upon making a request in writing to the company to be so registered, accompanied by proof satisfactory to the board of that entitlement. The board may refuse to register a transfer under this article in the circumstances set out in paragraph (3) of this article.

(6) Where the company issues shares or the transfer of any shares is entered on the share register, the company must within two months complete and have ready for delivery a share certificate in respect of the shares.

B. MEETINGS OF SHAREHOLDERS

5. *Rules relating to meetings of shareholders*

A meeting of shareholders may determine its own procedure, to the extent that it is not governed by these articles.

6. *Notice of meetings*

(1) Written notice of the time and place of a meeting of shareholders must be given to every shareholder entitled to receive notice of the meeting and to every director and the auditor of the company—

- (a) not less than fifteen working days before the meeting, if the company is not a private company and it is intended to propose a resolution as a special resolution at the meeting;
- (b) not less than ten working days before the meeting, in any other case.

(2) The notice must set out—

- (a) the nature of the business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgment in relation to it; and
- (b) the text of any resolution to be submitted to the meeting.

(3) An irregularity in a notice of a meeting is waived if all the shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver.

(4) If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the time and place of the adjourned meeting, other than by announcement at the meeting which is adjourned.

7. Methods of holding meetings

A meeting of shareholders may be held either—

- (a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

8. Quorum

(1) Subject to paragraph (3) of this article, no business may be transacted at a meeting of shareholders if a quorum is not present.

(2) A quorum for a meeting of shareholders is present if the shareholders or their proxies are present who are between them able to exercise a majority of the votes to be cast on the business to be transacted by the meeting.

(3) If a quorum is not present within thirty minutes after the time appointed for the meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the directors may appoint. If at the adjourned meeting, a quorum is not present within thirty minutes after the time appointed for the meeting, the shareholders present or their proxies shall be deemed to form a quorum.

9. Chairperson

(1) If the directors have elected a chairperson of the board, and the chairperson of the board is present at a meeting of shareholders, he or she must chair the meeting.

(2) If no chairperson of the board has been elected or if at any meeting of shareholders the chairperson of the board is not present within fifteen minutes of the time appointed for the commencement of the meeting, the shareholders present may choose one of their number to be chairperson of the meeting.

10. *Voting*

(1) In the case of a meeting of shareholders held under paragraph (a) of article 7, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods as determined by the chairperson of the meeting—

- (a) voting by voice; or
- (b) voting by show of hands.

(2) In the case of a meeting of shareholders held under paragraph (b) of article 7, unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by voice.

(3) A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact, unless a poll is demanded in accordance with paragraph (4) of this article.

(4) At a meeting of shareholders, a poll may be demanded by —

- (a) not less than five shareholders having the right to vote at the meeting; or
- (b) a shareholder or shareholders representing not less than ten *per centum* of the total voting rights of all shareholders having the right to vote at the meeting.

(5) A poll may be demanded either before or after the vote is taken on a resolution.

(6) If a poll is taken, votes must be counted according to the votes attached to the shares of each shareholder present and voting.

(7) The chairperson of a shareholders' meeting is not entitled to a casting vote.

11. *Proxies*

(1) A shareholder may exercise the right to vote either by being present in person or by proxy.

(2) A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.

(3) A proxy must be appointed by notice in writing signed by the shareholder. The notice must state whether the appointment is for a particular meeting, or for a specified term.

(4) No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is given to the company not less than twenty-four hours before the start of the meeting.

12. *Minutes*

(1) The board must ensure that minutes are kept of all proceedings at meetings of shareholders.

(2) Minutes which have been signed correct by the chairperson of the meeting are *prima facie* evidence of the proceedings.

13. *Shareholders proposals*

Shareholders entitled to do so may give notice of the resolution to the company in accordance with section 142 of this Act and it shall be the duty of the company to give notice of the resolution or circulate the statement, or both, as the case may be, in accordance with section 142. The company is not required to give notice of a resolution or circulate a statement in the circumstances set out in subsections (4) or (5) of section 142.

14. *Corporations may act by representatives*

A body corporate which is a shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the same manner as it could appoint a proxy.

15. *Votes of joint holders*

Where two or more persons are registered as the holder of a share, the vote of the person named first in the share register and voting on a matter, shall be accepted to the exclusion of the votes of the other joint holders.

16. *Loss of voting right if calls unpaid*

If a sum due to a company in respect of a share has not been paid, that share may not be voted at a shareholders' meeting other than a meeting of an interest group.

17. *Annual general meetings and extraordinary general meetings of shareholders*

(1) Subject to paragraphs (2) and (3) of this article, the board must call an annual meeting of the company to be held —

- (a) once in each calendar year;

- (b) not later than six months after the balance sheet date of the company; and
- (c) not later than fifteen months after the previous annual meeting.

The meeting must be held on the date on which it is called to be held.

(2) The company need not hold its first annual meeting in the calendar year of its incorporation, but must hold that meeting within eighteen months of its incorporation.

(3) An extraordinary meeting of shareholders entitled to vote on an issue may be called at any time by the board, and must be called by the board on the written request of shareholders holding shares, carrying not less than ten *per centum* of votes which may be cast on that issue.

(4) A resolution in writing signed by not less than eighty-five *per centum* of the shareholders entitled to vote on the resolution at a meeting of shareholders, who together hold not less than eighty-five *per centum* of the votes entitled to be cast on that resolution, is as valid as if it had been passed at meeting of those shareholders. The company need not hold an annual meeting if every thing required to be done at the meeting (by resolution of otherwise) is done by resolution and is in accordance with this clause.

(5) Within five working days of a resolution being passed under paragraph (4) of this article, the company must send a copy of the resolution to every shareholders who did not sign it.

(6) A resolution may be passed under paragraph (4) of this article without any prior notice being given to shareholders.

18. *Voting in interest groups*

Where the company proposes to take action which affects the rights attached to shares within the meaning of section 99 of this Act, the action may not be taken unless it is approved by a special resolution of each interest group, as defined in this Act.

19. *Shareholders entitled to receive distributions, exercise preemptive rights, and attend and vote at meetings*

(1) The shareholders who are entitled to receive notice of a meeting of shareholders for any purpose shall be —

- (a) if the board fixes a date for the purpose, those shareholders whose names are registered in the share register on that date;

- (b) if the board does not fix a date for the purpose, those shareholders whose names are registered in the share register at the close of business on the day immediately preceding the day on which the notice is given.

(2) A date fixed under paragraph (1) of this article should not precede by more than thirty working days, the date on which the meeting is to be held.

(3) Before a meeting of shareholders, the company may prepare a list of shareholders entitled to receive notice of the meeting arranged in alphabetical order, and showing the number of shares held by each shareholder—

- (a) if a date has been fixed under paragraph (1) of this article, not later than ten working days after that date; or
- (b) if no such date has been fixed, at the close of business on the day immediately preceding the date on which the notice is given.

(4) A person named in a list prepared under paragraph (3) of this article is entitled to attend the meeting and vote in respect of the shares shown opposite his name in person or by proxy, except to the extent that—

- (a) that person has, since the date on which the shareholders entitled to receive notice of the meeting were determined, transferred any of his shares to some other person; and
- (b) the transferee of those shares has been registered as the holder of those shares, and has requested before the commencement of the meeting that his or her name be entered on the list prepared under paragraph (3) of this article.

(5) A shareholder may examine a list prepared under paragraph (3) of this article during normal business hours, at the registered office of the company.

C. DIRECTORS AND SECRETARY

20. *Appointment and removal of directors*

(1) The shareholders may by ordinary resolution fix the number of directors of the company.

(2) A director may be appointed or removed by ordinary resolution passed at a meeting called for the purpose or by a written resolution in accordance with paragraph (4) of article 17. Unless the company is a private company, the shareholders may only vote on a resolution to appoint a director if—

- (a) the resolution is for the appointment of one director; or
- (b) the resolution is a single resolution for the appointment of two or more persons as directors, and a separate resolution that it be so voted on has first been passed without a vote being cast against it.

(3) A director may resign by delivering a signed written notice of resignation to the registered office of the company. Subject to section 208 of this Act, the notice is effective when it is received at the registered office or at any later time specified in the notice.

(4) A director vacates office if he—

- (a) resigns in accordance with paragraph (3) of this article;
- (b) is removed from office in accordance with the provisions of this Act or these articles;
- (c) becomes disqualified from being a director pursuant to section 202 of this Act;
- (d) dies; or
- (e) vacates office pursuant to subsection (2) of section 210 of this Act, on the ground of his age.

21. *Power and duties of directors*

(1) Subject to section 185 of the Act which relates to major transactions, the business and affairs of the company shall be managed by or under the direction or supervision of the board. The board shall have all the powers necessary for managing and for directing and supervising the management of the business and affairs of the company.

(2) The board may delegate to a committee of directors or to a director or employee any of its' powers which it is permitted to delegate under section 186 of this Act.

(3) The directors have the duties set out in the Act, and in particular—

- (a) each director must act in good faith and in what he believes to be the best interest of the company;

- (b) no director shall act or agree to the company to Act, in a manner that contravenes any provisions of this Act or these articles.

22. *Interested directors*

(1) A director who is interested in a transaction to which the company is a party must disclose that interest in accordance with section 192 of this Act.

(2) Subject to paragraph (3) of this article, a director of a company is interested in a transaction to which the company is a party, if, and only if, the director—

- (a) is a party to or will or may derive a material financial benefit from the transaction;
- (b) has a material financial interest in another party to the transaction;
- (c) is a director, officer or trustee of another party to, or person who will or may derive a material financial benefit from the transaction, not being a party or person that is—
 - (i) the company's holding company, being a holding company of which the company is a wholly-owned subsidiary;
 - (ii) a wholly-owned subsidiary of the company; or
 - (iii) a wholly-owned subsidiary of a holding company of which the company is also a wholly-owned subsidiary;
- (d) is the parent, child or spouse of another party to or person who will or may derive a material financial benefit from the transaction; or
- (e) is otherwise directly or indirectly materially interested in the transaction.

(3) A director of a company is not interested in a transaction to which the company is a party, if the transaction comprises only the giving by the company of security to a third party which has no connection with the director, at the request of the third party, in respect of a debt or obligation of the company for which the director or another person has personally assumed responsibility in whole or in part, under a guarantee, indemnity or by the deposit of a security.

(4) Paragraph (2) of this article does not apply to any remuneration or other benefit given to a director in accordance with section 216 of the Act, or, to any insurance or indemnity provided in accordance with section 218 of the Act.

(5) A director of a company who is interested in a transaction entered into or to be entered into by the company, may—

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purpose of a quorum;
- (c) sign a document relating to the transaction on behalf of the company; and
- (d) do any other thing in his capacity as a director in relation to the transaction,

as if he were not interested in the transaction.

(6) A director of a company who has information in his capacity as a director or employee of the company which would not otherwise be available to him, must not disclose that information to any person or make use of or act on the information, except—

- (a) for the purposes of the company;
- (b) as required by law; or
- (c) in accordance with paragraph (7) of this article.

(7) A director of a company may disclose, make use of or act on information if—

- (a) the director is first authorized to do so by the board under paragraph (8) of this article; and
- (b) particulars of the authorization are entered in the interests register.

(8) The board may authorize a director to disclose, make use of or act on information, if it is satisfied that to do so will not be likely to prejudice the company.

(9) A director must disclose all dealings in shares of the company in which he has a relevant interest, in accordance with sections 198, 199 and 200 of the Act.

23. Procedure at meetings of directors

(1) Articles 24 to 30 sets out the procedure to be followed at meetings of directors.

(2) A meeting of directors may determine its own procedure, to the extent that it is not governed by these articles.

24. Chairperson

(1) The directors may elect one of their number to be the chairperson of the board and may determine the period for which the chairperson is to hold office.

(2) If no chairperson is elected or if at a meeting of the board the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the directors present may choose one of their number to be chairperson of the meeting,

25. Notice of meeting

(1) A director, the secretary or if requested by a director to do so, an employee of the company, may convene a meeting of the board by giving notice in accordance with this article.

(2) Not less than twenty-four hours notice of a meeting of the board must be given to every director who is in Sri Lanka.

(3) An irregularity in the notice of a meeting is waived if all directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all directors entitled to receive notice of the meeting agree to the waiver.

26. Methods of holding meetings

A meeting of the board may be held either—

- (a) by a number of the directors who constitute a quorum being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio or audio and visual communication by which all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

27. Quorum

(1) A quorum for a meeting of the board is a majority of the directors.

(2) No business may be transacted at a meeting of directors if a quorum is not present.

28. *Voting*

(1) Every director has one vote.

(2) The chairperson has a casting vote.

(3) A resolution of the board is passed if it is agreed to by all directors present without dissent or if a majority of the votes cast on it are in favour of it.

(4) A director present at a meeting of the board is presumed to have agreed to and to have voted in favour of a resolution of the board, unless he or she expressly dissents from or votes against the resolution at the meeting.

29. *Minutes*

The board must ensure that minutes are kept of all proceedings at meetings of the board.

30. *Unanimous resolution*

(1) A resolution in writing signed or assented to by all directors entitled to receive notice of a board meeting, is as valid and effective as if it had been passed at a meeting of the board duly convened and held.

(2) Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form, each signed or assented to by one or more directors.

(3) A copy of any such resolution must be entered in the minute book of board proceedings.

31. *Managing director and other executive directors*

(1) The board may from time to time appoint a director as managing director for such period and on such terms as it thinks fit.

(2) Subject to the terms of a managing director's appointment, the board may at any time cancel an appointment of a director as managing director.

(3) A director who holds office as managing director ceases to hold office as managing director, if he ceases to be a director of the company.

(4) The managing director shall be paid such remuneration as may be agreed between him and the board. His remuneration may be by way of salary, commission, participation in profits or any combination of these methods or any other method of fixing remuneration.

(5) The board may delegate to the managing director, subject to any conditions or restrictions which they consider appropriate, any of their powers which can be lawfully delegated. Any such delegation may at any time be withdrawn or varied by the board. The delegation of a power of the board to the managing director does not prevent the exercise of the power by the board, unless the terms of the delegation expressly provide otherwise.

(6) A director other than the managing director who is employed by the company shall be paid such remuneration as may be agreed to between him and the board. His remuneration may be by way of salary, commission, participation in profits or any combination of these methods or any other method of fixing remuneration.

32. *Secretary*

(1) The company must at all times have a secretary.

(2) The board may appoint the secretary for such term and on such conditions as it thinks fit. The remuneration of the secretary shall be agreed to by the board and the secretary.

(3) The board may remove the secretary.

(4) The secretary may not be —

(a) the sole director of the company; or

(b) a corporation, the sole director of which is the sole director of the company.

(5) Where the Act or these articles require something to be done by a director and the secretary, it is not satisfied by the same person doing that thing acting in both capacities.

D. ACCOUNTS AND AUDIT

33. *Accounting records, financial statements, audit etc.*

(1) The board must ensure that the company keeps accounting records which —

(a) correctly record and explain the company's transactions;

(b) will at any time enable the financial position of the company to be determined with reasonable accuracy;

(c) will enable the board to prepare financial statements in accordance with this Act; and

(d) will enable the financial statements of the company to be readily and properly audited.

(2) The accounting records must comply with subsection (2) of section 148 of this Act.

(3) The board shall ensure that within five months after the balance sheet date of the company, financial statements which comply with section 151 of the Act (and if applicable, group financial statements which comply with section 153 of the Act) are completed in relation to that balance sheet date and are dated and signed on behalf of the board by two directors or if the company has only one director, by that director.

(4) At every annual meeting, the company must appoint an auditor for the following year in accordance with section 154 of the Act. An auditor who is appointed at an annual meeting is deemed to be reappointed at the following annual meeting, unless —

(a) he is not qualified for re-appointment;

(b) the company resolves at that meeting to appoint another person in his place; or

(c) the auditor has given notice to the company that he does not wish to be re-appointed.

(5) The board must within five months after the balance sheet date of the company, prepare an annual report on the affairs of the company during the accounting period ending on that date which complies with section 166 of this Act. The board must send a copy of the annual report to every shareholder not less than twenty working days before the date fixed for holding the annual meeting of shareholders.

E. LIQUIDATION AND REMOVAL FROM THE REGISTER

34. *Resolution to appoint liquidator*

The shareholders may resolve to wind up the company voluntarily by special resolution.

35. *Distribution of surplus assets*

(1) The surplus assets of the company available for distribution to shareholders after all creditors of the company have been paid, shall be distributed in proportion to the number of shares held by each shareholder, subject to the terms of issue of any shares.

(2) The liquidator may with the approval of a special resolution, divide the surplus assets of the company among the shareholders in kind. For this purpose he may set such value as he considers fair on any property to be divided, and may determine how the division will be carried out as between the shareholders or different classes of shareholders.

F. MISCELLANEOUS

36. *Documents to be kept by company*

(1) The company must keep at its registered office or at some other place notice of which has been given to the Registrar in accordance with subsection (4) of section 116 of the Act, the following documents :—

- (a) the certificate of incorporation and the articles of the company;
- (b) minutes of all meetings and resolutions of shareholders within the last ten years;
- (c) an interests register, unless it is a private company which has dispensed with the need to keep such a register;
- (d) minutes of all meetings and resolutions of directors and directors' committees within the last ten years;
- (e) certificates given by directors under this Act within the last ten years;
- (f) the register of directors and secretaries required to be kept under section 223 of this Act;
- (g) copies of all written communication to all shareholders or all holders of the same class of shares during the last ten years, including annual reports prepared under article 33(5);
- (h) copies of all financial statements and group financial statements required to be completed under this Act for the last ten completed accounting periods of the company;
- (i) the copies of instruments creating or evidencing charges and the register of charges required to be kept under sections 109 and 110 of this Act;
- (j) the share register required to be kept under section 123 of the Act; and

- (k) the accounting records required by section 148 of this Act for the current accounting period and for the last ten completed accounting periods of the company.

(2) The references in paragraph (1) of this article to “ten years” and to “ten completed accounting periods” shall include such lesser periods as the Registrar may approve, by notice in writing to the company.

37. *Rights of directors and shareholders to documents etc.*

(1) The directors of the company are entitled to have access to the company’s records in accordance with section 118 of the Act.

(2) A shareholder of the company is entitled—

- (a) to inspect the documents referred to in section 119 of the Act, in the manner specified in section 121 of the Act; and
- (b) to require copies of or extracts from any document which he may inspect, within five working days of making a request in writing for the copy or extract, on payment of any reasonable copying and administration fee determined by the company. The fee may be determined by any director or by the secretary, subject to any directions from the board.

38. *Name of company*

The company may change its name by special resolution in accordance with section 8 of the Act.

39. *Notices*

(1) Where the company is required to send any document to a shareholder or to give notice of any matter to a shareholder, it shall be sufficient for the company to send the document or notice to the registered address of the shareholder by ordinary post. Any document or notice so sent is deemed to have been received by the shareholder within three working days of the posting of a properly addressed and prepaid letter containing the document or notice.

(2) A shareholder whose registered address is outside Sri Lanka may give notice to the company of an address in Sri Lanka to which all documents and notices are to be sent, and the company shall treat that address as the registered address of the shareholder for all purposes.

(3) A document may be sent or notice given by the company to the joint holders of a share, by giving the notice to the holder first named on the share register in respect of the share.

(4) Where a shareholder has died or has become bankrupt or insolvent, the company may continue to send all notices and documents in respect of his shares addressed to him at his registered address, notwithstanding that some other person has by reason of the death, bankruptcy or insolvency, become entitled to those shares, or may send any notice or document to an address to which that other person requests the company to send such notices.

(5) A copy of every notice or document sent to all shareholders must be sent to the auditor of the company.

40. *Insurance and indemnity*

(1) The company shall indemnify every director, auditor and secretary of the company for the time being against any costs incurred in the course of defending any proceeding that relates to any act or omission in his capacity as director, auditor or secretary, in which judgment is given in his favour or in which, he is acquitted or which is discontinued.

(2) The company may indemnify a director or employee in circumstances where paragraph (1) does not apply, to the extent permitted by subsection (3) of section 218 of the Act, if the board considers it appropriate to do so.

41. *Modification in respect of private companies*

(1) If the company is registered as a private company, this article shall apply to that company.

(2) The company must not offer any shares or other securities issued by it to the public.

(3) The company must at no time have more than fifty shareholders, not including shareholders who are —

- (a) employees of the company; or
- (b) former employees who became shareholders of the company while being employed by it, and who have continued to be shareholders after ceasing employment with the company.

(4) The company may by unanimous resolution of its shareholders dispense with the keeping of an interests register. Any such resolution shall cease to have effect if any shareholder gives notice in writing to the company that he requires it to keep an interests register.

(5) Where all the shareholders of the company agree to or concur in any action which has been taken or is to be taken by the company —

- (a) the taking of that action is deemed to be validly authorized by the company, notwithstanding anything in these articles; and
- (b) the provisions of this Act referred to in the Second Schedule to this Act, do not apply in relation to that action, pursuant to section 31 of the Act.

42. *Interpretation*

- (1) In these articles “the Act” means the Companies Act, No. 07 of 2007, and terms which are defined in the Act, shall have the same meaning in these articles.

SECOND SCHEDULE [Section 31 (1)]

PROVISIONS WHICH DO NOT APPLY TO PRIVATE COMPANIES ACTING WITH UNANIMOUS SHAREHOLDER APPROVAL

- Section 52 (Consideration for issue of shares)
- Section 53 (Pre-emptive rights to new issues)
- Section 56 (Distributions)
- Section 60 (Dividends)
- Section 61 (Recovery of distributions)
- Section 64 (Purchase of own shares)
- Section 70 (Restrictions on giving financial assistance)
- Section 90 (Exercise of powers reserved to shareholders)
- Section 92(1) (b) (Powers exercised by special resolution)
- Section 99 (Alteration of shareholder rights)
- Section 185 (Major transactions)
- Section 192 (Disclosure of interest)
- Section 193 (Avoidance of transactions)
- Section 216 (Remuneration and other benefits)
- Section 217 (Restrictions on loans to directors)
- Section 218 (Indemnity and insurance)

THIRD SCHEDULE [Section 35 (1)]

PROVISIONS WHICH DO NOT APPLY TO COMPANIES LIMITED BY GUARANTEE

Part IV (Shares and Debentures)

Sections 93 to 98 (Minority buy-out rights)

Sections 99 to 101 (Interest groups)

Section 123(1)(b) and (c) (Company to maintain share register)

Section 124(1) and (3) (Place of share register)

Sections 198 to 200 (Disclosure of director's interests in shares)

Section 220 (Duty of directors on serious loss of capital)

Part VIII (Amalgamations)

Sub-paragraphs (b) and (e) to (j) of the Fifth Schedule (Matters to be included in Annual Return).

FOURTH SCHEDULE [Section 37(1)]

MATTERS TO BE SPECIFIED IN PROSPECTUS AND REPORTS TO BE SET OUT THEREIN

PART 1

MATTERS TO BE SPECIFIED

1. The business which the subscribers or promoters intend that the company should carry out during the period of five years from the date of commencement of business by the company.
2. The number of founders or management or deferred shares if any, and the nature and extent of the interest of the holders in the property and profits of the company.
3. The number of shares, if any, fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors.
4. The names, descriptions and addresses of the directors or proposed directors.
5. Where shares are offered to the public for subscription, particulars as to—
 - (a) the minimum amount which in the opinion of the directors, must be raised by the issue of those shares in

order to provide the sums, or if any part thereof is to be defrayed in any other manner, the balance of the sums, required to be provided in respect of each of the following matters :—

- (i) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue ;
 - (ii) any preliminary expenses payable by the company and any commission so payable to any person in consideration of his agreeing to subscribe for or of his procuring or agreeing to procure subscriptions for any shares in the company ;
 - (iii) the repayment of any moneys borrowed by the company in respect of any of the aforesaid matters ;
 - (iv) working capital ; and
- (b) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources out of which those amounts are to be provided.
6. The time of the opening and closing of the subscription lists.
7. The amount payable on application and allotment on each share, and in the case of second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the two preceding years, the amount actually allotted, and the amount, if any, paid on the shares so allotted.
8. The number, description and amount of any shares in, or debentures of the company which any person has or is entitled to be given an option to subscribe for, together with the following particulars of the option, that is to say—
- (a) the period during which it is exercisable ;
 - (b) the price to be paid for shares or debentures subscribed for under it ;
 - (c) the consideration (if any) given or to be given for it or for the right to it ;
 - (d) the names and addresses of the persons to whom it or the right to it was given or if given to existing shareholders or debenture-holders as such, the relevant shares or debentures.

9. The number and amount of shares and debentures which within the two preceding years have been issued or agreed to be issued, as fully or partly paid up for a consideration other than cash and the consideration for which those shares or debentures, have been issued or are proposed or intended to be issued.
10. (1) As respects any property to which this paragraph applies –
 - (a) the names and addresses of the vendors ;
 - (b) the amount payable in cash, shares or debentures to the vendor and where there is more than one separate vendor or the company is a sub-purchaser, the amount so payable to each vendor ;
 - (c) short particulars of any transaction relating to the property completed within the two preceding years in which any vendor of the property to the company or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest, direct or indirect.
- (2) The property to which this paragraph applies is property purchased or acquired by the company or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus or the purchase or acquisition of which has not been completed at the date of the issue of the prospectus, other than property—
 - (a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the company's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract ; or
 - (b) as respects which the amount of the purchase money is not material.
11. The amount if any, paid or payable as purchase money in cash, shares or debentures for any property to which the last foregoing paragraph applies, specifying the amount if any, payable for goodwill.
12. The amount, if any paid within the two preceding years or payable as commission (but not including commission to sub-underwriters) for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions, for any shares in or debentures of the company, or the rate of any such commission.

13. The amount or estimated amount of preliminary expenses and the persons by whom any of those expenses have been paid or are payable and the amount or estimated amount of the expenses of the issue and the persons by whom any of those expenses have been paid or are payable.
14. Any amount or benefit paid or given within the two preceding years or intended to be paid or given to any promoter and the consideration for the payment or the giving of the benefit.
15. The dates or parties to and general nature of every material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or a contract entered into more than two years before the date of issue of the prospectus.
16. The names and addresses of the auditors, if any, of the company.
17. Full particulars of the nature and extent of the interest, if any, of every director in the promotion of or in the property proposed to be acquired by the company, or where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm, in cash or shares or otherwise by any person, either to induce him to become or to qualify him as a director or otherwise for service rendered by him or by the firm in connection with the promotion or formation of the company.
18. Where the prospectus invites the public to subscribe for shares in the company and the share capital of the company is divided into different classes of shares, the right of voting at meetings of the company conferred by and the other rights and obligations attached to the several classes of shares, respectively.
19. In the case of a company which has been carrying on business or a business which has been carried on for less than three years, the length of time during which the business of the company or the business to be acquired, as the case may be, has been carried on.

PART II

REPORT TO BE SET OUT

20. (1) A report by the auditors of the company with respect to—
 - (a) profits and losses and assets and liabilities in accordance with the provisions of sub-paragraph (2) or sub-paragraph (3) of this paragraph, as the case requires ; and

- (b) the rates of the dividends, if any, paid by the company in respect of each class of shares in the company in respect of each of the five financial years immediately preceding the issue of the prospectus, giving particulars of each such class of shares on which such dividends have been paid, and particulars of the cases in which no dividends have been paid in respect of any class of shares, in respect of any of those years,

and, if no accounts have been made up in respect of any part of the period of five years ending on the date three months before the issue of the prospectus, containing a statement of that fact.

(2) Where the company has no subsidiaries, the report shall—

- (a) so far as regards profits and losses, deal with the profits or losses of the company in respect of each of the five financial years immediately preceding the issue of the prospectus ; and
- (b) so far as regards assets and liabilities, deal with the assets and liabilities of the company as at the last date to which the accounts of the company were made up.

(3) Where the company has subsidiaries, the report shall—

- (a) so far as regards profits and losses, deal separately with the company's profit or losses as provided by the provisions of sub-paragraph (2) of this paragraph and in addition, deal either—
 - (i) as a whole with the combined profits and losses of its subsidiaries, so far as they concern members of the company ; or
 - (ii) individually with the profits or losses of each subsidiary, so far as they concern members of the company,

or, instead of dealing separately with the company's profits or losses, deal as a whole with the profits or losses of the company and so far as they concern members of the company with the combined profits or losses of its subsidiaries ; and

- (b) so far as regards assets and liabilities, deal separately with the company's assets and liabilities as provided by

the provisions of sub-paragraph (a) above, and in addition deal either—

- (i) as a whole with the combined assets and liabilities of its subsidiaries with or without the company's assets and liabilities ; or
- (ii) individually with the assets and liabilities of each subsidiary,

and shall indicate as respects the assets and liabilities of the subsidiaries, the allowances to be made for persons other than members of the company.

21. Where the proceeds or any part of the proceeds of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants (who shall be named in the prospectus) upon—

- (a) the profits or losses of the business in respect of each of the five financial years immediately preceding the issue of the prospectus ; and
- (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.

22. (1) Where—

- (a) the proceeds or any part of the proceeds of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the company of shares in any other body corporate; and
- (b) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the company,

a report made by accountants (who shall be named in the prospectus) upon—

- (i) the profits and losses of the other body corporate in respect of each of the five financial years immediately preceding the date of issue of the prospectus ; and

- (ii) the assets and liabilities of the other body corporate at the last date to which the accounts of the body corporate were made up.
- (2) The report referred to in sub-paragraph (i) shall—
- (a) indicate how the profits or losses of the other body corporate dealt with in the report would in respect of the shares to be acquired, have concerned members of the company and what allowance would have fallen to be made in relation to assets and liabilities so dealt with for holders of other shares, if the company had at all material times held the shares to be acquired ; and
 - (b) where the other body corporate has subsidiaries deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by sub-paragraph (3) of paragraph 20 in relation to the company and its subsidiaries.

PART III

PROVISIONS APPLICABLE TO PARAGRAPHS 1 TO 22

23. The provisions of paragraphs 3, 4, 13 (so far as it relates to preliminary expenses) and 17 shall not apply in the case of a prospectus issued more than two years after the date on which the company is entitled to commence business.
24. Every person shall for the purpose of this Schedule, be deemed to be a vendor who has entered into any contract absolute or conditional for the sale or purchase or for any option of purchase, of any property to be acquired by the company in any case where—
- (a) the purchase money is not fully paid at the date of the issue of the prospectus ;
 - (b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus ;
 - (c) the contract depends for its validity or fulfillment on the result of that issue.
25. Where any property to be acquired by the company is to be taken on lease, this Schedule shall have effect as if the expression “vendor” included the lessor, the expression “purchase money” included the consideration for the lease, and the expression “sub-purchaser” included a sub-lessee.

26. Any references in paragraph 8 to subscribing for shares or debentures shall include acquiring them from a person to whom they have been allotted or agreed to be allotted with a view to his offering them for sale.
27. For the purposes of paragraph 10 where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors.
28. Where in the case of a company which has been carrying on business or of a business which has been carried on for less than five years, the accounts of the company or business have only been made up in respect of four years, three years, two years or one year, provisions of paragraphs 20, 21 and 22 shall have effect as if reference to four years, three years, two years or one year, as the case may be, were substituted for references to five years.
29. The expression "financial year" in paragraphs 20, 21 and 22 means the year in respect of which the accounts of the company or of the business, as the case may be, are made up, and where by reason of any alteration of the date on which the financial year of the company or business terminates, the accounts of the company or business have been made up for a period greater or less than a year, that greater or lesser period shall for the purpose of those paragraphs be deemed to be a financial year.
30. Any report required by paragraphs 20, 21 and 22 shall either indicate by way of a note, any adjustments as respect the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the person making the report necessary, or shall make those adjustments and indicate that adjustments have been made.
31. Any report by accountants required by paragraphs 20, 21 and 22 shall be made by accountants qualified under this Act for appointment as auditors of a company, and shall not be made by any accountant who is an officer or servant or a partner of or in the employment of an officer or servant of the company or of the company's subsidiary or holding company or of a subsidiary of the company's holding company, and for the purpose of this paragraph the expression "officer" shall include a proposed director, but not an auditor.

FIFTH SCHEDULE

[Section 131]

MATTERS TO BE INCLUDED IN ANNUAL RETURN

The following matters shall be included in the annual return of a company, other than any matters which are specified in regulations made under this Act, as matters which all companies or any class of companies may omit from their annual return :—

- (a) a list of all persons who, on the fourteenth day from the date of the first or only ordinary general meeting in the year, are shareholders of the company, and all persons who have ceased to be shareholders since the date of the last return or in the case of the first return, of the incorporation of the company ;
- (b) the names and addresses of all the past and present shareholders mentioned in the return, and the number of shares held by each of the existing shareholders at the date of the return, specifying shares transferred since the date of the last return or in the case of the first return, of the incorporation of the company by persons who are still shareholders and have ceased to be shareholders respectively, and the dates of registration of the transfers. If the names are not arranged in alphabetical order, the return shall have annexed to it an index sufficient to enable the name of any person in such list to be readily found ;
- (c) the date of incorporation and any change of name of the company ;
- (d) the address of the registered office of the company ;
- (e) the total number of shares issued by the company ;
- (f) the stated capital of the company ;
- (g) the total number of shares forfeited ;
- (h) the total amount of shares for which share warrants are outstanding at the date of the return ;
- (i) the total amount of share warrants issued and surrendered respectively since the date of the last return ;
- (j) the number of shares comprised in each share warrant ;

- (k) all such particulars with respect to the persons who at the date of the return are the directors or the secretary of the company, as are required to be contained in the register of directors and secretaries of a company ;
- (l) the total amount of the indebtedness of the company in respect of all mortgages and charges which are required to be registered with the Registrar under this Act ;
- (m) the name and address of the auditor of the company, at the date of the return.

SIXTH SCHEDULE [Section 186]

PROVISIONS WHICH CONFER POWERS ON BOARD WHICH MAY NOT BE DELEGATED

- Section 51 (Issue of shares)
- Section 52 (Consideration for issue of shares)
- Section 56 (Distributions)
- Section 58 (2) and (3) (Stated capital)
- Section 59 (4) (Reduction of stated capital)
- Section 64 (Purchase of own shares)
- Section 67 (Redemption option of company)
- Section 70 (Restrictions on giving financial assistance)
- Section 114 (Change of registered office)
- Section 241 (Approval of amalgamation proposal)
- Section 242 (Short form amalgamation)
- Section 401 (Power of board to appoint administrator)
- Section 415 (Vacancy in office of administrator)

SEVENTH SCHEDULE [Section 249(2)]

PROCEEDINGS AT MEETINGS OF CREDITORS

1. *Methods of holding meetings*

A meeting of creditors may be held—

- (a) by assembling together those creditors entitled to take part and who choose to attend at the place, date, and time appointed for the meeting;

- (b) by means of audio or audio and visual communication, by which all creditors participating can simultaneously hear each other throughout the meeting; or
- (c) by conducting a postal ballot in accordance with paragraph 7 of this Schedule, of those creditors entitled to take part.

2. *Notice of meeting*

(1) Written notice of—

- (a) the time and place of every meeting to be held under paragraph 1 (a) of this Schedule;
- (b) the time and method of communication for every meeting to be held under paragraph 1(b) of this Schedule; or
- (c) the time and address for the return of voting papers for every meeting to be held under paragraph 1 (a) or (b) or (c) of this Schedule,

shall be sent to every creditor entitled to attend the meeting and to any liquidator not less than five working days before the meeting.

(2) The notice shall —

- (a) state nature of the business to be transacted at the meeting in sufficient detail to enable a creditor to form a reasoned judgment in relation to it;
- (b) set out the text of any resolution to be submitted to the meeting; and
- (c) include a voting paper in respect of each such resolution and voting and mailing instructions.

(3) An irregularity in or a failure to receive a notice of any meeting of creditors does not invalidate anything done by a meeting of creditors, if—

- (a) the irregularity or failure is not material;
- (b) all the creditors entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity or failure; or
- (c) all such creditors agree to waive the irregularity or failure.

(4) If the meeting of creditors agrees, the chairperson may adjourn the meeting from time to time and from place to place.

(5) An adjourned meeting shall be held in the same place unless another place is specified in the resolution for the adjournment.

(6) Where a meeting of creditors under paragraph 1 (a) or (b) of this Schedule is adjourned for less than thirty days, it will not be necessary to give notice of the time and place of the adjourned meeting, other than by announcement at the meeting which is adjourned.

3. *Chairperson*

(1) Where a liquidator has been appointed and is present or if the liquidator has appointed a nominee and the nominee is present, he or she shall act as chairperson of a meeting held in accordance with paragraph 1 (a) or (b) of this Schedule.

(2) In any case where there is no liquidator or neither the liquidator nor any nominee of the liquidator is present, the creditors participating shall choose one of their number to act as chairperson of the meeting.

(3) The person convening a meeting under paragraph 1 (c) of this Schedule shall do everything necessary that would otherwise be done by the person chairing a meeting.

4. *Quorum*

(1) A quorum for a meeting of creditors is present, if—

- (a) three creditors who are entitled to vote or their proxies are present or have cast postal votes; or
- (b) if the number of creditors entitled to vote does not exceed three, the creditors who are entitled to vote or their proxies are present or have cast postal votes.

(2) Where a quorum is not present within thirty minutes after the time appointed for the meeting, the meeting shall be adjourned to the same day in the following week at the same time and place or to such other date, time, and place as the chairperson may appoint, and if at the adjourned meeting a quorum is not present within thirty minutes after the time appointed for the meeting, the creditors present or their proxies shall be deemed to form a quorum.

5. *Voting*

(1) At any meeting of creditors or a class of creditors, other than a meeting held for the purposes of section 250 or section 407, a resolution

is adopted, if a majority in number and value of the creditors or the class of creditors, voting in person or by proxy, vote in favour of the resolution.

(2) At any meeting of creditors or a class of creditors held for the purposes of section 250 or section 407, a resolution is adopted, if a majority in number representing seventy-five *per centum* in value of the creditors or class of creditors voting in person or by proxy, vote in favour of the resolution.

(3) The chairperson of the meeting shall not have a casting vote.

6. Proxies

(1) A creditor may exercise the right to vote either by being present in person or by proxy.

(2) A proxy for a creditor is entitled to attend and be heard at a meeting of creditors, as if the proxy were the creditor.

(3) A proxy shall be appointed by notice in writing signed by the creditor and the notice shall state whether the appointment is for a particular meeting or a specified term not exceeding twelve months.

(4) No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is delivered to the liquidator or if no liquidator is acting, to the person by whom the notice convening the meeting was given, not later than twenty-four hours before the start of the meeting.

7. Postal votes

(1) A creditor entitled to vote at a meeting of creditors held in accordance with paragraph 1 (a) or (b) or (c) of this Schedule, may exercise the right to vote by casting a postal vote in relation to a matter to be decided at that meeting.

(2) The notice of meeting shall state the name of the person authorised to receive and count postal votes in relation to that meeting.

(3) If no person has been authorised to receive and count postal votes in relation to a meeting, or if no person is named as being so authorised in the notice of the meeting—

(a) every director;

(b) if the company is under administration, the administrator; or

(c) if the company is in liquidation, the liquidator,

is deemed to be so authorised

(4) A creditor may cast a postal vote on all or any of the matters to be voted on at the meeting, by sending a marked voting paper to a person authorised to receive and count postal votes in relation to that meeting, so as to reach that person not later than twenty-four hours before the start of the meeting or if the meeting is held under paragraph 1 (c) of this Schedule, not later than the date named for the return of the voting paper.

(5) It is the duty of a person authorised to receive and count postal votes in relation to a meeting—

- (a) to collect together all postal votes received by him or her; and
- (b) in relation to each resolution to be voted on—
 - (i) to count the number of creditors or creditors belonging to a class of creditors, as the case may be, voting in favour of the resolution and determine the total amount of the debts owed by the company to those creditors; and
 - (ii) to count the number of creditors or creditors belonging to a class of creditors, as the case may be, voting against the resolution and determine the total amount of the debts owed by the company to those creditors; and
- (c) to sign a certificate—
 - (i) that he or she has carried out the duties set out in sub-paragraphs (a) and (b); and
 - (ii) stating the results of the counts and determinations required by sub-paragraph (b); and
- (d) to ensure that the certificate required by sub-paragraph (c) above, is presented to the person chairing or convening the meeting.

(6) If a vote is taken at a meeting held under paragraph 1 (a) or (b) of this Schedule on a resolution on which postal votes have been cast, the person chairing the meeting shall include the results of voting by all creditors who have sent in a voting paper, duly marked as for or against the resolution.

(7) A certificate given under sub-paragraph (5) in relation to the postal votes cast in respect of a meeting of creditors, shall be annexed to the minutes of the meeting.

8. *Minutes*

(1) The person chairing a meeting of creditors or in the case of a meeting held under paragraph 1(c) of this Schedule, the person convening the meeting shall ensure that minutes are kept of all proceedings.

(2) Minutes which have been signed correct by the person chairing or convening the meeting are *prima facie* evidence of the proceedings.

9. *Corporations may act by representatives*

A body corporate which is a creditor, may appoint a representative to attend a meeting of creditors on its behalf.

10. *Other proceedings*

Except as provided in this Schedule and in any regulations made under this Act, a meeting of creditors may regulate its own procedure.

EIGHTH SCHEDULE [Section 355 (2)]

PROVISIONS WHICH DO NOT APPLY IN THE CASE OF A WINDING UP SUBJECT TO SUPERVISION OF THE COURT

Section 283 (Statement of company's affairs to be submitted to official receiver)

Section 284 (Report by official receiver)

Section 285 (Power of court to appoint liquidators)

(Section 286 (Appointment and powers of provisional liquidator))

Section 287 (Appointment, style, &c., of liquidators in winding up)

Section 288 (Provisions where person other than official receiver is appointed liquidator)

Section 289 (General provisions as to liquidators)

Section 293 (Exercise and control of liquidators' powers)

Section 294 (Books to be kept by liquidator)

Section 295 (Payments by liquidator into bank)

Section 296 (Audit of liquidators' accounts)

Section 297 (Control of Registrar over liquidators)

Section 298 (Release of liquidators)

Section 299 (Meeting of creditors and contributories to determine whether committee of inspection shall be appointed)

Section 300 (Constitution and proceedings of Committee of Inspection)

Section 301 (Powers of court where there is no Committee of Inspection)

Section 307 (Appointment of special manager)

Section 311 (Power to order public examination of promoters, directors, &c.)

Section 213 (Persons prohibited from managing companies)

Section 315 (Delegation to liquidator of certain powers of court)

NINTH SCHEDULE [Section 365 (2)]

PREFERENTIAL CLAIMS

1. The liquidator shall first pay, in the order of priority in which they are listed:—
 - (a) the fees and expenses properly incurred by the liquidator in carrying out the duties and exercising the powers of the liquidator and the remuneration of the liquidator;
 - (b) the reasonable costs of a person who applied to the court for an order that the company be put into liquidation, including the reasonable costs of a person appearing on the application whose costs are allowed by the court;
 - (c) the actual out-of-pocket expenses necessarily incurred by a liquidation committee.
2. After paying the claims referred to in paragraph 1, the liquidator shall next pay the following claims :—
 - (a) all provident fund dues, employees trust fund dues and gratuity payments due to any employee;
 - (b) income tax charged or chargeable for one complete year prior to the commencement of the liquidation, that year to be selected by the Commissioner-General of Inland Revenue in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006;
 - (c) turnover tax charged or chargeable for one complete year prior to the commencement of the liquidation;
 - (d) value added tax charged or chargeable for four taxable periods prior to the commencement of the liquidation, such taxable periods to be selected by the Commissioner-General of Inland Revenue in accordance with the provisions of the Value Added Tax Act, No. 14 of 2002;

- (e) all rates or taxes (other than income tax) due from the company at the commencement of the liquidation which became due and payable within the period of twelve months prior to that date;
 - (f) all dues to the Government as recurring payments for any services given or rendered periodically;
 - (g) industrial court awards and other statutory dues payable to any employee;
 - (h) subject to paragraph 4, all wages or salary of any employee whether or not earned wholly or in part by way of commission, and whether payable for time or for piece work, in respect of services rendered to the company during the four months preceding the commencement of the liquidation;
 - (i) holiday pay becoming payable to an employee (or where the employee has died, to any other person in the employee's right), on the termination of the employment before or by reason of the commencement of the liquidation;
 - (j) unless the company has at the commencement of the liquidation, rights capable of being transferred to and vested in an employee under a contract of the kind referred to in section 24 of the Workmen's Compensation Ordinance, all amounts due in respect of any compensation or liability for compensation under that Ordinance, which have accrued before the commencement of the liquidation;
 - (k) subject to paragraph 4, amounts deducted by the company from the wages or salary of an employee in order to satisfy obligations of the employee.
3. After paying the claims referred to in paragraph 2, the liquidator must next pay the amount of any costs referred to in paragraph (d) of section 254 of this Act.
 4. The sum to which priority is to be given under paragraph 2 (h) shall not, in the case of any one employee, exceed twelve thousand rupees or such greater amount as is determined at the commencement of the liquidation.
 5. Where any compensation under the Workmen's Compensation Ordinance is a fortnightly payment, the amount due in respect of that compensation shall, for the purposes of paragraph 2(i), be the amount of the lump sum for which those payments may be commuted under that Ordinance.

6. Where a payment has been made—
- (a) to an employee of a company on account of wages or salary; or
 - (b) to any such employee or where the employee has died, to any other person on behalf of the employee on account of holiday pay,

out of money advanced by some person for that purpose, the person by whom the money was advanced has in a liquidation, the same right of priority in respect of the money so advanced as the employee or other person receiving the payment on behalf of the employee would have, if the payment had not been made.

7. The claims listed in each of paragraphs 1, 2, and 3—
- (a) rank equally among themselves and shall be paid in full, unless the assets are insufficient to meet them, in which case they abate in equal proportions; and
 - (b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, shall have priority over the claims of persons in respect of assets which are subject to a floating charge, and shall be paid accordingly out of those assets.

For the purposes of this paragraph, the term “floating charge” includes a security that conferred a floating charge at the time of its creation, but has since become a fixed or specific charge.

8. For the purposes of this Schedule—
- (a) remuneration in respect of a period of holiday or of absence from work through sickness or other good cause, shall be treated as wages in respect of services rendered to the company during that period;
 - (b) the expression “holiday pay” in relation to a person, includes all sums which by virtue of his contract of employment or any enactment (including any Order made or direction given under any written law) are payable to that person by the company on account of the remuneration which would in the ordinary course, have become payable to him in respect of a period of holiday, had his period of employment continued until he became entitled to be allowed the holiday;

- (c) the expression “rates” or “taxes” means any rate charge, tax or assessment imposed or made by the Government or by any Provincial Council or local authority or any other authority established by or under any written law.

TENTH SCHEDULE [Section 366 (5)]

PAYMENT OF CLAIMS IN LIQUIDATION

1. The liquidator may from time to time distribute such amount of the funds held by him as he thinks fit to creditors who have made a claim in the liquidation.
2. Before making any payment to creditors the liquidator shall prepare a list showing all claims received, the amount of the claim and the amount to be paid to each person who has made a claim.
3. Before making a payment, the liquidator may—
 - (a) fix a date before which any creditor who wishes to participate in the payment shall file a claim; and
 - (b) give public notice that a payment is to be made and of the date fixed under sub-paragraph (a).
4. A date fixed for the purpose of sub-paragraph (a) of paragraph 3, shall not be less than twenty working days after the date of the public notice given under sub-paragraph (b) of paragraph 3 or more than twenty working days before the date of the proposed payment.
5. The liquidator may exclude from a payment, any creditor who does not make a claim before the date specified in a notice given under paragraph 3.
6. The list prepared by the liquidator under paragraph 2 shall be available for inspection by any creditor who has made a claim or any shareholder of the company, on each working day which is less than ten working days before the date of the payment.
7. The liquidator shall make the payment on the date specified in the public notice given under paragraph 3 to each creditor shown on the list, unless notice of an application under subsection (3) of section 292 or section 348, for an order reversing or modifying the decision of the liquidator to accept the claim of that creditor, has been served on the liquidator before that date. No payment made in accordance with this paragraph shall be liable to be disturbed as a consequence of any subsequent challenge to the liquidator’s acceptance of a claim.

8. Where a creditor makes a claim after one or more payments have been made to creditors by the liquidator—
 - (a) that creditor shall be paid at the same rate in respect of his claim as all other creditors with equal ranking claims have previously been paid, to the extent that the assets of the company are sufficient to do so;
 - (b) any payments which have already been made to other creditors shall not be disturbed;
 - (c) that creditor shall be entitled to participate in the same manner as other creditors with equal ranking claims in any further payments to such creditors.

9. Where at the time a payment is made to creditors, a claim by any creditor—
 - (a) has been rejected by the liquidator, and the creditor has applied to the court under subsection (3) of section 292 or section 348 for an order reversing or modifying the decision of the liquidator; or
 - (b) has been allowed by the liquidator, but notice of an application under subsection (3) of section 292 or section 348 for an order reversing or modifying the decision of the liquidator has been served on the liquidator,
the liquidator—
 - (c) shall not make a payment to that creditor in respect of that claim;
 - (d) may if he thinks fit, make provision for the payment that would be made in respect of that claim and for the probable cost of the application if the claim is admitted, before making any payment to the other creditors.

10. A guarantor of any debt or obligation of the company who has paid or discharged the debt or obligation in whole or in part, whether before or after the commencement of the liquidation, may, subject to any agreement with the principal creditor to the contrary—
 - (a) if the principal creditor has made a claim in the liquidation in respect of the amount which has been paid or discharged, stand in the place of the principal creditor so far as the claim in respect of that amount is concerned; or

- (b) otherwise, make a claim in respect of the amount of the debt or obligation paid or discharged.

ELEVENTH SCHEDULE [Section 429 (1)]

TERMS IMPLIED IN INSTRUMENTS CREATING FLOATING CHARGES

1. The company shall not sell or otherwise dispose of the property comprised in the floating charge (referred to in this Schedule as the “secured property”) other than in the normal course of business.
2. The floating charge shall be security for the payment of all sums owing by the company to the grantee, from time to time.
3. The floating charge and the instrument creating it shall remain in full force and effect and shall be a continuing security for the payment of any sums owing by the company to the grantee from time to time, notwithstanding that any sum or sums may be paid to the grantee and that any account between the company and the grantee may from time to time be in credit, and notwithstanding any settlement of account or other matter or thing whatsoever, until a final discharge of the floating charge is executed by the grantee in respect of the property comprised in it.
4. The company undertakes to—
 - (a) duly and punctually comply with all laws binding on it;
 - (b) duly and punctually perform and comply with the terms of all agreements between the company and the grantee;
 - (c) pay or discharge on or before the due date, all its liabilities, debts, outgoing, expenses and obligations of a monetary nature, including rents, taxes, insurance premiums and other outgoing in respect of the secured property;
 - (d) comply with all obligations, duties and restrictions binding on the company whether arising from contract or otherwise including all leases, sub-leases, agreements to lease, tenancy agreements or licences in respect of the secured property;
 - (e) keep all its assets in good order, repair and condition and maintain, service, renew or replace, assets essential to its business in accordance with good commercial practice;

- (f) obtain, keep current and not dispose of or allow to lapse any authorisations which are now or may become required or commercially advantageous for the conduct of its business, and comply with all conditions and stipulations in those authorisations;
 - (g) insure and keep insured such parts of the secured property as shall for the time being be of an insurable nature against loss or damage by fire, accident, theft, malicious damage, flood and earthquake;
 - (h) duly pay the premiums payable in respect of all such insurances.
- 5. Where the company neglects or fails to perform or observe any of the terms expressed or implied in the instrument or of any agreement between the company and the grantee, the grantee shall have the right to perform or observe any such term, whether by payment or action on behalf of the company, but shall not be obliged to do so. All costs, expenses and charges paid or incurred by the grantee under this paragraph, shall be added to and shall form part of the moneys secured by the floating charge.
- 6. The company shall—
 - (a) deliver to the grantee as soon as practicable and in any event within three months after the last day of each of its financial years, all financial statements which it is required by law to prepare, together with all auditors' reports, annual reports and other documents required by law to be prepared by the company and sent to shareholders;
 - (b) provide such other information about the business, financial condition and operations of the company as the grantee may by written notice reasonably require;
 - (c) at the same time as any notices, documents, or information are sent to its shareholders, deliver copies of the notices, documents or information to the grantee.
- 7. Notwithstanding any other agreement between the company and the grantee, all sums secured by this floating charge shall become immediately due and payable by the grantee on demand by the grantor, on the occurrence of any of the following events:—
 - (a) the company failing to pay on the due date any amount payable by the company to the grantee;

- (b) the company failing to perform or observe any of the terms of the instrument or of any other agreement between the company and the grantee;
 - (c) any holder of a security interest in any property of the company, taking possession or a receiver or liquidator being appointed in respect of the whole or any part of the secured property;
 - (d) any creditor of the company obtaining execution against the whole or any part of the secured property;
 - (e) the commencement of the winding up of the company;
 - (f) the appointment of an administrator of the company;
 - (g) the disposal by the company of the whole or any part of its undertaking, other than in the normal course of business ;
 - (h) the company ceasing to carry on business.
8. Where the secured property comprises all the property and undertaking of the company, the grantee may appoint a receiver of the secured property on the occurrence of any of the events specified in paragraph 7, whether before or after demand is made under that paragraph.

TWELFTH SCHEDULE [Section 443 (2)]

POWERS OF RECEIVERS

1. Every receiver appointed under Part XV shall, subject to the instrument or the order of the court by or under which the appointment was made, have the power to—
- (a) demand and recover by action or otherwise, income of the property in receivership;
 - (b) issue receipts for income recovered;
 - (c) manage the property in receivership;
 - (d) insure the property in receivership;
 - (e) repair and maintain the property in receivership;
 - (f) inspect at any reasonable time books or documents that relate to the property in receivership and that are in the possession or under the control of the grantor;

- (g) exercise on behalf of the grantor, a right to inspect books or documents that relate to the property in receivership and that are in the possession or under the control of a person other than the grantor;
 - (h) in a case where the receiver is appointed in respect of all or substantially all of the property and undertaking of a company, change the registered office of the company;
 - (i) do all other things incidental to the exercise of the powers set out in this paragraph or conferred by any other provision of this Act.
2. Without limiting the provisions of paragraph 1, a receiver who is appointed in respect of the whole of the property and undertaking of a company shall, subject to the instrument or the order of the court by or under which the appointment was made, have power to—
- (a) take possession of, collect and get in the property of the company, and for that purpose to take such proceedings as may seem to him expedient;
 - (b) sell or otherwise dispose of the property of the company by public auction, private auction or private contract;
 - (c) raise or borrow money and grant security for such money over the property of the company;
 - (d) appoint a solicitor or accountant or other professionally qualified person to assist him in the performance of his functions;
 - (e) bring or defend any action or legal proceedings in the name and on behalf of the company;
 - (f) refer to arbitration any question affecting the company;
 - (g) use the company's seal if it has one;
 - (h) do all acts and to execute in the name and on behalf of the company any document;
 - (i) draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the company;
 - (j) appoint any agent to do any business which he is unable to do himself or which can more conveniently be done by an agent, and to employ and dismiss employees;

- (k) do all such things (including the carrying out of works) as may be necessary for the realisation of the property of the company;
- (l) make any payment which is necessary or incidental to the exercise of his functions;
- (m) effect and maintain insurances in respect of the business and property of the company;
- (n) carry on the business of the company;
- (o) establish subsidiaries of the company;
- (p) transfer to subsidiaries of the company the whole or any part of the business and property of the company;
- (q) grant or accept a surrender of a lease or tenancy of any property of the company and to take a lease or tenancy of any property required or convenient for the business of the company;
- (r) make any arrangement or compromise on behalf of the company;
- (s) rank and claim in the bankruptcy, insolvency, sequestration or liquidation of any person indebted to the company and to receive dividends and to accede to trust deeds for the creditors of any such person;
- (t) apply for the appointment of a liquidator of the company;
- (u) do all other things incidental to the exercise of the powers set out in this paragraph.

THIRTEENTH SCHEDULE [Section 497 (1)]

LIQUIDATION OF ASSETS OF OVERSEAS COMPANIES

1. Part XII shall apply to the winding up of the assets in Sri Lanka of an overseas company with all necessary modifications and exclusions, and in particular the following :—
 - (a) references to assets shall be taken as references to assets in Sri Lanka;
 - (b) references to a company shall be taken as including references to an overseas company;

- (c) references to dissolution shall be taken as references to ceasing to carry on business in Sri Lanka;
 - (d) the following provisions shall not apply to such a winding up:—
 - (i) paragraphs (b) and (c) of subsection (1) of section 267;
 - (ii) sections 268, 269, 316, 319 to 355 (both inclusive), 393, 394 and 395;
 - (e) from the commencement of the winding up, the overseas company and its directors shall cease to have any powers, functions and duties in relation to the company's assets in Sri Lanka, other than those required or permitted to be exercised under Part XII.
2. Nothing contained in this Act shall exclude or affect the right of a creditor of an overseas company in relation to the assets of which a liquidator has been appointed—
- (a) to bring proceedings outside Sri Lanka against the overseas company, in relation to a debt not claimed in the liquidation or the balance of a debt remaining unpaid after the completion of the liquidation; or
 - (b) to bring proceedings in Sri Lanka in relation to the balance of a debt remaining unpaid after the completion of the liquidation.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**GENERAL CONSISTORY OF THE DUTCH
REFORMED CHURCH OF CEYLON
(AMENDMENT) ACT, No. 08 OF 2007**

[Certified on 21st March, 2007]

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*General Consistory of the Dutch Reformed
Church of Ceylon (Amendment) Act, No. 08 of 2007*

[Certified on 21st March, 2007]

L. D. – O. (INC) 14/2005

AN ACT TO AMEND THE GENERAL CONSISTORY OF THE DUTCH
REFORMED CHURCH IN CEYLON ORDINANCE (CHAPTER 329)

WHEREAS the General Consistory of the Dutch Reformed Church in Ceylon was incorporated by the General Consistory of the Dutch Reformed Church in Ceylon Ordinance, No. 9 of 1926 :

Preamble.

AND WHEREAS the General Consistory of the Dutch Reformed Church in Ceylon now wish to change its name to "General Consistory of the Christian Reformed Church of Sri Lanka":

AND WHEREAS the said General Consistory of the Dutch Reformed Church in Ceylon, has now applied to have the said Ordinance amended to give effect to such change in its name and it will be expedient to grant such application :

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

1. This Act may be cited as the General Consistory of the Dutch Reformed Church in Ceylon (Amendment) Act, No. 08 of 2007.

Short title.

2. In every context in which the General Consistory of the Dutch Reformed Church in Ceylon is mentioned (whether by that name or by the abbreviation of the "Dutch Reformed Church") in the General Consistory of the Dutch Reformed Church in Ceylon Ordinance (Chapter 329), other than in the long title, or in any rule, notice or other document made or issued under the General Consistory of the Dutch Reformed Church in Ceylon Ordinance (Chapter 329), there shall, unless the context otherwise requires, be substituted for the expression "General Consistory of the Dutch Reformed Church in Ceylon" and for the expression "Dutch Reformed Church" of the words "General Consistory of the Christian Reformed Church of Sri Lanka" and of the words "Christian Reformed Church".

" General Consistory of the Dutch Reformed Church in Ceylon" to be known as "General Consistory of the Christian Reformed Church of Sri Lanka" and "Christian Reformed Church". respectively.

2 *General Consistory of the Dutch Reformed
Church of Ceylon (Amendment) Act, No. 08 of 2007*

Continuation of
contracts,
agreements,
actions, appeals,
rights and
liabilities &c.

3. (1) All contracts, agreements, certificates or other instruments or documents whatsoever made, issued or executed prior to the date of the commencement of this Act, by or in favour of the General Consistory of the Dutch Reformed Church in Ceylon shall be deemed on or after date of commencement of this Act, to be, and to have been made, issued or executed by or in favour of, the General Consistory of the Christian Reformed Church of Sri Lanka.

(2) All suits, actions, appeals and other legal proceedings instituted by or against the General Consistory of the Dutch Reformed Church in Ceylon, and pending on the day immediately prior to the date of the commencement of this Act, shall not abate or be discontinued, and may be continued or enforced by or against the General Consistory of the Christian Reformed Church of Sri Lanka.

(3) All the rights, liabilities and obligations of the General Consistory of the Dutch Reformed Church in Ceylon other than the rights, liabilities and obligations referred to in subsection (1) on the day immediately prior to the date of the commencement of this Act, shall be deemed to be the rights, liabilities and obligations of the General Consistory of the Christian Reformed Church of Sri Lanka.

Sinhala text to
prevail in case of
inconsistency.

4. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign). Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**RESETTLEMENT AUTHORITY
ACT, No. 09 OF 2007**

[Certified on 23rd March, 2007]

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Resettlement Authority Act, No. 09 of 2007

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L.D.—O. 40/2006

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF AN AUTHORITY TO BE CALLED THE RESETTLEMENT AUTHORITY : TO VEST THE AUTHORITY WITH THE POWER TO FORMULATE A NATIONAL POLICY AND TO PLAN, IMPLEMENT, MONITOR AND CO-ORDINATE THE RESETTLEMENT OF THE INTERNALLY DISPLACED PERSONS AND REFUGEES ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

1. This Act may be cited as the Resettlement Authority Act, No. 09 of 2007 and shall come into operation on such date as the Minister may appoint (hereinafter referred to as the “appointed date”) by Order published in the *Gazette*.

Short title and date of operation.

PART I

ESTABLISHMENT OF THE RESETTLEMENT AUTHORITY

2. (1) There shall be established a body called Resettlement Authority (hereinafter referred to as “the Authority”).

Establishment of the Resettlement Authority.

(2) The Authority shall, by the name assigned to it by subsection (1) be a body corporate and have perpetual succession and a common seal and may sue and be sued in such name.

3. The Management of the affairs of the Authority shall be vested in a Board of Directors (hereinafter referred to as “the Board”) consisting of-

Constitution of the Board of Directors.

(a) two *ex-officio* members, namely,-

(i) the Secretary to the Treasury or his representative ; and

(ii) the Secretary to the Minister of the Minister in charge of the subject of Plan Implementation or his representative ; and

- (b) seven members appointed as Directors by the Minister from among persons possessing proven expertise in the areas of resettlement, relocation, rehabilitation, infrastructure development, finance and provincial administration (hereinafter referred to as “appointed members”).

Chairman and Vice Chairman of the Authority.

4. (1) The Minister shall appoint, from among the appointed members, the Chairman and Vice-Chairman of the Authority.

(2) The Chairman and Vice- Chairman shall hold office for a term of three years and shall be eligible for re-appointment.

(3) The Chairman shall be the Chief Executive Officer of the Authority and shall preside at every meeting of the Authority and in the absence of the Chairman, the Vice Chairman shall preside at any such meeting.

(4) Where the Chairman is temporarily unable to perform the duties of his office on account of ill health, absence from Sri Lanka or any other cause, the Vice Chairman shall act in place of the Chairman.

Terms of office of appointed members and their removal and resignation.

5. (1) The term of office of an appointed member of the Board shall be three years.

(2) An appointed member may resign from his office by letter addressed to the Minister and such resignation shall be effective from the date on which it is accepted by the Minister.

(3) The Minister may for reasons assigned, remove an appointed member from office.

(4) An appointed member who has been removed from office shall not be eligible for reappointment as a member of the Board or to serve the Authority in any other capacity.

(5) Where a member of the Board dies, resigns or is removed from office the Minister shall, having regard to the provisions of section 5, appoint another member in his place.

- 6.** A person shall be disqualified from being appointed or from continuing as a member of the Authority, if he is-
- Disqualification for being appointed as a member.
- (a) a member of Parliament, a member of a Provincial Council or a member of a local authority ; or
 - (b) a person who, having been declared an insolvent or a bankrupt under any law in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt ; or
 - (c) serving or has served a sentence of imprisonment imposed by any Court in Sri Lanka or any other country ;
 - (d) incapacitated by physical or mental illness ; or
 - (e) otherwise unable or unfit to discharge the functions of a member.
- 7.** The quorum for any meetings of the Board shall be five members and the Board may regulate the procedure in regard to the meetings of the Board and the transaction of business at such meetings.
- Quorum.
- 8.** No act, decision or proceedings of the Board shall be invalid by reason only of any vacancy among its members or any defect in the appointment of any its members.
- Vacancy among directors not to invalidate acts &c, of the Board.
- 9.** The members of the Board may be remunerated in such manner out of the Fund of the Authority as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.
- Remuneration of members.
- 10.** The Authority shall, in the exercise of its powers, discharge of its functions and performance of its duties, comply with the general policy of the Government and with any general or special directions issued to it by the Minister, in relation to the implementation of such policy.
- Authority to comply with the general policy of the Government.

Seal of the Authority.

11. (1) The Seal of the Authority shall be in the custody of such person as the Board may from time to time decide.

(2) The Seal of the Authority may be altered in such manner as may be determined by the Board.

(3) The Seal of the Authority shall not be affixed to any instrument or document except in the presence of the Chairman and one other member of the Board, both of whom shall sign the instrument or document in token of their presence :

Provided that where the Chairman is unable to be present at the time when the Seal of the Authority is affixed to any instrument or document, any other member of the Board authorized in writing by the Chairman in that behalf, shall be competent to sign such instrument or document in accordance with the preceding provisions of this subsection.

(4) The Board shall maintain a register of the instruments or documents to which the Seal of the Authority is affixed.

Establishment of Branch offices.

12. For the purpose of carrying out the powers and functions conferred on, or assigned to it by this Act, the Authority may establish and maintain where necessary, branch offices in identified districts.

PART II

OBJECTIVES, FUNCTIONS AND POWERS

Objectives of the Authority.

13. The objectives of the Authority shall be to-

- (a) ensure resettlement or relocation in a safe and dignified manner of internally displaced persons and refugees ;
- (b) facilitate the resettlement or relocation of the internally displaced persons and refugees in order to rehabilitate and assist them by facilitating their entry into the development process.

14. For the purpose of carrying out the objects of the Authority, the Authority shall discharge the following functions :-

Functions of the Authority.

- (a) to formulate and implement a resettlement policy in consultation with the Ministry of Resettlement for the internally displaced persons and refugees ;
- (b) to co-ordinate the efforts of the Government, donors, international non-governmental organizations, civil society agencies and others possessing the required mandates and resources in order to end displacement of persons ;
- (c) to formulate and implement specific programmes and projects for resettlement and relocation of internally displaced persons and refugees in a safe and dignified manner ;
- (d) to assist the internally displaced persons and refugees to obtain lost documents such as Birth, Death and Marriage Certificates, Identity Cards, Deeds relating to property and any other documents which they may require from any government department. ;
- (e) to assist in providing infrastructure facilities, education and health facilities ;
- (f) to implement resettlement programmes including housing schemes to facilitate the resettlement and relocation ;
- (g) to assist in the mobilization of both local and foreign financial resources to implement the planned programmes ;
- (h) to facilitate in solving problems relating to ownership and possession right of movable and immovable assets ;
- (i) to forge a better understanding between the internally displaced persons and host communities ;

6 *Resettlement Authority Act, No. 09 of 2007*

- (j) to facilitate the restoration of basic human rights including cultural rights to empower internally displaced persons ;
- (k) to receive representations on the needs of the displaced and to make representations regarding the same to agencies mandated to find solutions ;
- (l) to mobilize the displaced to initiate and implement partnerships for the recovery and development in accordance with individual or community needs ;
- (m) to promote livelihood activities among displaced persons and refugees ;
- (n) to provide reasonable access to information on policies, resources and progress on activity earmarked for their recovery and facilitate dialogue with concerned intervening agencies ; and
- (o) to ensure a conducive physical environment for resettlement, by clearing land mines and debris and repairing the damaged infrastructure.

Powers of the Authority.

15. The Authority may, for the purpose of discharging its functions, exercise all or any of the following powers :-

- (a) acquire and hold, take or give on lease or hire, mortgage, sell or otherwise dispose of any movable or immovable property ;
- (b) clear and re-develop the land acquired either from the State or from private individuals ;
- (c) enter into and perform all such contracts, as it may consider necessary for the discharge of its functions ; and
- (d) accept gifts, grants or donations whether in cash or otherwise and to apply them in the discharge of its functions.

16. (1) The Authority shall have the power to enter into any agreement with any government department, local authority, public corporation, or any other institution, whether private or public including joint venture companies, for the purpose of enabling the efficient exercise, performance and discharge of the powers, duties and functions of the Authority.

Powers of the Authority to enter into any agreement.

(2) Every such agreement shall be in writing and shall upon registration with the Authority constitute a valid and binding contract as between such government department, local authority, public corporation and any other institutions whether private or public including joint venture companies.

17. The Board may, in writing under the seal of the Authority or in such other manner as may be provided by the rules made by the Authority, empower any other person either generally or in respect of any specific matter, to act for and on behalf of the Authority, in any place outside Sri Lanka.

Empowering of persons to act for Authority outside Sri Lanka.

18. (1) Where any land or any interest in any land within any designated area is required by the Authority for the implementation of any of the projects and the Minister by Order published in the *Gazette* approves the proposed acquisition, such land or interest in land may accordingly be acquired under the Land Acquisition Act and be transferred to the Authority as if such land or interest in land is required for a public purpose:

Compulsory acquisition of land.

Provided however, that where any land or any interest in any land of an estate situated within the designated area is required by the Authority, the Minister shall consult the Minister in charge of the subject of Plantation Industries, before publishing the Order, under this section for the acquisition of such land or interest in such land.

(2) In any case where any land or any interest in any land within any designated area is to be acquired under the Land Acquisition Act for any purpose of the Authority and public

notice of the intention to acquire that land or interest is published as required by that Act, any time within a period of three years commencing from the date of publication of the Order under subsection (1), the following provisions shall apply for the purpose of determining the amount of compensation to be paid in respect of that land or interest, notwithstanding anything to the contrary in that Act—

- (a) the market value of the land shall be deemed to be the market value, the land would have had, on the date of publication of such Order, if it then were in the same condition as it is at the time of acquisition, increased by a reasonable amount on account of *bona fide* improvements if any, effected to such land after such date;
- (b) in ascertaining the market value of the land at the date of publication of such Order, no account shall be taken of any benefit or increase in value which may have accrued, or any expectation of benefit or increase in value likely to accrue directly or indirectly, from any work of development or other operation of the Authority in pursuance of this Act.

State property both movable and immovable to be made available to the Authority.

19. (1) Where any immovable property of the State is required for any purpose of the Authority, such purpose shall be deemed to be a purpose for which a special grant or lease may be made under section 6 of the Crown Lands Ordinance (Chapter 454) and the provisions of that Ordinance shall accordingly apply to a special grant or lease of such property to the Authority.

(2) Where any movable property of the State is required for any purpose of the Authority, the Minister may by Order published in the *Gazette*, transfer to, and vest in the Authority the possession and use of such movable property :

Provided however, that no Order affecting any movable property of the State shall be made by the Minister under the preceding provisions of this subsection, without the concurrence of the Minister having control over such property.

PART III

FINANCE

20. (1) The Authority shall have its own Fund. There shall be paid into the Fund :— Fund of the Authority.

- (a) all such sums of money as may be voted from time to time by Parliament for the use of the Authority;
- (b) all such sums of money as may be received by the Authority in the exercise, performance and discharge of its powers, duties and functions under this Act;
- (c) all loans, donations, gifts or grants received by the Authority from any source whether in or outside Sri Lanka, provided such sums shall be accounted for through the normal budgetary process.

(2) The financial year of the Authority shall be the calendar year.

(3) The Authority shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Authority.

(4) The provision of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of the accounts of the Authority.

STAFF OF THE AUTHORITY

21. (1) There shall be a Director-General appointed by the Minister, who shall, subject to the general or special direction and control of the Board, be charged with the direction of the affairs and transactions of the Authority, the exercise, performance and discharge of its powers, duties and functions and the administration and control of the officers and servants of the Authority. Director-General.

(2) The Director-General may, with the approval of the Authority, whenever he considers it necessary to do so, delegate to any officer or servant any power, duty or function conferred or imposed on, or assigned to him by this Act and such officer or servant shall exercise, perform and discharge such power, function or duty subject to the general or special directions of the Director-General.

Staff of the
Authority.

22. (1) The Authority may appoint such officers and servants as it considers necessary for the efficient discharge of its functions.

(2) The officers and servants appointed under subsection (1) shall be remunerated in such a manner and at such rates and shall be subject to such conditions of service as may be determined by the Authority in consultation with the Secretary to the Ministry of the Minister in charge of the subject of finance with the approval of the Minister.

(3) At the request of the Authority any officer in the public service may, with the consent of that officer and the Secretary to the Ministry of the Minister in charge of the subject of Public Administration, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority, or with like consent be permanently appointed to such staff.

(4) Where any officer in the public service is temporarily appointed to the staff of the Authority, the provisions of subsection (2) of the section 14 of the National Transport Commission Act, No. 37 of 1991, shall *mutatis mutandis*, apply to and in relation to him.

(5) Where any officer in the public service is permanently appointed to the staff of the Authority, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall *mutatis mutandis*, apply to and in relation to him.

(6) Where the Authority employs any person who has agreed to serve the Government for a specified period, any period of service to the Authority by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such agreement.

(7) At the request of the Authority, any member of the Local Government Service or any other officer or servant of a local authority, may, with the consent of such member, officer or servant and the Local Government Service Commission, or the local Authority, as the case may be, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority or with like consent be permanently appointed to such staff on such terms and conditions (including those relating to pension or provident fund rights) as may be agreed upon by the Authority and the Local Government Service Commission or that local Authority, as the case may be.

(8) Where any member of a Local Government Service or any officer or servant of any local Authority is appointed temporarily under subsection (7) to the staff of the Authority, he shall be subject to the same disciplinary control as any other member of the staff of this Authority.

23. (1) At the request of the Authority any officer or servant of a public corporation may, with the consent of such officer or servant and the governing board of such corporation, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority or with like consent be permanently appointed to the staff of the Authority on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Authority and the governing board of such corporation.

Appointment of officers and servants of public Corporations to the staff of the Authority.

(2) Where any person is appointed whether temporarily or permanently under subsection (1) to the staff of the Authority, he shall be subject to the same disciplinary control as any other member of the staff of the Authority.

(3) For the purpose of this section 'governing board' in relation to a public corporation means the Board of Directors or other body in which the administration and management of that public corporation has been vested.

GENERAL

Delegation of powers of the Board.

24. The Authority may, delegate in writing the exercise or discharge of any power or function vested in or assigned to the Authority to the Director General or to any officer or servant of the Authority or to any officer of any government department or public corporation with the consent of such officer. The Authority may notwithstanding any such delegation exercise, perform or discharge any such power, duty or function, so delegated.

Authority not to transact business with enterprises in which a member has interest, unless approved by the Minister.

25. The Authority shall not make any investment in or otherwise transact business with an enterprise of which a member of the Authority is a partner, director or shareholder or is in any other way directly or indirectly interested, unless the transaction is approved by the Minister.

Directions of the Minister.

26. (1) The Minister may, give to the Authority in writing, general or special directions as to the performance of the duties and the exercise of the powers of the Authority. It shall be the duty of the Authority to comply with such directions.

(2) The Minister may from time to time, in writing, direct the Authority to furnish to him in such form as he may require, returns, accounts and other information with respect to the property and activities of the Authority. It shall be the duty of the Authority to comply with such direction.

Authority deemed to be a scheduled institution within the meaning of the Bribery Act.

27. The Authority shall be deemed to be a scheduled institution within the meaning of the Bribery Act (Chapter 52) and the provisions of that Act, shall be construed accordingly.

28. All members, officers and servants of the Authority shall be deemed to be public servants within the meaning and for the purposes of the Penal Code (Chapter 19).

Members, officers and servants of the authority deemed to be public servants.

29. (1) No suit or prosecution shall lie—

Protection for action taken under this Act or on the direction of the Authority.

(a) against the Authority for any Act which in good faith is done or purported to be done by the Authority under this Act; or

(b) against any member, officer, servant or agent of the Authority for any Act which in good faith is done or is purported to be done by him under this Act or on the direction of the Authority.

(2) Any expense incurred by the Authority in any suit or prosecution brought by or against the Authority before any Court, shall be paid out of the Fund of the Authority, and any costs paid to, or recovered by, the Authority in any such suit or prosecution shall be credited to the Fund of the Authority.

(3) Any expense incurred by any such person as is referred to in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any Court in respect of any act which is done or is purported to be done by him under this act or on the direction of the Authority shall if the Court holds that such act is done in good faith, be paid out of the fund of the Authority, unless such expense is recovered by him in such suit or prosecution.

30. (1) The Minister may, in consultation with the Authority, make regulations in respect of matters required by this Act to be prescribed or in respect of which regulations are authorized to be made.

Regulations.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation and shall be as valid and effectual as if it were herein enacted.

(3) Every regulation shall as soon as it is convenient after its publication in the *Gazette* be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded from the date of disapproval but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation is deemed to be rescinded shall be published in the *Gazette*.

Rules.

31. (1) The Authority may make rules—

- (a) for the regulation of procedure and the transaction of business at meetings; and
- (b) providing for the custody and manner of affixing the Seal of the Authority.

(2) Every rule made by the Authority shall be published in the *Gazette*.

Act to be operative for a period of six years.

32. The provisions of this Act shall be in operation for a period of six years from the date of its coming into operation.

Exemption of Authority from payments of duties & etc.

33. The Authority shall with the concurrence of the Minister in-charge of the subject of Finance, be exempt from the payment of any tax on the income or profits of the Authority to such extent as is permitted in terms of the Inland Revenue Act, No. 10 of 2006.

Sinhala text to prevail in case of inconsistency.

34. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

35. In this Act, unless the context otherwise requires— Interpretation.

“Internally Displaced Persons (IDP’s)” means, persons who have been forced or obliged to flee or to leave their homes or places of habitual residence in particular as a result of or in order to avoid the effects of armed conflict situations of generalized violence;

“local authority” means, any Municipal Council, Urban Council, Pradeshiya Sabha and includes any Authority created and established by or under any law to exercise, perform and discharge powers, duties and functions corresponding to or similar to the powers, duties and functions exercised, performed and discharged by any such Council or Sabha.

“Public Corporation” means any Corporation, board or other body which was or is established by or under any written law other than the Companies Act, No. 17 of 1982 or any other Act which may be enacted in its place with funds or capital wholly or partly provided by the Government by way of grants, loans or otherwise.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**INLAND REVENUE (AMENDMENT)
ACT, No. 10 OF 2007**

[Certified on 30th March, 2007]

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Inland Revenue (Amendment) Act, No. 10 of 2007

[Certified on 30th March 2007]

L.D.—O. 04/2007.

AN ACT TO AMEND THE INLAND REVENUE ACT, NO. 10 OF 2006

Be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka, as follows :—

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 10 of 2007. Short title.
2. Section 4 of the Inland Revenue Act, No. 10 of 2006 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (1) of that section, as follows :—
 - (1) in paragraph (d) of that subsection by the substitution for all the words “(ii) the gross rent paid for such place of residence, whichever is higher,” to the end of that paragraph, of the following—
“(ii) the gross rent paid for such place of residence, whichever is higher :

Provided that for any year of assessment, any excess of the rental value—

 - (A) over one hundred and twenty thousand rupees, where the aggregate of the profits referred to in paragraph (a) does not exceed one million and eight hundred thousand rupees ; and
 - (B) over one hundred and eighty thousand rupees, where the aggregate of the profits referred to in paragraph (a) exceeds one million and eight hundred thousand rupees,shall be disregarded ;”; and

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- (2) in paragraph (*e*) of that subsection by the substitution for the words “at the time of its disposal, of any share”, of the words and figures “at the time of its disposal, where such disposal takes place prior to April 1, 2007, of any share”.

Amendment of section 8 of the principal enactment.

3. Section 8 of the principal enactment is hereby amended in subsection (1) of that section, as follows :-

- (1) in paragraph (*n*) of that subsection, by the substitution for the words, “public corporation or at any subsequent time,”, of the words and figures “public corporation other than any public corporation referred to in sub-paragraph (ii) of paragraph (*b*), or at any subsequent time,”;
- (2) in sub-paragraph (ii) of paragraph (*o*) of that subsection, by the substitution for the words “the Commissioner of Labour”, of the words “the Commissioner of Labour;”; and
- (3) by the addition immediately after paragraph (*o*) of that subsection, of the following new paragraphs :-
- “(p) the value of any benefit accruing to an employee of any employer from the allotment or the grant, as the case may be, to such employee or to any nominee of such employee by or on behalf of such employer, of any share or any option to buy any share in any company, in accordance with a scheme which in the opinion of the Commissioner-General is uniformly applicable to all the employees of such employer.

In this paragraph, the “value” in relation to any benefit accruing from the allotment of any share or the option to buy any share, means the excess, if any, of the market value of such share at the time of its allotment or at the time of the sale of the option, as the case may be, over the price charged for such allotment or grant, as the case may be ; and

- (g) the emoluments earned in any year of assessment commencing on or after April 1, 2007, by any resident individual from employment on a ship which is—
- (i) owned or chartered by a company registered as an off-shore company under Part XI of the Companies Act, No. 7 of 2007 ; or
 - (ii) deemed to be a Sri Lanka ship by virtue of a determination made under paragraph (c) of section 30 of the Merchant Shipping Act, No. 52 of 1971.”.

4. Section 9 of the principal enactment is hereby amended as follows :—

Amendment of section 9 of the principal enactment.

- (1) in paragraph (j) of that section, by the substitution for the words “such charitable institution.”, of the words “such charitable institution ;”; and
- (2) by the addition immediately after paragraph (j) of that section, of the following new paragraph :—
 - “(k) the interest accruing to any person from any money deposited in any Treasury Bond Investment External Rupee Account.”.

5. Section 10 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for paragraph (b) of that subsection, of the following paragraph :—

Amendment of section 10 of the principal enactment.

- “(b) any dividend paid to a unit holder by any unit trust or mutual fund;”.

6. Section 13 of the principal enactment is hereby amended as follows :—

Amendment of section 13 of the principal enactment.

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(1) in sub-paragraph (i) of paragraph (b) of that section, by the substitution for the words “outside Sri Lanka (including services relating to any construction project); and”, of the words and figures “outside Sri Lanka (including, in relation to the year of assessment commencing on April 1, 2006, services relating to any construction project); and”;

(2) by the insertion, immediately after paragraph (d) of that section, of the following new paragraph :—

“(dd) the profits and income for any year of assessment earned in foreign currency by any resident company, a resident individual or any partnership from services rendered outside Sri Lanka in that year of assessment, in carrying out any construction project in the course of any trade, business or vocation, if such profits and income (less any such amount expended by that company, individual or partnership outside Sri Lanka as is considered by the Commissioner-General to be reasonable expenses) are remitted to Sri Lanka through a bank;”;

(3) in paragraph (t) of that section, by the substitution for the words “any profits and income derived by or accruing to any person or partnership other than any unit trust, mutual fund or any venture capital company, from the sale of any share”, of the words and figures—

“any profits and income—

(i) for the year of assessment commencing on April 1, 2006, derived by or accruing to any person or partnership other than any unit trust, mutual fund or venture capital company ; and

(ii) for any year of assessment commencing on or after April 1, 2007, derived by or accruing to any person or partnership,

from the sale of any share”; and

- (4) by the substitution, for paragraph (x) of that section of the following paragraph :—

“(x) an amount equal to the interest payable to any bank in Sri Lanka, in respect of any loan granted to a company, the full amount of which is invested :—

- (i) in any new undertaking referred to in subsection (2) of section 20, where such company is a company referred to in that section ; and
- (ii) in any relocated undertaking referred to in subsection (2) of section 21, where such company is a company referred to in that section;”.

7. Section 16 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words “The profits and income of any person”, of the words “The profits and income within the meaning of paragraph (a) of section 3, other than any profits and income from the disposal of any capital asset, of any person”.

Amendment of section 16 of the principal enactment.

8. Section 17 of the principal enactment is hereby amended as follows :-

Amendment of section 17 of the principal enactment.

- (1) in subsection (1) of that section, by the substitution for the words and figures “on or after April 1, 2002”, of the words and figures “on or after April 1, 2006”; and
- (2) in sub-paragraph (ii) of paragraph (a) of subsection (2) of that section, by the substitution for the words “incorporated with a minimum”, of the words and figures “incorporated on or after April 1, 2002, with a minimum”.

Insertion of new sections 24A and 24B in the principal enactment.

9. The following new sections are hereby inserted immediately after section 24 of the principal enactment and shall have effect as section 24A and section 24B of that enactment :—

“Exemption from income tax of the profits and income from any new or upgraded cinema.

24A. (1) The profits and income within the meaning of paragraph (a) of section 3, (other than any profits and income from the disposal of any capital asset) from the exhibition on or after April 1, 2007 of any cinematographic film in any new cinema or any upgraded cinema referred to in subsection (3), shall be exempt from income tax for a period of :—

- (a) ten years, where the cinema is a new cinema ; or
- (b) five years, where the cinema is an upgraded cinema.

(2) The period of ten years or the period of five years, as the case may be, referred to in subsection (1) shall, in relation to any cinema, commence from the commencement of the year of assessment in which the exhibition of cinematographic films in such new cinema or upgraded cinema, as the case may be, commenced.

(3) For the purposes of this section :—

- (a) “new cinema” means a cinema—
 - (i) in which the exhibition of cinematographic films commences on or after April 1, 2007 ; and

(ii) which is certified by the National Film Corporation of Sri Lanka established by the National Film Corporation of Sri Lanka Act, No. 47 of 1971 as being equipped with digital technology and Digital Theatre Systems and Dolby Sound Systems ; and

(b) “upgraded cinema” means a cinema—

(i) in which the exhibition of cinematographic films had commenced prior to April 1, 2007 ;

(ii) which was not equipped with digital technology and Digital Theatre Systems and Dolby Sound Systems prior to April 1, 2007 ; and

(iii) which is certified by the National Film Corporation of Sri Lanka, established by the National Film Corporation of Sri Lanka Act, No. 47 of 1971 as being equipped on or after April 1, 2007, with digital technology and Digital Theatre Systems and Dolby Sound Systems.

Exemption from income tax of the profits and income from the operation of any re-opened abandoned factory.

24B. (1) The profits and income within the meaning of paragraph (a) of section 3, (other than any profits from the disposal of any capital asset) of any person from the operation of any reopened abandoned factory referred to in subsection (2), shall be exempt from income tax for the period ending on March 31, 2011.

(2) For the purpose of subsection (1), “reopened abandoned factory” means a factory which :—

- (a) was engaged in the production or manufacture of any commodity or article but which had not been so engaged for an unbroken period of not less than three years, preceding November 16, 2006; and
- (b) commences to produce or manufacture such commodity or article or any other commodity or article in commercial quantities before April 1, 2008.”.

Amendment of section 25 of the principal enactment.

10. Section 25 of the principal enactment is hereby amended in subsection (1) of that section as follows:—

(1) by the substitution for paragraph (b) of the proviso to paragraph (a) of that subsection, of the following paragraph :—

“(b) where:—

- (i) any plant or machinery acquired is used in any business of providing health care, printing on paper, gem cutting and polishing, packaging of any commodity for commercial purposes, rice milling or such other business as may be prescribed by the Commissioner-General by Order published in the *Gezette*; or
- (ii) the asset consists of a ship acquired on or after April 1, 2007, being a ship which is owned or chartered by a company registered under Part XI of the Companies Act, No.7 of 2007 or is

deemed to be a Sri Lanka ship by virtue of a determination made under paragraph (c) of section 30 of the Merchant Shipping Act, No. 52 of 1971,

the rate shall be $33 \frac{1}{3}$ per centum of the cost of acquisition;”;

- (2) by the insertion immediately after paragraph (b) of the proviso to paragraph (a) of that subsection, of the following new paragraph :-

“(c) where any plant or machinery is acquired on or after April 1, 2007 and is used in any business of carrying out construction work, the rate shall be twenty five per centum of the cost of acquisition;”;

- (3) in paragraph (e) of that subsection, by the substitution for the words “a sum equal to the bad debts incurred”, of the words and figures “for the year of assessment commencing on April 1, 2006, a sum equal to the bad debts incurred”; and

- (4) by the insertion immediately after paragraph (e) of that subsection, of the following new paragraphs :-

“(ee) for any year of assessment commencing on or after April 1, 2007, a sum equal to the bad debts incurred by such person in any trade, business, profession, vocation or employment which have become bad debts during the period for which the profits are being ascertained :

Provided that, all sums recovered during such period on account of the amounts previously written off or allowed in respect of bad debts shall, for the purposes of this Act, be treated as receipts of that trade, business, profession, vocation or employment, for such period ;

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(*eee*) for any year of assessment commencing on or after April 1, 2007, where such person is a bank or a financial institution, such sum as the Commissioner-General considers reasonable for doubtful debts, to the extent that they are estimated to have become bad during the period for which the profits are being ascertained, and notwithstanding that such debts were due and payable prior to the commencement of that period :

Provided that :—

- (i) such sum so considered reasonable shall not exceed one *per centum* of the aggregate debts outstanding at the end of that period ;
- (ii) where the doubtful debts estimated by such person as having become bad during the period for which the profits are being ascertained exceeds the sum deducted under this paragraph, the excess shall be deemed to be doubtful debts estimated by such person as having become bad during the period immediately succeeding the period hereinbefore referred to ; and
- (iii) where the estimated amount of any doubtful debt previously allowed as a deduction has been reduced or such amount or any part thereof has been paid during such period, the sum by which such amount has been so reduced or the sum so paid shall for the purposes of this Act, be treated as a receipt of such bank or financial institution for that period.

For the purposes of this paragraph, “financial institution” shall have the same meaning as given for that expression in section 147 ;

- (*eeee*) for any year of assessment commencing on or after April 1, 2007, where such person is not a bank or a financial institution, such sum as the Commissioner-General considers reasonable for doubtful debts, to the extent that they are estimated to have become bad during the period for which the profits are being ascertained :

Provided that, where the estimated amount of any doubtful debt previously allowed as a deduction has been reduced or such amount or any part thereof has been paid during such period, the sum by which such amount has been so reduced or the sum so paid shall, for the purposes of this Act, be treated as a receipt of such person for such period.

For the purposes of this paragraph “financial institution” shall have the same meaning as given for that expression in section 147;”;

- (5) in paragraph (*h*) of that subsection, by the omission of the provisos to that paragraph ;
- (6) in the proviso to paragraph (*k*) of that subsection :—
 - (*a*) by the substitution in paragraph (iv) of that proviso, for all the words and figures from “the trade, business, profession or vocation carried on by such employer.”, to the end of that paragraph, of the words, “the trade, business, profession or vocation carried on by such employer ; and”;
 - (*b*) by the substitution in paragraph (v) of that proviso, for the words, “place of employment or *vice versa*;” , of the following words :—

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“ place of employment or *vice versa*.

For the purpose of this proviso, “expenses incurred”, shall include any lease rental or other rental payment in respect of such vehicle or the cost of acquisition of such vehicle;”;
and

(7) by the addition, immediately after paragraph (q) of that subsection, of the following paragraph :—

“(r) the accreditation expenses, where such person is a person carrying on any profession.”.

Amendment of section 26 of the principal enactment.

11. Section 26 of the principal enactment is hereby amended as follows :—

(1) in subsection (1) of that section—

(a) in paragraph (l) of that subsection :—

- (i) by the substitution in sub-paragraph (i) of that paragraph, for the words and figures “paragraph (c) of subsection (1) of section (97);”, of the words and figures “paragraph (c) of subsection (1) of section 97;”;
- (ii) by the substitution in sub-paragraph (iii) of that paragraph, for the words “tax or levy; and”, of the words “tax or levy; or”;
- (iii) by the substitution in sub-paragraph (iv) of that paragraph, for the words and figures “Economic Service Charge Act, No. 13 of 2006;”, of the words and figures “Economic Service Charge Act, No. 13 of 2006 ; or”;

- (iv) by the substitution in sub-paragraph (v) of that paragraph, for the words and figures “Value Added Tax Act, No. 14 of 2002;”, of the words and figures, “Value Added Tax Act, No. 14 of 2002 ; or”;
 - (v) by the substitution in sub-paragraph (vi) of that paragraph, for the word and figure “item iv”, of the word and figure “item 4”;
- (b) in paragraph (x) of that subsection, by the substitution in paragraph (B) of sub-paragraph (iv) of that paragraph, for the words “any previous year.”, of the following words :—
- “any previous year ; and
- (v) “loan” includes the collection of funds from the issue of any debt instrument.”;
- and
- (c) by the addition immediately after paragraph (x) of that subsection, of the following new paragraph :—
- “(y) the excess, if any, of the aggregate amount of the interest payable for any year of assessment by any holding company to any subsidiary company of such holding company, in respect of any loan obtained from such subsidiary company, over such part of the interest so payable as is attributable to such part of such loan as is equal to thrice the aggregate of the issued share capital and reserves of such holding company, at the end of that year of assessment, where such holding company is a manufacturer :

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Provided that, where such holding company is not a manufacturer, the provisions of the preceding paragraph shall apply as if for the reference in that paragraph to the words “thrice the aggregate of the issued share capital and reserves”, there were substituted the words “four times the aggregate of the share capital and reserves.

In this paragraph—

- (i) the expressions “subsidiary company” and “holding company” shall have the same respective meanings assigned to them in the Companies Act, No. 7 of 2007;
- (ii) any holding company shall, in relation to any year of assessment, be deemed to be “a manufacturer”, if more than fifty *per centum* of the turnover for that year of assessment of such holding company, is from the sale of products manufactured by such holding company ;
- (iii) “reserves” do not include reserves created for the purpose of accounting for any surplus from the revaluation of any asset ; and
- (iv) “turnover” in relation to any year of assessment of any holding company, means the total amount receivable, whether actually received or not, from every sale made in that year of assessment of products manufactured by such holding company :—

(A) after deducting therefrom:—

(i) any sum included in such total amount, being proceeds from the disposal of any capital asset ;

(ii) the amount of any bad debt incurred during that year of assessment, being an amount which had been included in the turnover of such holding company for that or any previous year of assessment ; and

(iii) any sum included in such total amount, being a sum which represents the value added tax ; and

(B) after adding thereto any sum received during that year of assessment on account of any bad debt, written off or allowed in any previous year ; and

(v) “loan” includes the collection of funds from the issue of any debt instrument.”; and

(2) by the substitution for subsection (4) of that section, of the following subsection:—

“(4) In computing the statutory income for any year of assessment of any person from any trade, business, profession or vocation carried on or exercised by such person, no deduction shall be allowed under section 25 or this section or section 27, in respect of any expenditure or any part thereof, if it appears to the Assessor that the debt or such part thereof attributable to such expenditure or any part thereof, remains unpaid at the time an assessment for that year of assessment is made:

Provided that, if it is proved to the satisfaction of the Assessor within three years from the end of that year of assessment, that such debt or such part thereof has been paid within two years from the end of that year of assessment, the Assessor shall, notwithstanding the provisions of section 171, revise the assessment allowing the deduction of the sum so paid and any tax found to have been paid consequent to such disallowance of such deduction, shall notwithstanding anything to the contrary in any other provision of this Act, be refunded.”.

Amendment of section 32 of the principal enactment.

12. Section 32 of the principal enactment is hereby amended as follows:—

(1) in subsection (1) of that section, by the substitution for paragraph (c) of that subsection, of the following paragraph :—

“(c) statutory income from interest arising or accruing to any individual, being interest from which income tax has been deducted under section 134 or section 135, as the case may be ;”;

(2) in subsection (3) of that section, by the addition immediately after paragraph (c) of that subsection the following new paragraph :—

“(d) interest accruing to such person from any Rupee Denominated Treasury Bond, purchased out of funds drawn from any Treasury Bond Investment External Rupee Account.”; and

- (3) in subsection (4) of that section by the substitution for the words and figure from “in sub-paragraph (xvii) of that paragraph,” to the end of that subsection, of the following words and figures :—

“in sub-paragraph (xvii) of that paragraph, shall not include :—

- (a) any interest from which tax has been deducted under section 133 or section 134; or
- (b) any dividend from which tax has been deducted under subsection (1) of section 65.”;

- (4) in subsection (5) of that section:—

(a) by the substitution in paragraph (a) of that subsection for the words and figure “referred to in paragraph (x) of subsection (1)”, of the words and figures, “referred to in paragraph (x) or paragraph (y) of subsection (1)”;

(b) in paragraph (b) of that subsection:—

(i) by the substitution for the words “the amount of a loss incurred”, of the words “the amount of a loss, other than a loss referred to in paragraph (c), incurred”;

(ii) by the substitution for all the words and figures from “this section previously and any deemed loss,” to the words “forward to the next year of assessment and so on:”, of the following :—

“this section previously, and any excess treated as a loss under paragraph (ii) of the proviso to paragraph (a), upto a maximum limit of thirty five *per centum* of the excess of the total statutory income for that year, over the aggregate of :—

- (i) statutory income from interest and dividends referred to in subsection (1) ;
- (ii) any interest income referred to in subsection (2) ; and
- (iii) any reward, share of fine, any lottery winning and any interest on compensation payable, as referred to in subsection (3),

for that year of assessment and any loss which cannot be deducted, may be carried forward to the next year of assessment and so on.”;

- (iii) by the substitution in paragraph (B) of the proviso to that paragraph, for the words “no loss can be carried forward”, of the words, “no loss shall be carried forward”;
- (iv) in paragraph (D) of the proviso to that paragraph:—
 - (a) by the substitution for the words “no loss can be deducted”, of the words “no loss shall be deducted”; and

- (b) by the substitution for all the words from “that in which the loss was incurred.”, to the end of that proviso, of the following words:—

“that in which the loss was incurred.

For the purposes of this paragraph, a change of ownership of a company is deemed to have occurred where more than one third of the issued share capital of the company is held at any time in the year of assessment for which the claim for deduction is made, either directly or through nominees, by persons who did not hold such capital at any time in the year of assessment in which the loss was incurred.

- (c) by the addition, at the end of paragraph (b) of that subsection, of the following new paragraph:—

“(c) any loss incurred on or after April 1, 2007, in any business of life insurance, to the extent of any profits from such business included in such total statutory income; the balance, if any, of such loss after such deduction, shall be deemed to be a loss for

the year of assessment immediately succeeding that year of assessment.

For the purpose of this paragraph, profits or loss from any business of life insurance shall be computed in accordance with the provisions of section 92.”; and

- (5) in subsection (6) of that section, by the substitution in paragraph (b) for the words and figures “provided for paragraph (b) of subsection (2).”, of the words and figures “provided for in paragraph (b) of subsection (5).”.

Amendment of section 34 of the principal enactment.

13. Section 34 of the principal enactment is hereby amended as follows:—

- (1) in paragraph (b) of subsection (2) of that section :—
- (a) by the substitution in sub-paragraph (viii) of that paragraph, for the words “approved by the Minister :”, of the words “approved by the Minister.”; and
- (b) by the omission of the proviso to that paragraph; and
- (2) in paragraph (a) of subsection (4) of that section, by the substitution in sub-paragraph (iii) of that paragraph, for the words “in that year of assessment shall not exceed ten million rupees;”, of the following words and figures :—

“in that year, of assessment shall not exceed:—

- (A) ten million rupees, where such year of assessment is the year of assessment commencing on April 1, 2006; and
 - (B) twenty five million rupees, where such year of assessment is any year of assessment commencing on or after April 1, 2007;”;
- (3) in paragraph (b) of subsection (4) of that section, by the substitution in sub-paragraph (ii) of that paragraph, for the words “in that year of assessment shall not exceed ten million rupees; ”, of the following words and figures:—

“in that year, of assessment shall not exceed:—

- (A) ten million rupees, where such year of assessment is the year of assessment commencing on April 1, 2006; and
- (B) twenty five million rupees, where such year of assessment is any year of assessment commencing on or after April 1, 2007;”.

14. Section 37 of the principal enactment is hereby amended in paragraph (d) of subsection (2) of that section, by the substitution for the words, “fifteen *per centum*” wherever it occurs in that paragraph, of the words “ten *per centum*”.

Amendment of section 37 of the principal enactment.

15. Section 42 of the principal enactment is hereby amended as follows:—

Amendment of section 42 of the principal enactment.

- (1) by the renumbering of that section as subsection (1) of that section;

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- (2) in the renumbered subsection (1), by the substitution for the words “The profits and income arising in Sri Lanka”, of the words and figures “The profits and income, for the year of assessment commencing on April 1, 2006, arising in Sri Lanka”; and
- (3) by the addition at the end of the renumbered subsection (1), of the following new subsection:—

“(2) The profits and income for any year of assessment commencing on or after April 1, 2007, arising in Sri Lanka to any consignor or consignee from the export of any goods brought to Sri Lanka on a consignment basis and re-exported without subjecting such goods to any process of manufacture, shall be liable to income tax at the appropriate rate specified in the Fifth Schedule to this Act.”.

Amendment of section 44 of the principal enactment.

16. Section 44 of the principal enactment is hereby amended by the substitution for the words, “unit trust or mutual fund, from the sale of any share or a right to any share”, of the words and figures “unit trust or mutual fund, from the sale on or before March 31, 2007, of any share or right to any share”.

Amendment of section 45 of the principal enactment.

17. Section 45 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words “such specified profits shall be chargeable with tax at the appropriate rate specified in the Fifth Schedule to this Act, notwithstanding anything to the contrary in any other provision of this Act.”, of the words “such specified profits shall, subject to the other provisions of this Act, be chargeable with tax at the appropriate rate specified in the Fifth Schedule to this Act.”.

Amendment of section 61 of the principal enactment.

18. Section 61 of the principal enactment is hereby amended as follows:—

- (1) in subsection (1) of that section:—

- (a) by the substitution for paragraph (b) of that subsection, of the following paragraph:—

“(b) equal to:—

- (i) ten *per centum* of the relevant part of the aggregate amount of the gross dividends distributed by such company in that year of assessment, out of the profits for any year of assessment; and
- (ii) fifteen *per centum* of the excess of thirty three and one third *per centum* of the distributable profits of such company for the year of assessment immediately preceding that year of assessment, (hereinafter in this paragraph referred to as the “preceding year”) over the aggregate of the gross dividends distributed by such company in such preceding year, where such company has in the preceding year distributed dividends less in amount than twenty five *per centum* of the distributable profits for that preceding year:

Provided that, where the Commissioner-General is satisfied, that any company has been restrained from distributing or has set apart, the whole or any part of its distributable profits for any year of assessment in order to comply with any requirement imposed by any other written law,

the whole or such part so restrained from being distributed or so set apart, shall be deemed to have been distributed, for the purposes of determining whether such company has distributed twenty five *per centum* of its distributable profits for that year of assessment.

In this paragraph—

“company” does not include any unit trust or mutual fund;

“distributable profits” in relation to any year of assessment and to any company means, the book profits of that company for that year of assessment, reduced by the aggregate of—

(a) the income tax payable by that company for that year of assessment calculated in accordance with paragraph (a);

(b) the cost incurred by that company in that year of assessment in the acquisition of any land or any capital asset; and

(c) any notional
p r o f i t
computed on
the basis of a
revaluation of
any capital
asset and
included in
such book
profits,

increased by the
aggregate of the
allowance for
d e p r e c i a t i o n
deducted in respect
of such capital asset
in calculating such
book profits and any
notional loss
computed on the
basis of a revaluation
of any capital asset
and included in such
book profits;

“relevant part” in relation
to the aggregate amount
of the gross dividends
distributed by any
company, means the
balance of such aggregate
after deducting therefrom
any dividend distributed:—

- (a) to any company or other body of person, who or which is exempt from income tax under paragraph (a) or paragraph (c) of section 7;
 - (b) to any unit trust or mutual fund;
 - (c) to any shareholder who is exempt from income tax under section 10 in respect of such dividend; or
 - (d) out of any dividend received from another resident company;”;
- (b) in paragraph (ii) of the proviso to paragraph (c) of that subsection, by the substitution for the words from, “of such balance over such amount of such dividend.”, to the end of that paragraph, of the words “of such balance over such amount of such dividend.”;
- (c) by the repeal of paragraph (d) of that subsection; and

- (2) by the repeal of subsection (2) of that section and the substitution therefore of the following subsection:—

“(2) For the purposes of this section “gross dividends” in relation to any dividend distributed by any company, means the amount of the dividend before any deduction is made under section 65.”.

19. Section 63 of the principal enactment is hereby amended as follows:—

Amendment of section 63 of the principal enactment.

- (1) in paragraph (b) of that section, by the substitution for the words and figure, “under section 10; or”, of the words and figure “under section 10;”;
- (2) in paragraph (c) of that section, by the substitution for the words “another resident company,”, of the words “another resident company;or”;
- (3) by the insertion immediately after paragraph (c) of that section, of the following new paragraph:—

“(d) such dividend is a dividend declared by a quoted public company;”;

- (4) in the marginal note to that section, by the substitution for the words “part of the assessable income”, of the words “part of the total statutory income”.

20. Section 65 of the principal enactment is hereby amended as follows:—

Amendment of section 65 of the principal enactment.

- (1) in subsection (1) of that section :—
- (a) by the substitution for the words “an order to pay money out of profits on which the taxable income of that company is computed for any

year of assessment, income tax equal to ten *per centum*:”, of the words “and order to pay money, income tax equal to ten *per centum* of such gross dividend:”; and

- (b) by the repeal of the proviso to that subsection and of the definition of the expression “amount of gross dividend”, and the substitution therefor, of the following proviso:—

“Provided that, in determining for the purposes of this subsection, the amount of gross dividend in relation to any dividend payable by any resident company, no account shall be taken of such part of that dividend, if any, as is paid by any other resident company and received by the first mentioned resident company, either directly or through one or more intermediary companies.”; and

- (2) in paragraph (d) of subsection (2) of that section :—

- (a) by the substitution for sub-paragraph (i) of that paragraph, of the following sub-paragraph :—

“(i) dividends received;”; and

- (b) by the omission of sub-paragraph (ii) of that paragraph; and

- (3) in the marginal note to that section, by substitution for the words “entitled to deduct tax”, of the words “to deduct tax”.

Amendment of section 66 of the principal enactment.

21. Section 66 of the principal enactment is hereby amended in paragraph (b) of subsection (5) of that section, by the substitution for the words “and recovery shall apply accordingly.”, of the following words:—

“and recovery shall apply accordingly:

Provided that the tax so assessed and charged shall be reduced by the amount of the tax, if any, referred to in sub-paragraph (ii) of paragraph (b) of subsection (1) of section 61.”.

22. Section 70 of the principal enactment is hereby amended in subsection (4) of that section, by the substitution for the words and figure “provisions of section 114,” of the words and figure “provisions of section 113,”.

Amendment of section 70 of the principal enactment.

23. Section 73 of the principal enactment is hereby amended in subsection (5) of that section, by the substitution for the words and figure “provisions of section 114,” of the words and figure “provisions of section 113,”.

Amendment of section 73 of the principal enactment.

24. Section 75 of the principal enactment is hereby amended in subsection (4) of that section, by the substitution for all the words and figures from “Such part of the taxable income,” to “Act No. 36 of 1987”, of the following words and figures:—

Amendment of section 75 of the principal enactment.

“Such part of the taxable income:—

(a) for the year of assessment commencing on April 1, 2006, of any unit trust or mutual fund, as consists of the profits and income derived from the business of dealing in shares or debt instruments; and

(b) for any year of assessment commencing on or after April 1, 2007, of any unit trust or mutual fund as consists of the profits and income derived from dealing in debt instruments,

in accordance with the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987”.

25. Section 78 of the principal enactment is hereby amended in subsection (1) of that section, as follows :—

Amendment of section 78 of the principal enactment.

- (1) by the substitution for the words “shall be charged with income tax on the aggregated amount of the divisible profits as referred to in section 76 and other income at the appropriate rate”, of the words and figures “shall be charged with income tax:—
 - (a) for the year of assessment commencing on April 1, 2006, on the aggregate of the divisible profits referred to in section 76 and other income; and
 - (b) for any year of assessment commencing on or after April 1, 2007, on the excess, if any, of the aggregate of the divisible profits referred to in section 76 and other income over six hundred thousand rupees,
at the appropriate rate”;
- (2) by the substitution in the first proviso to that subsection, for the words and figures “under the Finance Act, No. 11 of 2004”, of the words and figures “under the Economic Service Charge Act, No. 13 of 2006, for that year of assessment”; and
- (3) by the substitution in the second proviso to that subsection, for the words and figures “paid under the Finance Act, No. 11 of 2004,”, of the words and figures “paid under the Economic Service Charge Act, No. 13 of 2006,”.

Replacement of section 102 of the principal enactment.

26. Section 102 of the principal enactment is hereby repealed and the following section is substituted therefore:—

“Deemed profits and income of any non-governmental organization to be chargeable with income tax.

102. (1) Where any non governmental organization as defined in subsection (2) of this section, receives in any year of assessment any money in the form of a grant, donation, contribution or in any other form, an amount equal to three *per centum* of the aggregate of such money after deducting from such

aggregate any part of such money as is received from the Government of Sri Lanka, shall, notwithstanding anything to the contrary in any other provision of this Act, be deemed to be the profits and income attributable to the aggregate of such money (hereinafter in this section referred to as “deemed profits and income”) of such non-governmental organization for that year of assessment, and such deemed profits and income of such non governmental organization for such year of assessment, shall be deemed to have arisen in Sri Lanka.

(2) For the purposes of subsection (1) a “non-governmental organization” means any organization or association, whether corporate or unincorporate, formed by a person or a group of persons on a voluntary basis and which is non governmental in nature, dependent on money received in the manner referred to in subsection (1) and established and constituted for the provision or relief and services of a humanitarian nature to the poor and destitute, the sick, orphans, widows, youth, children or generally for the provision of relief to the needy, unless such organization or association is determined by the Commissioner-General not to be a non-governmental organization for the purposes of this section, but does not include any approved charity within the meaning of paragraph (a) of subsection (8) of section 34, in respect of which any remission or reduction has been granted under subsection (3) of section 35.

(3) The deemed profits and income of a non-governmental organization shall, subject to the provisions of paragraph (e) of section 7, be chargeable with income tax at the appropriate rate specified in the Fifth Schedule to this Act :

Provided that where the Commissioner-General is satisfied that any non-governmental organization is engaged, in any year of assessment, in :—

- (a) rehabilitation and the provision of infrastructure facilities and livelihood support to displaced persons in any area identified by the Government for the purposes of such rehabilitation and provision; or
- (b) any other activity approved by the Minister as being of humanitarian in nature, taking into consideration the nature and gravity of any disaster and the magnitude of relief required to be provided consequently,

the Commissioner-General may reduce or remit the tax payable by such non-governmental organization for that year of assessment, if it appears to him that such reduction is just and equitable in all the circumstances of the case.”.

Amendment of section 106 of the principal enactment.

27. Section 106 of the principal enactment is hereby amended as follows:—

- (1) in paragraph (c) of the proviso to subsection (1) of that section, by the substitution for the words and figure “under section 133,”, of the words and figures “under section 133, section 134 or section 135, as the case may be,”; and
- (2) in subsection (2) of that section, by the substitution for the words and figure “on or before the November 30”, of the words and figure “on or before September 30”.

28. Section 112 of the principal enactment is hereby amended in subsection (1) of that section as follows :—

Amendment of section 112 of the principal enactment.

- (1) by the substitution in paragraph (c) of that subsection, for the words and figure “of section 120; or”, of the words and figure “of section 120;”;
- (2) by the substitution in paragraph (d) of that subsection, for the words “ under that section,”, of the words “under that section; or”; and
- (3) by the addition immediately after paragraph (d) of that subsection, of the following new paragraph :—
 - “(e) where any precedent partner of a partnership fails to furnish within the time specified in a notice given under subsection (3) of section 76, a return which such precedent partner is required to furnish under that subsection,”.

29. Section 113 of the principal enactment is hereby amended by the repeal of subsection (3) of that section and the substitution therefor of the following subsection :—

Amendment of section 113 of the principal enactment.

- “(3) Notwithstanding anything contained in sub section (1) and subsection (2) of this section, the entirety of the tax payable :—
- (a) (i) by any company resident in Sri Lanka, under sub-paragraph (i) of paragraph (b) of subsection (1) of section 61; or
 - (ii) by any company not resident in Sri Lanka, under paragraph (b) of subsection (1) of section 62 in respect of remittances made by such company,

shall be paid on or before the thirtieth day succeeding the date of distribution of such dividends or making such remittances, as the case may be;

- (b) by any company resident in Sri Lanka, under sub-paragraph (ii) of paragraph ((b) of subsection (1) of section 61, shall be paid on or before the fifteenth day of May of the year of assessment immediately succeeding the year of assessment for which such tax is payable.”.

Replacement of section 133 of the principal enactment.

30. Section 133 of the principal enactment is hereby repealed and the following section is substituted therefor :—

“Banks and financial institutions to deduct income tax.

133. (1) Where any bank or financial institution pays any interest on any sum of money deposited with it, such bank or financial institution shall, subject to the provisions of subsection (2), deduct income tax in accordance with the provisions of this section from the interest payable and such deduction shall be made at the appropriate rate specified in subsection (4) and at the time such interest is paid.

(2) Where any sum of money (in this subsection referred to as the “first mentioned sum”) is paid to any bank or financial institution in return for any pledge in writing that such bank or financial institution shall pay to the bearer of the pledge not identified by name in such pledge, a sum of money which is in excess of the first mentioned sum (in this subsection referred to as the “stated sum”) at the time such pledge is presented for redemption or after such date as is stated in such pledge, such bank or financial institution shall deduct income tax on the excess of the stated sum over the first mentioned sum. The deduction shall be made at the rate of ten *per centum* of such excess and at the time the first mentioned sum is paid to such bank or financial institution.

(3) The deduction referred to in subsection (1) from any interest referred to therein shall not apply to any interest :—

- (a) of which the recipient is :—
 - (i) any foreign government;
 - (ii) the Consolidated Fund of the Government of Sri Lanka: or
 - (iii) any Provincial Fund of any Provincial Council;
- (b) which is exempt from income tax under this Act; or
- (c) from which income tax is deductible under section 37 or section 96.

(4) Where the recipient of the interest from which income tax is deductible under this section is :—

- (a) any partnership, company or body of persons other than any charitable institution, the deduction shall be made at the rate of ten *per centum* of such interest;
- (b) any charitable institution which tenders to the branch of such bank or financial institution with which the deposit is made, a declaration in writing in relation to any year of assessment that its assessable income for that year of assessment:—

- (i) does not exceed 300,000 rupees, no deduction shall be made from such interest payable to such charitable institution for that year of assessment; or
 - (ii) exceeds 300,000 rupees, deduction shall be made from the interest payable to such charitable institution at the rate of ten *per centum* of such interest for that year of assessment;
- (c) any individual then, in relation to any year of assessment where such individual tenders to the branch of the bank or of the financial institution with which the deposit is made, a declaration in writing that for that year of assessment his assessable income :—
 - (i) does not exceed 300,000 rupees, no deduction shall be made from such interest payable for that year of assessment;
 - (ii) exceeds 300,000 rupees but does not exceed 600,000 rupees, deduction shall be made from such interest payable for that year of assessment, at the rate of two and a half *per centum* of such interest; and
 - (iii) exceeds 600,000 rupees, deduction shall be made from such interest payable for that

year of assessment on every sum of money deposited, at the rate of ten *per centum* of such interest;

- (d) any charitable institution which has not tendered the declaration referred to in paragraph (b) or any individual referred to in paragraph (c) who has not tendered the declaration referred to in that paragraph, as the case may be, deduction shall be made at the rate of ten *per centum* of such interest:

Provided that where such charitable institution or such individual maintains:—

- (a) one savings account, no deduction shall be made from interest paid for any month; or
- (b) more than one savings account, no deduction shall be made from interest paid for any month in respect of only one such account,

where the interest paid is less than five thousand rupees.

For the purpose of this proviso, “savings account” means an account, whether or not subject to any condition affecting the right to withdraw money therefrom and which bears interest at a rate not dependent on the period for which the deposit is maintained.

(5) Where any interest payable to any person or partnership is credited to any account maintained by any bank or financial institution for or on behalf of such person or partnership, such interest shall be deemed to have been paid to such person or partnership, at the time such interest is so credited.

(6) The interest payable by any bank or financial institution on any sum of money deposited with it jointly by two or more individuals, shall be apportioned among such individuals in accordance with the mandate given to such bank or financial institution in relation to the apportionment among such individuals of such sum or the interest thereon, and such part of the interest as is apportioned to any such individual, shall be deemed to be the interest payable to such individual on such part of such sum as is apportioned to him.

(7) Every bank or financial institution which deducts income tax in accordance with the provisions of subsection (1) from any interest paid by it to any person or partnership, as the case may be, shall issue to such person or partnership a statement setting out the following particulars:—

- (a) the gross amount of the interest paid;
- (b) the rate of tax and the amount of tax deducted;
- (c) the net amount of interest actually paid; and
- (d) the period to which such interest relates.

(8) (a) Where income tax is deductible by any bank or financial institution in accordance with this section, from the interest payable to any individual or charitable institution, such individual or charitable institution may, if the amount of income tax payable by him or it for any year of assessment, had the interest from which tax is deductible under this section been included in the assessable income of such individual or such charitable institution, as the case may be, for that year of assessment, is less than the income tax deductible for that year of assessment under this section, make an application to the Commissioner-General in such form and containing such particulars as may be specified by the Commissioner-General, requesting that a direction be issued to that bank or financial institution to make the necessary adjustments in the deduction of income tax for that year of assessment.

(b) The Commissioner-General or any other officer authorized by the Commissioner-General may, on an application made by any individual or charitable institution under paragraph (a), issue to the bank or financial institution specified in such application, the necessary direction in writing (a copy of which shall be issued to the applicant) and such bank or financial institution shall comply with such direction :

Provided that any such direction issued, may be varied at any time.

(c) Any individual or charitable institution who or which is not satisfied with a direction issued under paragraph (b) in respect of any year of assessment may, within thirty days of

the issue of such direction, appeal to the Commissioner-General in writing setting out precisely the grounds of such appeal. The decision of the Commissioner-General on any appeal made to him under this paragraph, shall be final and conclusive:

Provided that the Commissioner-General shall on request made in writing by such individual or charitable institution, cause an assessment to be made under section 163 on such individual or charitable institution for that year of assessment, for the purpose of enabling such individual or charitable institution to prefer an appeal under section 165 against such assessment.

(d) Every bank and financial institution shall:—

- (i) keep a proper record of the interest paid by it in any year of assessment to any person or partnership and the date or dates on which such interest is paid, in such manner as may be specified by the Commissioner-General ; and
- (ii) permit any officer authorized in writing by the Commissioner- General, to inspect any record maintained by it under sub- paragraph (i) .”.

Amendment of section 134 of the principal enactment.

31. Section 134 of the principal enactment is hereby amended as follows :—

- (1) by the renumbering of that section, as subsection (1) of that section ; and
- (2) by the addition immediately after the re-numbered subsection (1) of that section, of the following new subsection :—

“(2) The excess referred to in subsection (1) shall be deemed to be interest accruing from such Security, Treasury Bond, Treasury Bill or Central Bank Security, as the case may be.”.

32. Section 135 of the principal enactment is hereby amended by the repeal of subsection (2) of that section.

Amendment of section 135 of the principal enactment.

33. Section 137 of the principal enactment is hereby amended as follows :—

Amendment of section 137 of the principal enactment.

- (1) by the renumbering of that section, as subsection (1) of that section;
- (2) in the re-numbered subsection (1) of that section, by the substitution for the words and figure “referred to in section 133, on which”, of the words and figure “referred to in section 134, on which”; and
- (3) by the addition immediately after the re-numbered subsection (1) of that section, of the following new subsection :—

“(2) Where any person is engaged in any primary market transaction or any secondary market transaction involving any corporate debt security issued by or on behalf of any company, on which income tax has been deducted under section 135 during any year of assessment at the rate of ten *per centum* at the time the interest is paid or credited or the discount is allowed on such security, such person shall be entitled to a notional tax credit at ten *per centum* of the grossed up amount of interest income from such transaction, to an amount of one ninth of the same, if such interest income forms part of the statutory income of such person being a company or the assessable income of such person being a person other than a company, for that year of assessment.”.

Amendment of section 138 of the principal enactment.

34. Section 138 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution for the words “Where any person being a company which has included any interest income referred to in section 133 of this Act”, and for the words “assessment, but such company”, of the words “Where any person other than an individual who or which has included any interest income referred to in section 134 of this Act” and of the words “assessment, but such person”, respectively.

Amendment of section 139 of the principal enactment.

35. Section 139 of the principal enactment is hereby amended as follows :—

- (1) in subsection (1) of that section, by the substitution for the words and figures “of section 133 or section 136” and for the words and figures “under section 133 or section 136”, of the words and figures “of section 133 or section 135” and of the words and figures “under section 133 or section 135” respectively ;
- (2) in subsection (5) of that section, by the substitution for the words and figures “under section 133 or section 136”, of the words and figures “under section 133 or section 135” ; and
- (3) in the marginal note to that section, by the substitution for the words and figures “sections 133 or 136.”, of the words and figures “sections 133 or 135.”.

Amendment of section 153 of the principal enactment.

36. Section 153 of the principal enactment is hereby amended as follows :—

- (1) in subsection (1) of that section by the substitution, for the words “of such specified fee.”, of the following words and figures:—

“of such specified fee:

Provided that where the specified fee for any year of assessment commencing on or after April 1, 2007, consists of fees in respect of any construction work, the rate at which income tax is deductible from such fees, shall be one *pre centum*.”; and

- (2) in subsection (2) of that section in the definition of the expression “specified fee”, by the substitution for the words “includes any commission, brokerage or other sums”, of the words “includes any commission, brokerage, a payment made for the supply of any article on a contract basis through tender or quotation or other sums”.

37. Section 166 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words “consisting of not more than twenty members”, of the words “consisting of not more than thirty members”.

Amendment of section 166 of the principal enactment.

38. Section 173 of the principal enactment is hereby amended in subsection (3) of that section as follows :—

Amendment of section 173 of the principal enactment.

- (1) by the substitution for all the words from “For the purposes of this paragraph “income tax”, to the end of sub-paragraph (B) of that subsection, of the following words and figures :—

“For the purposes of this paragraph “income tax”:—

- (A) in relation to a company for any year of assessment shall not include tax payable by that company, under paragraph (b) of subsection (1) of section 61, for that year of assessment ;

(B) in relation to any person, for any year of assessment means, the income tax which would have been payable by such person for the year preceding that year of assessment (hereinafter referred to as the “preceding year”) had any profits and income, other than the net annual value of a residence and any subsidy exempt from income tax under this Act, which were exempt from income tax, under this Act or any other written law and in respect of which such exemption ceased in such preceding year, been taken into account in computing the assessable income of that person for that year of assessment;”;

(2) by the substitution for sub-paragraph (c) of that subsection of the following :—

“(iii) the Commissioner-General may reduce or waive any penalty payable under this section, if it appears to the Commissioner-General that such reduction or waiver is just and equitable in all the circumstances ;

(iv) the Commissioner-General shall waive the penalty accrued on the tax for any year of assessment ending on or before March 31, 2005, and which remained unpaid as at October 1, 2005, if the entirety of such tax is paid in accordance with a scheme agreed to on or before December 31, 2007, with him in that behalf, within a period of not more than three years succeeding the date of such agreement. Where any such scheme so agreed

to is not adhered to, the Commissioner-General shall, notwithstanding the provisions of the preceding paragraph, not reduce or waive such penalty.”.

39. Section 175 of the principal enactment is hereby amended as follows :—

Amendment of section 175 of the principal enactment.

(1) in paragraph (b) of that section, by the substitution for the words “which was in default or goes into default”, of the words “which was in default or went into default” ;

(2) by the insertion immediately after paragraph (b) of that section, of the following new paragraph :—

“(bb) any income tax charged and levied under the Inland Revenue Act, No. 38 of 2000 and which was in default or goes into default on or after April 1, 2006 ;”;

(3) in paragraph (d) of that section, by the substitution for the words and figures “or in section 113”, of the words and figures “or in section 165 of the Inland Revenue Act, No. 38 of 2000, or in section 113” ; and

(4) in paragraph (e) of that section by the substitution for the words “a company is required to pay under this Act ; or under”, of the words “a company was required to pay under”.

40. Section 200 of the principal enactment is hereby amended as follows :—

Amendment of section 200 of the principal enactment.

(1) in subsection (7) of that section, by the substitution for the words and figures “paragraph (a) of section 8, shall be refunded”, of the words and figures “paragraph (a) section 7, shall be refunded” ; and

(2) in subsection (8) of that section:—

(a) by the substitution in paragraph (a) of that subsection, for the word and figure “section 134”, of the words and figures “section 133 or section 134” ; and

(b) in paragraph (b) of that subsection, by the substitution for the word and figure “section 133”, of the words and figures “section 133 or section 134”.

Amendment of section 207 of the principal enactment.

41. Section 207 of the principal enactment is hereby amended by the substitution for the words, “authorized representative to the Commissioner-General or a Commissioner or a Deputy Commissioner or an Assessor, then,”, of the words “authorized representative to the Commissioner-General or the Senior Deputy Commissioner-General or a Deputy Commissioner-General or a Senior Commissioner or a Commissioner or a Deputy Commissioner or a Senior Assessor or an Assessor, then”.

Amendment of section 208 of the principal enactment.

42. Section 208 of the principal enactment is hereby amended and follows :—

(1) in subsection (4) of that section, by the substitution for the words “with the written approval of a Commissioner of Inland Revenue or”, of the words “with the written approval of the Commissioner-General of Inland Revenue or” ; and

(2) in subsection (5) of that section, by the substitution for the words “an Assessor of Inland Revenue, shall be deemed”, of the words “an Assessor of Inland Revenue or a Tax Officer of Inland Revenue, shall be deemed”.

43. Section 217 of the principal enactment is hereby amended as follows :—

Amendment of section 217 of the principal enactment.

- (1) by the insertion, immediately after the definition of the expression “commercial bank”, of the following new definition :—

“Commissioner” means a Commissioner of Inland Revenue, appointed or deemed to be appointed under this Act;”;

- (2) in paragraph (a) of the definition of the expression “Commissioner-General” by the substitution for the words. “includes a Senior Deputy Commissioner, a Deputy Commissioner-General, Senior Commissioner and Deputy Commissioner,”, of the words “includes the Senior Deputy Commissioner-General, a Deputy Commissioner-General, Senior Commissioner, a Commissioner and Deputy Commissioner”;

- (3) by the insertion immediately after the definition of the expression “Deputy Commissioner” of the following new definition :—

“Deputy Commissioner-General” means a Deputy Commissioner-General of Inland Revenue appointed or deemed to be appointed under this Act;”;

- (4) by the repeal of the definition of the expression “mutual fund”; and

- (5) by the insertion immediately after the definition of “Securities and Exchange Commission”, of the following new definitions:—

“Senior Deputy Commissioner-General” means the the Senior Deputy Commissioner-General of Inland Revenue appointed or deemed to be appointed under this Act ;

“Senior Commissioner” means a Senior Commissioner of Inland Revenue appointed or deemed to be appointed under this Act ;”.

Amendment of section 218 of the principal enactment.

44. Section 218 of the principal enactment is hereby amended as follows :—

- (1) in subsection (2) of that section:—
 - (a) by the substitution for the words and figures “under any provisions of the Inland Revenue Act, No. 38 of 2000 for a period specified in those provisions and there remains on March 31, 2000, in relation to any person,” of the words and figures “under any provisions of the Inland Revenue Act, No. 28 of 1979 or of the Inland Revenue Act, No. 38 of 2000, as the case may be, for a period as specified in any of those provisions and there remains on March 31, 2006, in relation to any person,”;
 - (b) by the substitution in the proviso to that subsection, for the words and figures “year of assessment commencing on or after April 1, 2000, shall,”, of the words and figures “year of assessment commencing on or after April 1, 2006, shall,”;
- (2) in subsection (4) of that section, by the substitution for the words and figures “any year of assessment commencing on or after April 1, 2000, such balance shall,”, of the words and figures “any year of assessment commencing on or after April 1, 2006, such balance shall,”;

- (3) by the substitution for subsection (5) of that section, of the following subsection:—

“(5) Where an individual:—

(a) pays on or after April 1, 2006, to the Government of Sri Lanka or to any institution referred to in paragraph (ee) of subsection (2) of section 31 of the Inland Revenue Act, No. 28 of 1979, any amount:—

(i) in the repayment of the capital of any loan ; or

(ii) as monthly payments in terms of any rent purchase agreement, referred to in that paragraph ; or

(b) has incurred prior to April 1, 2006, any expenditure referred to in paragraph (i) of subsection (2) of section 31 of the Inland Revenue Act, No. 38 of 2000, and apportioned to any year of assessment commencing on or after April 1, 2006,

the amount so paid or the expenditure so apportioned, as the case may be, shall, notwithstanding anything in subsection (1) but subject to the conditions specified in the respective paragraphs referred to in paragraph (a) and (b), be deductible from the assessable income of that individual for any year of assessment commencing on or after April 1, 2006, as if the Inland Revenue Act, No. 28 of 1979 or the Inland Revenue Act, No. 38 of 2000, as the case may be, continues to be in force.”;

- (4) by the substitution for subsection (6) of that section, of the following subsection:—

“(6) The allowance for depreciation in respect of any :—

- (a) capital asset acquired prior to April 1, 2000, or any qualified building constructed prior to April 1, 2000 ; or
- (b) capital asset acquired on or after April 1, 2000, but prior to April 1, 2006, or any qualified building constructed on or after April 1, 2000, but prior to April 1, 2006,

shall, notwithstanding the non-application referred to in subsection (1), be computed in accordance with the respective provisions of the Inland Revenue Act, No. 28 of 1979 or the Inland Revenue Act, No. 38 of 2000, as the case may be.”; and

- (5) in the marginal note to that section, by the substitution for the words and figures “Inland Revenue Act, No. 38 of 2000.”, of the words and figures “Inland Revenue Act, No. 28 of 1979 or Inland Revenue Act, No. 38 of 2000.”.

Amendment of the First Schedule to the principal enactment.

45. The First Schedule to the principal enactment is hereby amended as follows :—

- (1) by the substitution for Part IV of that Schedule of the following Part—

“Part IV

The rates of income tax applicable to certain profits from employment specified in subsection (2) of section 35.

- (a) For the year of assessment commencing on April 1, 2006-

Where the period of contribution or the period of service, as the case may be, in relation to the excess referred to in subsection (2) of section 35 (other than any sum referred to in the proviso to that subsection) is less than 20 years.

on the first Rs. 1,000,000 of the sum received

NIL

Where the period of contribution or the period of service, as the case may be, in relation to the excess referred to in subsection (2) of section 35 (other than any sum referred to in the proviso to that subsection) is not less than 20 years.

on the first Rs. 2,000,000 of the sum received

NIL

on the next Rs. 500,000

5 per centum

on the next Rs. 500,000

10 per centum

on the balance

15 per centum

- (b) For any year of assessment commencing on or after April 1, 2007-

Where the period of contribution or the period of service, as the case may be, in relation to the excess referred to in subsection (2) of section 35 (other than any sum referred to in the proviso to that subsection) is less than 20 years.

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on the first Rs. 2,000,000	<i>NIL</i>
on the next Rs. 1,000,000	<i>5 per centum</i>
on the balance	<i>10 per centum</i>

Where the period of contribution or the period of service, as the case may be, in relation to the excess referred to in subsection (2) of section 35 (other than any sum referred to in the proviso to that subsection) is not less than 20 years.

on the first Rs. 5,000,000	<i>NIL</i>
on the next Rs. 1,000,000	<i>5 per centum</i>
on the balance	<i>10 per centum.</i>

- (2) by the addition at the end of Part IV of that Schedule, of the following new Part :—

“Part V

The rate of income tax applicable to any sum referred to in the proviso to subsection (2) of section 35	as per Part I, but subject to a maximum of <i>20 per centum</i> .
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Amendment of the Second Schedule to the principal enactment.

46. The Second Schedule to the principal enactment is hereby repealed and the following Schedule is substituted therefore :—

“SECOND SCHEDULE [Section 61 and 75]

Rates of Income Tax-Companies

PART - A

1. Any venture capital company-on the taxable income for every year of assessment commencing on or after April 1, 2006. *20 per centum*
2. Any unit trust or mutual fund—
 - (a) For the year of assessment commencing on April 1, 2006—
 - (i) on such part of the taxable income as is referred to in sub section (4) of section 75 ; *10 per centum*
 - (ii) on the balance part of the taxable income; *20 per centum*
 - (b) For any year of assessment commencing on or after April 1, 2007—

on the taxable income *10 per centum*

PART - B

1. (a) For the year of assessment commencing on April 1, 2006—

Any company other than a company referred to in PART A and of which the taxable income does not exceed Rs. 5,000,000. *15 per centum*

(b) For any year of assessment commencing on or after April 1, 2007—

any Company—

(A) (i) of which the taxable income does not exceed Rs. 5,000,000 ;

(ii) which is not a company referred to in PART A ; and

(B) which is not the holding company, a subsidiary company, or an associate company of a group of companies.

on the taxable income.

15 per centum

For the purpose of item(B), the expressions “holding company”, “subsidiary company”, and, “group of companies” shall have the same respective meanings which they have in the Companies Act, No.7 of 2007.

2. Any company for the year of assessment in which its shares are first quoted in any official list published by a stock exchange licensed by the Securities and

Exchange Commission of Sri Lanka, (hereinafter referred to as the “first year of assessment”) and for each year of assessment within the period of four years immediately succeeding that first year of assessment, for which the taxable income exceeds Rs. 5,000,000—

on the taxable income for
that year of assessment $33 \frac{1}{3}$ per centum

Provided that where such first year of assessment is any year of assessment which commences prior to April 1, 2006, the rate of $33 \frac{1}{3}$ per centum shall apply in relation to any year of assessment which falls within such period of four years, but which commences on or after April 1, 2006.

3. Any company other than any company herein before referred to in this Schedule, for any year of assessment—

on the taxable income for
that year of assessment 35 per centum

4. Where the taxable income of any company for any year of assessment exceeds five million rupees, then such part of the tax computed in accordance with this Act, as being payable by such company for such year of assessment as is attributable to such excess, shall not be more than such excess.”.

47. (1) Amendments made to sections 4(1), 13, 25(1), 78(1), 102, 153, 218 and the First Schedule to the principal enactment by sections 2(1), 6(4), 10(5) and (6), 25(2) and (3), 26, 36(2), 44(3) and (4) and 45(2) respectively, of this Act, shall be deemed for all purposes to have come into force on April 1, 2006.

Retrospective effect.

(2) The amendment made to section 32(3) of the principal enactment by section 11(1) of this Act, shall be deemed for all purposes to have come into force on November 1, 2006.

Validation of certain exemptions provided for in agreements entered into by the Board of Investment of Sri Lanka.

48. Where, prior to the date of commencement of this Act but on or after April, 1, 2006 the Board of Investment of Sri Lanka has entered into an agreement with an enterprise under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, and the agreement provides for the exemption of the whole or any part of the profits and income of such enterprise from income tax payable under the principal enactment, such exemption shall be deemed to have been and to be, valid and effectual from the date of such agreement, as if such exemption had been expressly granted to that enterprise by the principal enactment.

Sinhala text to prevail in case of inconsistency.

49. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**PREVENTION OF MOSQUITO BREEDING
ACT, No. 11 OF 2007**

[Certified on 11th April, 2007]

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Prevention of Mosquito Breeding Act, No. 11 of 2007

[Certified on 11th April, 2007]

L. D.—O. 98/2002

AN ACT TO PROVIDE FOR THE PREVENTION OF MOSQUITO BREEDING ; FOR THE ERADICATION OF PLACES OF MOSQUITO BREEDING AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS dengue fever and dengue haemorrhagic fever has become a major public health problem in Sri Lanka, with the number of persons infected and dying of this disease increasing rapidly : Preamble.

AND WHEREAS there is at present no vaccine available to prevent this serious disease nor is there any specific treatment to cure the disease :

AND WHEREAS the only method of preventing and controlling the spread of the disease is by destroying breeding places of the mosquito which spread the disease :

AND WHEREAS it has become necessary to effectively deal with this health problem from a national perspective by the formulation of a National Policy and by the appointment of a Competent Authority and other officers to be responsible for the implementation of the National Policy :

NOW THEREFORE BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Prevention of Mosquito Breeding Act, No. 11 of 2007. Short title.

2. For the purpose of ensuring the prevention and eradication of all mosquito borne diseases, it shall be the duty of every owner or occupier of any premises to cause :— Prohibition against creating conditions favourable to the breeding of mosquitoes.

- (a) open tins, bottles, boxes, coconut shells, split coconuts, tyres or any other article or receptacle found in or within such premises , capable of holding water, to be removed, destroyed or otherwise effectively disposed of ;

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- (b) gutters, down-pipes and drains to be cleared of all obstructions, so as to allow a smooth flow of water;
- (c) cisterns, tanks, air conditioners and other receptacles for water to be maintained in good repair, closed and covered so as to prevent the breeding of mosquitoes;
- (d) any well found in the premises and its surroundings to be maintained and kept in good repair so as to make it mosquito-proof and thereby prevent the breeding of mosquitoes;
- (e) any artificial pond or pool found in such premises to be emptied at least once in every week;
- (f) any casual collection of water within the premises which is conducive to mosquito breeding, to be regularly drained;
- (g) shrubs, undergrowth and all other types of vegetation, other than those grown for the purpose of food or those which are ornamental, found within or outside any building or structure within the premises used as a dwelling place which has become a breeding place for mosquitoes, to be removed;
- (h) the removal and destruction of the water plants having the botanical name “*Pistia Stratiotes*” and commonly known as “*Diya Parandal*”, “*Kondepasei*”, “*Telpassy*”, “*Barawa-Pasi*”, “*Nanayaviraddi*” and of any other water plant, or plants, found within the premises, which may facilitate the breeding of mosquitoes;
- (i) the prevention of the spread of any water plant referred to in paragraph (h) by the erection of suitable barriers where necessary, having obtained the approval of any relevant authority, which will stop such plant from floating along any water-course; and

- (j) the elimination or the prevention of any other condition favourable to the breeding of mosquitoes, in or within the premises.

3. (1) Where it appears to the Competent Authority that any premises or anything kept or maintained therein has become favourable to the breeding of mosquitoes, the Competent Authority may by written Notice require the owner or occupier of such premises, to adopt or take any one or more of the following measures within the time specified in such Notice :—

Owner or occupier to be directed to take certain measures.

- (a) the repair of all gutters, down-pipes and drains of any building found in that premises;
- (b) the construction or reconstruction of any cistern, tank or artificial pond found in the premises in such manner so as to make it capable of being emptied periodically;
- (c) to temporarily drain and clear any cistern, tank or pond found in the premises and the closing thereof when it is no longer being used by the owner or occupier of the premises;
- (d) to maintain any well found in the premises in such condition so as to prevent the breeding of mosquitoes;
- (e) to fill-up, drain or treat with larvicide, any excavation, disused well, cesspit, pond or any other place where water is capable of being collected and stagnated;
- (f) to fill up pits and low lying areas found within the premises;
- (g) to fill-up or drain or treat once a week with larvicide, swamps and water courses and water logged area as found in the premises;

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- (h) remove, uproot and destroy water plants having the botanical name "Pistia Stratiotes" and commonly known as "DiyaParandal", "Kondepasei", "Barawa Pasei", or "Nanayaviraddi" "Telpassy", or of any other water plant or plants which may be found to afford breeding conditions to mosquitoes;
- (i) prevent the spread of any water plant referred to in paragraph (h), by the erection of suitable barriers which will stop such plant from floating along any water-course; and
- (j) any other measures, which the Competent Authority or any Public Health Inspector authorised in that behalf, may deem necessary.

(2) The written Notice referred to in subsection (1), shall further inform that in the event the owner or occupier neglects or fails to comply with such Notice within the time specified therein, the Competent Authority shall be forced to carry out the measures specified in the Notice, and any expenses incurred in carrying out the same shall be recovered from such owner or occupier.

Failure to comply with requirements imposed by sections 2 or 3 to be an offence.

4. (1) Every owner or occupier who contravenes or fails to comply with any duty or requirements imposed by sections 2 or 3 of this Act, shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate, be liable to a fine not less than one thousand rupees and not exceeding twenty five thousand rupees and in the case of a continuing offence, to a fine of one hundred rupees for each day on which such offence is continued to be committed after conviction:

Provided that no such owner or occupier shall be deemed to be guilty of that offence, if such owner or occupier proves to the satisfaction of the Magistrate, that such offence was committed without his knowledge or that he exercised all due care and diligence to prevent the commission of such offence.

(2) The Magistrate may, where the person is found guilty of having failed to comply with a duty imposed by section 2 of this Act, in addition to the imposition of the fine referred to in subsection (1), require such owner or occupier to take such preventive or corrective measures as the Magistrate may deem appropriate in order to prevent the breeding of mosquitoes, in compliance with the duties imposed on such owner or occupier by that section.

5. (1) Where the owner or occupier of any premises on whom any written Notice has been issued under section 3 of this Act, neglects or fails to comply with the requirements of such written Notice within the time specified therein, the Competent Authority may authorize in writing any officer or officers, as the case may be, to enter such premises at any reasonable hour during the day and carry out the work or measures specified in the Notice which the owner or occupier has neglected or failed to do. Prior to commencing any work or measure under this subsection, such officer or officers shall be required to show the owner or occupier, a copy of the document issued by the Competent Authority by which such officer or officers were authorized to carry out such work or measure.

Competent Authority to carry out work or measures.

(2) Nothing contained in subsection (1) shall preclude an owner or occupier who failed to comply with a Notice so issued, from being prosecuted for an offence under section 4 of this Act.

(3) Where any works or measures are adopted or executed under subsection (1), the amount of expenses incurred as cost shall be payable by the owner or occupier to the Competent Authority, within two weeks of the date on which the demand for payment of the same is communicated to such owner or occupier.

(4) Where the owner of any premises in respect of which a sum of money is due and owing under subsection (3) of this section, sells or transfers such premises before payment of the money due, such owner shall, notwithstanding the sale or transfer of such premises, continue to be liable to pay the amount due.

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Recovery of expenses incurred as cost under section 5.

6. (1) Where an owner or occupier fails to make the payment within two weeks of the demand for payment being communicated to him under subsection (3) of section 5, the Competent Authority shall issue a Certificate containing particulars of the amount due as expenses incurred in carrying out such work or measures, to the Magistrate having jurisdiction over the area in which such premises is situated.

(2) The Magistrate shall thereupon summon such owner or occupier, as the case may be, to appear before him and show cause as to why further proceedings for the recovery of the amount due should not be taken against him and in default of sufficient cause being shown, the amount shall be deemed to be a fine imposed by a sentence of the Magistrate on such owner or occupier, for an offence punishable with a fine only or not punishable with imprisonment .

(3) Where the Competent Authority issues a Certificate under subsection (1), he shall also cause a notification thereof to be issued to the relevant owner or occupier. Non-receipt of a notification issued to an owner or occupier, shall not invalidate any proceedings under this section.

(4) Nothing in this section shall authorize or require a Magistrate in any proceedings thereunder, to consider, examine or decide the correctness of any statement contained in the Certificate issued by the Competent Authority.

(5) Any sum levied as a fine under subsection (2), shall be transmitted by the Magistrate to the Competent Authority.

Spraying of pesticides.

7. (1) The Competent Authority may by notice in writing served on any owner or occupier of a premises, require such owner or occupier to spray any pond, cistern, fountain or any other place where water collects and where mosquitoes are found to be breeding, with such type of pesticide as specified in such notice and within the time specified therein.

(2) The failure to comply with a notice issued under subsection (1) within the time specified shall be an offence under this Act, and on conviction after summary trial before a Magistrate, such owner or occupier shall be liable to a fine not exceeding one thousand rupees.

8. (1) No owner, occupier or any other person shall knowingly or wilfully, resist or obstruct the Competent Authority or any person to whom he has delegated the performance or discharge of any of his duties or functions under this Act, in the lawful performance or discharge of those duties or functions.

Resisting or obstructing Competent Authority &c;.

(2) Any owner, occupier or any other person who acts in contravention of the provisions of subsection (1) of this section shall be guilty of an offence under this Act, and on conviction after summary trial before a Magistrate, be liable to a fine not exceeding fifty thousand rupees or to a term of imprisonment not exceeding six months, or to both such fine and imprisonment.

9. (1) An owner or occupier or any other person shall not knowingly or willfully, commit any act which is likely to —

Lessening the efficiency of any measures adopted.

(a) cause the deterioration of any anti-mosquito measures carried out or adopted in any premises ; or

(b) lessen the efficacy of any anti-mosquito measures carried out or adopted in any premises,

whether such measures were carried out or adopted by the owner or occupier of the premises or by the Competent Authority as the case may be.

(2) Any owner, occupier or any other person who acts in contravention of the provisions of subsection (1), shall be guilty of an offence under this Act, and on conviction after summary trial before a Magistrate, be liable to a fine not

exceeding ten thousand rupees or to a term of imprisonment not exceeding three months or to both such fine and imprisonment.

Co-owners and co-occupiers to be liable severally.

10. Where any premises are in the occupation of more than one person or where any property is co-owned by more than one person, for the purpose of the enforcement of the provisions of this Act, each of the occupiers and each of the co-owners shall be severally liable for any neglect or failure to comply with any requirements imposed by or under this Act.

Protection for an act or omission done or purported to be done in good faith.

11. No suit or prosecution shall lie against an owner or occupier of a premises, for any act or omission which is done or purported to be done in good faith.

Directions to be issued to local authorities who fail to maintain drains, canals &c., which they are required to maintain.

12. (1) Where any drain, canal, water course or swamp found within the administrative limits of a local authority which such authority is required to maintain in proper condition, is found to have become conducive to the breeding of mosquitoes due to the failure or negligence on the part of such local authority to maintain the same in such proper condition, the Competent Authority shall have the power to issue such directions as he may consider necessary or appropriate, to rectify such situation and prevent the breeding of mosquitoes.

(2) A local authority which fails to comply with any directions issued under subsection (1) shall be guilty of an offence under this Act, and any prosecution for such an offence instituted by the Competent Authority, shall be filed against the Chairman of such local authority or any other Competent Authority appointed under any law relating to local authorities to act on behalf of that local authority.

13. (1) Subject to the provisions of subsection (2), the Competent Authority shall have the power to enter any premises at any reasonable time—

Power of entry and inspection.

- (a) to carry out any survey, inspection or search for the purpose of determining whether—
 - (i) any duties imposed by section 2 of this Act are being complied with by the occupier or owner of such premises; or
 - (ii) any measures are necessary, and if so the extent to which they are necessary, for the elimination or the prevention of the breeding of mosquitoes;
- (b) to execute any work or measure required to be carried out under section 5 of this Act.

(2) For the purpose of carrying out any survey, inspection or search under subsection (1), written consent to enter the premises shall be obtained —

- (i) where the premises concerned is a place of religious worship or is a place not open to the public, from the person in charge of such premises or any other competent person; or
- (ii) where the premises concerned is used as a place of private residence, from the owner or occupier of such residence.

(3) Where a consent that is required to be obtained under subsection (2) is unfairly refused and the Competent Authority is satisfied that there is reason to suspect that any requirement imposed under this Act is not being complied with, the Competent Authority may obtain from a Magistrate's Court a search warrant for the purpose of entering such premises or private residence, as the case may be, and exercise all or any of the powers conferred upon him by such search warrant.

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Competent Authority and delegation by the Competent Authority.

14. (1) The Director-General of Health Services shall be the Competent Authority for the purposes of this Act and shall be charged with the effective implementation of the provisions of this Act.

(2) The Director-General of Health Services may, whenever he considers it necessary and expedient, delegate the performance or discharge of any duty or function imposed upon him by this Act in his capacity as the Competent Authority, to a Medical Officer of Health or to a Public Health Inspector in any area, and the officer to whom the duty or function was so delegated, shall perform or discharge the same subject to the control and supervision of the Competent Authority.

(3) An officer to whom a delegation is made under subsection (2) of this section shall, in the performance and discharge of the duties and functions so delegated, exercise the same power of entry and inspection as given to the Competent Authority under section 13 of this Act, and any obstruction caused to such officer shall be an offence under section 8 of this Act.

(4) The Competent Authority may give such directions as he may deem necessary, to any Public Health Inspector or Medical Officer of Health with regard to the effective implementation of the provisions of this Act and any regulations made thereunder and every such officer to whom any such directions are given, shall be required to comply with the same.

Offences to be cognizable offences.

15. Notwithstanding anything to the contrary in the Code of Criminal Procedure Act, No. 15 of 1979, every offence under the Act shall be deemed to be a cognizable offence within the meaning and for the purposes, of that Act.

Prosecutions under this Act to require sanction.

16. A prosecution for any offence under this Act shall not be instituted except with the sanction of the Competent Authority or the Medical Officer of Health of the area where the offence is alleged to have been committed.

17. (1) Where an offence is found to have been committed under this Act by an owner or occupier, prior to a prosecution being instituted, a Public Health Inspector shall be required to serve a written notice upon the alleged offender requiring such person to adopt or take such corrective measures as shall be specified in such notice, within two weeks of the receipt of the same. A person upon whom a notice is served under this subsection may request for an extension of time within which to adopt or take the corrective measures required, and the Public Health Inspector may in consultation with the Medical Officer of Health of the area, grant or refuse to grant such extension. No extension shall be granted beyond a period of a further two weeks.

Prosecution
procedure.

(2) On the expiry of the time granted for adopting or taking the required corrective measures under subsection (1), the Public Health Inspector who served the notice shall inspect the measures adopted or taken and within one week of carrying out the inspection, submit a report on the same to the Medical Officer of Health of the area. In the report submitted, the Public Health Inspector may, where he considers it necessary, recommend the institution of proceedings against the alleged offender.

(3) Where the Public Health Inspector recommends being institution of proceedings, the Medical Officer of Health shall, subject to the provisions of subsection (4) of this section, grant sanction for the same within one week of the receipt of such recommendation.

(4) A Medical Officer of Health to whom a recommendation for the institution of proceedings has been made under subsection (2) may, where on the information contained in the report submitted along with such recommendation, he considers that the institution of proceedings is not warranted, shall be required himself to inspect the measures adopted or taken by the alleged offender and submit his own recommendations on the same, to the Competent Authority. The Competent Authority shall within

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two weeks of receiving the recommendation, arrive at a final decision as to whether prosecution should or should not be instituted against the alleged offender.

Competent Authority etc. to be peace officers.

18. The Competent Authority and any person to whom any of his functions and duties has been delegated shall, in the discharge and performance of such function or duty, be deemed to be peace officers within the meaning of the Code of Criminal Procedure Act, No. 15 of 1979, for the purpose of exercising any of the powers conferred upon peace officers by that Act.

Service of notices.

19. Any notice required to be served on an owner or occupier of a premises under sections 3, 7 or 17 of this Act, may be effected either personally by handing over such notice to the owner or occupier of the premises or by affixing such notice in a conspicuous place within the premises.

Act to bind the Republic etc.

20. The provisions of this Act shall apply to and shall bind the Republic and any Ministry or Department of the Government of Sri Lanka.

Protection for action taken under this Act.

21. No civil or criminal proceedings shall be instituted against the Competent Authority or against any Medical Officer of Health or Public Health Inspector to whom the performance or discharge of any function or duty imposed upon the Competent Authority by this Act has been delegated under subsection (2) of section 14 of this Act, for any act which in good faith is done or purported to be done by such Medical Officer of Health or Public Health Inspector, as the case may be.

Offences committed by a body of persons.

22. Where an offence under this Act is committed by a body of persons, then —

- (a) if that body of persons is a body corporate, every director, manager or secretary of that body corporate;

- (b) if that body of persons is a partnership, every partner of that partnership;
- (c) if that body of persons is an unincorporated body, every individual who is a member of that body; and
- (d) if that body of persons is a local authority, the Chairman of such local authority or any other Competent Authority appointed under any law relating to local authorities to act on behalf of that local authority shall be guilty of that offence :

Provided that any person referred to in paragraphs (a), (b), (c) and (d) above shall not be deemed to be guilty of such offence, if such person proves to the satisfaction of the court that such offence was committed without his knowledge or that he exercised all due care and diligence to prevent the commission of such offence.

23. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act. Regulations.

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations in respect of all or any of the following matters :—

- (a) issuing guidelines as to the form of any notice required to be sent by the Competent Authority to any owner or occupier under this Act;
- (b) recommending the measures to be taken and the type of pesticides to be used by an owner or occupier of any premises to eradicate the breeding of mosquitos; and
- (c) issuing guidelines on Anti-Mosquito measures to the Anti-Malaria Campaign and any other similar Agency functioning under the Ministry, for the prevention and eradication of the breeding of mosquitos.

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(3) Every regulation made by the Minister shall be published in the *Gazette*, and shall come into operation on the date of such publication or on such later date as shall be specified in the regulation.

(4) Every regulation made by the Minister shall as soon as convenient after its publication in the *Gazette*, be brought before Parliament for its approval.

(5) Any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval, but without prejudice to anything previously done thereunder.

(6) The date on which any regulation shall be deemed to be rescinded, shall be published in the *Gazette*.

Sinhala text to prevail in case of inconsistency.

24. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Interpretation.

25. In this Act, unless the context otherwise requires—

“Director-General of Health Services” means the Director of Health Services appointed under section 3 of the Health Services Act (Chapter 219);

“Medical Officer of Health” means any officer appointed to the designated post of Medical Officer of Health in the Department of Health Services or any officer acting in that post, and includes a Chief Medical Officer of Health, a Deputy Chief Medical Officer of Health and a Medical Officer of Health in the service of a Municipal Council who is serving within the administrative limits of such Council;

“occupier” means a person in occupation of any premises or having the charge, management or

control thereof, whether on his own account or as an agent of any other, but does not include a lodger;

“owner” includes a co-owner, a lessee, any person who by whatever right is entitled to the rent or produce of any premises and any individual, institution, body corporate or official who is responsible for the proper maintenance of the premises;

“premises” means any land together with any building or part of a building standing thereon; and

“Public Health Inspector” means any officer appointed to such post in the Department of Health Services and includes any Public Health Inspector of a local authority, who is authorized by the Competent Authority to perform any function as a Public Health Inspector under this Act.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**DEBITS TAX (AMENDMENT)
ACT, No. 12 OF 2007**

[Certified on 11th April, 2007]

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Debits Tax (Amendment) Act, No. 12 of 2007

[Certified on 11th April, 2007]

L.D.—O. 5/2007

AN ACT TO AMEND THE DEBITS TAX ACT, NO. 16 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Debits Tax (Amendment) Act, No. 12 of 2007. Short title.
- 2.** The Debits Tax Act, No. 16 of 2002 (hereinafter referred to as “the principal enactment”) is hereby amended by the substitution for the words “commercial bank or a specialized bank” wherever such words appear in that Act, other than in section 5, subsection (2) of section 6, subsection (2) of section 9, subsection (2) of section 10, subsections (1) and (2) of section 14, subsection (1) of section 15 and subsection (2) of section 18 thereof, of the words “commercial bank, specialized bank or a finance company”. General amendment to the Debits Tax Act, No. 16 of 2002.
- 3.** Section 2, section 3, section 4, subsection(1A) of section 9, paragraphs (b), (c) and (e) of subsection (1) of section 13 and subsection (4) of section 13 of the principal enactment are hereby amended in paragraph (a) of each of those sections, by the substitution for the words “commercial bank” of the words “commercial bank or specialized bank”. Amendment of sections 2, 3 and 4 of the principal enactment.
- 4.** Section 19 of the principal enactment is hereby amended as follows :— Amendment of section 19 of the principal enactment.

 - (1) in the definition of the expression “current account”, by the substitution for the words “a resident foreign currency account, an account in a foreign currency banking unit and a share investment external rupee account” of the words “a Resident Foreign Currency Account, an account in a Foreign Currency Banking Unit, a Share Investment External Rupee Account and a Treasury Bond Investment External Rupee Account”; and

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- (2) in the definition of the expression “savings account”, by the substitution for the words “which is maintained at a licensed commercial bank or a licensed specialized bank” of the words “which is maintained at a licensed commercial bank, a licensed specialized bank or a finance company”.

Sinhala text to prevail in case of inconsistency.

- 5.** In the case of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
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**FINANCE (AMENDMENT)
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Finance (Amendment) Act, No. 13 of 2007

[Certified on 11th April, 2007]

L.D.—O. 2/2007.

AN ACT TO AMEND THE FINANCE ACT, NO. 11 OF 2006 ; THE FINANCE ACT, NO. 5 OF 2005 AND THE FINANCE ACT, NO. 11 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Finance (Amendment) Act, No. 13 of 2007. Short title.

PART I

AMENDMENT OF THE FINANCE ACT, NO. 11 OF 2006

2. Part I of the Finance Act, No. 11 of 2006 (Motor Vehicle Concessionary Levy) (hereinafter in this Part referred to as the “principal enactment”) is hereby amended in section 2 thereof, as follows :— Amendment of the Finance Act, No. 11 of 2002.

- (1) by the re-lettering of paragraph (b) of subsection (1) of that section as paragraph (b) (i) thereof ;
- (2) by amending the re-lettered paragraph (b) (i) as follows :—
 - (i) by the substitution for the words “from every individual who,” of the words “for the period commencing on March 31, 2006 and ending on the date of commencement of this Act, from every individual who,” ; and
 - (ii) by the substitution for the words “on the aggregate of such taxes and levies.”, of the words “on the aggregate of such taxes and levies, where such individual has commenced the importation process by the opening of a Letter of Credit.”;

(3) by the addition immediately after the re-lettered paragraph (b) (i) of the following paragraphs :—

“(ii) from and after the date of commencement of this Act, from every individual who has not in terms of paragraph (i) above availed himself of the concession referred to therein, or every individual who has paid in respect of any period of five consecutive years of assessment, commencing on April 1, 2001, income tax in terms of the Inland Revenue Act, No. 38 of 2000 or the Inland Revenue Act, No. 10 of 2006, as the case may be, an amount not less than rupees two hundred and fifty thousand (250,000/-) in respect of each such year of assessment and certified as such by the Commissioner-General of Inland Revenue, imports a motor vehicle falling within a category of motor vehicles as may be determined by the Minister by Order published in the *Gazette* to be a permitted motor vehicle, shall be required to pay at the time of importation of such vehicle, the levy calculated on the applicable rate from and out of such rate or rates as may be determined by the Minister by Order published in the *Gazette*, of the aggregate of any tax or fiscal levy which such individual is liable to pay in terms of the Customs Ordinance (Chapter 235), the Excise (Special Provisions) Act, No. 13 of 1989 and the Value Added Tax Act, No. 14 of 2002 ;

(iii) for the purpose of sub-paragraphs (i) and (ii) of this paragraph, the expression “date of commencement of this Act” means the date on which Finance (Amendment) Act, No. 13 of 2007 comes into force.” ; and

- (4) by the addition at the end of this section, of the following new subsection :—

“(3) Any year of assessment which has once been taken in to account in the calculation of the period of five years, shall not be taken into consideration in the calculation of a period of five years thereafter.”.

3. The amendment made to by this Act to paragraph (b) (i) of subsection (1) of section 2 of the principal enactment, shall for all purposes be deemed to have come into force on March 31, 2006.

Retrospective operation.

PART II

AMENDMENT OF PART III OF THE FINANCE ACT, NO. 5 OF 2005

4. Part III (Construction Industry Guarantee Fund Levy) of the Finance Act, No. 5 of 2005, is hereby amended as follows :—

Amendment of Part III of the Finance Act, No. 5 of 2005.

- (1) in section 14 of that Part, by the substitution for the words “to the Institute for Construction Training and Development (hereinafter referred to as “ICTAD”)” of the words “to the Commissioner-General of Inland Revenue”;
- (2) in section 15 of that Part—
- (a) by the substitution for the word “ICTAD” of the words “the Commissioner-General of Inland Revenue” ; and
- (b) in the marginal note to that section, by the substitution for the word “ICTAD”, of the words “Commissioner-General of Inland Revenue”;

- (3) in section 17 of that Part, by the substitution for the words “ICTAD shall maintain a record of all amounts collected by it in relation” of the words, “the Commissioner-General shall maintain a record of all amounts collected in relation”;
- (4) in section 18 of that Part, by the substitution for the words “ICTAD shall maintain a record of all amounts collected by it in relation” of the words, “the Commissioner-General shall maintain a record of all amounts collected in relation”;
- (5) in section 19 of that Part, by the substitution in subsections (2), (3), (4), (5) and (6) thereof, for the words “ICTAD” wherever such word appears in such subsections, of the words “the Commissioner-General of Inland Revenue”;
- (6) in section 20 thereof—
 - (a) by the insertion immediately before the definition of the expression “construction contractor” of the following definition :—

“Commissioner-General of Inland Revenue”
shall have the same meaning as in the
Inland Revenue Act, No. 10 of 2006 ;
and
 - (b) by the repeal of the definition of the expression “the Institution for Construction, Training and Development (ICTAD)”;
- (7) in section 22 thereof, by the addition at the end of that section of the following paragraph :—

“For the purposes of this section, “ICTAD” means the Institution for Construction, Training and Development, being an industrial undertaking which is constituted

and established by Order made under section 3 of the State Industrial Corporations Act, No. 49 of 1957 and published in Gazette Extraordinary No. 718/15 of June 10, 1992.”.

5. In case on an inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
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**VALUE ADDED TAX (AMENDMENT)
ACT, No. 14 OF 2007**

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*Value Added Tax (Amendment)
Act, No. 14 of 2007*

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L. D. — O. 3/2007

AN ACT TO AMEND THE VALUE ADDED TAX ACT, NO. 14 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Value Added Tax (Amendment) Act, No. 14 of 2007, and shall be deemed to have come into effect on January 1, 2007. Short title.

2. Section 5 of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (4) of that section, by the substitution for the words “of like nature as the case may be.” of the words

“of like nature as the case may be :

Provided however, in the case of a supply of services made under any lottery , any commission including the Value Added Tax charged on such commission, paid to any agent on the sale of a lottery, if any, shall be deducted in addition to the deductions referred to in this subsection.”.

3. Section 21 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for the words “after the expiry of each taxable period a return of his supplies” of the words “after the expiry of each taxable period, a return either in writing or by electronic means, of his supplies”. Amendment of section 21 of the principal enactment.

4. Section 22 of the principal enactment is hereby amended as follows :— Amendment of section 22 of the principal enactment.

(1) in the second proviso to subsection (1) of that section, by the substitution for the words “the Customs Ordinance shall be charged” of the words and figures “the Customs Ordinance (Chapter 235) or access under subsection (1) of section 14 of Sri Lanka Export Development Act, No. 40 of 1979, shall be charged”;

- (2) in subsection (3) of that section, by the substitution in the fourth proviso thereto, for the words “the purchase of goods or services specified in the Fourth Schedule (Luxury Rate) by any person which is allowable under this Act shall be restricted to fifteen *per centum*.” of the words “the purchase or importation of goods or the purchase of services specified in the Fourth Schedule (Luxury Rate) which is allowable by any person under this Act shall be restricted to fifteen *per centum* other than in relation to the input tax paid on any goods imported including any goods received from a bonded area, by a registered person who imports or receives such goods, being raw-material to be used by such person for the purpose of manufacture and export of goods so manufactured”;
- (3) in subsection (5) of that section, by the substitution for the words “the input tax allowable under this Act exceeds the amount of the output tax” of the words and figures “subject to subsection (10), the input tax allowable under this Act exceeds the amount of the output tax”;
- (4) in subsection (6) of that section—
 - (a) in paragraph (ii), by the substitution for the words “not connected with a taxable activity” of the words “not connected with a taxable activity or not included in the value of taxable supply”;
 - (b) in the second proviso, by the substitution for the words and figures “such input tax for any taxable period commencing on or after January 1, 2003” of the words and figures “such input tax for any taxable period commencing on or after January 1, 2003 but prior to January 1, 2007.”.

- (5) by the addition immediately after subsection (9) of that section, of the following new subsection :—

“(10) The amount of input tax allowable under the preceding provisions of this section for any taxable period, shall be further restricted to a lesser amount of eighty five *per centum* of the output tax declared for that taxable period or the input tax allowable under the provisions of this Act. The residue, if any, of allowable input tax including the excess input tax as at December 31, 2006, in the case of a registered person who imports goods for re-sale without processing referred to in the third proviso to subsection (5) of section 22 restricted to eighty-five *per centum*, shall be deemed to be a part of the input tax allowable in the subsequent taxable period or periods, subject however to the same restriction:

Provided however, the above restriction shall not apply in relation to input tax attributable to—

- (i) supplies which are zero rated;
- (ii) supplies on which the tax is differed under this Act, being supplies; made to exporters registered with Textile Quota Board established under the Textile Quota Board Act, No. 33 of 1996 or with the Export Development Board established under the Export Development Act, No. 40 of 1979, by a registered person with the Textile Quota Board or the Export Development Board as the case may be, referred to in paragraph (c) of subsection (2) of section 2; and
- (iii) project related goods or services during the project implementation period, incurred by a person who is registered under subsection (7) of section 22.”.

Amendment of section 25 of the principal enactment.

5. Section 25 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for the words “so undercharged or overcharged.” of the words,

“so undercharged or over charged :

Provided however, the adjustment in respect of input tax under claimed on an original tax invoice shall be made in respect of a tax debit note or a tax credit note issued not later than six months after the issue of the original tax invoice, to which the tax debit note or the tax credit note relates.”.

Insertion of new Chapter IIIB in the principal enactment.

6. The following new Chapter is hereby inserted immediately after Chapter IIIA of the principal enactment and shall have effect as Chapter IIIB (sections 25H and 25I) of that enactment :—

“CHAPTER IIIB

Imposition of optional value added tax.

25H. (1) A tax (hereinafter referred to as “optional value added tax”) shall be charged on the aggregate turnover from each taxable activity carried on, or carried out, in Sri Lanka by a person or a partnership, if such person or partnership is registered under this Chapter in accordance with the provisions of this Chapter for every quarter commencing on or after January 1, 2007, at the rate of five *per centum*.

(2) For the purposes of this Chapter “turnover” in relation to any taxable activity means the total amount received or receivable from transactions entered into in respect of the taxable activities carried on, or carried out, in Sri Lanka, other than any supply specified in the First Schedule, or zero rated supplies referred to under section 7, or supplies referred to in section 3 of the Act or to the sale of any capital assets.

(3) In this subsection —

“capital assets” shall have the same meaning as is given to it in section 25 of the Inland Revenue Act, No. 10 of 2006.

“quarter” means the period of three months commencing on the first day of January, the first day of April, the first day of July and the first day of October of each year.

Registration. 25I. (1) A person or a partnership referred to in subsection (2), may apply for registration under this Chapter and—

(a) the Commissioner General shall, if he is satisfied that the conditions specified in subparagraphs (i) and (ii) of paragraph (a) of subsection (2) are complied with, register such person or partnership on a request made for registration and shall forthwith assign a registration number to such person or partnership ;

(b) such registration shall be valid for a period of three years from the date of commencement of the quarter in which the registration is obtained or up to the end of the quarter in which the aggregate turnover of such person or partnership exceeds rupees two million and five hundred thousand per year, whichever occurs first.

(2) (a) the provisions of subsection (1) shall apply to any person or partnership—

(i) whose aggregate turnover from every taxable activity carried on or carried out, does not exceed rupees two million and five hundred thousand per year or six hundred and twenty five thousand per quarter; and

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- (ii) who or which is not registered under Chapter II.

(b) Any person or partnership registered under this Chapter may apply to the Commissioner-General to cancel such registration and further request the Commissioner-General to register him under Chapter II, at any time during the period in which registration under this Chapter subsists.

(c) The provisions of Chapters I, II, III or IIIA shall not apply to a person or partnership whose registration during the period is subsisting under this Chapter.”.

Insertion of new section 26A in the principal enactment.

7. The following new section is hereby inserted immediately after section 26 of the principal enactment and shall have effect as section 26A of that enactment :—

“Deduction of tax from payments.

26A. (1) Every Government Agency which makes payment in pursuance of a contract to which such Agency is a party or on behalf of any other person who is a party to a contract shall, deduct from such payment one- third of the tax included in such payment, and the amount of tax so deducted shall be a debt due from such Government Agency to the Republic and shall be recoverable forthwith or may be assessed and charged upon such Government Agency in addition to any tax, if any, otherwise payable by such Government Agency under this Act :

Provided that no such deduction shall be made —

- (i) where the total consideration for the performance of such contract does not exceed five hundred thousand rupees excluding the Value Added Tax; or

- (ii) where the payment made is an immediate settlement for the goods supplied on contract ; or
- (iii) where the Commissioner-General is of the opinion that deduction is impracticable or inexpedient having regard to all the circumstances of the case.

(2) Any Government Agency who deducts tax in accordance with the provisions of subsection (1) shall —

- (a) issue to the person from whose payment the deduction is made, a Certificate showing —
 - (i) the gross amount of payment ;
 - (ii) the total tax and the amount of one-third of the tax so deducted ;
and
 - (iii) the net amount actually paid; and
- (b) remit the tax so deducted in any calendar month on or before the end of the first week of the subsequent month to the Commissioner-General together with the statement showing—
 - (i) the name and address of the person to whom the payment was made and the registration number of such person ;
 - (ii) the gross amount of such payment ;

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- (iii) the total tax, one-third of the tax deducted and the amount actually paid ;
- (iv) the name and address of the Government Agency who made the payment and the registration number, if any ; and
- (v) details of remittances, the cheque numbers and the date of payment.

(3) Where the taxable supplies of a person includes a sum from which tax has been deducted and remitted in accordance with subsection (1) and (2), he shall be entitled on production of the Certificate relating to such sum issued in accordance with subsection (2), to set off against the tax payable by him the amount shown in the Certificate as the amount of tax deducted.

(4) For the purposes of this section “contract” means —

- (i) any contract in respect of construction work or services of whatever nature not being a contract of employment ;
- (ii) any contract for the supply of goods or services in respect of any contract specified in sub-paragraph (i) ;
- (iii) any sub contract in respect of any contract specified in sub-paragraphs (i) or (ii) ; or
- (iv) any contract for the provision of services including a contract for the

provision of services as an entertainer or artist other than a contract of employment.

(5) For the purposes of this section “Government Agency” means any Ministry, Department, Government Owned Business Undertaking, public corporation, Provincial Council, local authority, University, State bank, project funded by any Government institution for which funds are provided from the Consolidated Fund and the Board of Investment.

(6) Where any person fails to deduct tax in terms of subsection (1) or fails to remit under sub section (2) any tax payable to the Commissioner General, such tax shall be deemed to be in default and the provision of this Act relating to the recovery of tax shall accordingly apply on any such default tax.

(7) Any person who has made any deduction under subsection (1) or any remittance in pursuance of subsection (2) shall be deemed to have acted under the authority of the person by whom the tax was payable and of all other persons concerned, and is hereby indemnified in respect of such deduction or remittances as the case may be, against all proceedings, civil or criminal, notwithstanding the provision of any written law, contract or agreement.

8. Section 76 of the principal enactment is hereby amended, in the third proviso to subsection (1) of that section by the substitution for the words “ if such supply subsequently becomes an exempt supply except in the case of providing leasing facilities for three wheelers” of the words and figures “if such supply becomes an exempt supply on or before December 31, 2006.”.

Amendment of section 76 of the principal enactment.

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Act, No. 14 of 2007

Amendment of
the First
Schedule to the
principal
enactment.

9. The First Schedule to the principal enactment is hereby amended in PART II as follows :—

(1) in paragraph (a) of that Schedule —

(a) in item (vi) by the substitution for the words “aviation fuel and oil for ships ;” of the words and figures “aviation fuel, oil for ships or fuel oil specified under Harmonized of Commodity Description Number 2710. 19. 60.”;

(b) in item (vii) by the substitution for the words “and Braille writing boards” of the words “Braille writing boards and any other articles which are used by disabled persons which are approved by Minister, taking into consideration the degree of relief requested by such persons, on an application made for that purpose.”;

(c) by the addition immediately after item (xiv) of the following :—

“(xv) prawns.” ;

(2) in paragraph (b) thereof:—

(a) by the addition, immediately after item (xvi) of the following :—

“(xvii) any film, for distribution or exhibition

(xviii) laboratory facilities for production of any film ;

(xix) locally manufactured handloom textiles ;

- (xx) locally manufactured coconut oil ;
 - (xxi) services being chartering of any vessel;”;
- (b) by the substitution in item (i) (a) for words “that followed the Government curricula ; and” of the words “that followed the Government curricula other than any service not within the context of educational services or any part of such educational services not within the Government curricula;” ; and
- (c) by the repeal of item (ii) and substitution therefor of the following :—
- “(ii) (a) public passengers transport services (other than air transport, water transport or transport of tourists, excursion tours and taxi services) ; or
 - (b) the provision of leasing facilities for —
 - A. such motor coaches with a seating capacity not less than twenty eight passenger seats and used for such public passenger transport services if such lease agreement is entered into prior to January 1, 2004;
 - B. three wheelers in respect of rental falling due for payment on or after January 1, 2005 ;
 - C. any bus referred to in item (xv) of paragraph (c).”;

- (d) by the repeal of item (iii) and the substitution therefor of the following :—
- (iii) electricity including distribution.”.
- (3) in paragraph (c) thereof, by the addition, immediately after item (xii) of the following :—
- (xiii) any machinery or equipment by the Ceylon Electricity Board or an Institution which has entered into an agreement with the Ceylon Electricity Board to supply electricity required for the purpose of generating electricity identified under specified Harmonized Commodity of Description Numbers for custom purposes, approved by the Minister ;
- (xiv) any film which is produced in Sri Lanka and sent abroad for further processing or printing, with the approval of the Chairman of the National Film Corporation ;
- (xv) any bus by the holder of any valid passenger service permit issued by the National Transport Commission or any Provincial Road Passenger Transport Authority for the replacement of a bus which is being used for the transport of passengers and which has been so used for not less than five years at the time of such import ;
- (xvi) machinery identified under the specified Harmonised of Commodity Description Numbers for Custom purposes, for modernization of factories by the factory owner with the approval of the Commissioner-General of Inland Revenue ;

- (xvii) poultry keeping machinery, poultry incubators and brooders, the import of cattle, buffaloes, poultry, pigs, goats, sheep for breeding purposes and the seimen and embryos of such animals for breeding purposes, under the specified Harmonised of Commodity Description Numbers for the Custom purposes, with the approval of the Commissioner-General of Inland Revenue ;
- (xviii) finished leather to be used for the shoe manufacturing industry, on the recommendation of the Secretary to the Ministry of Industrial Development subject to approval by the Minister in charge of the subject of Finance.”.

10. Third Schedule to the principal enactment is hereby amended as follows :—

Amendment
of the Third
Schedule to
the principal
enactment.

- (1) by the substitution for the words “the supply or import of-” of the words and figures “(1) The supply or import of-”;
- (2) by the deletion of item (vi), and the renumbering of item (vii) as item (vi);
- (3) by the insertion immediately after item (vi) of the following new items :—
 - “(vii) high-tec medical equipment or any machinery used for the manufacture of ticket issuing machinery identified, by the Commissioner-General of Inland Revenue under the specified Harmonized of Commodity Description Numbers for Custom purposes ;
 - (viii) jewellery;”;

14 *Value Added Tax (Amendment)*
Act, No. 14 of 2007

(4) by the addition immediately after item (viii) of the following :—

“(2) The import of cine films, cinematographic films exposed and developed, magnetic cine sound recorders, cinematographic cameras and projector, parts and accessories, apparatus and equipments for cinematographic laboratories, identified by the Commissioner General of Inland Revenue under the specified Harmonized of Commodity Description Numbers for Custom purposes, with the approval of the Chairman, National Film Corporation.”.

Retrospective effect.

11. (1) The amendments made to the principal enactment by the provisions of this Act, except the incorporation of the exemption by item (xx) to paragraph (b) of the First Schedule, shall be deemed for all purposes to have come into effect on January 1, 2007.

(2) The exemption incorporated in item (xx) to paragraph (b) shall be deemed for all purposes to have come into effect on July 1, 2006.

Indemnity.

12. Any person who collects the value added tax as provided for in this Act, during the period commencing January 1, 2007 and ending on the date of the coming into operation of this Act, shall be deemed to have acted with due authority and such collection shall be deemed for all purposes to have been, and to be, validly made and such person is hereby indemnified against all actions civil or criminal in respect of such collection.

Sinhala text to prevail in case of inconsistency.

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**ECONOMIC SERVICE CHARGE
(AMENDMENT) ACT, No. 15 OF 2007**

[Certified on 12th April, 2007]

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*Economic Service Charge (Amendment)
Act, No. 15 of 2007*

[Certified on 12th April 2007]

L.D. — O. 9/2007.

AN ACT TO AMEND THE ECONOMIC SERVICE CHARGE ACT

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Economic Service Charge (Amendment) Act, No. 15 of 2007, and shall come into operation with effect from April 1, 2007. Short Title.
- 2.** Section 2 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) is hereby amended as follows :— Amendment of
Section 2 of Act,
No. 13 of 2006.
- (1) in subsection (2) of that section, by the substitution for the words “for that relevant quarter does not exceed rupees ten million.”, of the words and figures—
- “ for that relevant quarter,—
- (a) commencing before March 31, 2007, does not exceed rupees ten million ; and
- (b) commencing on or after April 1, 2007 does not exceed rupees seven million five hundred thousand.”;
- (2) in the proviso to paragraph (a) of subsection (3) of that section, by the substitution for all the words from “shall not include any trade or business” to the end of that paragraph, of the words and figures—
- “shall not include—
- (i) for any relevant quarter of the year of assessment commencing on April 1, 2006

2 *Economic Service Charge (Amendment)
Act, No. 15 of 2007*

and ending on March 31, 2007, any trade or business of any person or partnership, which deals in the wholesale or retail trade of any goods not manufactured or produced by such person or partnership ; and

(ii) for any relevant quarter of the year of assessment commencing on or after April 1, 2007, any trade or business, other than—

(A) any manufacturing business ; and

(B) any business of a reopened factory referred to in section 24B of the Inland Revenue Act, No. 10 of 2006.

Amendment of
Section 3 of the
principal
enactment.

3. Section 3 of the principal enactment is hereby amended as follows :—

(1) by the repeal of subsections (3), (4) and (5) of that section and the substitution therefor of the following subsection :—

“(3) The balance, if any, of the amount levied as Economic Service Charge after the deduction in accordance with subsections (1) or (2) as the case may be, apportioned to each year of assessment within the period of four years immediately succeeding the first mentioned year of assessment and the amount so apportioned to any such year of assessment shall be deducted to the extent, it can be so deducted from the income tax payable by such person or partner of such partnership for that year of assessment.”;

(2) by the renumbering of subsection (6) of that section as subsection (4) thereof ; and

Economic Service Charge (Amendment) 3
Act, No. 15 of 2007

- (3) in the renumbered subsection (4), by the substitution for paragraph (b) thereof, of the following paragraph :—

“(b) The remaining portion, if any, of the balance referred to in subsection (3) after its deduction in accordance with that subsection, be deducted from any income tax payable for any year of assessment succeeding the fourth year of assessment immediately succeeding the first mentioned year of assessment . ”.

4. Section 4 of the principal enactment is hereby amended by the substitution for the words and figures “referred to in sub-paragraph (b) of subsection (6) of section 3, shall” of the words and figures “referred to in sub-paragraph (b) of subsection (4) of section 3, shall”.

Amendment of section 4 of the principal enactment.

5. Section 9 of the principal enactment is hereby amended as follows :—

Amendment of section 9 of the principal enactment.

- (1) by the renumbering of that section as subsection (1) of that section ;
- (2) by the addition, immediately after the renumbered subsection (1) of the following new subsections :—

“(2) Where it appears to an Assessor that any person or partnership liable to pay the Economic Service Charge for any relevant quarter of any year of assessment, has been assessed at less than the proper amount, the Assessor may, subject to the provisions of subsection (3) and subsection (4), assess such person or partnership for the additional amount (which in his opinion such person or partnership ought to have been assessed in addition to the amount originally assessed), and the provisions of this Act as to notice of assessment, appeal and other proceedings shall thereupon apply to the recovery of such additional amount.

4 *Economic Service Charge (Amendment)
Act, No. 15 of 2007*

(3) Where a person or partnership has furnished a return of Economic Service Charge, the assessor may in making an assessment on such person or partnership under subsections (1) or (2), either :—

- (a) accept the return furnished by such person or partnership ; or
- (b) refuse to accept the return made by that person or partnership, and estimate the amount of the relevant turnover and assess such person or partnership accordingly :

Provided that where the Assessor refuses to accept a return furnished by any person or partnership and makes an assessment or an additional assessment for any relevant quarter on such person or partnership under subsection (1) or subsection (2), he shall communicate to such person in writing, stating the reasons as to why he is not accepting the return furnished by that person or partnership.

(4) No assessment or additional assessment shall be made under this Act in respect of a person or partnership who or which has made a return for any relevant quarter in any year of assessment on or before the dates referred to in section 7, after the expiry of eighteen months from the end of the year of assessment within which such relevant quarter falls, if his or its return of income has been made under subsection (1) or subsection (7) of section 106 of the Inland Revenue Act, No. 10 of 2006.”.

Amendment of section 13 of the principal enactment.

6. Section 13 of the principal enactment is hereby amended in the definition of the expression “person”, by the addition immediately after the sub-paragraph (b) of that definition, of the following :—

- “(c) any government institution or any local authority as defined in the Inland Revenue Act, No. 10 of 2006.”.

Economic Service Charge (Amendment) 5
Act, No. 15 of 2007

7. The Schedule to the principal enactment is hereby repealed and the following Schedule substituted therefor:—

Amendment
of Schedule
to the
principal
enactment.

“SCHEDULE

<i>Part of the Liable Turnover</i>	<i>Rate of the service charge Applicable to that Part</i>
1. Such part of the relevant turnover as consists of the turnover from any trade, business, profession or vocation: (i) the profit and income from which are exempt from income tax; (ii) of any enterprise which has entered into an agreement under the Board of Investment of Sri Lanka Law No. 4 of 1978, being the relevant turnover during the period for which the profits and income of such enterprise are exempt from income tax under such agreement.	0.25 per centum
2. Such part of the relevant turnover as consists of the turnover from any trade or business which deals in wholesale or retail of such goods (other than as a distributor or dealer in motor vehicles or liquor) not manufactured or produced by the dealer.	0.25 per centum
3. Such part of the relevant turnover as consists of the turnover from the primary conversion of any produce of any tea, rubber or coconut plantation including desiccated coconut, coconut oil, coconut fibre, copra and sheet rubber but excluding any such conversion which produces any alcoholic beverage.	0.25 per centum
4. Such part of the relevant turnover as consists of the turnover from any trade, business, profession or vocation: (i) the profits and income from which are chargeable with income tax at any rate specified in the Fifth Schedule to the Inland Revenue Act other than in item 28 of that Schedule.	

6 *Economic Service Charge (Amendment)
Act, No. 15 of 2007*

- (ii) of any enterprise which has entered into an agreement under the Board of Investment of Sri Lanka Law, No. 4 of 1978, being the relevant turnover during the period for which the profits and income of such enterprise are taxable at the rate equal to a rate specified in the Fifth Schedule to the Inland Revenue Act, No. 10 of 2006. *0.5 per centum*
5. Such part of the relevant turnover as consists of the turnover from any trade or business which deals in the wholesale or retail (other than as distributor) of motor vehicles or liquor not manufactured by the dealer. *0.5 per centum*
6. Such part of the relevant turnover as consists of the turnover from any trade, business, profession or vocation, the profits and income such are chargeable with income tax at the rates specified in Part A or B (i) of the Second Schedule to the Inland Revenue Act, except in the case such turnover falls within the turnover referred to in items 1, 2 or 3 of this Schedule. *0.5 per centum*
7. Such part of the relevant turnover as consists of the turnover from any trade or business of a distributor. *0.05 per centum*
8. Such part of the relevant turnover as consists of the turnover from any trade, business, profession or vocation the profits and income of which are chargeable with income tax at any rate other than a rate specified in the Fifth Schedule to the Inland Revenue Act, No. 10 of 2006. *1.0 per centum*
9. Such part of the relevant turnover as consists of the turnover from any trade or business of carrying on any activity referred to in item 28 of the Fifth Schedule to the Inland Revenue Act, No. 10 of 2006. *1.0 per centum*
10. Such part of the relevant turnover, which consists of, the relevant turnover from any trade or business referred to in Section 42 of the Inland Revenue Act, No. 10 of 2006. *0.1 per centum*

Economic Service Charge (Amendment) 7
Act, No. 15 of 2007

11. Such part of the relevant turnover as consists of —
- (i) the turnover from the export of apparels or the supply of locally manufactured textiles to apparel exporters to be used in the manufacture of apparels for export by such exporter.
 - (ii) the turnover of a trading house approved by the Board of Investment so far as such trading house engages in the business of the export of apparels.
- } 0.1 per centum.
12. Any relevant turnover not referred to in items 1 to 11 above. 1.0 per centum.

8. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**LOCAL AUTHORITIES ELECTIONS
(AMENDMENT)
ACT, No. 16 OF 2007**

[Certified on 30th April, 2007]

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*Local Authorities Elections (Amendment)
Act, No. 16 of 2007*

[Certified on 30th April, 2007]

L.D.—O. 10/2007.

AN ACT TO AMEND THE LOCAL AUTHORITIES
ELECTIONS ORDINANCE

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

- 1.** This Act may be cited as the Local Authorities Elections (Amendment) Act, No. 16 of 2007. Short title .
- 2.** Section 65A of the Local Authorities Elections Ordinance is hereby amended as follows :— Amendment of section 65A of Chapter 262.
- (1) by the renumbering of subsection (2) of that section as subsection (2) (a) of the subsection ;
- (2) in the renumbered subsection (2) (a) by the omission therefrom, of all the words from “Where all the candidates whose names were in such nomination paper” to the end of that subsection ; and
- (3) by the addition immediately after the renumbered subsection (2) (a) of the following :—

“(b) Where all the candidates whose names appear in the nomination paper submitted by any recognized political party or independent group in respect of an electoral area have been elected or where none of the candidates whose names remain on such nomination paper have secured any preferences, and therefore a vacancy occurs in the relevant local authority, the returning officer shall notify such fact to the Secretary of the recognized political party or group leader of the independent group who

2 *Local Authorities Elections (Amendment)*
Act, No. 16 of 2007

submitted the nomination paper of the member vacating office, requiring him to nominate within the period specified in the notice relating to the filling of the vacancy a person eligible under the Ordinance to be a member of a local authority, to fill such vacancy. If such secretary or group leader nominates within the specified period an eligible person to fill such vacancy and such nomination is accompanied by an oath or affirmation as the case may be, in the form set out in the Seventh Schedule to the Constitution taken and subscribed or made and subscribed as the case may be, by the person nominated to fill such vacancy, the returning officer shall declare such person elected as a member of the relevant local authority.

(c) The person elected to fill the vacancy occurring in the manner specified in paragraph (b), in the relevant local authority, shall hold office only for the unexpired period of the term of office of the member whom he succeeds.”.

Sinhala text to prevail in case of inconsistency.

3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**LEO AND JOSEPHINE DE ALMEIDA
MEMORIAL FOUNDATION
(INCORPORATION) ACT, No. 17 OF 2007**

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*Leo and Josephine De Almeida Memorial
Foundation (Incorporation) Act, No. 17 of 2007*

[Certified on 08th May, 2007]

L. D. OINC C 17/2005

AN ACT TO INCORPORATE THE LEO AND JOSEPHINE DE ALMEIDA
MEMORIAL FOUNDATION

WHEREAS a Foundation called and known as “Leo and Josephine De Almeida Memorial Foundation” has heretofore been formed in Sri Lanka, for the purpose of effectually carrying out and transacting all objects and matters connected with the said Foundation according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Foundation has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated, and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1 This Act may be cited as the Leo and Josephine De Almeida Memorial Foundation (Incorporation) Act, No. 17 of 2007.

Short title.

2. From and after the date of commencement of this Act such and so many persons as presently are members of the Leo and Josephine De Almeida Memorial Foundation (hereinafter referred to as the “Foundation”) or shall hereafter be admitted member of the Corporation hereby constituted, shall be a body Corporate (hereinafter referred to as the “Corporation”) with perpetual succession under the name and style of the “Leo and Josephine De Almeida Memorial Foundation”, and by that name may sue and be sued in all Courts, with full power and authority to have and use a common seal and to alter the same at its pleasure.

Incorporation of the Leo and Josephine De Almeida Memorial Foundation.

3. The general objects for which the Corporation is constituted are hereby declared to be —

General objects of the Corporation.

(a) to establish homes for the elders to provide care for destitute or needy elders and to provide for their

2 *Leo and Josephine De Almeida Memorial
Foundation (Incorporation) Act, No. 17 of 2007*

physical, mental and intellectual needs and also to provide opportunities for them to participate in social, religious and recreational activities,

- (b) to provide and maintain homes for elders and destitutes and hospitals to care for the sick, infirm and disabled;
- (c) to render educational services and vocational training for people ;
- (d) to establish and maintain centres to help disabled persons to lead a normal life as far as possible ;
- (e) to otherwise render educational, social and other charitable services ;
- (f) to establish and maintain libraries with lending and reference facilities for students and to promote reading habits in the adult population ;
- (g) to provide scholarships for needy students who are successful at public examinations ;
- (h) to provide medical facilities, clothing and shelter for needy orphans and the sick ;
- (i) to provide welfare facilities, for the usually handicapped, the physically handicapped, the mentally retarded and for persons whose hearing is impaired ;
- (j) to identify the socio-economic, religious and cultural needs of the community and to formulate and implement appropriate projects and programmes to meet such needs, and to undertake any other project that is conducive to the general welfare of the community ;

- (k) to promote, arrange, organize and hold exhibitions, lectures, seminars, workshops, classes and conferences in furtherance of the objects of the Corporation ;
- (l) to promote, peace, goodwill, understanding and co-operation among all communities and people of Sri Lanka ;
- (m) to promote the upliftment of youth, who are economically and socially disadvantaged ;
- (n) to promote the advancement of education and knowledge and to provide scholarships, grants or other forms of financial assistance to scholars, researchers and to recognized institutions or organizations;
- (o) to promote and encourage cultural, literary and charitable activities ;
- (p) to organize and hold public lectures, seminars, workshops, conferences, debates, short term educational courses for youth, with a view to advancing their knowledge and enabling them to secure employment ;
- (q) to promote and encourage publications on matters of national and international interest; and
- (r) to establish and maintain educational institutions, libraries, museums and hospitals ;

4. The affairs of the Corporation shall, subject to the rules in force for the time being of the Corporation, be administered by a Committee of management elected in

Rules of the
Corporation.

4 *Leo and Josephine De Almeida Memorial
Foundation (Incorporation) Act, No. 17 of 2007*

accordance with the rules of the Corporation. Subject to the provisions of this Act, the Committee of Management shall make rules for, and in respect of, all or any of the following matters :—

- (a) the terms and conditions of service including remuneration of the officers and servants of the Corporation ;
- (b) the schemes of recruitment and procedures for appointment of the officers and servants of the Corporation ;
- (c) the annual programme and plan of work, the annual budget, the annual report and accounts of the Corporation and the manner in which such programme and plan of work, budget, report and accounts are to be prepared ; and
- (d) such other matters or in respect of which rules are required or authorized by this Act to be made.

Powers of the Corporation.

5. The Corporation shall, subject to the provisions of this Act, have the following powers :—

- (a) to acquire and hold property, movable or immovable, by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and subject to any trust attaching to such property, to sell, mortgage, lease, exchange or otherwise dispose of the same;
- (b) to enter into and perform, all such contracts as may be necessary for carrying out the objects of the Corporation ;
- (c) to receive or collect gifts, grants or donations, in cash or kind, from local or foreign persons or organizations ;

- (d) to make, draw, accept, endorse, negotiate, buy, sell and issue, bills of exchange, cheques, promissory notes and other negotiable instruments and to open and maintain, current, savings and deposit accounts in any bank or banks ;
- (e) to borrow, with or without security, moneys necessary for carrying out its objects ;
- (f) to invest any moneys belonging to the Corporation including any unapplied income as determined by the Committee of Management ;
- (g) to appoint such officers and servants as may be necessary for carrying out its objects ; and
- (h) to make rules in relation to all matters connected with the working of the Corporation and to make such rules as are not inconsistent with the provisions of this Act or any other written law, and to alter, vary, rescind them.

6. (1) The Corporation shall have its own fund (hereinafter called and referred to as the “Fund”).

Funds of the Corporation.

(2) There shall be credited to the Fund—

- (a) all such sums of money as may be received by the Corporation in the exercise, discharge and performance of its powers, functions and duties under this Act ; and
- (b) all such sums of money as may be received by the Corporation, by way of loans, donations, gifts or grants from any source, whether in Sri Lanka or abroad.

6 *Leo and Josephine De Almeida Memorial
Foundation (Incorporation) Act, No. 17 of 2007*

(3) There shall be paid out of the Fund of the Corporation—

- (a) all such sums of money as are required to defray any expenditure incurred by the Corporation in the exercise, discharge and performance of its powers, duties and functions under this Act ; and
- (b) all such sums of money as are required to be paid out of such Fund, by or under this Act.

The Committee of Management to cause proper books of accounts to be kept.

7. (1) The Committee of Management shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Corporation.

(2) The financial year of the Corporation shall be the calendar year.

(3) The Accounts of the Corporation shall be audited by qualified Auditors.

(4) In this Act unless the context otherwise requires “qualified Auditor” shall have the same meaning as in Article 154(8) of the Constitution.

Seal of the Corporation.

8. The Seal of the Corporation—

- (a) shall be in the custody of such person as the Committee of Management may from time to time determine ;
- (b) may be altered in such manner as may be determined by the Committee of Management ; and
- (c) shall not be affixed to any document except with the sanction of the Committee of Management and in the presence of two members of the Committee of Management who shall sign the document in token of their presence.

Leo and Josephine De Almeida Memorial 7
Foundation (Incorporation) Act, No. 17 of 2007

9. If upon the dissolution of the Corporation, there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other Association or Associations having objects similar to the objects of the Corporation, and which is or are by the rules prohibited from distributing any income or property among its or their members of the Corporation at, or immediately before, the time of the dissolution of the Corporation.

Property remaining on the dissolution.

10. Nothing in this Act contained shall prejudice or affect the right of the Republic or of any body politic or corporate or of any other persons.

Saving of the rights of the Republic and others.

11. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**RAMBUKWELLA SRIVIPASSI
DEVELOPMENT FOUNDATION
(INCORPORATION) ACT, No. 18 OF 2007**

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*Rambukwella Sri Vipassi Development Foundation
(Incorporation) Act, No. 18 of 2007*

L. D. — O. (Inc.) 15/2004

[Certified on 08th May, 2007]

AN ACT TO INCORPORATE THE RAMBUKWELLA SRI VIPASSI FOUNDATION

WHEREAS an association called and known as the “Rambukwella Sri Vipassi Development Foundation” has been formed in Kandy, for the purpose of effectually fulfilling and carrying out all objects and matters connected with the said association according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said association has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated, and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Rambukwella Sri Vipassi Development Foundation (Incorporation) Act, No. 18 of 2007

Short title.

2. From and after the date of commencement of this Act, such and so many persons as presently are members of the Rambukwella Sri Vipassi Development Foundation (hereinafter referred to as the “Foundation”) and such other persons as shall hereafter be admitted as members of the Corporation hereby constituted shall be a body corporate with perpetual succession under the name and style of the “Rambukwella Sri Vipassi Development Foundation” (hereinafter referred to as the “Corporation”), and by that name may sue and be sued in all courts, with full power and authority to have and use a common seal and to alter the same at its pleasure.

Incorporation of the Rambukwella Sri Vipassi Development Foundation.

3. The general objects for which the Corporation is constituted are hereby declared to be —

General Objects of the Corporation.

- (a) to provide for the upliftment of the academic and religious education of poor Buddhist children and to improve their different skills ;

2 *Rambukwella Sri Vipassi Development Foundation
(Incorporation) Act, No. 18 of 2007*

- (b) to render assistance to Buddhists in awarding scholarships, maintaining dhamma schools, maintaining libraries, centres for Buddhist information and research and maintaining electronic centres ;
- (c) to provide economic relief needed to raise the living standards of the Buddhists through the development of their physical and mental well being ;
- (d) to provide relief services for the destitute and to maintain elders homes and rest rooms ;
- (e) to initiate projects in order to create job opportunities for the Buddhists who are unemployed and to provide aid, facilities and other loan facilities for that purpose ;
- (f) to organize vocational training courses and to develop skills in order to facilitate securing of employment ;
- (g) to render assistance to industries and to maintain a pilgrims rest for the convenience of Buddhist pilgrims who travel through the area to visit places of traditional religious workshop ; and
- (h) to print, publish and distribute books, journals, leaflets, newspapers and magazines which the Corporation may consider desirable for the promotion and advancement of its objects referred to in the above paragraphs.

Management of
the affairs of the
Corporation.

4. (1) The management, control and administration of the Corporation shall subject to the other provisions of this Act and the rules made under section, 5 of the Corporation, vest in a Governing Council (hereinafter referred to as “the Council”) consisting of the office bearers and such other persons as may be provided for in such rules and elected in accordance herewith.

Rambukwella Sri Vipassi Development Foundation 3
(Incorporation) Act, No. 18 of 2007

(2) Notwithstanding anything contained in subsection (1), Venerable Rambukwella Vipassi Thero, the founder President of the Foundation, shall be the first Chairman of the Corporation.

(3) Where the post of Chairman becomes vacant after Venerable Rambukwella Vipassi Thero, the second member of the Membership Board would assume the post of Chairman, and the next chief pupil of the Rambukwella Bhikkhu generation, would become the second member of the Membership Board.

(4) A Bhikkhu Member who disrobes would lose membership, and such membership would pass on to the next pupil of the Rambukwella Bhikkhu generation.

5. (1) It shall be lawful for the Corporation from time to time at any meeting of the Corporation and by a majority of not less than two-thirds of the members present and voting to make rules not inconsistent with the provisions of this Act or any other written law, for the following matters :-

Rules of the Corporation.

- (a) the admission and classification of membership and the withdrawal and expulsion of members ;
- (b) the election of office bearers, the resignation from, or vacation of, or removal from office of, office bearers and their powers, functions, duties ; and
- (c) the election of the members of the Council and its powers, functions, duties and the terms of office of the members of the Council ;
- (d) the procedure to be observed at the summoning and holding of meetings of the Council, the times, places, notices, quorum and agenda of such meetings and the conduct of business thereat ;

4 *Rambukwella Sri Vipassi Development Foundation
(Incorporation) Act, No. 18 of 2007*

(e) the administration and management of the property of the Corporation ; and

(f) generally for the management of the affairs of the Corporation and the accomplishment of its objects.

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded in like manner, as a rule made at like meeting under subsection (1).

(3) The members of the Corporation shall at all times be subject to the rules of the Corporation.

Fund of the Corporation.

6. (1) The Corporation shall have its own fund and the financial year shall be from 1st January to 31st December of the same year.

(2) All moneys received by way of gift, bequest, donation, subscription, contribution, fees or grants for and on account of the Corporation, shall be deposited in a bank approved by the Council to the credit of the Corporation and where the Council so determines, the money may also be deposited in a savings or in a current account.

Debts due by and payable to the Foundation.

7. All debts and liabilities of the Foundation on the day preceding the date of commencement of this Act, shall be paid to the Corporation hereby constituted, and all debts due to, subscriptions and contributions payable to the Foundation on that date shall be paid to the Corporation for the purpose of this Act.

Audit of Accounts.

8. (1) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(2) The accounts of the Corporation shall be audited annually by a qualified auditor who shall be a member of the Institute of Chartered Accountants of Sri Lanka.

Rambukwella Sri Vipassi Development Foundation 5
(Incorporation) Act, No. 18 of 2007

- 9.** The Corporation shall be able and capable in law to acquire and hold any property movable or immovable which may become vested in it by virtue of any purchase, testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act with full power to sell, mortgage, lease, exchange or otherwise dispose of them.
- Corporation may hold property movable and immovable.
- 10.** The Seal of the Corporation shall not be affixed to any instrument whatsoever except in the presence of such number of office bearers as may be provided for in the rules of the Corporation who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person as a witness.
- Seal of the Corporation.
- 11.** Nothing in this Act contained shall prejudice or affect the rights of the Republic or any body corporate or any other persons.
- Saving of the rights of the Republic and others.
- 12.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.
- Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA AVENUE, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SHANTHA CHILDREN'S EDUCATION
SERVICES FOUNDATION (INCORPORATION)
ACT, No. 19 OF 2007**

[Certified on 20th June, 2007]

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*Shantha Children's Education Services Foundation
(Incorporation) Act, No. 19 of 2007*

[Certified on 20th June, 2007]

L.D.—O. (INC) 19/2004.

AN ACT TO INCORPORATE THE SHANTHA CHILDREN'S EDUCATION
SERVICES FOUNDATION

WHEREAS A Foundation called and known as the Shantha Children's Education Services Foundation has heretofore been established for the purpose of effectually carrying out and transacting all matters connected with the said Foundation according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Foundation has heretofore successfully carried out and transacted several objects and matters for which it was established and applied to be incorporated, and it will be for the public advantage to grant the application :

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Shantha Children's Education Services Foundation (Incorporation) Act, No. 19 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the Shantha Children's Education Services Foundation (hereinafter referred to as the "Foundation"), and shall hereafter be admitted members of the Corporation hereby constituted shall be a body corporate with perpetual succession under the name and style of the "Shantha Children's Education Services Foundation" (hereinafter referred to as "Corporation") and by that name may sue and be sued with full power and authority to have and use a common Seal and to alter the same at its pleasure.

Incorporation of the Shantha Children's Education Services Foundation.

3. The general objects for which the Corporation is established are hereby declared to be —

General objects of the Corporation.

(a) to establish pre-schools with a view to familiarize the children with school environment ;

2 *Shantha Children's Education Services Foundation
(Incorporation) Act, No. 19 of 2007*

- (b) to grant scholarships to poor students of rural and urban areas ;
- (c) to establish children's parks to ensure the physical and mental growth of children ;
- (d) to provide common amenities and educational equipment to under equipped schools situated in remote areas ;
- (e) to provide medical facilities through medical clinics to children living in the areas where there are poor medical facilities :

Provided however provisions of paragraphs (a), (b) and (d) shall be given effect to only subject to the supervision of the Provincial Director of Education, Divisional Director of Education, Regional Director of Education and the Chairman of the local authority or any officer authorized by him in writing.

General powers
of the
Corporation.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to—

- (a) receive or collect grants, gifts or donations from local or foreign sources ;
- (b) acquire and hold, take or give on lease or hire, mortgage, pledge or sell or otherwise dispose of any movable or immovable property ;
- (c) give grants, endowments or loans for the furtherance of the objects of the Corporation ;
- (d) appoint, employ, remunerate and exercise disciplinary control over its officers and servants ;
- (e) open and close current, savings and deposit accounts in any bank or banks and borrow or raise money with or without security ;

Shantha Children's Education Services Foundation 3
(Incorporation) Act, No. 19 of 2007

- (f) invest funds of the Corporation in such securities as may be determined by the Committee of Management ; and
- (g) to do all such other acts and things as are incidental or conducive to the carrying out of the objects of the Corporation.

5. (1) The Corporation shall cause proper accounts to be kept of its income and expenditure assets and liabilities and all other transactions of the Corporation. Audit and Accounts.

(2) The accounts of the Corporation shall be audited by a qualified auditor appointed by the Committee of Management.

6. (1) The affairs of the Corporation shall, subject to the provisions of this Act and the rules in force for the time being be administered by a Committee of Management consisting of eleven following members :— Management of the Corporation.

- (a) Hon. President, Hon. Vice President, General Secretary, Assistant Secretary, Treasurer; and
- (b) six other members elected in accordance with the rules in force for the time being of the Corporation.

(2) The first Committee of Management of the Corporation shall consist of the members of the Committee of Management of the Foundation holding office on the day immediately preceding the date of commencement of this Act.

7. (1) It shall be lawful for the Corporation from time to time at any General Meeting and by a majority of not less than two-thirds of the members present and voting to make rules, not inconsistent with the provisions of this Act or any other written law for the following matters :— Rules of the Corporation.

- (a) the admission to and withdrawal or expulsion of membership and the membership fees payable ;

4 *Shantha Children's Education Services Foundation
(Incorporation) Act, No. 19 of 2007*

- (b) the election of members of the Committee of Management and their powers and duties ;
- (c) the duties and functions of the officers and servants of the Corporation ;
- (d) the procedure to be followed in the summoning and holding of meetings of the Committee of Management and the quorum and the conduct of business thereat.

(2) Every member of the Corporation shall be subject to the rules for the time being in force of the Corporation.

Transfer of remaining property after dissolution.

8. If upon dissolution of the Corporation there remains any property after the satisfaction of all its debts and liabilities, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation, and which is or are by its rules prohibited from distributing any income or property among its or their members.

Debts due by and payable to the Foundation.

9. All debts and liabilities of the Foundation existing on the day immediately preceding the date of commencement of this Act, shall be paid by the Corporation hereby constituted and all debts due to, subscriptions and contributions payable to the Foundation as on such day shall be paid to the Corporation for the purpose of this Act.

Corporation may hold property movable and immovable.

10. The Corporation shall be able and capable in law to acquire and hold property both movable or immovable which may become vested in it by virtue of purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this Act and subject to the rules in force for the time being of the Corporation, shall have full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Shantha Children's Education Services Foundation 5
(Incorporation) Act, No. 19 of 2007

- 11.** The seal of the Corporation shall be in the custody of the Committee of Management and not to be affixed to any instrument whatsoever, except in the presence of the President and two other members of the Committee of Management and such signing shall be independent of the signing of any person as a witness. Seal of the Corporation.
- 12.** Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate. Saving of the rights of the Republic and others.
- 13.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA AVENUE, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**INSTITUTE OF QUANTITY SURVEYORS, SRI LANKA
(INCORPORATION) ACT, No. 20 OF 2007**

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*Institute of Quantity Surveyors Sri Lanka
(Incorporation) Act, No. 20 of 2007*

[Certified on 21st June, 2007]

L.D.—O. INC 4/2005

AN ACT TO INCORPORATE THE INSTITUTE OF QUANTITY
SURVEYORS, SRI LANKA

WHEREAS an Institute called and known as “The Institute of Quantity Surveyors, Sri Lanka” has heretofore been established in Sri Lanka for the purpose of effectually carrying out and transacting all matters connected with the said Institute according to the rules hitherto in force :

Preamble.

AND WHEREAS the said Institute has heretofore successfully carried out and transacted the several objects and matters for which it was established, and has applied to be incorporated and it will be for the public advantage to grant such application :

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Institute of Quantity Surveyors, Sri Lanka (Incorporation) Act, No.20 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are Fellow Members and Associate Members of the Institute of Quantity Surveyors, Sri Lanka (hereinafter referred to as “the Institute”) and hereafter be admitted as Corporate Members of the Institute of Quantity Surveyors, Sri Lanka shall hereafter be admitted as Members of the Corporation hereby Constituted (hereinafter referred to as “the Corporation”) and shall be and become a body corporate with perpetual succession under the name and style of the “Institute of Quantity Surveyors, Sri Lanka” and by that name may sue and be sued , with full power and authority to have and use a common seal and alter the same at its pleasure.

Incorporation of
Institute of
Quantity
Surveyors,
Sri Lanka.

2 *Institute of Quantity Surveyors Sri Lanka
(Incorporation) Act, No. 20 of 2007*

General objects
of the
Corporation.

3. The general objects for which the Corporation is constituted are hereby declared to be —

- (a) to protect and promote the interests, status, welfare, rights and privileges of the profession and interest of the public in relation to the profession of Quantity Surveyors ;
- (b) to advise and communicate with public authorities on matters relating to Quantity Surveying ;
- (c) to arbitrate any dispute on Quantity Surveying which may be referred to the Corporation ;
- (d) to organize lectures and discussions and to publish books and other materials in order to disseminate the knowledge on Quantity Surveying and related subjects ;
- (e) to encourage the study of law and practice relating to Quantity Surveying ;
- (f) to create and offer awards and prizes for achievements in the field of Quantity Surveying ;
- (g) to organize, supervise and control the admission to membership of the Corporation, to undertake and regulate the professional education and training of persons desiring to do Quantity Surveying, to prescribe and approve courses of studies and qualifying examinations for membership of the Corporation, to conduct or provide for the conducting of such courses and examinations and to collaborate with recognized educational institutions for the furtherance of education in the field of Quantity Surveying ; and
- (h) to prescribe the qualifications and disqualifications for membership of the Corporation and the standards of professional conduct for members of the Corporation and to secure adherence thereto.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power — Powers of the Corporation.

- (a) to establish and maintain a library and the collection of maps, models, drawings, designs and other materials and to improve the same;
- (b) to acquire, hold, take or give on lease or hire, mortgage, pledge, sell, exchange, or otherwise alienate, encumber or dispose of any immovable property for the purpose of the Corporation ;
- (c) to publish journals, monographs, books and periodicals for disseminating information on Quantity Surveying ;
- (d) to collaborate with, assist, receive assistance from, and develop links with, other persons, agencies and organizations in Sri Lanka or abroad, having objects similar to those of the Corporation ;
- (e) to accept any gift, endowment or bequest and to carry out any trusts attached to any such gift, endowment or bequest ;
- (f) to appoint, employ, transfer, exercise disciplinary control over and dismiss, officers and servants required for the carrying out of the objects of the Corporation and to prescribe their terms and conditions of services ;
- (g) to borrow any moneys required for the purposes of the Corporation upon such terms and on such securities as the Corporation may think fit ;
- (h) to invest its funds, create and administer trusts and to maintain current, deposit and savings accounts in any Bank ; and
- (i) to do all such lawful things as are incidental or conducive to the attainment of the objects of the Corporation.

4 *Institute of Quantity Surveyors Sri Lanka
(Incorporation) Act, No. 20 of 2007*

Management of
the affairs of the
Corporation.

5. (1) The management, control and administration of the affairs of the Corporation shall, subject to the provisions of this Act and rules to be made under the Act, be vested in a Governing Council (hereinafter referred to as “the Council”) consisting of office bearers and such other members as may be elected or appointed in accordance with the rules of the Corporation, to be made in compliance with the provisions of the section 7 of this Act.

(2) The first Council of the Corporation shall consist of the members of the Council of the Institute holding office on the day preceding the date of commencement of this Act.

Register of
Members.

6. The Council shall maintain a Register of Members in which every person who on the day preceding the date of commencement of this Act is a member of the Institute and every person duly admitted a member of the Corporation shall have his name inscribed.

Rules of the
Corporation.

7. (1) It shall be lawful for the Corporation, from time to time, at any general meeting and by the votes of not less than two-thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act, and any other written law for all or any of the following matters:—

- (a) classification of membership, fees payable by each class of members and procedure to be followed in the admission, withdrawal, expulsion or resignation of members ;
- (b) constitution and election of the Council, term of office, resignation or removal from office or vacation of office of the office bearers, and powers, duties and Functions of the Council ;
- (c) powers, duties and functions of the various officers, agents and servants of the Corporation and their appointment, remuneration, dismissal and termination of office ;

- (d) the procedure to be observed for the summoning and holding of meetings of the Corporation and the Council and any sub-committee thereof, including the quorum therefor and the conduct of business thereat ;
- (e) qualification and disqualification for membership in the Corporation and in the Council ;
- (f) administration and management of the property of the Corporation; and
- (g) generally for management of the affairs of the Corporation.

(2) The rules of the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner as a rule made under this section.

(3) Every member of the Corporation shall, upon the coming into operation of this Act, be subject to the rules to be made from time to time by the Corporation.

8. All property, movable and immovable, acquired or held by the Corporation and all moneys paid to or received by the Corporation under this Act shall be held, used and applied by the Corporation in accordance with the rules to be made under section 7 of this Act for the furtherance of its objects.

Property of the Corporation.

9. The Corporation shall have its own fund and all moneys received hitherto or hereafter by way of gift, bequest, donation, subscription and contribution, by and on account of the Corporation shall be deposited to the credit of the Corporation in one or more banks as the Council shall determine.

Fund of the Corporation.

10. (1) The Corporation shall cause proper books of account to be kept of the income and expenditure, assets and liabilities and other transactions of the Corporation.

Accounts and Audit.

6 *Institute of Quantity Surveyors Sri Lanka
(Incorporation) Act, No. 20 of 2007*

(2) The accounts of the Corporation shall be examined and audited at least once in every year.

(3) The accounts of the Corporation shall be audited by a qualified auditor.

(4) In this section, “qualified auditor” means—

- (i) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute ; or
- (ii) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute.

(5) The Annual Report of the Council shall include the statement of accounts, the balance sheet and the auditors report prepared for a period of twelve months commencing on the first day of April each year and ending on the thirty-first day of March of the following year.

Financial Year.

11. The financial year of the Corporation shall commence on first day of April in each year and end on thirty-first day of March in the following year.

Debts due by and payable to the Institute.

12. All debts and liabilities of the Institute existing on the day preceding the date of commencement of this Act, shall be paid or discharged by the Corporation and all debts due to, and subscriptions and fees payable to the Institute on that day, shall be paid to the Corporation for the purposes of this Act.

13. (1) Every member of the Corporation who possess the qualifications specified in the rules to be made under section 7 of this Act, shall be entitled to take and use the title “Chartered Quantity Surveyor”.

Use of titles.

(2) Every member of the Corporation, who is registered as a Fellow Member shall be entitled to use the abbreviated designation “F.I.Q.S.SL” after his name.

(3) Every member of the Corporation who is registered as an Associate Member of the Corporation shall be entitled to use the abbreviated designation “A.I.Q.S.SL” after his name.

(4) Where majority of the partners or directors of a firm or Company of Quantity Surveyors who possess the qualifications to be specified in the rules to be made under section 7 of this Act, are members of the Corporation, such firm or Company may be permitted by the Council to use the title “Chartered Quantity Surveyor” or “Chartered Quantity Surveyors” as the case may be, upon a request made in that behalf by such firm or company to the Council.

14. The Council may appoint Attorneys-at-law, Bankers of the Corporation, any agent or such other persons as may be required for the purposes of the Corporation and may rescind such appointments at any time.

Attorneys -at-law, bankers and agents.

15. The Seal of the Corporation shall not be affixed to any instrument whatsoever except in the presence of the Secretary or a member of the Council who may be duly authorised by the Council and another member of the Council who shall sign their names on the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

The seal of the Corporation.

16. No Member of the Corporation shall, for the purpose of discharging the debts and liabilities of the Corporation, or for any other purpose, be liable to make any contribution exceeding the amount of annual subscription payable by him to the Corporation.

Limitation of liability of members.

Dissolution or winding up.

17. In the event of the dissolution or winding up of the Corporation, if there remains after the satisfaction of all its debts and liabilities and outgoings, any property whatsoever, such property shall not be distributed among the members of the Corporation but the same shall be given or transferred at the discretion of the Council to some institute or institutes having objects similar to the objects of the Corporation and which is or are by the rules thereof prohibited from distributing any income or property among its or their members. If such property or any part thereof cannot be disposed of in accordance with the foregoing provisions of this section such property or part thereof shall be applied to some charitable object which shall be determined by the Council of the Corporation.

Saving of the rights of the Republic and others.

18. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate, or any other persons.

Sinhala text to prevail in case of inconsistency.

19. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWETHA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**MUDITHA SOCIAL SERVICE FOUNDATION
(INCORPORATION) ACT, No. 21 OF 2007**

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Muditha Social Service Foundation
(Incorporation) Act, No. 21 of 2007

[Certified on 21st June 2007]

L.D.—O. INC 12/2005

AN ACT TO INCORPORATE THE MUDITHA SOCIAL SERVICE FOUNDATION

WHEREAS a Foundation called and known as “Muditha Social Service Foundation” has heretofore been formed at Kurunegala in Sri Lanka for the purpose of effectually carrying out and transacting all objects and matters connected with the said Foundation, according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Foundation has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated and it will be for the public advantage to grant such application :

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Muditha Social Service Foundation (Incorporation) Act, No. 21 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are the members of the “Muditha Social Service Foundation” (hereinafter referred to as “the Foundation”) or shall hereafter be admitted members of the Corporation, hereby constituted shall be a body corporate (hereinafter referred to as the “Corporation”) with perpetual succession, under the name and style of the “Muditha Social Service Foundation” and by that name may sue and be sued with full power and authority to have and use a common seal and alter the same at its pleasure.

Incorporation of the Muditha Social Service Foundation.

3. The general objects for which the Corporation is constituted are hereby declared to be—

General objects of the Corporation.

- (a) to help children of any social, religious and ethnic background ;

2 *Muditha Social Service Foundation
(Incorporation) Act No. 21 of 2007*

- (b) to provide shelter, food, clothing, education and security for the poor children ;
- (c) to grant funds to establish homes for children in Sri Lanka and to upgrade them as Vocational Training Centres ;
- (d) to maintain the vocational training centres for the benefit of the unemployed youths of different ethnic and religious groups ; and
- (e) to do all such other acts and things as are conducive or incidental to the attainment of all or any of the objects of the Corporation.

General Powers
of the
Corporation.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money, with or without security, to receive or collect grants and donations, to invest its funds and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

Management of
the affairs of the
Corporation.

5. (1) The affairs of the Corporation shall be administered by an Executive Committee consisting of the office bearers and such other persons as may be provided for in rules to be made under section 6 of this Act and elected in accordance therewith.

(2) The first Executive Committee of the Corporation shall be the Executive Committee of the Foundation holding office on the day immediately preceding the date of commencement of this Act.

6. (1) It shall be lawful for the Corporation, from time to time, at any general meeting and by a majority of not less than two-thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act or other written law, for all or any of the following matters :—

Rules of the Corporation.

- (a) the classification of membership and the admission, withdrawal or expulsion of members ;
- (b) the election of the office-bearers, the resignation from, or vacation of, or removal from office of office-bearers and their powers, conduct and duties;
- (c) the election of the members of the Executive Committee and its powers, conduct and duties and the terms of office of the members of the Executive Committee ;
- (d) the powers, conduct, duties and functions of the various officers, agents and servants of the Corporation ;
- (e) the procedure to be observed at, and the summoning and holding of meetings of the Executive Committee, the times, places, notices and agenda of such meetings, the quorum therefore and the conduct of business thereat ;
- (f) the administration and management of the property of the Corporation, the custody of its funds and the maintenance and audit of its accounts ; and
- (g) generally, for the management of the affairs of the Corporation and the accomplishment of its objects.

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner as a rule made under subsection (1).

(3) All members of the Corporation shall be subject to the rules of the Corporation.

4 *Muditha Social Service Foundation
(Incorporation) Act No. 21 of 2007*

Debts due by
and payable to
the Foundation.

7. All debts and liabilities of the Foundation existing on the day immediately preceding the date of commencement of this Act shall be paid by the Corporation, hereby constituted and all debts due to, and subscriptions and contributions payable to, the Foundation on that day shall be paid to the Corporation for the purposes of this Act.

Corporation may
hold property
movable and
immovable.

8. The Corporation shall be capable in law to acquire and hold any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this Act, and it shall have full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

The seal of the
Corporation.

9. The Seal of the Corporation shall not be affixed to any instrument whatsoever except in the presence of the President and the Secretary or the Treasurer who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Saving of the
rights of the
Republic and
others.

10. Nothing in this Act contained shall prejudice or affect the rights of the Republic, or of any body politic or corporate, or of any other persons.

Sinhala text to
prevail in case of
inconsistency.

11. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SRI LANKA BUDDHIST VIHARA DEVALA
FOUNDATION (INCORPORATION)
ACT, No. 22 OF 2007**

[Certified on 05th July, 2007]

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*Sri Lanka Buddhist Vihara Devala Foundation
(Incorporation) Act, No. 22 of 2007*

[Certified on 05th July 2007]

L.D. — O./INC 9/2005

AN ACT TO INCORPORATE THE SRI LANKA BUDDHIST VIHARA DEVALA
FOUNDATION

WHEREAS a Foundation called and known as the “Sri Lanka Buddhist Vihara Devala Foundation” has heretofore been formed for the purpose of effectually carrying out and transacting all objects and matters connected with the said Foundation according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Foundation has hereto for successfully carried out and transacted the several objects and matters for which it was established and has applied to be incorporated, and it will be for the public advantage to grant such application:

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Sri Lanka Buddhist Vihara Devala Foundation (Incorporation) Act, No. 22 of 2007.

Short Title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the “Sri Lanka Buddhist Vihara Devala Foundation” or shall hereafter be admitted members of the Corporation hereby constituted, shall be a body corporate (hereinafter referred to as the “Corporation”), with perpetual succession, under the name and style of “Sri Lanka Buddhist Vihara Devala Foundation” and by that name may sue and be sued, with full power and authority to have, and use a common seal and alter the same at its pleasure.

Incorporation of the Sri Lanka Buddhist Vihara Devala Foundation.

3. The general objects for which the Corporation is established are hereby declared to be —

General objects of the Corporation.

- (i) to provide assistance and facilities for the education of bhikkus ;

2 *Sri Lanka Buddhist Vihara Devala Foundation
(Incorporation) Act, No. 22 of 2007*

- (ii) to provide assistance to needy Bhikkhus for the presentations of Acts of Appointment, and to any person or organisation for the cremation of such bhikkhu on his demise ;
- (iii) to provide monetary assistance for repairs or constructions of new Buddhist Viharas and Devalas ;
- (iv) to help to obtain suitable places for the relocation of Viharas situated in uncongenial places ;
- (v) to assist in the promotion of education of Silmatas and for the supply of their other needs ;
- (vi) to promote Buddhist morals and ethics in the society ;
- (vii) to encourage saving habit and to foster mutual help and understanding among the members of the corporation;
- (viii) to fulfil economic, cultural and social objectives of the Buddhists through Buddhist principles ;
- (ix) to grant loans to Buddhists on easy terms or free of interest urgent personal needs such as purchase of a land, construction of a house and self employment ;
- (x) to assist the Buddhist children financially or otherwise with a view to promoting their education ;
- (xi) to provide assistance for the fostering of the Buddha, Dhamma both locally and globally ;
- (xii) to provide assistance for printing of Dhamma Books to further the knowledge of the Dhamma ;
- (xiii) to provide assistance and take suitable steps for the protection and development of the properties of the Buddhist temples and devalas ;

- (xiv) to provide assistance to Buddhists who having pledged their abode or land as security for loans raised from financial institutions, are faced with banks recovery proceedings upon default in payments ;
- (xv) to provide any other assistance that may be deemed necessary for the welfare of the Buddhists ;
- (xvi) to originate any other programme for the upliftment of the Buddha Sasana and provide assistance therefor ;
- (xvii) to take legal action against any vilification of Lord Buddha the Buddhist doctrine and the members of the Sangha ;
- (xviii) to take appropriate action to sustain and safeguard the Buddha Sasana, its security, its development and progress and the welfare of Buddhist Monks and Buddhists as well as of places of worship.

4. Subject to the provisions of this Act and any other written law the Corporation shall have the power to do, perform and execute, all such acts, matters and things as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money with or without security, to receive or collect grants and donations, to invest its funds and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

General powers
of the
Corporation.

5. (1) The affairs of the Corporation shall, subject to the provisions of this Act and any rule to be made, be administered by a Board of Governors consisting of twenty-nine members.

Management of
the affairs of the
Corporation.

- (2) Of the twenty-nine members —
 - (a) twenty-one members shall be elected at a meeting of the general body; and

4 *Sri Lanka Buddhist Vihara Devala Foundation
(Incorporation) Act, No. 22 of 2007*

(b) the following members shall hold office *ex-officio* :—

- (i) the Malwatta and Asgiriya Most Ven. Mahanayake Theros of both the Chapters, of the Syamopali Maha Nikaya, the Most Ve. Mahanayake Thero holding the Post of President of the Sri Lanka Amarapura Sanga Sabha of the Amarapura Nikaya and the Most Ven. Mahanayake Thero of the Sri Lanka Ramanna Maha Nikaya ;
- (ii) the Viharadhipati Nayake Theros of the four Pirivenas, namely Vidyodaya Maha Pirivena, Vidyalankara Pirivena, Saddharmakara Pirivena of Pinwatte and Saraswathi Pirivena of Balagalla.

(3) The Board of Governors shall elect the President, Vice President and Treasurer from among its members and it shall have the power to recruit a suitable person to be the Secretary who shall be the chief executive officer of the Corporation.

(4) The first Board of Governors of the Corporation shall consist of the members of the Committee of Management of the foundation holding office on the day immediately preceding the date of the commencement of this Act.

Rules of the
Corporation.

6. (1) It shall be lawful for the Corporation, from time to time at any general meeting and by a majority of not less than two thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act, or any other written law, on all or any of the following matters :—

- (a) the classification of members and membership fees payable, their admission, withdrawal or expulsion from membership ;

- (b) the election of Members to the Board of Governors and its powers, and duties ;
- (c) the election of office bearers, their term of office, resignation from, vacation of or removal from office and their powers and duties ;
- (d) the duties and functions of the officers, agents and servants of the Corporation ;
- (e) the procedure to be followed in the summoning and holding of meetings of the Board, the quorum therefor and the conduct of business thereat ;
- (f) the administration and management of the property of the Corporation, including its funds; and
- (g) the management of the affairs of the Corporation and the accomplishment of its objects.

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner as a rule made under subsection (1)

(3) The members of the Corporation shall be subject to the rules of the Corporation.

7. (1) The Corporation shall have its own fund and it shall consist of all moneys received by way of gifts, bequests, testamentary dispositions, grants, donations, contributions, fees or contributions in cash or kind from local and foreign institutions and individuals, members and non members.

Funds of the Corporation.

(2) All moneys received shall be deposited in the name of the Corporation in one or more banks and be invested in any suitable manner to achieve the object of the Corporation as may be decided by the Board of Governors.

6 *Sri Lanka Buddhist Vihara Devala Foundation
(Incorporation) Act, No. 22 of 2007*

(3) The Corporation may establish a depreciation fund or sinking fund for the purpose of rehabilitation, development or improvement of the property of the Corporation.

(4) All expenditure incurred by the Corporation in the exercise, performance and discharge of the powers, duties and functions of the Corporation shall be paid out of the fund of the Corporation.

Corporation may hold property movable or immovable.

8. The Corporation shall be able and capable in law to acquire and hold property both movable and immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act, and subject to the rules in force for the time being of the Corporation, shall have power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Property remaining on dissolution.

9. If upon dissolution of the Corporation there remains any property after the satisfaction of all its debts and liabilities, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation, and which is or are by its rules prohibited from distributing any income or property among its or their members.

Seal of the Corporation

10. The Seal of the Corporation shall not be affixed to any instrument except in the presence of the Chairman or Vice Chairman and the Secretary, both or who shall sign their names on the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Accounts and Audits

11. (1) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(2) The accounts of the Corporation shall be audited by a qualified auditor appointed by the Board of Governors.

Sri Lanka Buddhist Vihara Devala Foundation 7
(Incorporation) Act, No. 22 of 2007

12. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate or of any other persons.

Safeguarding of the rights of the Republic and others.

13. In the event of any inconsistency between the Sinhala and Tamil Texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**COMMUNITY RECOVERY
AND DEVELOPMENT FOUNDATION
(INCORPORATION) ACT, No. 23 OF 2007**

[Certified on 05th July, 2007]

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*Community Recovery and Development
Foundation (Incorporation) Act, No. 23 of 2007*

[Certified on 05th July 2007]

L.D.—O. INC 11/2005.

AN ACT TO INCORPORATE THE COMMUNITY RECOVERY AND
DEVELOPMENT FOUNDATION

WHEREAS a Society called and known as the “Community Recovery and Development Foundation” has heretofore been formed for the purpose of effectually carrying out its objects and transacting all matters connected with the said Society according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Society has heretofore successfully carried out and transacted the several objectives and matters for which it was formed and has applied to be incorporated and it will be for the public advantage to grant the said application:

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Community Recovery and Development Foundation (Incorporation) Act, No. 23 of 2007.

Short title.

2. From and after the date of Commencement of this Act, such and so many persons as now are members of the Community Recovery and Development Foundation (hereinafter referred to as the “Foundation”) or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate (hereinafter referred to as the “Corporation”) with perpetual succession, under the name and style of the “Community Recovery and Development Foundation” and by that name may sue and be sued, with full power and authority to have and use a common seal and to alter the same at its pleasure.

Incorporation of the Community Recovery and Development Foundation.

2 *Community Recovery and Development
Foundation (Incorporation) Act, No. 23 of 2007*

General objects
of the
Corporation.

3. The general objects for which the Corporation is constituted are hereby declared to be—

- (a) to work for the recovery, growth and development of person by encouraging “healthy living” and physical, mental, emotional, psycho-social and higher-mental well-being ;
- (b) to maintain a caring, rehabilitation, recovery and relief home called and known as “Sahana Sevana” for the benefit of psycho-socially victimized, psychologically traumatized persons, physically or mentally disabled persons of different age groups ;
- (c) to conduct study programmes and research work on psycho-socially victimized persons, children, suicide prevention and to forward constructive suggestions to the relevant authorities and policy makers, for the benefit of such persons and the society at large;
- (d) to disseminate education and knowledge relating to different psychological and social disciplines, mental relief work, rehabilitation, counseling and guidance;
- (e) to set up mental relief and counselling centres, guidance centres, for the benefit of needy children, adolescents, youth, adults, and elderly with a view to setting goals in the lives of such persons, for the prevention of suicides, uplifting personality and self-reliance ;
- (f) to encourage ethnic groups to gain at least speaking ability in the Sinhala, Tamil and English languages and raise awareness on understanding of the four major religions, with a view of enabling peace, harmony, enhancing human moral values among the communities of Sri Lanka ;

Community Recovery and Development 3
Foundation (Incorporation) Act, No. 23 of 2007

- (g) to encourage youth and families to undertake home-based income generating activities in addition to their main source of income, with a view to uplifting the economic standards of the people ;

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things whatsoever as are necessary or desirable for the promotion and furtherance of the objects of the Corporation or any one of them, including the power to open, maintain and close bank accounts, to borrow or raise moneys with or without security, to receive or collect grants and donations, to invest its funds and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

General powers
of the
Corporation.

5. (1) The affairs of the Corporation shall, subject to the provisions of this Act and the rules of the Corporation, be administered by an Executive Committee elected in accordance with the rules of the Corporation.

Management of
the affairs of the
Corporation.

(2) The first Executive Committee of the Corporation shall be the Executive Committee of Foundation holding office on the day preceding the date of commencement of this Act.

6. (1) It shall be lawful for the Corporation from time to time, at any general meeting and by a majority of not less than two thirds of the members present and voting, to make rules not inconsistent with the provisions of this Act or any other written law, for all or any of the following matters :—

Rules of the
Corporation.

- (a) the admission, classification and withdrawal or expulsion of members ;
- (b) the election of office bearers, the resignation, vacation of or removal from office, of office-bearers, and their powers, duties and functions ;
- (c) the election of the members of the Executive Committee and their powers, conduct and duties ;

4 *Community Recovery and Development
Foundation (Incorporation) Act, No. 23 of 2007*

- (d) the powers, duties and functions of the various officers and servants of the Corporation ;
- (e) the procedure to be followed in the transaction of business at the meeting of the Corporation and the Executive Committee, the times, places, notices and agenda of such meetings ; the quorum therefor and the conduct of business thereat ;
- (f) the administration and management of the property of the Corporation, the custody of its funds and the maintenance and audit of the accounts ; and
- (g) generally, for the management of the affairs of the Corporation.

(2) Any rule made by the Corporation may be amended, altered, added to, or rescinded at a like meeting and in like manner as a rule made under subsection (1).

(3) The members of the Corporation shall be subject to the rules of the Corporation.

Corporation may hold property movable and immovable.

7. The Corporation shall be able and capable in law, to acquire and hold property, both movable and immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act and subject to the rules in force for the time being of the Corporation with full power to sell, mortgage, lease exchange or otherwise dispose of the same.

Debts due by and payable to the Corporation.

8. All debts and liabilities of the Foundation existing on the day preceding the date of commencement of this Act, shall be paid and discharged by the Corporation hereby constituted and all debts due to, subscriptions and contributions payable to the Foundation on that day shall be paid to the Corporation for the purposes of this Act.

Community Recovery and Development 5
Foundation (Incorporation) Act, No. 23 of 2007

9. (1) The financial year of the Corporation shall be the year beginning on the first day of April to 31st March every year and ending on the thirty first day of March of such year ;

Audit and
Accounts.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation ;

(3) The accounts of the Corporation shall be audited by a qualified auditor appointed by the Executive Committee of the Corporation.

In this section, “qualified auditor” means —

- (i) a person who being the member of the Institute of Chartered Accountants of Sri Lanka, or any other Institute established by law, possesses a certificate issued by the Council of such Institute to practice as an Accountant ; or
- (ii) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate issued by the Council of such Institute to practice as an Accountant .

10. The seal of the Corporation shall not be affixed to any instrument, except in the presence of the President of the Corporation or in his absence, a Vice President and of the Treasurer or Secretary, who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Seal of the
Corporation.

11. Where upon dissolution of the Corporation, there remains after the satisfaction of all its debts and liabilities, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some

Property
remaining on
dissolution.

6 *Community Recovery and Development
Foundation (Incorporation) Act, No. 23 of 2007*

other Institution having objects similar to those of the Corporation and which is or are by its rules prohibited from distributing any income or property among its or their members.

Saving of the rights of the republic and others.

12. Nothing in this Act contained shall prejudice or affect the rights of the republic or of any body politic or corporate or of any other persons.

Sinhala text to prevail in case of inconsistency.

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**COMPUTER CRIME
ACT, No. 24 OF 2007**

[Certified on 09th July, 2007]

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Computer Crime Act, No. 24 of 2007

[Certified on 09th July 2007]

L. D.—O. 72/2000

AN ACT TO PROVIDE FOR THE IDENTIFICATION OF COMPUTER CRIME AND TO PROVIDE THE PROCEDURE FOR THE INVESTIGATION AND PREVENTION OF SUCH CRIMES ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH AND INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

1. This Act may be cited as the Computer Crime Act, No.24 of 2007 and shall come into operation on such date as the Minister may by Order published in the *Gazette* appoint (hereinafter referred to as the “appointed date”). Short title.
2. (1) The provisions of this Act shall apply where— Application of this Act.
- (a) a person commits an offence under this Act while being present in Sri Lanka or outside Sri Lanka ;
 - (b) the computer, computer system or information affected or which was to be affected, by the act which constitutes an offence under this Act, was at the material time in Sri Lanka or outside Sri Lanka ;
 - (c) the facility or service, including any computer storage, or data or information processing service, used in the commission of an offence under this Act was at the material time situated in Sri Lanka or outside Sri Lanka ; or
 - (d) the loss or damage is caused within or outside Sri Lanka by the commission of an offence under this Act, to the State or to a person resident in Sri Lanka or outside Sri Lanka.
- (2) For the purposes of paragraph (d) of subsection (1) “person” includes a body of persons corporate or unincorporate.

PART I

COMPUTER CRIME

Securing unauthorised access to a computer an offence.

3. Any person who intentionally does any act, in order to secure for himself or for any other person, access to—

(a) any computer ; or

(b) any information held in any computer,

knowing or having reason to believe that he has no lawful authority to secure such access, shall be guilty of an offence and shall on conviction be liable to a fine not exceeding one hundred thousand rupees, or to imprisonment of either description for a term which may extend to five years, or both such fine and imprisonment.

Doing any act to secure unauthorised access in order to commit an offence

4. Any person who intentionally does any act, in order to secure for himself or for any other person, access to—

(a) any computer ; or

(b) any information held in any computer,

knowing or having reason to believe that he has no lawful authority to secure such access and with the intention of committing an offence under this Act or any other law for the time being in force, shall be guilty of an offence and shall on conviction be liable to a fine not exceeding two hundred thousand rupees or to imprisonment of either description for a term which may extend to five years or to both such fine and imprisonment.

Explanation 1— for the purposes of paragraph (a) the mere turning on of a computer is sufficient.

Explanation 2— for the purposes of paragraph (b)-

(a) there should be an intention to secure any programme or data held in any computer ;

- (b) the access intended to be secured, should be unauthorised;
- (c) it is not necessary to have access directed at any particular programme, data or computer.

5. Any person who, intentionally and without lawful authority causes a computer to perform any function knowing or having reason to believe that such function will result in unauthorised modification or damage or potential damage to any computer or computer system or computer programme shall be guilty of an offence and shall on conviction be liable to a fine not exceeding three hundred thousand rupees or to imprisonment of either description for as term which may extend to five years or to both such fine and imprisonment.

Causing a computer to perform a function without lawful authority an offence.

Illustrations

For any unauthorised modification or damage or potential damage to any computer or computer system or computer programme to take place, any one of the following may occur:—

- (a) impairing the operation of any computer, computer system or the reliability of any data or information held in any computer; or
- (b) destroying, deleting or corrupting, or adding, moving or altering any information held in any computer;
- (c) makes use of a computer service involving computer time and data processing for the storage or retrieval of data;
- (d) introduces a computer program which will have the effect of malfunctioning of a computer or falsifies the data or any information held in any computer or computer system.

Explanation- for the purposes of paragraphs (a) to (d) above, it is immaterial whether the consequences referred to therein were of a temporary or permanent nature.

Offences committed against national security &c.

6. (1) Any person who intentionally causes a computer to perform any function, knowing or having reason to believe that such function will result in danger or imminent danger to—

- (a) national security ;
- (b) the national economy ; or
- (c) public order,

shall be guilty of an offence and shall on conviction be punishable with imprisonment of either description for a term not exceeding five years.

(2) In a prosecution for an offence under paragraphs (a) or (c) of subsection (1), a Certificate under the hand of the Secretary to the Ministry of the Minister in charge of the subject of Defence or, in a prosecution for an offence under paragraph (b) of subsection (1), a Certificate under the hand of the Secretary to the Ministry of the Minister in charge of the subject of Finance, stating respectively, that the situation envisaged in subsection (1) did in fact exist in relation to national security or public order, or the national economy, as the case may be, shall be admissible in evidence and shall be *prima facie* evidence of the facts stated therein.

Dealing with data &c., unlawfully obtained an offence.

7. Any person who, knowing or having reason to believe that any other person has without lawful authority obtained information from a computer or a storage medium of a computer,—

- (a) buys, receives, retains, sells, or in any manner deals with ; or

(b) offers to buy or sell, or in any manner deals with ; or

(c) downloads, uploads, copies or acquires the substance or meaning of,

any such information shall be guilty of an offence and shall on conviction be liable to a fine not less than one hundred thousand rupees and not exceeding three hundred thousand rupees or to imprisonment of either description for a term not less than six months and not exceeding three years, or to both such fine and imprisonment.

*Explanation .—*For the purposes of sections 9 and 10—

(a) It is immaterial that the offender had authority to access the computer or had authority to perform the function ;

(b) The offender need not have intended to cause or have had the knowledge that he is likely to cause, loss or damage to any particular person or institution.

8. Any person, who, knowingly or without lawful authority intercepts—

Illegal interception of data an offence.

(a) any subscriber information or traffic data or any communication, to, from or within a computer ; or

(b) any electromagnetic emissions from a computer that carries any information,

shall be guilty of an offence and shall on conviction be liable to a fine not less than one hundred thousand rupees and not exceeding three hundred thousand rupees or to imprisonment of either description for a term not less than six months and not exceeding three years, or to both such fine and imprisonment.

Using of illegal devices an offence.

9. Any person who, without lawful authority produces, sells, procures for use, imports, exports, distributes or otherwise makes available—

- (a) any device, including a computer or computer program ;
- (b) a computer password, access code or similar information by which the whole or any part of a computer is capable of being accessed,

with the intent that it be used by any person for the purpose of committing an offence under this Act shall be guilty of an offence and shall on conviction be liable to a fine not less than one hundred thousand rupees and not exceeding three hundred thousand rupees or to imprisonment of either description for a term not less than six months and not exceeding three years, or to both such fine and imprisonment.

Unauthorised disclosure of information enabling access to a service, an offence.

10. Any person who, being entrusted with information which enables him to access any service provided by means of a computer, discloses such information without any express authority to do so or in breach of any contract expressed or implied, shall be guilty of an offence and shall on conviction be liable to a fine not less than one hundred thousand rupees and not exceeding three hundred thousand rupees or to imprisonment of either description for a term not less than six months and not exceeding three years or to both such fine and imprisonment.

Attempts to commit offence.

11. Any person who attempts to commit an offence under sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of this Act or to cause such an offence to be committed, shall be guilty of an offence and shall on conviction be liable to a fine not exceeding one half of the maximum fine provided for each of such offences, or to imprisonment of either description for a term not exceeding one half of the maximum term provided for each of such offences, or to both such fine and imprisonment.

12. (1) Any person who abets the commission of an offence under this Act shall be guilty of the offence of abetment and shall on conviction—

Abetment of an offence.

- (a) if the offence abetted is committed in consequence of the abetment, be liable to the same punishment as is provided for the offence; and
- (b) if the offence is not committed in consequence of the abetment, be liable —
 - (i) where the maximum fine or term of imprisonment is provided for, to a fine not exceeding one fourth of the maximum fine provided for the offence or to imprisonment of either description for a term not exceeding one fourth of the maximum term provided for the offence, or to both such fine and imprisonment; and
 - (ii) where the maximum fine or imprisonment is not provided for or the maximum term of imprisonment is life, to a fine not exceeding two hundred and fifty thousand rupees or to imprisonment of either description for a term not exceeding five years, or to both such fine and imprisonment.

(2) The term ‘abet’ shall have the same meaning as in sections 100 and 101 of the Penal Code (Chapter 19) and the provisions of sections 101A, 103, 104, 105, 106 and 107 of the Penal Code (Chapter 19) shall *mutatis mutandis* apply in relation to the abetment of any offence under this Act.

13. (1) Any person who conspires to commit an offence under this Act shall be guilty of an offence and shall, on conviction be liable to be punished with the punishment prescribed for abetting the commission of that offence.

Conspiring to commit an offence.

(2) The term “conspire” shall have the same meaning as in subsection (2) of section 113A of the Penal Code (Chapter 19) and the provisions of that section shall *mutatis mutandis* apply in relation to conspiracy to commit any offence under this Act.

Compensation to be awarded for loss or damage consequent to an offence.

14. (1) Where a person is convicted of an offence under this Act, and where it is established that as a result of the commission of such offence—

- (a) loss or damage was caused to any person or institution; or
- (b) monetary gain accrued to the offender or any other person,

the court shall, in addition to any other punishment that may be imposed on the offender, make order for the payment by the offender—

- (i) of compensation, to the person or institution that incurred loss or damage; or
- (ii) of a sum equivalent to the value of the monetary gain so accrued, to the State, as the case may be.

(2) An order made under subsection (1) for payment, shall be enforced as if such order was a decree entered by the District Court in favour of the person or institution which suffered the loss or damage or the State, as the case may be.

(3) A Certificate under the hand of an expert containing a record of the quantum of compensation as computed by the victim and a statement whether in the opinion of the expert, the quantum of compensation is proportionate to the loss or damage caused or the monetary value of the gain accrued shall be admissible in evidence and shall be *prime facie* proof of the facts stated therein.

(4) An order under subsection (1) for the payment of compensation in favour of any person shall not debar or prejudice any right of that person to a civil remedy for the recovery of damages :

Provided however that the time limit specified in the Prescription Ordinance (Chapter 68) for the commencement of any action relating to a civil remedy, shall, for the purposes of this Act, be computed only from the date on which an order under subsection (1) is made.

PART II

INVESTIGATIONS

15. Except as otherwise provided by this Act, all offences under this Act shall be investigated, tried or otherwise dealt with in accordance with the provisions of the Code of Criminal Procedure Act, No. 15 of 1979.

Offences under this Act to be investigated under the provisions of the Code of Criminal Procedure.

16. Every offence under this Act shall be a cognizable offence within the meaning of, and for the purpose of, the Code of Criminal Procedure Act, No. 15 of 1979.

Offence under the Act to be cognizable offence.

17. (1) The Minister in charge of the subject of Science and Technology may, in consultation with the Minister in charge of the subject of Justice, appoint by Order published in the *Gazette* any public officer having the required qualification and experience in electronic engineering or software technology (hereinafter referred to as "an expert") to assist any police officer in the investigation of an offence under this Act.

Appointment of a panel of experts.

(2) For the purposes of this section "expert" includes-

- (a) any member of the staff of any University who possesses the prescribed qualification and, who is nominated by the Vice-Chancellor of the relevant University ;

- (b) any public institution which in the opinion of the relevant University possesses the prescribed qualification and is nominated by the Vice-Chancellor of such University :

Provided that where an “expert” cannot be identified in terms of paragraph (a) or (b) above the Minister may, in consultation with the Vice-Chancellor of the relevant University appoint any other institution which satisfies the prescribed qualification ;

- (c) University shall mean any University established under the Universities Act, No. 16 of 1978.

(3) The qualifications and experience (having regard to the specific areas of expertise in electronic engineering or software technology) required to be fulfilled by an officer appointed under subsection (1) and the manner and mode of appointment and the conditions of appointment of such officer shall be as prescribed by regulations.

(4) For the purpose of an investigation under this Act, an expert called upon to assist any police officer shall, have the power to—

- (a) enter upon any premises along with a police officer not below the rank of a sub-inspector ;
- (b) access any information system, computer or computer system or any programme, data or information held in such computer to perform any function or to do any such other thing ;
- (c) require any person to disclose any traffic data ;
- (d) orally examine any person ;
- (e) do such other things as may be reasonably required, for the purposes of this Act.

(5) An expert shall be paid such remuneration as may be determined by the Minister in consultation with the Minister in charge of the subject of Finance.

(6) An expert may be called upon to assist any police officer in the investigation of an offence under this Act and it shall be duty of the officer to render all such assistance as may be required for the purposes of such investigation. Where any proceedings have been commenced consequent to the findings of an investigation, it shall be the duty of the officer to make available for the purposes of such proceedings, any information, data, material or other matter that may be obtained by him in the course of such investigation.

18. (1) An expert or a police officer may, for the purposes of an investigation under this Act under the authority of a warrant issued in that behalf by a Magistrate on application made for such purpose,—

Powers of search and seizure with warrant.

- (i) obtain any information including subscriber information and traffic data in the possession of any service provider;
- (ii) intercept any wire or electronic communication including subscriber information and traffic data, at any stage of such communication.

(2) Notwithstanding the provisions of subsection (1), an expert or a police officer may without a warrant exercise all or any of the powers referred to in that subsection, if—

- (a) the investigation needs to be conducted urgently; and
- (b) there is a likelihood of the evidence being lost, destroyed, modified or rendered inaccessible; and
- (c) there is a need to maintain confidentiality regarding the investigation.

(3) The provisions of sections 36, 37 and 38 of the Code of Criminal Procedure Act, No. 15 of 1979 shall not apply in relation to the arrest of a person for an offence under this Act.

(4) The Minister may by regulation prescribe the manner in which and the procedures required to be followed in respect of, the retention and interception of data and information including traffic data, for the purposes of any investigation under this Act.

Preservation of information.

19. (1) Where an expert or a police officer is satisfied that any information stored in a computer is reasonably required for the purposes of an investigation under this Act and that there is a risk that such information may be lost, destroyed, modified or rendered inaccessible, he may by written notice require the person in control of such computer or computer system to ensure that the information be preserved for such period not exceeding seven (07) days as may be specified in such notice.

(2) On an application made to a Magistrate having jurisdiction, the period for which the information is to be preserved may be extended for such further period, which in the aggregate shall not exceed upto ninety days.

Normal use of computer not to be hampered.

20. Every police officer and every expert who conducts any search, inspection or does any other thing in the course of an investigation, shall make every endeavour to ensure that the ordinary course of legitimate business for which any computer may be used is not hampered by such search, inspection or investigation and shall not seize any computer, computer system or part thereof, if such seizure will prejudice the conduct of the ordinary course of business for which the computer is used, unless—

- (a) it is not possible to conduct the inspection on the premises where such computer, computer system or part thereof is located; or

- (b) seizure of such computer, computer system or part thereof is essential to prevent the commission of the offence or the continuance of the offence or to obtain custody of any information which would otherwise be lost, destroyed, modified or rendered inaccessible.

21. (1) Any police officer may, in the course of an investigation under this Act, exercise powers of arrest, search, or seizure of any information accessible within any premises, in the manner provided for by law:

Power of police officer to arrest, search and seize.

Provided that a police officer making an arrest without a warrant of person suspected of committing an offence under this Act, shall without unnecessary delay and within twenty-four hours of such arrest, exclusive of the time taken for the journey from the place of arrest to the presence of the Magistrate, produce such person before the Magistrate of the Court nearest to the place that the suspect is arrested.

(2) No police officer shall access any computer for the purpose of an investigation under this Act unless the Inspector General of Police has certified in writing that such police officer possesses adequate knowledge and skill in the field of information communication technology and is thereby possessed of the required expertise to perform such a function.

22. (1) Where any item or data has been seized or rendered inaccessible in the course of an investigation, the police officer conducting the search shall issue a complete list of such items and data including the date and time of such seizure or of rendering it inaccessible to the owner or person in charge of the computer or computer system.

Police officer to record and afford access to seized data.

(2) Subject to the provisions of subsection (3), a police officer may upon application made by the owner or person in control of the computer or computer system, permit a person nominated by such owner or person to issue such person a copy of such data.

(3) A police officer shall not grant permission or give such copies under subsection (2) if it appears that such permission would be prejudicial to any criminal investigation or proceeding.

Duty to assist investigation.

23. (1) Any person who is required to make any disclosure or to assist in an investigation under this Act, shall comply with such requirement.

(2) A person who obstructs the lawful exercise of the powers conferred on an expert or a police officer or fails to comply with such request made by such expert or police officer during an investigation shall be guilty of an offence and shall on conviction be liable to a fine not exceeding two hundred thousand rupees or to imprisonment of either description for a period not less than one year and not exceeding two years or to both such fine and imprisonment.

Confidentiality of information obtained in the course of an investigation.

24. (1) Every person engaged in an investigation under this Act shall maintain strict confidentiality with regard to all information as may come to his knowledge in the course of such investigations and he shall not disclose to any person or utilize for any purpose whatsoever any information so obtained other than in the discharge of his duties under this Act.

(2) Every service provider from whom any information has been requested or obtained and any person to whom a written notice has been issued for the preservation of any information shall maintain strict confidentiality in relation to such information and the fact that such information has been requested, obtained or required to be preserved, and shall not make any disclosure in regard to such matters other than with lawful authority.

(3) A service provider shall not be held liable under the civil or criminal law for the disclosure of any data or other information for the purposes of an investigation under this Act.

(4) Any person who contravenes the provisions of subsections (1) and (2) shall commit an offence and shall on conviction be liable to a fine not exceeding three hundred thousand rupees or to imprisonment of either description for a term not exceeding two years or to both such fine and imprisonment.

PART III

MISCELLANEOUS

25. The jurisdiction to hear, try and determine all offences under this Act shall be vested with the High Court :

Jurisdiction.

Provided however that where the provisions of the Extradition Law, No. 8 of 1977 is applicable in relation to the commission of an offence under this Act, the High Court holden at Colombo shall have exclusive jurisdiction to hear, try and determine such offence.

26. (1) Every document duly signed and issued by an expert or a police officer, as the case may be, and duly authenticated by an expert in the prescribed manner, shall be admissible in evidence and shall be *prima facie* evidence of the facts stated therein.

Proof of document issued by an expert or a Police Officer.

(2) for the purposes, of this section the expression “document” shall include a certificate, declaration, information, data, report or any other similar document.

27. The Schedule to the Extradition Law, No. 8 of 1977 is hereby amended by the insertion immediately before Part B thereof, of the following new item :—

Amendment of the Schedule to the Extradition Law, No. 8 of 1977.

“(49) An offence committed in terms of the Computer Crimes Act, No. 24 of 2007.”.

28. No civil or criminal action shall be instituted against an expert or a police officer appointed for the purpose of this Act, for any lawful act which is done or purported to be done in good faith by such expert or police officer as the case may be, in pursuance of his duties under this Act.

Immunity from legal proceedings.

Experts deemed to be peace officer and public officer.

29. Every expert shall, in the discharge of his duties under this Act, be deemed to be—

- (a) a “peace officer” within the meaning and for the purposes of the Code of Criminal Procedure Act, No. 15 of 1979; and
- (b) a “public officer” within the meaning and for the purposes of the Penal Code (Chapter 19).

Offences by bodies of persons.

30. Where an offence under this Act is committed by a body of persons, then if that body of person is—

- (a) a body corporate, every director and officer of that body corporate; or
- (b) a firm, every partner of that firm; or
- (c) a body unincorporated other than a firm, every officer of that body responsible for its management and control,

shall be deemed to be guilty of such offence :

Provided that no such person shall be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

Presumptions.

31. For the purposes of the application of the provisions of the Penal Code (Chapter 19) in relation to an offence committed under this Act—

- (a) an offence under this Act committed outside the territory of Sri Lanka shall be deemed to have been committed in Sri Lanka; and
- (b) any information referred to in this Act shall be deemed to be property.

32. (1) The Minister may make regulations under this Act for the any matter authorized or required to be made under this Act, or which in required to be prescribed under this Act, or for the purpose of carrying out or giving effect to the principles and provisions of this Act.

Regulations.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall as soon as convenient after its publication in the *Gazette* be brought before Parliament for its approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval but without prejudice to anything previously done thereunder.

(4) Notification of the date on which a regulation is deemed to be rescinded shall be published in the *Gazette*.

33. Where a request is made to the Government of Sri Lanka, by or on behalf of another Government for the extradition of any person accused or convicted of an offence under this Act, the Minister shall on behalf of the Government of Sri Lanka, forthwith notify the Government of the requesting State of the measures which the Government of Sri Lanka has taken, or proposes to take, for the prosecution or extradition of that person for that offence.

Minister to notify requesting State, of measures taken against persons for whose extradition request is made.

34. Where a person who is not a citizen of Sri Lanka is arrested for an offence under this Act, such person shall be entitled—

Rights of certain persons arrested for offences under this Act.

(a) to communicate without delay, with the nearest appropriate representative of the State of which he is a national or which is otherwise entitled to protect his rights or if he is a stateless person, with the nearest appropriate representative of the State in the territory of which he was habitually resident ; and

- (b) to be visited by a representative of that State ; and
- (c) be informed of his rights under paragraphs (a) and (b).

Assistance to
Convention
States &c.

35. (1) The provisions of the Mutual Assistance in Criminal Matters Act, No. 25 of 2002 shall, wherever it is necessary for the investigation and prosecution of an offence under this Act, be applicable in respect of the providing of assistance as between the Government of Sri Lanka and other States who are either Commonwealth countries specified by the Minister by Order under section 2 of the aforesaid Act or Non-Commonwealth countries with which the Government of Sri Lanka entered into an agreement in terms of the aforesaid Act.

(2) In the case of a country which is neither a Commonwealth country specified by the Minister by Order under section 2 of the aforesaid Act nor a Non-Commonwealth country with which the Government of Sri Lanka entered into an agreement in terms of the aforesaid Act, then it shall be the duty of the Government to afford all such assistance to, and may through the Minister request all such assistance from, a convention country, as may be necessary for the investigation and prosecution of an offence under this Act (including assistance relating to the taking of evidence and statements, the serving of process and the conduct of searches).

(3) The grant of assistance in terms of this section may be made subject to such terms and conditions as the Minister thinks fit.

Offences under
this Act, not to
be political
offences &c., for
the purposes of
the Extradition
Law.

36. Notwithstanding anything in the Extradition Law, No. 8 of 1977, an offence specified in the Schedule to that Law and in this Act, shall for the purposes of that law be deemed not to be an offence of a political character or an offence connected with a political offence or an offence inspired by political motives, for the purposes only of the extradition of any person accused or convicted of any such offence, as between the Government of Sri Lanka and any requesting State, or of affording assistance to a requesting State under section 35.

37. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in the event of inconsistency.

38. In this Act, unless the context otherwise requires,—

Interpretation.

“computer” means an electronic or similar device having information processing capabilities;

“storage medium” means any [electronic or similar device] from which information is capable of being reproduced, with or without the aid of any other article or device;

“computer programme” means a set of instructions expressed in words, codes, schemes or any other form, which is capable when incorporated in a medium that the computer can read, of causing a computer to perform or achieve a particular task ;

“computer system” means a computer or group of interconnected computers, including the internet;

“document” includes an electronic record;

“electronic record” means, information, record or data generated, stored, received or sent in an electronic form or microfilm, or by any other similar means;

“function” in relation to a computer, includes logic, control or carrying out of an arithmetical process, deletion, storage and retrieval and communication to or within a computer;

“information” includes data, text, images, sound, codes, computer programmes, databases or microfilm;

“service provider” means—

- (a) a public or private entity which provides the ability for its customers to communicate by means of a computer system; and

- (b) any other entity that processes or stores computer data or information on behalf of that entity or its customers;

“subscriber information” means any information, contained in the form of computer data or any other form that is held by a service provider, relating to subscribers of its services;

“traffic data” means data—

- (a) that relates to the attributes of a communication by means of a computer system;
- (b) data generated by a computer system that is part of a service provider; and
- (c) which shows communications origin, destination, route, time, data, size, duration or details of subscriber information.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CEYLON HOTELS CORPORATION
(REPEAL) ACT, No. 25 OF 2007**

[Certified on 12th July, 2007]

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*Ceylon Hotels Corporation (Repeal)
Act, No. 25 of 2007*

[Certified on 12th July, 2007]

L.D.—O. 41/2005.

AN ACT TO PROVIDE FOR THE TAKING OVER OF THE FUNCTIONS OF THE CEYLON HOTELS CORPORATION BY A PUBLIC COMPANY INCORPORATED FOR THAT PURPOSE; TO REPEAL THE CEYLON HOTELS CORPORATION ACT, No. 14 OF 1966 ; AND FOR MATTERS CONNECTED THEREWITH AND INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. (1) This Act may be cited as the Ceylon Hotels Corporation (Repeal) Act, No. 25 of 2007. The Minister may by Order published in the *Gazette* appoint a date (hereinafter referred to as the “appointed date”) which date shall be the date from which the repeal of the Ceylon Hotels Corporation Act, No. 14 of 1966, shall take effect.

Short title and
date of
operation.

(2) Notwithstanding the repeal of the Ceylon Hotels Corporation Act, the Minister shall, in consultation with the Minister in charge of the subject of Finance, direct the Registrar of Companies, under subsection (1) of section 2 of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987, to incorporate a company to take over the functions of Ceylon Hotels Corporation as specified in the direction. The company incorporated in pursuance of such direction shall be designated as the “Ceylon Hotels Corporation Limited”. The provisions of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987, shall apply to and in relation to the Ceylon Hotels Corporation Limited :

Provided however, the provisions of subsection (3) of section 2 of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 shall have no application to

2 *Ceylon Hotels Corporation (Repeal)*
Act, No. 25 of 2007

the vesting of the ordinary and preference shares held by the Ceylon Hotels Corporation on the day immediately preceding the appointed date and accordingly the ordinary and preference share structure applicable on such date shall continue to be applicable to the share structure of the Ceylon Hotels Corporation Limited, with effect from the appointed date :

Provided further that—

- (a) the shareholders of the Ceylon Hotels Corporation on the date immediately preceding the appointed date shall with effect from the appointed date continue to be the shareholders of the Ceylon Hotels Corporation Limited ; and
- (b) the Directors of the Ceylon Hotels Corporation holding office on the date immediately preceding the appointed date shall with effect from the appointed date be deemed to be the first Directors of the Ceylon Hotels Corporation Limited.

(3) Every reference to the “Ceylon Hotels Corporation”, “shareholders of the Ceylon Hotels Corporation” and “the Directors of the Ceylon Hotels Corporation ” in any written law, notice, notification or other document shall be read and construed as a reference respectively to “the Ceylon Hotels Corporation Limited”, “shareholders of the Ceylon Hotels Corporation Limited” and “the Directors of the Ceylon Hotels Corporation Limited ”.

(4) (a) The officers and servants of the Ceylon Hotels Corporation holding office on the day immediately preceding the appointed date shall, with effect from the appointed date, be offered employment in the Ceylon Hotels Corporation Limited on terms and conditions not less favourable than those enjoyed by them on the day immediately preceding the appointed date.

(b) The taking over of employment in the Ceylon Hotels Corporation Limited by an employee of the Ceylon Hotels Corporation, shall for purposes of the Termination of Employment of Workmen (Special Provisions) Act, No. 45 of 1971, be deemed not to be a termination of the service of such employee by the Ceylon Hotels Corporation.

(c) An officer or servant referred to in paragraph (a), who wishes to opt out of service in the Ceylon Hotels Corporation Limited may do so within three months from the date on which he was notified of the available offer of serving in the Ceylon Hotels Corporation Limited. If an officer or servant exercises his option not to accept the offer, he shall be paid compensation under a voluntary retirement scheme to be implemented in that behalf, with the approval of the Cabinet of Ministers.

(d) An officer or servant who retires under the voluntary retirement scheme referred to in paragraph (c) shall, being a member of the Employees' Provident Fund be paid in terms of the provisions of sub-paragraph (ii) of paragraph (f) of subsection (1) of section 23 of the Employees' Provident Fund Act, No. 15 of 1958, the total amount lying to the credit in the individual account of such officer or servant in such Fund, as soon as may be practicable after such officer or servant retires obtaining compensation, under such voluntary retirement scheme.

(5) The Secretary to the Treasury may, with the prior approval of the Cabinet of Ministers dispose of the remaining preference shares after converting them to ordinary shares of the Ceylon Hotels Corporation or of any rights over such shares, other than ten *per centum* of the shares which shall in the manner directed by the Minister, be distributed among the employees of the Ceylon Hotels Corporation, who on the day immediately preceding the appointed date are so employed, and such shares shall be vested in the Employees' Provident Fund and the Employees' Trust Fund, in the name of such employees.

(6) Notwithstanding anything to the contrary in any other written law the Memorandum and Articles of Association of the Ceylon Hotels Corporation Limited, shall contain provisions to the effect that the Board of Directors of the Ceylon Hotels Corporation Limited shall include a member of the Board of Trustees of the Employees' Trust Fund.

Savings.

2. (1) All contracts, agreements and other instruments of the Ceylon Hotels Corporation, subsisting on the day immediately preceding the appointed date shall, with effect from the appointed date be deemed to be the contracts, agreements and other instruments, as the case may be, entered into by the Ceylon Hotels Corporation Limited.

(2) All suits, actions and other legal proceedings instituted by, or against the Ceylon Hotels Corporation and pending on the day immediately preceding the appointed date shall, with effect from the appointed date be deemed to be suits, actions and other proceedings instituted by, or against, as the case may be, the Ceylon Hotels Corporation Limited.

(3) All the rights, liabilities and obligations of the Ceylon Hotels Corporation subsisting on the day immediately preceding the appointed date shall, with effect from the appointed date be deemed to be the rights, liabilities and obligations, as the case may be, of the Ceylon Hotels Corporation Limited.

(4) Every decree, order or judgement entered in favour of or against the Ceylon Hotels Corporation by any Court in any action or proceeding, and remaining unsatisfied on the day immediately preceding the appointed date, shall with effect from the appointed date, be deemed to be a decree, order or judgement entered in favour of or against, as the case may be, the Ceylon Hotels Corporation Limited, and may enforced accordingly.

Ceylon Hotels Corporation (Repeal) 5
Act, No. 25 of 2007

3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

4. In this Act, unless the context otherwise requires— Interpretation.

“Ceylon Hotels Corporation” means the Ceylon Hotels Corporation established under the Ceylon Hotels Corporation Act, No. 14 of 1966 ;

“Employees’ Provident Fund” means the Employees Provident Fund established under the Employees Provident Fund Act, No. 15 of 1958 ;

“Employees’ Trust Fund” means the Employees Trust Fund established under the Employees’ Trust Fund Act, No. 46 of 1980 ; and

“Public Company” means a Public Company registered under the Companies Act, No. 7 of 2007.

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**PARLIAMENT OF THE DEMOCRATIC
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**NATIONAL INSTITUTE OF LANGUAGE
EDUCATION AND TRAINING
ACT, No. 26 OF 2007**

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*National Institute of Language Education and
Training Act, No. 26 of 2007*

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L.D.—O. 20/2006.

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE NATIONAL INSTITUTE
OF LANGUAGE EDUCATION AND TRAINING ; AND FOR MATTERS
CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

1. This Act may be cited as the National Institute of Language Education and Training Act, No. 26 of 2007. Short title.

PART I

NATIONAL INSTITUTE OF LANGUAGE EDUCATION AND TRAINING

2. There shall be established an Institute to be called the National Institute of Language Education and Training (hereinafter referred to as “the Institute”). The Institute shall by the name assigned to it by this section, be a body corporate with perpetual succession and a common seal and may sue and be sued in such name. Establishment of National Institute of Language Education and Training.

3. (1) The administration and management of the affairs of the Institute shall be vested in a Board of Management (hereinafter referred to as “the Board”) consisting of such members as hereinafter provided. Board of Management.

(2) The Board shall consist of—

(a) the following *ex-officio* members appointed by the Minister :—

(i) the person for the time being holding the office of Secretary to the Ministry of the Minister in charge of the subject of Education ;

2 *National Institute of Language Education and Training Act, No. 26 of 2007*

- (ii) the person for the time being holding the office of Secretary to the Ministry of the Minister in charge of the subject of Public Administration ;
- (iii) the person for the time being holding the office of Secretary to the Ministry of the Minister in charge of the subject of Finance ; and
- (iv) the person for the time being holding the office of Secretary to the Ministry of the Minister in charge of the subject of Constitutional Affairs and National Integration ; and

- (b) five other members appointed by the Minister from among persons who have had experience and have shown capacity in the fields of languages, literature and education and management.

(3) The Minister shall appoint a Chairman of the Board from among the members of the Board.

(4) The provisions of the Schedule to this Act shall apply in relation to the appointment and terms of office of members of the Board, the remuneration payable to such members, the meetings of the Board and the Seal of the Institute.

Objects of the Institute.

4. The objects for which the Institute is established shall be to serve as an Institute that shall generate—

- (a) competent teachers to teach Sinhala, Tamil and English to those who are desirous of acquiring such knowledge ;
- (b) competent translators and interpreters in the Sinhala, Tamil, and English languages who shall constitute the National Translators Service and the National Interpreters Service to be established by written law ;

- (c) qualified trainers to train language teachers, translators and interpreters in the Sinhala, Tamil and English Languages ;
- (d) trained persons with trilingual capabilities for the efficient provision of services to the public.

5. The functions of the Institute shall be—

The functions of the Institute.

- (a) to provide extensive training in the Sinhala, Tamil and English languages so as to make available persons competent to teach Sinhala, Tamil and English to persons who are desirous of acquiring such knowledge ;
- (b) to conduct research and studies on issues relating to language training, with a view to utilizing the results of such research and studies for the effective functioning of the Institute ;
- (c) to provide training and education to suitable persons in languages and to award certificates and diplomas to successful candidates on completion of such training and education ;
- (d) to build up a body of trained personnel equipped to undertake the teaching of languages ;
- (e) to establish a repository of information on matters relating to languages ;
- (f) to conduct specified language courses in Sinhala, Tamil and English languages for special categories of person such as interpreters, translators and stenographers ; and

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- (g) to undertake, assist, and promote linguistic research activities in Sinhala, Tamil and English languages and foreign languages and where it appears to be necessary make recommendation to the relevant authorities on the improvements and changes to be made to the Sinhala, Tamil and English languages.

Powers of the Institute.

6. For the purpose of effectively discharging its functions, the Institute shall have the power—

- (a) to accept and receive grants, donations, gifts, bequests both movable and immovable, from domestic and foreign sources, and to apply them to the promotion of its aims and objects ;
- (b) to acquire and hold property, movable or immovable, which may vest in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise and subject to the rules of the Institute, to sell, assign, exchange or otherwise dispose of the same ;
- (c) to enter into agreements for co-operation with educational and other institutions, whether in Sri Lanka or abroad, having objects wholly or partly similar to those of the Institute, for the exchange of personnel, advisory services, research, the training of personnel or generally, for such purposes as may be conducive to the objects of the Institute ;
- (d) to open and maintain current, savings or deposit accounts in any bank or banks ;
- (e) to enter into all such contracts as may be necessary for the discharge of its functions ;
- (f) to invest its funds in such securities as may be approved by the Board ;

- (g) to collect, print and publish reports, periodicals and papers on subjects falling within the purview of the Institute ;
- (h) to conduct lectures, seminars and workshops on subjects relevant to the discharge of the functions of the Institute ;
- (i) to make rules in respect of the management of the affairs of the Institute ;
- (j) to raise or borrow money for the purpose of the Institute on any security or otherwise and to secure or discharge any debt or obligation of the Institute in such manner as the Board deems fit;
- (k) to establish a library of relevant publications and research reports of all areas coming within the purview of the Institute ;
- (l) to call for applications and select persons eligible to undergo training at the Institute ;
- (m) to maintain association with institutions having similar objects in other countries and to develop working relationships ; and
- (n) to do such other acts and things as may be necessary to promote the objects of the Institute.

7. There shall be an Academic Board of the Institute ^{Academic Board.} (hereinafter referred to as the “Academic Board”) which shall consist of the following persons :—

- (i) the Chairman of the Institute ;
- (ii) the Director-General of the Institute ;
- (iii) the Commissioner of the Department of Official Languages ;

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- (iv) six Department Heads appointed by the Board in consultation with the University Grants Commission, from among the Department Heads of the Sinhala, Tamil and English Departments and the Linguistic Departments of all Universities established under the Universities Act, No. 16 of 1978.

Powers of the Academic Board.

8. (1) The Academic Board shall be responsible to the Institute and shall have the power to —

- (a) advise the Institute subject to the provisions of this Act, on such matters as may relate to the academic activities of the Institute ;
- (b) conduct examinations in accordance with the rules of the Institute and recommend to the Board, persons who having passed such examinations and satisfied such other conditions as the Institute may prescribe, are eligible for the award of diplomas, certificates and other academic distinctions of the Institute ;
- (c) consider the report on any matter referred to it by the Board ;
- (d) make and forward recommendations and reports to the Board on all matters connected with the courses for study, training programmes and examinations conducted by the Institute ;
- (e) recommend to the Board requirements that shall be imposed for admission of students to courses of study or training programmes and examinations conducted by the Institute ;
- (f) make rules relating to courses of study, training programmes and examinations conducted by the Institute and submit such rules to the Board ;

- (g) recommend to the Board, names of persons suitable for appointment as examiners at examinations conducted by the Institute ;
- (h) recommend to the Board rules, schemes of recruitment and procedures relating to the appointment, dismissal and disciplinary control of the academic staff of the Institute, their wages, remuneration, allowances and fees and their hours of work, holidays and leave ;
- (i) recommend to the Board, conditions that shall be applicable to the awarding of scholarships, exhibitions, bursaries, medals and prizes awarded by the Institute ;
- (j) recommend to the Board, persons who have satisfied the conditions approved by the Board for the scholarships, exhibitions, bursaries, medals and prizes ;
- (k) appoint, with the approval of the Board, committees comprising the representatives of the Academic Board ; and
- (l) make rules relating to the meetings of the Academic Board and for the regulation of the procedure to be followed at such meetings.

(2) The Board or any officer to whom powers in respect of any academic matter referred to in subsection (1) has been delegated shall not take any decision on that matter without the prior recommendation of the Academic Board being obtained. Where the decision of the Board or such officer is contrary to the recommendation of the Academic Board, the Board or such officer shall adduce reasons for not adhering to the recommendation of the Academic Board.

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(3) No act, recommendation or report of the Academic Board shall be invalidated by reason only of the existence of a vacancy among its member or any defect in the appointment of any member thereof.

PART II

STAFF OF THE INSTITUTE

Director-General
of the Institute.

9. (1) The Minister shall, in consultation with the Board, appoint a Director-General of the Institute from among persons who have gained eminence in the field of Management.

(2) Director-General shall be the chief executive officer of the Institute.

(3) The Director-General shall, subject to the directions of the Board :—

- (a) establish a network with local and international stakeholders;
- (b) be responsible for the administration of the affairs of the Institute;
- (c) be responsible for the appointment and disciplinary control of the staff of the Institute;
- (d) be the Secretary to the Board;
- (e) be responsible for the implementation of the decisions of the Board; and
- (f) discharge such other functions as may be assigned by the Board.

(4) The Director-General shall be entitled to be present and express his views at any meetings of the Board, but shall not be entitled to vote at such meetings.

Appointment & c.
of the staff
of the
Institute.

10. The Institute shall, subject to the provisions of this Act, have the power to —

- (a) appoint such staff as it considers necessary for the discharge of its functions, and exercise disciplinary control over such staff;

- (b) fix the rates at which member of the staff shall be remunerated; and
- (c) determine the terms and conditions of service of the staff of the Institute.

11. (1) At the request of the Board any officer in the public service may, with the consent of that officer and of the Secretary to the relevant Ministry or Ministries, be temporarily appointed to the staff of the Institute for such period as may be determined by the Board, or with like consent be permanently appointed to such staff.

Appointment of public officers to the staff of the Institute.

(2) Where any officer in the public service is temporarily appointed to the staff of the Institute, the provisions of subsection (2) section 14 of the National Transport Commission Act, No. 37 of 1991 shall *mutatis mutandis*, apply to, and in relation to him.

(3) Where any officer in the public service is permanently appointed to the staff of the Institute, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991 shall, *mutatis mutandis*, apply to, and in relation to, him.

(4) Where the Institute employs any person who has entered into a contract with the Government to serve the Government for a specified period, any period of service to the Institute by such person shall be regarded as service to the Government, for the purpose of discharging the obligations of such contract.

(5) At the request of the Board any officer or servant of any Higher Educational Institution may with the consent of such officer or servant and the principal executive officer of that Higher Educational Institution, be temporarily appointed to the staff of the Institute for such period as may be

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Training Act, No. 26 of 2007*

determined by the Board or with like consent be permanently appointed to such staff, on such conditions, including those relating to pension and provident fund rights, as may be agreed upon by the Board and such principal executive officer.

(6) Where any officer or servant of any Higher Educational Institution is temporarily appointed to the staff of the Institute, he shall be subject to the same disciplinary control as any other member of such staff.

(7) In this section, the expressions “Higher Education Institution” and “principal executive officer” shall have the respective meanings assigned to them by the Universities Act, No. 16 of 1978.

PART III

FINANCE

Fund of the
Institute.

- 12.** (1) The Institute shall have its own Fund.
- (2) There shall be paid into the Fund of the Institute—
- (a) all such sums of money as may be voted from time to time, by Parliament for the use of the Institute;
 - (b) all such sums of money as may be received by the Institute in the exercise, and discharge of its powers and functions;
 - (c) all such sums of money as may be received by the Institute by way of donations, gifts and grants from any source in Sri Lanka or abroad; and
 - (d) all such sums of money as may be received as the income derived from the investment of its funds.

(3) There shall be paid out of the Fund of the Institute all such sums of money as may be required to defray any expenditure incurred by the Institute in the exercise and discharge of its powers and functions under this Act, and any other expenditure which is authorized or required to be paid out of the Fund of the Institute by any provision of this Act.

13. (1) The financial year of the Institute shall be the calendar year. Financial year and the audit of the accounts of the Institute.

(2) The Board shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Institute.

(3) The provisions of Article 154 of the Constitution relating to the audit of the accounts of public corporations shall apply to the audit of the accounts of the Institute.

PART IV

GENERAL

14. (1) The Board may delegate to the Chairman of the Board any of its power, duties or functions other than its powers under this subsection. Delegation of powers of the Board to the Chairman of the Board.

(2) The Chairman of the Board to whom any power, duty or function has been delegated under subsection (1) shall exercise, perform and discharge such power, duty or function subject to the directions of the Board.

15. (1) There shall be an Advisory Council (hereinafter referred to as the "Council") which shall advise the Institute on the effectiveness of the measures taken for the promotion of the Institute and provide a forum to discuss issues relating to the Institute and the development of the Institute. Advisory Council.

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(2) The Council shall consist of five persons appointed by the Minister in charge of the subject of National Integration from among persons who are engaged in the field of languages, literature and education and have achieved eminence in such fields.

Power of the Board to appoint standing committees or *ad hoc* committees.

16. The Board may appoint such number of standing committees or *ad hoc* committees as it may deem necessary for the exercise, performance and discharge of the powers, functions and duties of the Institute.

Directions to the Board.

17. The Minister in charge of the subject of National Integration may, in consultation with the Board, from time to time, issue such general or special directions in writing to the Board as to the exercise and discharge by the Board of its powers and functions in so far as they relate to matters of policy and it shall be the duty of the Board to give effect to all such directions.

Members, officers and servants of the Board deemed to be public officers.

18. All members of the Board and officers and servants of the Institute shall be deemed to be public officers within the meaning, and for the purposes, of the Penal Code.

Institute deemed to be a Scheduled Institution within the meaning of the Bribery Act.

19. The Institute shall be deemed to be a Scheduled Institution within the meaning of the Bribery Act and the provisions of that Act shall be construed accordingly.

Declaration of secretary.

20. (1) Every member of the Board and all officers and servants of the Institute shall, before entering upon his duties sign a declaration pledging himself to observe secrecy respecting all matters connected with the working of the Institute, and shall by such declaration pledge himself not to reveal any matter which may come to his knowledge in the discharge of his functions, except—

(a) when required to do so by a court of law; and

(b) in order to comply with any provisions of this Act.

(2) A member of the Board or officer or servant of the Institute who discloses any information obtained by him in connection with the discharge of his functions under this Act, to any person for any purpose other than for a purpose authorized by subsection (1), shall be guilty of an offence under this Act and shall on conviction after summary trial by a Magistrate be liable to a fine not exceeding ten thousand rupees.

21. (1) The Minister may make regulations in respect of all matters which are required by this Act to be prescribed or in respect of which regulations are required or authorized to be made under this Act. Regulations.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of publication or on such later date, as may be specified in the regulation.

(3) Every regulation made by the Minister shall, as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval.

(4) any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval but without prejudice to anything previously done thereunder.

(5) The notification of the date on which any regulation is deemed to be so rescinded shall be published in the *Gazette*.

22. (1) Where any immovable property of the State is required for any purpose of the Institute, such purpose shall be deemed to be a purpose for which a special grant or lease of such property may be made under section 6 of the State Lands Ordinance, and accordingly, the provisions of that Ordinance shall apply to a special grant or lease of such property to the Institute. State property both movable and immovable be made available to the Institute.

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(2) Where any movable property of the State is required for the purpose of the Institute, the Minister who has authority and control over such property may, by Order published in the *Gazette*, transfer to and vest in the Institute the possession and use of such movable property.

Annual report. **23.** The Board shall at the end of each financial year publish a Report of the activities of the Institute during the year and it shall be submitted to the Minister for approval. On being approved by the Minister such Report shall be laid before Parliament.

Sinhala text to prevail in case of any inconsistency. **24.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Interpretation. **25.** In this Act, unless the context otherwise requires—

“local authority” means any Municipal Council, Urban Council or Pradeshiya Sabha and includes any Authority created and established by or under any written law to exercise, perform and discharge powers, duties and functions corresponding to, or similar to, the powers, duties and functions exercised performed and discharged by any such Council or Sabha;

“Provincial Council” means a Provincial Council established by Chapter XVIIA of the Constitution ; and

“University Grants Commission” means the University Grants Commission established under the Universities Act, No. 16 of 1978.

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SCHEDULE (Section 3)

PROVISIONS RELATING TO THE MEMBERS OF THE BOARD

1. A person shall be disqualified from being appointed or continuing as a member of the Board—

- (a) if he is, or becomes, a member of Parliament, any Provincial Council or any local authority;
- (b) if he is not, or ceases to be a citizen of Sri Lanka;
- (c) if he is under any law in force in Sri Lanka or in any other country, found or declared to be of unsound mind;
- (d) if he is serving or has served, a sentence of imprisonment imposed by any court in Sri Lanka or any other country; or
- (e) if he had been dealt with under the provisions of section 303 or section 306 of the Code of Criminal Procedure Act, No. 15 of 1979.

2. Every member of the Board shall, unless he vacates office earlier by death, resignation or removal, hold office for a term of three years from the date of his appointment and shall unless he has been removed from office, be eligible for re-appointment:

Provided, that a member appointed in place of a member who had vacated office by death, resignation or removal, shall hold office for the unexpired part of the term of office of the member whom he succeeds.

3. The Minister may, by Order published in the *Gazette*, and for reasons assigned, remove any member of the Board from office. A member in respect of whom an Order is made under this paragraph shall be deemed to have vacated office on the date of publication of such Order in the *Gazette*.

4. A member of the Board may at any time resign from office by letter to that effect addressed to the Minister and such resignation shall take effect upon it being accepted by the Minister in writing.

5. In the event of the vacation of office by death, resignation or removal by any member of the Board, the Minister may, having regard to the provisions of subsection (2) of section 3 appoint any other person in place of such member. Any person so appointed in place of such member, shall hold office during the unexpired part of the term of office of the member whom he succeeds.

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Training Act, No. 26 of 2007*

6. Where a member of the Board by reason of illness, infirmity or absence from Sri Lanka for a period not less than three months, is temporarily unable to perform his duties it shall be the duty of such member to inform the Minister in writing of such inability. Thereupon, the Minister may having regard to the provisions of subsection (2) of section 3 appoint some other person to act in his place during such period.

7. The members of the Board may be paid such remuneration out of the Fund of the Institute as the Minister may, with the concurrence of the Minister in charge of the subject of Finance, determine.

8. (1) The Chairman of the Board shall, if present, preside at every meeting of the Board. In the absence of the Chairman from any such meeting, the members present shall elect one of the members present, to preside at such meeting.

(2) The quorum for any meeting of the Board shall be three members.

(3) The person presiding at any meeting of the Board shall, in addition to his own vote, have a casting vote.

(4) Subject to the provisions of this paragraph, the Board may regulate the procedure in regard to the meetings of the Board and the transaction of business at such meetings.

9. No act, decision or proceeding of the Board shall be deemed to be invalid by reason only of the existence of any vacancy in the Board or any defect in the appointment of any member thereof.

10. (1) The Seal of the Institute may be determined and devised by the Board and may be altered in such manner as may be determined by the Board.

(2) The Seal of the Institute shall be in the custody of such person as the Board may decide, from time to time.

(3) The Seal of the Institute shall not be affixed to any instrument or document except with the sanction of the Board and in the presence of the Director-General of the Institute and one member of the Board who shall sign the instrument or document in token of their presence.

(4) The Board shall maintain a register of the instruments and documents to which the Seal of the Institute has been affixed.

11. (1) If the Chairman is, by reason of illness or absence from Sri Lanka temporarily unable to perform the duties of his office, the Minister may appoint another member of the Board to act in his place.

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(2) The Minister may, for reasons assigned and by Order published in the *Gazette*, remove the Chairman from the office of Chairman.

(3) The Chairman may at any time resign from the office of Chairman by a letter addressed to the Minister. Such resignation shall take effect upon it being accepted by the Minister in writing.

(4) Subject to the provisions of paragraphs (2) and (3), the term of office of the Chairman shall be his period of membership of the Board.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**REGULATION OF INSURANCE INDUSTRY
(AMENDMENT) ACT, No. 27 OF 2007**

[Certified on 18th July, 2007]

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Regulation of Insurance Industry (Amendment)
Act, No. 27 of 2007

[Certified on 18th July 2007]

L.D. — O. 12 /2007

AN ACT TO AMEND THE REGULATION OF INSURANCE INDUSTRY ACT,
No. 43 OF 2000

BE it therefore enacted by Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Regulation of Insurance Industry (Amendment) Act, No. 27 of 2007.

Short title.
- 2.** Section 12 of the Regulation of Insurance Industry Act, No. 43 of 2000 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (3) of that section, by the substitution for the words “and the Social Security Board established by the Social Security Board Act, No. 17 of 1996.”, of the words “the Social Security Board established by the Social Security Board Act, No. 17 of 1996 and the National Insurance Trust Fund Board established by the National Insurance Trust Fund Act, No. 28 of 2006. ”.

Amendment of section 12 of Act, No. 43 of 2000.
- 3.** Section 31 of the principal enactment is hereby amended by the insertion immediately after subsection (1) of that section, of the following new subsection :—

“(1A) Every insurer who reinsures shall be required to reinsure with the National Insurance Trust Fund Board established by the National Insurance Trust Fund Act, No. 28 of 2006, a percentage not exceeding fifty *per-centum* as shall be determined by the Minister by Order published in the *Gazette*, of the liability sought to be reinsured.”.

Amendment of section 31 of the principal enactment.
- 4.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in the event of any inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
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**NATIONAL INSURANCE TRUST FUND
(AMENDMENT) ACT, No. 28 OF 2007**

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*National Insurance Trust Fund (Amendment)
Act, No. 28 of 2007*

[Certified on 18th July, 2007]

L.D.—O. 13/2007

AN ACT TO AMEND THE NATIONAL INSURANCE TRUST FUND
ACT, NO. 28 OF 2006.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

- 1.** This Act may be cited as the National Insurance Trust Fund (Amendment) Act, No. 28 of 2007. Short title .
- 2.** Section 6 of the National Insurance Trust Fund Act, No. 28 of 2006 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (1) of that section, by the insertion immediately after paragraph (d) of that subsection, of the following new paragraph :—

“(dd) the Director-General of the Insurance Board of Sri Lanka, established by the Regulation of Insurance Industry Act, No. 43 of 2000;”.

Amendment of section 6 of Act, No. 28 of 2006.
- 3.** Section 11 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution for the words “three members”, of the words “five members.”. Amendment of section 11 of the principal enactment.
- 4.** Section 13 of the principal enactment is hereby amended by the insertion immediately after paragraph (d) of that section, of the following new paragraphs :—

“(dd) shall accept reinsurance of any liability arising out of any contract or policy of insurance effected or issued by any person carrying on insurance business ;

(ddd) may reinsure with any insurer in or outside Sri Lanka any liability arising out of any contract or policy of insurance effected or issued by the Board ;”.

Amendment of section 13 of the principal enactment.
- 5.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in the event of any inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
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**GNANODAYA FOUNDATION
(INCORPORATION) ACT, No. 29 OF 2007**

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Gnanodaya Foundation (Incorporation)
Act, No. 29 of 2007

[Certified on 31st July, 2007]

L.D.—O. Inc 15/2005.

AN ACT TO INCORPORATE THE GNANODAYA FOUNDATION

WHEREAS an Association called and known as the “Gnanodaya Foundation ” has heretofore been formed in Polgasovita, Wethara for the purpose of effectually carrying out and transacting all objects and matters connected with the said Association according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Association has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated and it will be for the public advantage to grant such application :

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Gnanodaya Foundation (Incorporation) Act, No. 29 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the Gnanodaya Foundation (hereinafter referred to as the “Foundation”) or shall hereafter be admitted members of the Corporation hereby constituted, shall be a body corporate (hereinafter referred to as the “Corporation”) with perpetual succession, under the name and style of the “Gnanodaya Foundation” and by that name may sue and be sued, with full power and authority to have and use a common seal and to alter the same at its pleasure.

Incorporation of the Gnanodaya Foundation.

3. The general objects for which the Corporation is established are hereby declared to be —

General objects of the Corporation.

(a) to establish and maintain orphanages, homes for the aged and social welfare centers ;

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 Act, No. 29 of 2007

- (b) to provide medical assistance, food and housing to the poor, the destitute and the sick ;
- (c) to provide welfare facilities for the deaf, dumb and the blind and disabled persons ;
- (d) to assist financially by granting scholarships to the students who are engaged in the attainment of the objects of the Corporation ;
- (e) to establish and maintain libraries, to subscribe for and issue books, journals, souvenirs and periodicals and to provide such other services as may be deemed desirable for attaining the objects of the Corporation ;
- (f) to promote, arrange, organize and hold exhibitions, lectures, seminars, symposia, workshops, classes, debates, conferences, tours, excursions or any other activities as are needed by the students ; and
- (g) to co-operate and associate with other associations, societies or organizations having objects similar to those of the Corporation ;

General powers of the Corporation.

4. Subject to the provisions of this Act, and any other written law, the Corporation shall have the power to do, perform and execute, all such acts, matters and things as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, maintain and close bank accounts, to borrow or raise money, with or without security, to receive or collect grants and donations, to invest its funds, and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

Management of the affairs of the Corporation.

5. (1) The affairs of the Corporation shall, subject to the other provisions of this Act, the rules of the Corporation made under Section 6, be administered by a Board of Management

consisting of President, Deputy President, two Vice Presidents, Secretary, two Assistant Secretaries, Treasurer, the Director-General, and not less than ten other members elected in accordance with such rules.

(2) The first Board of Management of the Corporation shall consist of the members of the Board of Management of the Gnanodaya Foundation holding office on the day immediately preceding the date of commencement of this Act.

6. (1) It shall be lawful for the Corporation, from time to time, at any general meeting and by a majority of not less than two-thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act or other written law, for all or any of the following matters :—

Rules of the Corporation.

- (a) the classification of membership and the admission, withdrawal or expulsion of members;
- (b) the election of the office-bearers, the resignation from, or vacation of, or removal from office of, office bearers and their powers, conduct and duties ;
- (c) the election of the members of the Board of Management other than the its powers, conduct and duties and the terms of office of the members of the Board of Management ;
- (d) the powers, duties and functions of the officers, agents and servants of the Corporation ;
- (e) the procedure to be observed at the summoning and holding of, meetings of the Board of Management the times, places, notices and agenda of such meetings, the quorum therefor and the conduct of business thereat ;

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Act, No. 29 of 2007

(f) the administration and management of the property of the Corporation ; and

(g) generally, for the management of the affairs of the Corporation.

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner as a rule made under subsection (1).

(3) The members of the Corporation shall be subject to the rules of the Corporation.

Fund of the Corporation.

7. (1) The Corporation shall have its own fund and all moneys received by way of gifts, testamentary dispositions, transfers, donations, contributions or fees shall be credited in the name of the Corporation in one or more banks as may be decided by the Board of Management.

(2) The Corporation may establish a depreciation fund or a sinking fund for the purpose of rehabilitation, development or improvement of the property of the Corporation.

(3) All expenses borne by the Corporation in the exercise, and discharge of the powers and functions of the Corporation shall be paid out of the fund.

Accounts and Audit.

8. (1) The financial year of the Corporation shall be the calendar year.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited by a qualified auditor.

- (4) In this section, “qualified auditor” means —
- (i) an individual who being a member of Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute; or
 - (ii) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute.

9. All debts and liabilities of the Foundation existing on the day preceding the date of commencement of this Act, shall be paid by the Corporation hereby constituted and all debts due to, subscriptions and contributions payable to the Foundation on the day shall be paid to the Corporation for the purposes of this Act.

Debts due by and payable to the foundation.

10. The Corporation shall be able and capable in law, to acquire and hold any property, movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this Act, and subject to the rules of the Corporation and it shall have full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Corporation may hold property movable or immovable.

11. The seal of the Corporation shall not be affixed to any instrument whatsoever except in the presence of the President and the Secretary or the Treasurer of the Corporation who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person as a witness.

How the Seal of the Corporation is to be affixed.

Property
remaining on
dissolution.

12. If upon the dissolution of the Corporation, there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other Association or Associations having objects similar to the objects of the Corporation, and which is or are by the rules thereof prohibited from distributing any income or property among its or their members. Such Association or Associations shall be determined by the members of the Corporation at, or immediately before, the time of the dissolution of the Corporation.

Saving of the
rights of the
Republic and
others.

13. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate or of any other persons, those claiming by, from, or under them.

Sinhala text to
prevail in case of
inconsistency.

14. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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SRI LANKA**

**LOCAL AUTHORITIES (SPECIAL
PROVISIONS) ACT, No. 30 OF 2007**

[Certified on 08th August, 2007]

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*Local Authorities (Special Provisions)
Act, No. 30 of 2007*

[Certified on 08th August, 2007]

L. D. — O. 35/2007

AN ACT TO PROVIDE FOR CALLING OF FRESH NOMINATIONS AND THE HOLDING OF ELECTIONS IN RESPECT OF ONE MUNICIPAL COUNCIL AND EIGHT PRADESHIYA SABHAS IN THE EASTERN PROVINCE WHERE ELECTIONS TO SUCH COUNCIL AND SABHAS HAVE BEEN POSTPONED DUE TO UNFORSEEN AND URGENT CIRCUMSTANCES; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS Notices were published under section 26 of the Local Authorities Elections Ordinance, that nominations will be received in respect of elections to all Municipal Councils, Urban Councils and Pradeshiya Sabhas in the Eastern Province:

Preamble.

AND WHEREAS the dates of polls fixed for the holding of elections for the aforesaid Municipal Council and the eight Pradeshiya Sabhas, out of the aforesaid local authorities, were postponed from time to time due to urgent and unforeseen circumstances by Orders made under subsection (3) of section 38 of the Local Authorities Elections Ordinance:

AND WHEREAS persons who have tendered their nominations have either died or been displaced or have changed their party or due to the fact that a considerable number of persons who have tendered their nominations have gone abroad or where persons who were below the age of thirty-five at the time of tendering nominations are now over the age of thirty-five, it has become necessary to provide for the calling of fresh nominations in respect of the aforesaid Municipal Council and Pradeshiya Sabhas:

AND WHEREAS due to the period of time that has elapsed since the submission of nominations in respect of the aforesaid Municipal Council and eight Pradeshiya Sabhas, it has become necessary to provide for the calling of fresh nominations in respect of such Municipal Council and Pradeshiya Sabhas and to make provision for the holding of fresh elections in respect of the aforesaid Council and Sabhas.

2 *Local Authorities (Special Provisions)*
Act, No. 30 of 2007

NOW THEREFORE BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

Short title.

1. This Act may cited as the Local Authorities (Special Provisions) Act, No. 30 of 2007.

Provisions relating to nominations and deposits in respect of elections to certain Councils and Sabhas.

2. (1) Nomination papers submitted, under section 28 of the Local Authorities Elections Ordinance (Chapter 262) (hereinafter referred to as “the Ordinance”) in respect of elections to the Municipal Council and the Pradeshiya Sabhas specified in Schedules I and II, in response to the Notices published under section 26 of the Ordinance are hereby deemed to be of no force and effect and as if such nomination papers had never been submitted.

(2) The Notices published under subsection (3) of section 38 of the Ordinance, in respect of elections to the Municipal Council and the Pradeshiya Sabhas specified in Schedules I and II, are hereby revoked.

(3) Deposits made under section 29 of the Ordinance in respect of candidates nominated by an independent group for election to the Municipal Council or any of the Pradeshiya Sabhas specified in Schedules I and II, shall notwithstanding anything to the contrary in section 30 of the Ordinance, be refunded, on the production by the person who made the deposit, of the receipt issued to such person under subsection (3) of section 29 of the Ordinance, together with interest on such deposit at the rate of twelve *per centum, per annum*, from the date of deposit to the date of refund.

Steps to be commenced for holding of elections.

3. Steps shall be commenced under the Ordinance for the holding of elections to the Municipal Council and the Pradeshiya Sabhas specified in Schedules I and II:

Provided that the notice of nomination in terms of the Ordinance shall be published on such date as the Minister may determine by Order published in the *Gazette*, such date shall however, be a date not later than six months from the date of the coming into operation of this Act.

4. (1) Notwithstanding the provisions of any other law, any registered elector who reasonably fears that due to conditions prevailing in the area within which his polling station is situate, that he is unable to cast his vote freely at such polling station at an election held to elect members to the Municipal Council and eight Pradeshiya Sabhas as specified in Schedules I and II to this Act, may make an application in such format as specified by the Commissioner of Elections (hereinafter referred to as the “Commissioner”) within one week of notice of nominations, requesting that he may be allowed to cast his vote at another polling station as may be determined by the Commissioner in his absolute discretion.

Displaced persons.

(2) The Commissioner shall within a week of receipt of an application, inform such elector whether such application is accepted or rejected. The decision of the Commissioner shall be final and conclusive.

(3) Upon the Commissioner deciding to accept the application of a registered elector made in terms of subsection (1) he shall forthwith inform such elector of the polling station at which he is eligible to cast his vote.

(4) The Commissioner shall cause to be published a list of the names of the registered electors whose applications have been accepted in accordance with the provisions of subsection (2), by making copies thereof available for inspection at his office and at the relevant district offices.

(5) Where such vote is cast, such vote shall be counted along with the votes of the relevant local authority in which such elector is registered.

5. For the purposes of this Act “Commissioner of Elections” shall have the same meaning as in the Ordinance.

Interpretation.

6. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

4 *Local Authorities (Special Provisions)*
Act, No. 30 of 2007

SCHEDULE I

Municipal Councils

1. Batticaloa Municipal Council

SCHEDULE II

Pradeshiya Sabhas

1. Eravur Pattu Pradeshiya Sabha
2. Koralai Pattu Pradeshiya Sabha
3. Koralai Pattu North Pradeshiya Sabha
4. Manmunai South and Eruvil Pattu Pradeshiya Sabha
5. Manmunai Pattu Pradeshiya Sabha
6. Manmunai West Pradeshiya Sabha
7. Manmunai South West Pradeshiya Sabha
8. Porathivu Pattu Pradeshiya Sabha

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**PARLIAMENT OF THE DEMOCRATIC
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**JUDICATURE (AMENDMENT)
ACT, No. 31 OF 2007**

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Judicature (Amendment) Act, No. 31 of 2007

[Certified on 08th August, 2007]

L.D.—O. 11/2007.

AN ACT TO AMEND THE JUDICATURE ACT, NO. 2 OF 1978

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Judicature (Amendment) Act, No. 31 of 2007 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.

Short title and date of operation.
- 2.** Section 4 of the Judicature Act, No. 2 of 1978 is hereby amended by the substitution for the words “not more than forty Judges.” of the words “not more than sixty Judges.”.

Amendment of section 4 of Act No.2 of 1978.
- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
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**FOUZ TRUST (INCORPORATION)
ACT, No. 32 OF 2007**

[Certified on 10th August, 2007]

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Fouz Trust (Incorporation)
Act, No. 32 of 2007

[Certified on 10th August, 2007]

L.D.—O. INC 8/2005.

AN ACT TO INCORPORATE THE FOUZ TRUST

WHEREAS a Trust Called and known as the “Fouz Trust” has heretofore been created for the purpose of effectually carrying out and transacting all objects and matters connected with the said Trust :

Preamble.

AND WHEREAS the Trustees of the said Trust has heretofore successfully carried out and transacted the several objects and matters for which the said Trust was created, and has applied to be incorporated and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Fouz Trust (Incorporation) Act, No. 32 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the Board of Trustees of the Fouz Trust (hereinafter referred to as the “Trust”) and hereafter be admitted as members of the said Trust shall be a body Corporate with perpetual succession under the name and style of “Fouz Trust” (hereinafter referred to as the “Corporation”) and by that name may sue and be sued with full power and authority to have and to use a common seal and to alter the same at its pleasure.

Incorporation of the Fouz Trust.

3. The general objects for which the Trust is created are hereby declared to be —

General objects of the Corporation.

- (a) to improve the standard of education of the Muslim Students and to develop the less resourceful Tamil medium schools in Southern Province;

- (b) to provide educational materials in Sinhala Language to Muslim Students studying in Sinhala Medium ;
- (c) to create employment opportunities for the Muslim unemployed youths in the Southern Province and to provide them with financial assistance and guide for self employment ;
- (d) to advocate the abolition of the dowry system among Muslims ;
- (e) to grant financial assistance and award scholarships to youth for the purpose of pursuing higher education ;
- (f) to assist financialy, the needy muslim women in their Nikkah ceremony ; and
- (g) to introduce a housing scheme for the homeless Muslims.

Powers of the Corporation.

4. The Corporation shall, subject to the provisions of this Act and any other written law, have the power—

- (a) to appoint, remunerate, dismiss and exercise disciplinary control over the officers and servants as may be necessary for the purposes of the Corporation ;
- (b) to receive or collect any aid, grant or gift in cash or in kind from any person, or body of persons, corporate or otherwise for the carrying out of the objects of the Corporation ;
- (c) to establish branch organizations of the Corporation in foreign countries for the purpose of achieving all or any of the objects of the Corporation ;
- (d) to borrow or raise money, for the furtherance of the objects of the corporation, and to execute any mortgage or bond to secure the payment of the money so borrowed or raised; and

- (e) to enter into or perform, either directly or through its officers or servants or agents authorized in that behalf of the Corporation, all such contracts and agreements as may be necessary for carrying out of the objects of the Corporation.

5. (1) The affairs of the Corporation shall be subject to the provisions of this Act and the rules of the Corporation, be administered by the president and number of members elected in accordance with the rules of the Corporation.

Management of the affairs of the Corporation.

(2) Notwithstanding anything contained in subsection (1) of this section, Mr. M. L. Fouz, the founder President of the Trust shall be the first Trustee-President of the Corporation.

6. The Corporation shall be able and capable in law, to acquire and hold property both movable and immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purpose of this Act, and subject to the rules of the Corporation, shall have full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Corporation may hold Property movable and immovable.

7. (1) It shall be lawful for the Corporation from time to time, at any general meeting and by a majority of not less than two thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act or other written law, for all or any of the following matters:—

Rules of the Corporation.

- (a) the admission, withdrawal or expulsion of members from their membership;
- (b) the election of the office-bearers, their term of office and their powers and duties;
- (c) the procedure to be followed in the transaction of business at meetings of the Corporation;

Fouz Trust (Incorporation)
Act, No. 32 of 2007

- (d) the administration and management of the property of the Corporation, the custody of its funds, and the maintenance and audit of its accounts; and
- (e) generally, for management of the affairs of the Corporation and the accomplishment of its objects.

(2) Any rule made by the Corporation may be amended, added to or rescinded at a like meeting and in like manner as a rule made under subsection (1).

(3) The members of the Corporation shall be subject to the rules of the Corporation.

Fund of the Corporation.

8. The Fund of the Corporation shall consist of —

- (a) all sums of money lying to the credit of the trust on the day immediately preceding the commencement of this Act ; and
- (b) all sums of money that may accrue to the Corporation after the commencement of this Act.

Accounts and Auditing.

9. (1) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(2) The accounts of the Corporation shall be audited annually by qualified auditors appointed by the Corporation.

Debts due by and payable to the Trust.

10. All debts and liabilities of the Trust existing on the day preceding the date of commencement of this Act, shall be paid by the Corporation hereby constituted and all debts due to, and subscriptions and contributions payable, to the Trust on such date shall be paid to the Corporation for the purposes of this Act.

The seal of the Corporation.

11. The seal of the Corporation shall be kept in the custody of the President of the Corporation and shall not be affixed to any instrument whatsoever, except in the presence of such number of persons as may be provided for in the rules

of the Corporation, who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any such person as a witness.

12. Where upon dissolution of the Corporation there remains any property after the satisfaction of all its debts and liabilities, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation and which is or are by its rules prohibited from distributing any income or property among its or their members. Such institution or institutions shall be determined by the members of the Corporation at or immediately before the dissolution of the Corporation.

Property remaining on dissolution.

13. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate or of any other persons.

Saving of the Rights of the Republic and Others.

14. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
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**FINANCE LEASING (AMENDMENT)
ACT, No. 33 OF 2007**

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Finance Leasing (Amendment) Act, No. 33 of 2007

[Certified on 21st August, 2007]

L. D. — O. 64/2006.

AN ACT TO AMEND THE FINANCE LEASING ACT, NO. 56 OF 2000

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Finance Leasing Short title. (Amendment) Act, No. 33 of 2007.

2. The following new section is hereby inserted Insertion of new section 34A in Act immediately after section 34 of the Finance Leasing Act, No. 56 of 2000 and shall have effect as section 34A of that Act :— No. 56 of 2000.

“Certain registered finance leasing establishments to borrow money by the issue of debt instruments.

34A. (1) Notwithstanding anything in any other law to the contrary, a registered finance leasing establishment which is a public company referred to in paragraph (c) of section 3 of this Act, and which maintains an unimpaired issued and paid up capital of —

(a) not less than such amount as specified from time to time by the Director by notice issued in that behalf, shall be entitled, by the issue of any debt instrument; or

(b) less than the amount specified in the notice issued under paragraph (a), shall be entitled by the issue of any debt instrument through private placements,

to borrow money, with the approval of the Director.

(2) The approval of the Director for the purpose of subsection (1), shall be obtained by such registered finance leasing establishment

2 *Finance Leasing (Amendment) Act, No. 33 of 2007*

on application made to the Director for the purpose and any approval granted may be subject to such terms and conditions as the Director may deem necessary.

(3) For the purposes of this section —

“debt instrument” means, a debenture, bond, promissory note or any other debt instrument as may be determined by the Director; and

“private placement” means, the issue of any debt instrument, without the issue of a prospectus or advertising through the mass media, including the internet, post, facimile, electronic mail, leaflets, banners, posters or booklets or through any kind of propaganda carried out by any means whatsoever.”.

Sinhala text to prevail in case of inconsistency.

3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
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**JEYARAJ FERNANDOPULLE FOUNDATION
(INCORPORATION) ACT, No. 34 OF 2007**

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*Jeyaraj Fernandopulle Foundation
(Incorporation) Act, No. 34 of 2007*

[Certified on 23rd August, 2007]

L. D. O (INC) 24/2005

AN ACT TO INCORPORATE THE JEYARAJ FERNANDOPULLE
FOUNDATION

WHEREAS an association called and known as the Jeyaraj Fernandopulle Foundation has heretofore been formed in Negombo for the purpose of effectually carrying out and transacting the objects and matters connected with the said association according to the rules agreed to by its members:

Preamble.

AND WHEREAS the said association has heretofore successfully carried out and transacted the several objects and matters for which it was established and has applied to be incorporated and it will be for the public advantage to grant such application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Jeyaraj Fernandopulle Foundation (Incorporation) Act, No. 34 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the “Jeyaraj Fernandopulle Foundation” (hereinafter referred to as the “Foundation”) or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate with perpetual succession, under the name and style of the “Jeyaraj Fernandopulle Foundation” (hereinafter referred to as the “Corporation”) and by that name may sue, and be sued, in all courts, with full power and authority to have, and use a common seal and to alter the same at its pleasure.

Incorporation of the Jeyaraj Fernandopulle Foundation.

3. The general objects for which the Corporation is constituted are hereby declared to be—

General objects of the Corporation.

- (a) to give assistance, prizes and scholarships to needy school children to enable them to continue their education, encourage them to attend school regularly, assist them in their educational, cultural and scientific activities and to establish permanent and mobile libraries;

- (b) to organize seminars, workshops, lecturers, exhibitions, competitive tests and educational tours with a view to promoting the educational activities of school children and to hold competitions and training camps in order to improve their sports skills and artistic skills and to take steps, including the award of prizes and certificates and giving assistance for local or foreign tours to talented children;
- (c) to offer prizes and organize workshops and seminars, and provide loan schemes and other assistance to school principals and teachers, in order to appreciate and encourage their services and to improve their professional knowledge;
- (d) to take necessary steps to promote artistic creations, sports skills and technical knowledge of school leavers and to set up vocational training centers as well as give them assistance to pursue studies in computer science and technology and to establish institutions to provide such studies;
- (e) to assist by granting scholarships to students selected to Universities and Technical Colleges and to establish self-employment opportunities for unemployed citizens and to provide loans and to inaugurate various savings schemes;
- (f) to inaugurate and maintain pre-schools for early childhood development of the poor children, inaugurate and maintain classes in various languages and various subjects for elders, school children, school leavers and provide them with other facilities;
- (g) to provide lands and houses to families who do not own lands and houses, inaugurate water supply schemes in areas where there is a shortage of water, take steps to prevent and minimize natural disasters

such as floods, provide buildings to schools with less facilities and to cater to other needs of such schools and provide infrastructure facilities such as roads, electricity and health in various areas;

- (h) to assist in the development of educational, religious, cultural, aesthetic and sports facilities without any reference to race, religion or caste and to conduct various festivals and competitions;
- (i) to provide medical relief and food for the poor, destitute and sick persons, establish and maintain houses for displaced persons and elders and establish and maintain Children's home and day care centres for children and elders;
- (j) to promote, arrange and organize exhibitions, lectures, seminars, discussions, workshops, debates, panel discussions, tours, pleasure trips or such other activities with a view to accomplishing the objectives of the Corporation and to print, publish and distribute such books, journals, bulletins and newspapers as are necessary to achieve these objects;
- (k) to provide facilities for the blind, deaf and dumb by the establishment and maintenance of transit houses; and
- (l) to liaise and co-ordinate with other local or foreign institutions which have similar objects.

4. (1) The affairs of the Corporation shall, subject to the other provisions of this Act and the rules in force for the time being of the Corporation, be administered by a Board of Directors consisting of Chairman and a Secretary, Treasurer and another nine more members elected in accordance with such rules.

Management of the affairs of the Corporation.

(2) The founder member of the Foundation, Honourable Minister Jeyaraj Fernandopulle shall be the Chairman of the Board of Directors for life and thereafter, the eldest child of the person who was holding office as the Chairman, shall become the next Chairman of the Board of Directors.

4 *Jeyaraj Fernandopulle Foundation
(Incorporation) Act, No. 34 of 2007*

(3) The first Board of Directors of the Corporation shall consist of the members of the Board of Administration of the Foundation holding office on the day immediately preceding the date of commencement of this Act.

(4) A member of the Board of Directors other than the Chairman shall unless he vacates his office earlier by death or resignation, hold office for a period of four years. Where due to death or resignation a vacancy occurs in the Board of Directors, a new member shall be appointed to fill such vacancy, and such a new member shall hold office for a period of four years.

General powers
of the
Corporation.

5. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to do, perform and execute, all such acts, matters and things as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money with or without security, to receive or collect grants and donations, to invest funds and to engage, employ and dismiss, officers and servants required for the carrying out of the objects of the Corporation.

Rules of the
Corporation.

6. (1) It shall be lawful for the Corporation from time to time, at any General Meeting of the members and by a majority of not less than two-thirds of the members present and voting to make rules, not inconsistent with the provisions of this Act or any other written law, for all or any of the following matters:—

- (a) classification of membership, admission, withdrawal, expulsion or resignation of members and membership fees payable;
- (b) procedure to be observed for the summoning and holding of meetings of the Corporation and of the Board of Directors, the quorum for such meetings and the exercise and performance of their powers and duties;

- (c) the appointment, powers, duties and functions of the various officers, agents and servants of the Corporation;
- (d) qualifications required to become a member of the Corporation and of the Board of Directors; and
- (e) the administration and management of the property of the Corporation.

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner as a rule made under subsection (1).

(3) Every member of the Corporation shall be subject to the rules of the Corporation.

7. All debts and liabilities of the Foundation existing on the day preceding the date of commencement of this Act shall be paid and discharged by the Corporation hereby constituted and all debts due to, subscriptions and contributions payable to the Foundation on that date shall be paid to the Corporation for the purposes of the Act.

Debts due by and payable to the foundation.

8. (1) The Corporation shall have its own fund and all moneys heretofore or hereafter to be received by way of gifts, bequest, donation, subscription, contribution, fees or grants for and on account of the Corporation shall be deposited to the credit of the Corporation in one or more banks as the Board of Directors shall determined.

Fund of the Corporation.

(2) There shall be paid out of the fund, all sums of money required to defray any expenditure incurred by the Corporation in the exercise, performance and discharge of its powers, duties and functions under this Act.

Corporation may hold property movable and immovable.

9. The Corporation shall be able and capable in law, to acquire and hold any property both movable or immovable which may become vested in it by virtue of purchase, grant, lease, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this Act, and be subject to the rules in force for the time being of the Corporation and the Corporation shall have full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Limitation of liabilities of members.

10. No member of the Corporation shall for the purpose of discharging the debts and liabilities of the Corporation or for any other purpose be liable to make any contribution exceeding the amount due from such member as membership fees.

Property remaining after dissolution.

11. If upon the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation and which are by the rules thereof prohibited from distributing any income or property among their members. Such institution or institutions shall be determined by the members of the Corporation at, or immediately before the time of the dissolution.

Auditing and accounts of the Corporation.

12. (1) The Board of Directors of the Corporation shall cause proper accounts to be kept of all moneys received and expended by the Corporation.

(2) The financial year of the Corporation shall be the calendar year.

(3) The accounts of the Corporation shall be examined and audited at least once in every year by an auditor or auditors appointed by the Board of Directors.

- 13.** The seal of the Corporation shall not be affixed to any instrument whatsoever except in the presence of the Chairman and one other member of the Board of Directors, who shall write and sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness. Seal of the Corporation.
- 14.** Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic, corporate or of any other persons. Saving of the rights of the Republic and others.
- 15.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SRI LANKA SUSTAINABLE ENERGY
AUTHORITY ACT, No. 35 OF 2007**

[Certified on 18th September, 2007]

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*Sri Lanka Sustainable Energy Authority
Act, No. 35 of 2007*

[Certified on 18th September, 2007]

L.D.—O. 40/2006

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE SRI LANKA SUSTAINABLE ENERGY AUTHORITY; TO DEVELOP RENEWABLE ENERGY RESOURCES; TO DECLARE ENERGY DEVELOPMENT AREAS; TO IMPLEMENT ENERGY EFFICIENCY MEASURES AND CONSERVATION PROGRAMMES; TO PROMOTE ENERGY SECURITY, RELIABILITY AND COST EFFECTIVENESS IN ENERGY DELIVERY AND INFORMATION MANAGEMENT; TO REPEAL THE ENERGY CONSERVATION FUND ACT, NO. 2 OF 1985 AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007, and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette* (hereinafter referred to as the “appointed date”).

Short title and date of operation.

PART I

ESTABLISHMENT OF THE SRI LANKA SUSTAINABLE
ENERGY AUTHORITY

2. (1) There shall be established an authority which shall be called the Sri Lanka Sustainable Energy Authority (hereinafter referred to as the “Authority”).

Establishment of the Sri Lanka Sustainable Energy Authority.

(2) The Authority shall by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

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Constitution of
the Board of
Management of
the Authority.

3. (1) The management and administration of the affairs of the Authority shall be vested in a Board of Management (hereinafter referred to as “the Board”) which shall consist of:—

(a) the following *ex-officio* members –

- (i) the Secretary to the Ministry of the Minister in charge of the subject of Power and Energy or his nominee;
- (ii) the Secretary to the Ministry of the Minister in charge of the subject of Local Government and Provincial Councils or his nominee;
- (iii) the Secretary to the Ministry of the Minister in charge of the subject of Industries and Investment Promotion or his nominee;
- (iv) the Secretary to the Ministry of the Minister in charge of the subject of Lands or his nominee;
- (v) the Secretary to the Ministry of the Minister in charge of the subject of Agriculture or his nominee;
- (vi) the Secretary to the Ministry of the Minister in charge of the subject of Plantation Industries or his nominee;
- (vii) the Secretary to the Ministry of the Minister in charge of the subject of Environment or his nominee;
- (viii) the Secretary to the Ministry of the Minister in charge of the subject of Irrigation and Mahaweli Development or his nominee;
- (ix) the Secretary to the Ministry of the Minister in charge of the subject of Transport or his nominee;

- (x) the Secretary to the Ministry of the Minister in charge of the subject of Finance or his nominee;
- (xi) the Secretary to the Ministry of the Minister in charge of the subject of Science and Technology or his nominee; and
- (xii) the Director-General of the Public Utilities Commission of Sri Lanka:

Provided that where two or more of the subjects specified in sub-paragraphs (i) to (xi) of this paragraph are assigned to or remain in charge of a single Minister, the Secretary to the Ministry of that Minister or where more than one Secretary is appointed to such Ministry, then one of such Secretaries alone, shall become a member of the Board under this paragraph;

- (b) the following persons to be appointed by the Minister (hereinafter referred to as “appointed members”)-
 - (i) a representative of the Sri Lanka Energy Managers Association, nominated by such Association;
 - (ii) a person to represent the development finance banks in Sri Lanka, nominated by the Governor of the Central Bank of Sri Lanka ;
 - (iii) a person to represent the renewable energy industry;
 - (iv) a representative of the Ceylon Chamber of Commerce, nominated by such Chamber;

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- (v) three persons who are qualified and have proven knowledge and experience in the field of business, engineering, finance, management or law;
- (vi) a person to represent the rural energy service sector; and
- (vii) a person having experience in the area of renewable energy development or energy conservation and efficiency, who shall be the Chairman of the Board.

(2) The provisions of the Schedule to this Act shall apply to and in relation to the members of the Board, its meetings and the seal of the Board.

Objects of the Authority.

4. The objects of the Authority shall be to —

- (a) identify, assess and develop renewable energy resources with a view to enhancing energy security and thereby derive economic and social benefits to the country;
- (b) identify, promote, facilitate, implement and manage energy efficiency improvement and energy conservation programmes for use of energy in domestic, commercial, agricultural, transport, industrial and any other relevant sector;
- (c) promote security, reliability and cost-effectiveness of energy delivery to the country, by policy development and analysis and related information management; and
- (d) ensure that adequate funds are available for the Authority to implement its objects, consistent with minimum economic cost of energy and energy security for the nation.

PART II

POWERS, DUTIES AND FUNCTIONS OF THE BOARD

5. The Board shall exercise, perform and discharge the following powers, duties and functions :—
- Powers, duties and functions of the Board.
- (a) assist the Minister in the formulation of the national policy on energy;
 - (b) identify, conserve and manage all renewable energy resources and appropriate conversion technologies, conversion and utilization norms and practices, including the :—
 - (i) preparation, maintenance and updating of an inventory of all renewable energy resources in Sri Lanka, indicating the geographical location of sites, exploitable potential, land ownership and existing infrastructure facilities; and
 - (ii) preparation, maintenance and updating of an inventory of all renewable energy technologies, indicating their level of maturity for commercial deployment and typical performance data;
 - (c) develop a conducive environment for encouraging and promoting investments for renewable energy development in the country, including :—
 - (i) development of guidelines on renewable energy projects and disseminating them among prospective investors;
 - (ii) development of guidelines in collaboration with relevant state agencies, on evaluation and approval of on-grid and off-grid renewable energy projects;

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- (iii) entertainment of applications for carrying on of on-grid and off-grid renewable energy projects;
 - (iv) providing assistance to investors by formulating project proposals in new types of renewable energy resources and technologies; and
 - (v) exploring avenues and facilitating the process of overcoming technical or any other limitations that retard the growth of renewable energy development, in accordance with the national policy on energy;
- (d) analyse and recommend policies and prepare plans aimed at promoting and developing renewable energy resources, including :—
- (i) preparing long-term development plans with interim targets for specific technologies and promotion and facilitation of the implementation of such plans; and
 - (ii) devising incentive mechanisms based on principles of competitiveness and specific technologies based on actual energy production;
- (e) develop a conducive environment for the encouragement and promotion of investments in renewable energy development, energy efficiency improvement and conservation, rural energy services and for ensuring the sustainability and well-being of the energy sector in the country, including :—
- (i) the promotion of programmes to mobilise funds for renewable energy development, promotion of energy efficiency, improvement

and conservation and rural energy services through credit enhancement and other facilities ; and

- (ii) the provision of funds, including subsidies and seed capital for pilot projects in renewable energy development, energy efficiency improvement, conservation and rural energy services that reduce the dependence on imported energy;
- (f) provide technical and financial assistance for capacity building of the energy sector stakeholders and for research and development activities carried out by any stakeholder, consistent with the objects of the Authority;
- (g) function as a National Technical Service Agency of Clean Development Mechanism (CDM) in Sri Lanka that provides technical assistance to the Designated National Agency for Clean Development Mechanism and project developers, on energy sector clean development project activities, including —
- (i) design, develop and implement innovative schemes that assist project developers to overcome barriers and access commercial financing; and
 - (ii) facilitate and assist project developers to access concessionary finances made available under any environment protection initiative by any organisation;
- (h) conduct preliminary studies and investigations in any geographical area to ascertain the renewable energy potential;

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- (i) collect necessary data and carry out renewable energy resource planning and assessment within any Development Area, subject to any directions that may be given by the Minister;
- (j) obtain relevant data required for renewable energy planning and assessment, from any public or private institutions or any other sources;
- (k) monitor, refine and follow up the approval process of on-grid and off-grid renewable energy projects in consultation with relevant agencies and to provide technical and other logistical assistance and facilities to such agencies to simplify the procedural requirements and to accelerate the project approving mechanism;
- (l) facilitate the access to green funds for investors in on-grid and off-grid renewable energy projects, for energy efficiency improvement and conservation measures and rural energy services;
- (m) provide funds and design, develop and implement credit enhancement facilities, such as loan guarantee schemes and access to commercial credit for investors in on-grid and off-grid renewable energy projects, investments in energy efficiency improvement and conservation and knowledge management in the energy sector;
- (n) enter into joint schemes with any person approved by the Minister, to achieve the objects of the Authority;
- (o) render professional services and undertake projects connected with the development of renewable energy resources and the improvement of energy efficiency, energy conservation and demand

management for and on behalf of state and private sector organizations, and charge as fees such amounts as may be determine by the Board; and

- (p) initiate and implement any other programmes and do any other acts as may be necessary or conducive to the attainment of the objects of the Authority.

6. (1) The Board may subject to such conditions as may be specified in writing, delegate to the Chairman of the Board or to any officer or employee of the Authority, any of its powers, duties or functions under this Act, and the Chairman or such officer or employee shall exercise, perform or discharge such power, duty or function subject to any special or general directions that may be issued by the Board.

Delegation of powers, duties and functions of the Board.

(2) Notwithstanding any delegation made under subsection (1), the Board may exercise, perform or discharge any such power, duty or function so delegated.

7. (1) The Director-General shall within six months of the appointed date, cause a survey and a resource assessment to be commenced of all renewable energy resources in the country and prepare a renewable energy resources inventory and a renewable energy resource map in respect of each Development Area.

Preparation of resource maps and renewable energy resources inventory.

(2) In preparing the renewable energy resource map and the renewable energy resource inventory under subsection (1), the Director-General shall have regard to relevant data, information, maps, documents or reports collected or compiled by Government Departments, Institutions and any other agencies or persons and it shall be the duty of the Heads of such Departments, Institutions or other agencies or persons to furnish any such data, information, maps, documents or reports as may be reasonably required by the Director-General for the purpose of preparing renewable energy resource maps and renewable energy resource inventories.

Renewable
Energy
Resource
Development
Plans.

8. (1) The Director-General shall not later than three years after the appointed date, submit to the Board a comprehensive Renewable Energy Resource Development Plan (hereinafter referred to as “the Plan”) based on the results of the survey and the renewable resource assessment carried out under section 7.

(2) The Board shall, within thirty days from the date of receipt of such Plan, make modifications, if any, to such Plan and submit the same to the Minister.

(3) The Minister shall by a notice published in one newspaper each in the Sinhala, Tamil and English languages, notify the place and times at which the Plan submitted to him under subsection (2) is available for inspection by the public and invite the public to make its comments, if any, thereon, within thirty days of the publication of such notice.

(4) At the end of the period of thirty days referred to in subsection (3), the Minister may, having regard to any comments submitted to him by the public under that subsection, provisionally approve the Plan subject to such modifications, if any, as he may consider necessary and shall submit the same to the Cabinet of Ministers for its approval.

(5) Upon approval of the Plan by the Cabinet of Ministers, the Minister shall cause such Plan to be published in the *Gazette* and it shall come into operation on the date of such publication or on such later date as may be specified therein.

(6) The Plan shall be revised by the Board once in every three years commencing from the date of coming into operation of the Plan, and the provisions of subsections (2), (3), (4) and (5) shall, *mutatis mutandis*, apply to and in respect of every such revision.

(7) The Minister may on the recommendation of the Board, prescribe such measures as may be necessary to give effect to the Plan and to the strategies referred to therein.

PART III

PROJECT APPROVING COMMITTEE AND ADVISORY COMMITTEES

9. (1) The Board may from time to time establish such Advisory Committees as it may consider necessary or appropriate, consisting of such persons selected from among persons having academic or professional qualifications or representing professional institutions or non-governmental organizations, to assist it in the exercise, discharge and performance of its powers, duties and functions under this Act.

Appointment of
Advisory
Committees.

(2) The Board may assign to an Advisory Committee established under subsection (1), such of its powers, duties or functions as it may consider necessary, but however the Board shall not be divested of any such power, duty or function so assigned. The Board shall have the power to amend or revoke any decision made by an Advisory Committee.

(3) The members of an Advisory Committee appointed under subsection (1) may be paid out of the Fund of the Authority, such allowances as the Minister may determine with the concurrence of the Minister in charge of the subject of Finance.

10. (1) There shall be established a Project Approving Committee which shall consist of the following members :—

Project
Approving
Committee.

- (a) Director-General of the Central Environmental Authority appointed under the National Environmental Act, No. 47 of 1980;
- (b) Conservator-General of the Forest Conservation Department appointed under the Forest Ordinance (Chapter 451);
- (c) Director-General of the Wild life Conservation Department Appointed under the Fauna; and Flora Protection Ordinance (Chapter 469);

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- (d) Director-General of the Irrigation Department appointed under Irrigation Ordinance (Chapter 453);
- (e) Director-General of the Mahaweli Authority of Sri Lanka established by the Mahaweli Authority of Sri Lanka Act, No. 23 of 1979;
- (f) General-Manager of the Ceylon Electricity Board appointed under the Ceylon Electricity Board Act, No. 17 of 1969;
- (g) Land Commissioner appointed under the Land Development Ordinance (Chapter 464);
- (h) Director-General of the Board of Investment of Sri Lanka appointed under the Lanka Board of Investment of Sri Lanka Law No. 4 of 1978;
- (i) Director-General of the Coast Conservation Department appointed under the Coast Conservation Act, No. 57 of 1981;
- (j) Director-General of the Authority;
- (k) Divisional Secretary of the Divisional Secretary's Division within which a development project is to be implemented; and
- (l) Chief Secretary of the Provincial Council established for the province within which a development project is to be implemented.

(2) The Minister may nominate one person from among the members of the Committee, other than the member referred to in paragraph (k) of subsection (1), as the Chairman of the Committee.

(3) The Director-General of the Authority shall function as the convenor of all meetings of the Committee.

11. The functions of the Committee shall be to — Functions of the
Committee.
- (a) advise the Board on the formulation of technical, environmental and economic guidelines for subsequent adoption by the Committee, in granting provisional approval and final approval in respect of on-grid and off-grid renewable energy projects ;
 - (b) evaluate and assess the possible environmental hazards and other consequences that may arise due to the implementation of on-grid and off-grid renewable energy projects;
 - (c) impose conditions to be fulfilled by an applicant as measures to mitigate such environmental hazards, technical and other socio-economic consequences, in the event of a final approval being granted for an on-grid renewable energy project or approval being granted for an off-grid renewable energy project;
 - (d) grant provisional and final approval on applications made for the implementation of on-grid renewable energy projects and approval for off-grid renewable energy projects;
 - (e) monitor and supervise the implementation of on-grid and off-grid renewable energy projects with a view to prevent any environmental hazards and other socio-economic consequences being caused as a result of the implementation of such project; and
 - (f) review and examine periodically the renewable energy policy, the renewable energy resource plans and renewable energy development strategy in operation and where necessary, to recommend to the Board changes in such policy, plans and strategies.

PART IV

DECLARATION OF ENERGY DEVELOPMENT AREA

Declaration of a
Energy
Development
Area.

12. (1) The Minister may, subject to the provisions of subsection (3) and having taken into consideration the recommendations made by the Board that any area is suitable for the conservation and management of renewable energy resources or is suitable for the promotion of renewable energy development projects, by Order published in the *Gazette*, declare such area as an Energy Development Area (in this Act referred to as “Development Area”).

(2) The Minister shall prior to the declaration of any area as a Development Area under sub-section (1), consult such Minister or Ministers or any Minister of any Provincial Council, whom he considers necessary or appropriate to consult in the declaration of such area as a Development Area.

(3) An Order made under subsection (1) declaring an area as a Development Area, shall define that area by setting out the metes and bounds of such Area.

Authority
responsible for
conserving
renewable
energy resources
within a
Development
Area.

13. The Authority shall be responsible for conserving and managing all renewable energy resources within a Development Area and take all necessary measures to promote and develop such energy resources, with a view to obtaining the maximum economic utilization of those resources.

Owner or
occupier
prohibited from
certain acts.

14. Notwithstanding anything to the contrary contained in any written law, an owner or occupier of any land situated within a Development Area shall not, except with the written approval of the Authority and subject to any terms and conditions that may be imposed by the Authority for that purpose, do any act or permit any other person to do any act, which may change the form of any renewable resource situated within such Development Area or cause the depletion of any such resource in such a manner or to such an extent, that the economic viability of developing that resource is substantially reduced.

15. (1) Subject to as hereinafter provided and the rights granted to any person by a permit issued under section 18 or section 25, the absolute ownership of all renewable energy resources on or below the surface of the land or the air space of the land within a Development Area, is hereby vested in the Republic, notwithstanding any right of ownership or otherwise which any person may have to such renewable energy resources within that Area.

Republic to have ownership to renewable energy resources within a Development Area.

(2) Notwithstanding the provisions of subsection (1), any person who is deprived of his right of ownership or otherwise to a renewable energy resources on or below the surface of his land or the air space of such land by virtue of the provisions of that subsection, shall be entitled to the payment of compensation as may be determined by an Advisory Committee, appointed by the Board for that purpose under section 9 of this Act. In the computation of the amount of compensation payable under this subsection, the person concerned shall be given an opportunity of being heard by such Advisory Committee.

PART V

ON-GRID AND OFF-GRID RENEWABLE ENERGY PROJECTS

16. (1) Notwithstanding the provisions in any other law to the contrary and subject to the provisions of section 71, no person shall engage in or carry on an on-grid renewable energy project for the generation and supply of power within a Development Area, except under the authority of a permit issued in that behalf by the Authority.

On-grid renewable energy projects.

(2) A person who is desirous of engaging in and carrying on an on-grid renewable energy project within a Development Area, shall make an application to the Director-General for the same in the prescribed form together with the prescribed fee and the following documents :—

- (a) a copy of a map of the geographical location of the proposed project;

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- (b) a brief description of the project, including the amount of power to be generated;
- (c) the total estimated cost and financial model, including optimization criteria adopted;
- (d) proof of availability of adequate finances or the manner in which the required finances for the project are to be obtained;
- (e) project location *i. e.* Weir and Power House relative to river or stream system if it is a Hydro Power project, Wind Turbine and Structures if it is a Wind power project, Energy Plantation, Power House and Water Source if it is a Biomass Project and Conversion Facility relative to energy resource, if it is any other project ; and
- (f) a statement explaining how the applicant intends to evacuate electricity generated and the point at which the generator will be connected to the national grid and the geographical area traversed by the power line constructed for this purpose.

(3) On receipt of an application under subsection (2), the Director- General shall forthwith register such application along with the documents in a register maintained for that purpose, and issue a registration number to the applicant.

Provisional approval to be granted.

17. (1) The Director-General shall after carrying out such preliminary screening of the proposed project as he considers necessary and in consultation with the Ceylon Electricity Board, submit the registered application together with his observations on the proposed project, to the Committee for its approval.

(2) The Committee shall where it considers it appropriate :—

- (a) grant provisional approval for the project which shall be communicated forthwith by the Director- General

to the applicant in the prescribed form, with a request to submit such documents and other information as shall be prescribed for the purpose, within six months of such communication being received by the applicant; or

- (b) refuse to grant provisional approval for the project which shall be communicated forthwith by the Director-General to the applicant, stating the reasons for such refusal.

(3) An extension of the period given for the submission of documents and information under paragraph (a) of subsection (1) may be granted by the Director-General where requested for, upto a maximum of another six months period.

(4) A provisional approval granted under paragraph (a) of subsection (1) shall be valid for a period of one year from the date on which such approval is granted and shall stand cancelled automatically, if the documents and other information requested for is not submitted prior to the expiry of the period of one year.

18. (1) The Director-General shall upon receiving the documents and other information requested for, forthwith place before the Committee such documents and information together with the registered application and his recommendations, to be considered by the Committee for the purpose of granting the final approval for the proposed project.

Final approval.

(2) It shall be the duty of the Committee not later than one month of the receipt of the documents and information sent by the Director-General under subsection (1), to make its decision on the same, by—

- (a) approving the application and requesting the Director-General to forthwith communicate to the applicant their approval by the issue of a permit in the prescribed form and subject to such terms and conditions as may be prescribed; or

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(b) refusing to approve the application and requesting the Director-General to forthwith communicate to the applicant of such refusal, stating the reasons for the same.

(3) The Committee shall record its reasons for arriving at its decision under subsection (2) in the register maintained by the Director-General under subsection (3) of section 16.

(4) A permit issued on approval of an application under paragraph (a) of subsection (2) shall be valid for a period of twenty years, provided that the developer commences the project and begins to generate electricity within two years of being issued with the permit.

(5) At the end of the period of twenty years, the Board may at the request of the developer and in consultation with the Committee, extend the period, of validity of the permit by a further period, not exceeding twenty more years.

Payment of
royalty.

19. (1) A developer shall, for the period during which the permit issued is in operation, be liable to pay annually to the Authority as a royalty on renewable energy resources being utilized for the project, such charge as shall be determined by the Minister in consultation with the Minister in charge of the subject of Finance.

(2) All sums of money paid as a charge under subsection (1), shall be credited by the Authority to the Energy Fund established under section 46.

Authority not to
be liable to pay
damages or cost
of any
expenditure
incurred.

20. Where —

(a) provisional approval for a project is refused by the Committee under paragraph (b) of subsection (2) of section 17;

(b) grant of final approval for a project is refused by the Committee under paragraph (b) of subsection (2) of section 18; or

(c) a permit is cancelled under section 21,

the Authority shall not be liable to pay any damages or reimburse the cost of any expenditure that may have been incurred by an applicant or the developer, as the case may be, in providing the documents and other information requested for under paragraph (a) of subsection (2) of section 17, or any expenses incurred by a developer on any work commenced in the project after the permit was granted under paragraph (a) of subsection (2) of section 18.

21. (1) A permit issued under paragraph (a) of subsection (2) of section 18 may be cancelled by the Director-General with the approval of the Board, where the developer —

Cancellation of a permit.

- (a) fails to commence the project in respect of which such permit was issued and begin generation of power within two years of its issue; or
- (b) acts in contravention of or fails to comply with, any terms and conditions subject to which such permit was issued.

(2) The Board may before it approves the cancellation of a permit issued, grant an opportunity to the developer concerned to show cause why the permit should not be cancelled and may, where it considers appropriate and reasonable, grant time within which the developer may be required to comply with any requirement or any terms or conditions of the permit or refrain from acting in contravention of any term or condition, as the case may be, which has given rise to the proposed cancellation of the permit.

22. (1) Any person who is aggrieved by:—

- (a) a refusal to grant provisional approval to an application;
- (b) a refusal to grant final approval to an application; or

Appeals against refusal to grant approval or cancellation of a permit.

(c) the cancellation of a permit under section 21,

may, within one month of the receipt of the communication informing him of such refusal or the date of the cancellation, as the case may be, appeal against such refusal or cancellation to the Board.

(2) The Board may prior to arriving at a decision on any appeal made under subsection (1), obtain the advice and observations of an Advisory Committee established for that purpose by the Board under section 9.

(3) Any person who is aggrieved by the decision of the Board given on any appeal made to it under subsection (1), may appeal against such decision to the Court of Appeal within fourteen days of the date on which such decision was communicated to such person.

(4) Until rules are made under Article 136 of the Constitution pertaining to appeals under this section, the rules made under that Article pertaining to an application by way of revision to the Court of Appeal, shall apply in respect of every appeal made under subsection (3) of this section.

Off-grid
renewable
energy projects.

23. (1) Notwithstanding the provisions in any other law to the contrary, no person shall engage in or carry on an off-grid renewable energy project for the generation and supply of power, except under the authority of a permit issued in that behalf by the Authority.

(2) Any person who is desirous of engaging in an off-grid renewable energy project shall make an application to the Director-General for the same in the prescribed form, together with the prescribed fee and the following documents :—

(a) a copy of a map of the geographical location of the proposed project;

(b) a brief description of the project, including the amount of power to be generated and its total estimated cost;

- (c) the total estimated cost and the financial model, including optimization criteria adopted;
- (d) proof of availability of adequate finances or the manner in which the required finances for the project are to be obtained;
- (e) project location i.e. Weir and Power House relative to river or stream system if it is a Hydro Power project, Wind Turbine and Structures if it is a Wind power project, Energy Plantation, Power House and Water Source if it is a Biomass Project and Conversion Facility relative to energy resource, if it is any other project ;
- (f) detailed feasibility study report of the project, along with the following :—
 - (i) a detailed engineering design of the project;
 - (ii) a socio-economic survey of those who will benefit from the project;
 - (iii) a report from Central Environment Authority, established by the National Environmental Act, No. 47 of 1981 pertaining to the likely environmental consequences of the project; and
 - (iv) a time bound action plan as to the manner in which the project is to be implemented;
- (g) a copy each of the applications submitted by the prospective beneficiaries of the project, for the purpose of being registered as an “Off-Grid Energy Consumers Society” with the relevant Provincial Ministry in charge of energy;
- (h) a copy of the Order published in the *Gazette* by which an exemption was granted from the requirement of obtaining a generation licence under the Electricity Reform Act, No. 28 of 2002;

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- (i) a copy of the Order published in the *Gazette* by which an exemption was granted from the requirement of obtaining a distribution licence under the Electricity Reform Act, No. 28 of 2002, to distribute generated power to the premises of those consumers living within the geographical location referred to in paragraph (a) ;
- (j) a statement explaining how the applicant intends to distribute the power generated and the names of such consumers who have consented to obtaining a power supply from the applicant and a schematic diagram of the distribution system relative to the geographical area in which the respective premises of such consumers are located, for conveying the generated power to such premises; and
- (k) any other information which the Committee may require.

(3) On receipt of an application made under subsection (1), the Director-General shall forthwith register such application along with the documents received in a register maintained for the purpose and issue a registration number to the applicant.

Procedure for obtaining relevant concurrence and confirmation for off-grid renewable energy projects.

24. (1) The Director-General shall within thirty days of the registration of an application under subsection (3) of section 23, :—

- (a) obtain the concurrence of the relevant Provincial Ministry and the Divisional Secretary of the Divisional Secretary's Division within which such project is to be implemented; and
- (b) carry out such preliminary screening of the project and obtain confirmation from the entity responsible for power distribution in the area, that a grid extension is not planned for the particular location for the next five years.

(2) The Director-General shall submit to the Committee for its consideration, the application along with the concurrence and confirmation obtained by him under subsection (1) and his observation on the availability of the site for construction, technical aspect of the project and the technical and financial capability of the applicant.

(3) The Committee shall make a decision on the application submitted to it under subsection (2) as expeditiously as possible, but not later than thirty days from the date of receipt of such application and communicate its decision to the Director-General, giving reasons for the same. The Director-General shall record the decision of the Committee in the register maintained under subsection (3) of section 23.

25. The Director-General shall on receipt of the decision made by the Committee under subsection (3) of section 24:—

Decision of the Committee to be communicated to the applicant.

- (a) where the Committee approves the application, issue forthwith to the applicant a permit in the prescribed form, subject to such terms and conditions as may be prescribed; or
- (b) where the Committee does not approve the application, forthwith inform the applicant of such refusal stating the reasons for the same.

26. (1) The period of validity of a permit issued under paragraph (a) of section 25 of this Act on approval of an application shall, having regard to the nature of the project and the capacity of power generated, be as prescribed.

Period of validity of a permit and charges to be paid.

(2) The permit holder shall be required to pay annually such charge as may be determined by the Minister in consultation with the Minister in charge of the subject of Finance, during the period of validity of the permit issued.

(3) All sums of money paid as a charge under subsection (2), shall be credited by the Authority to the Energy Fund established under section 46.

Cancellation of a permit.

27. (1) A permit issued under paragraph (a) of section 25 may be cancelled by the Director-General with the approval of the Board, where the permit holder —

- (a) fails to commence the project in respect of which such permit was issued and begin generation of power within two years of its issue; or
- (b) acts in contravention of or fails to conform with, any terms or conditions subject to which such permit was issued.

(2) The Board may before it approves the cancellation of a permit issued, grant an opportunity to the permit holder concerned to show cause why the permit should not be cancelled and may, where it considers appropriate and reasonable, grant time within which the permit holder may be required to comply with any requirement or any terms or conditions of the permit or refrain from acting in contravention of any term or condition, as the case may be, which has given rise to the proposed cancellation of the permit.

Appeals against refusal or cancellation of a permit.

28. (1) Any person who is aggrieved by —

- (a) the refusal of the Committee to grant a permit for an off-grid renewable energy project; or
- (b) the cancellation under section 27 of a permit issued,

may appeal against such decision to the Board.

(2) Any person who is aggrieved by the decision of the Board on any appeal made under subsection (1), may appeal against such decision to the Secretary to the Ministry of the Minister, whose decision thereon shall be final.

Developer or permit holder to exercise due diligence.

29. (1) It shall be the duty of every developer or permit holder to whom a permit is issued under this Part of this Act, to take all measures necessary to use the renewable energy resource being utilized for the project, with due diligence and extreme care.

(2) Where any damage is caused to a renewable energy resource utilized for any project due to the negligence or lack of due diligence of a developer or permit holder, as the case may be, such developer or permit holder shall be liable to pay to the Authority as compensation, such amount as may be determined by the Minister in consultation with the Minister in charge of the subject of Finance.

PART VI

ACQUISITION AND LEASING OF IMMOVABLE PROPERTY FOR PROJECTS

30. (1) Where any land or any interest in a land situated in an area declared as a Development Area under section 12 is required by the Authority for any purpose of the Authority, such purpose shall for the purposes of the Land Acquisition Act (Chapter 460) be deemed to be a public purpose, and the land or interest therein may accordingly be acquired under the Land Acquisition Act by the Government for the Authority, and the provisions of that Act shall, save as otherwise provided in subsection (2) of this section, apply for the purposes of the acquisition of that land or the interest therein.

Compulsory acquisition of land for the Authority under the Land Acquisition Act.

(2) In the case of any acquisition under subsection (1) where the public notice of the intention to acquire that land or interest therein is published as required by the Land Acquisition Act, at any time within a period of five years commencing from the date of declaring an area as a Development Area, notwithstanding anything to the contrary in the Land Acquisition Act, the market value of the land or the interest therein for the purpose of determining the amount of compensation to be paid in respect of that land or the interest therein, shall be deemed to be the market value which that land or the interest therein would have had on the date of declaring such area as a Development Area, increased by fifty *per centum* of the difference between that market value and—

- (a) in the case of any land or interest therein in respect of which an Order under the proviso to section 38 of the Land Acquisition Act has not been made, the market value of the land or interest therein as on the

date of publication in the *Gazette* of the notice under section 7 of that Act; or

- (b) in the case of any land or interest therein in respect of which an Order under the proviso to section 38 of the Land Acquisition Act has been made, the market value of the land or interest therein as on the date of publication of such Order in the *Gazette*.

State property to be made available to the Authority.

31. Where any immovable property of the State is required for any purpose of the Authority, such purpose shall be deemed to be a purpose for which a special grant or lease of property may be made under section 6 of the Crown Lands Ordinance (Chapter 454) and accordingly the provisions of that Ordinance shall apply to a special grant or lease of such property made to the Authority.

Lease of land or interest in land held by Authority.

32. (1) the Authority may with the approval of the Minister, grant to a developer or a permit holder, as the case may be, by way of a lease, any land or interest in land held by the Authority for the purpose of any project for which a permit has been issued under Part V of this Act, subject to such terms and conditions as may be determined by the Minister, including the amount to be paid as lease rental, and in particular, but without prejudice to the generality of the foregoing provisions of this section, a condition to the effect that the lease agreement may be cancelled or amended in the event of a failure to comply with any term or condition specified in such agreement, or in the event of any money due to the Authority under such lease agreement remaining unpaid, for any such period as may be specified therein.

(2) Nothing in the Crown Lands Ordinance shall affect or be deemed or construed to affect the grant of a lease of any state land, held by the Authority.

(3) In the event of a cancellation of a permit issued to a developer or a permit holder to whom any land or interest in any land was granted under a lease agreement under subsection (1) of this section, such lease agreement shall,

notwithstanding anything to the contrary in the lease agreement or in any other law, be deemed to be cancelled with effect from the date of the cancellation of such permit.

33. Notwithstanding the provisions of any other law to the contrary, no action shall lie against the Authority or any officer or employee of such Authority in respect of the cancellation of a lease agreement under subsection (3) of section 32.

No action to lie in respect of the cancellation of a lease agreement.

34. (1) A developer or a permit holder, as the case may be, to whom any land has been leased by the Authority under section 32 of this Act, shall be required within six months of the expiry of the period of validity of such permit or where the permit is cancelled, within six months of the date of such cancellation, to remove all movable property, including any fixtures attached to the land, which belongs to such developer or permit holder, from the location or site in which the project was commenced or carried on, in such manner as may be prescribed.

Removal of movable property from location or site.

(2) The developer or the permit holder, as the case may be, shall be liable to pay to the Authority such compensation as may be determined by the Minister, for any damage caused to the renewable energy resource or to the land leased, due to the negligence of such developer or the permit holder, as the case may be, in removing his property from the location or site under subsection (1).

PART VII

ENERGY EFFICIENCY AND CONSERVATION PROGRAMMES

35. (1) The Board shall be responsible for the adoption and implementation of measures to conserve energy and improve efficiency in harnessing energy, processing, conversion, transportation, storage, co-generation and heat recovery techniques, in the use of energy in all consumer sectors.

Energy efficiency and conservation programmes.

(2) For the purpose of carrying out its responsibilities under subsection (1), the Board shall :—

- (a) identify, analyse, develop and recommend policy measures which can be implemented by all consumer sectors, to prevent wastage of energy used by them in their various activities;
- (b) promote and facilitate the implementation of energy efficiency and energy conservation policy measures, by organizing seminars, workshops and courses in energy efficiency, demand management or conservation;
- (c) educate and provide information to the public regarding energy demand management and conservation;
- (d) improve any or all aspects of energy demand management which promotes rational use of energy and reduces the use of non-renewable energy sources in Sri Lanka;
- (e) identify the available technologies and facilitate deployment of such technologies for improving efficiency in the harnessing of energy, processing, conversion, transportation, storage and use of energy;
- (f) implement energy labeling programs for appliances and devices and establish benchmarks;
- (g) specify and enforce standards, norms, codes, measurement and verification protocols and building codes, for the efficient use of energy and for reduction of wastage of energy in buildings; and
- (h) initiate, promote, conduct and co-ordinate research, surveys and investigations in regard to specific aspects of energy efficiency, conservation and demand management.

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36. (1) The Board may from time to time by regulations made in that behalf, establish specific energy consumption benchmarks to be complied with by all energy consumers.

Establishment of energy consumption benchmarks.

(2) For the purpose of ensuring that the benchmarks established under subsection (1) are being complied with, the Board may, where it considers it necessary:-

- (a) enter and inspect with the consent of relevant persons concerned, any premises, compound or facility, collect information, verification of information and conduct any other investigations;
- (b) direct any person to furnish information relating to energy utilization, production, procurement and sales;
- (c) monitor, with the consent of all relevant persons concerned, energy consumption in buildings and industrial premises and monitor fuel efficiency of land vehicles, ships and aircrafts, in association with relevant agencies;
- (d) specify in association with relevant agencies, energy consumption limits and energy performance standards of appliances and direct the display of such particulars on labels attached to appliances, in such manner as may be prescribed from time to time;
- (e) control the manufacture, import, sale or purchase of appliances which do not conform to the specifications prescribed under paragraph (d);
- (f) enforce limits and codes of practices for existing and proposed buildings, industrial premises, land vehicles, ships and aircraft, in association with relevant agencies; and
- (g) develop educational material and recommend educational curricula, on efficient and rational use of energy and conservation of energy.

Consumption of energy beyond acceptable limits.

37. (1) Where the Board is of the view that any person or categories of persons (including any public body), is consuming unacceptable levels of energy in their respective premises or installations, over and above the benchmarks established by the Board under section 36 of this Act, such person or category of persons may be called upon to submit to the Board a detailed audit report compiled by an accredited energy auditor and a detailed plan of action on remedial measures that are proposed to be taken by such person or category of persons, as the case may be, to reduce the energy consumption to acceptable levels.

(2) The failure to submit a detailed audit report and a detailed plan of action when called upon to do so by the Board under subsection (1) and to implement such plan on approval by the Board, shall be an offence under this Act.

(3) Where any person or category of persons who has been called upon to submit to the Board a detailed plan of action under subsection (1), incurs in the course of the implementation of such plan, any expenses which is beyond the anticipation of a reasonable person, such person or category of persons shall be entitled to the payment of a reasonable amount as compensation, which shall be determined by the Board in agreement with the person or category of persons concerned.

Accreditation of energy managers, energy auditors etc.,

38. (1) The Board shall appoint and rank persons having such qualifications as prescribed, to be –

- (a) Energy Managers, who shall assist in promoting practices relating to efficient energy management;
- (b) Energy Auditors, who shall be qualified to conduct energy audits; and
- (c) Energy Service Providers,

and issue to those appointed, a Certificate of Accreditation.

(2) Every person who is issued with a Certificate under subsection (1) shall be required to sit for such examinations periodically held by the Board from time to time and where the Board so requests, submit performance reviews at such intervals as specified by the Board. The Board shall maintain a register of all accredited Energy Managers, Energy Auditors and Energy Service Providers, appointed by it.

39. (1) The Board shall from time to time by rules made in that behalf, specify :—

Conduct of energy audits.

- (a) the persons or categories of persons including public bodies, who shall be required to have an energy audit carried out in their respective installations or premises; and
- (b) the manner and the periods during which an energy audit shall be required to be carried out.

(2) An energy audit shall be conducted by an Accredited Energy Auditor, who shall be required to submit a report to the Board on the result of the energy audit carried out by such auditor.

40. The Board shall in collaboration with the relevant provincial authorities, take such measures as may be necessary to :—

Delivery of rural energy services.

- (a) provide for basic domestic energy needs of the rural population, by making available affordable energy services to rural and remote areas of the country which have no access or a limited access to modern and commercial energy services;
- (b) prepare a long term plan for delivery of energy services to rural and remote areas of the country, by identifying un-served areas, their energy needs and available resources and promoting suitable technologies; and

- (c) develop a conducive environment for the promotion of investments on rural energy delivery, including the development of guidelines in collaboration with relevant state agencies on rural energy project development and to disseminate them among prospective investors.

Energy policy development and information management.

41. The Board shall be responsible for promoting security and reliability and ensuring cost effectiveness of energy delivery within Sri Lanka, and for that purpose :—

- (a) examine the energy sector performance, review and integrate institutional and sub-sectoral plans, conduct policy analysis, review compliance with national energy policy and strategies and make policy recommendations to the Ministry on the energy sector in general, and more specifically on renewable energy resources and energy efficiency;
- (b) conduct surveys and investigations, collect and compile data in collaboration with the Department of Census and Statistics, publish national energy balance reports and other documents providing information relating to the energy sector in general, and more specifically to energy resources, conversion, supply, utilization, conservation and economics;
- (c) identify and analyse policy measures and recommend to the Ministry and other relevant agencies, specific policy measures pertaining to fiscal incentives and disincentives, including pricing policies, taxation and institutional arrangements;
- (d) obtain information relating to energy resources, research, reserves, conversion facilities and conversion levels, storage facilities and storage levels, transmission and distribution systems, sales, customers, costs, prices, income from sales, losses,

employees and development plans of any institution, company or individual engaged in the business of energy or having jurisdiction over resources that possess an energy value; and

- (e) inspect and obtain information about potential or existing energy supply facilities and their utilization and consumption.

42. (1) The Board shall be required to submit annually to the Minister, a report on the performance of energy sector in Sri Lanka during the preceding year and the Minister shall table such report in Parliament for its consideration.

Annual report on energy consumption.

(2) In the preparation of its annual report under subsection (1), the Board shall obtain the services of any persons appointed under section 38.

PART VIII

FINANCE

43. The initial capital of the Authority shall be five hundred million rupees which shall be paid out of the Consolidated Fund in such installments as the Minister in charge of the subject of Finance may determine, in consultation with the Minister.

Capital of the Authority.

44. (1) The Authority shall have its own Fund. There shall be credited to the Fund of the Authority, all such sums of money :—

Fund of the Authority.

- (a) received as initial capital of the Authority;
- (b) voted from time to time by the Parliament for the use of the Authority;
- (c) received by the Authority by way of fees imposed for the issue of permits under this Act; and

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(d) received by the Authority by way of loans, donations, gifts, or grants from any source whatsoever, whether in or outside Sri Lanka ; and

(e) received by the Authority, by way of lease rentals under section 32.

(2) There shall be paid out of the Fund of the Authority all such sums of money required to defray expenditures incurred by the Authority in the exercise, discharge and performance of its powers, functions and duties under this Act.

Levy of cess on imports of fossil fuel products.

45. (1) There shall be charged, levied and paid a cess on all fossil fuel products imported, calculated at such rate as may be determined by the Minister from time to time with the concurrence of the Minister in charge of the subject of Finance, by Order published in the *Gazette*.

(2) The amount imposed as a cess under subsection (1), may be varied or rescinded by a like Order.

(3) Every Order made by the Minister under this section shall come into force on the date of its publication in the *Gazette* and be brought before Parliament for approval within four months of the date of its publication .Any Order which is not so approved shall be deemed to be revoked as from the date of its disapproval, but without prejudice to the validity of anything previously done thereunder.

(4) This section shall have effect as though if formed part of the Customs Ordinance (Chapter 235) and the provisions of that Ordinance shall apply accordingly.

(5) The proceeds of the cess recovered under this section shall be paid monthly by the Director-General of Customs to the credit of the Energy Fund established by section 46 of this Act.

(6) The cess levied under this section shall be in addition to any import duty or any other cess levied under any other written law.

46. (1) There shall be established a Fund called the “Sri Lanka Sustainable Energy Fund” (in this Act referred to as “Energy Fund”).

Sri Lanka
Sustainable
Energy Fund.

(2) There shall be credited to the Energy Fund:—

- (a) an initial grant of five hundred million rupees to be paid out of the Consolidated Fund;
- (b) the proceeds of the cess imposed under section 45;
- (c) fees chargeable from developers for managing the carbon asset of Sri Lanka;
- (d) amounts paid as royalty or charges by developers and permit holders under section 19 and section 26 of this Act;
- (e) fees charged by the Board for rendering any professional services;
- (f) money received as lease rentals from the lease of land or interest in land for carrying on of any on-grid and off-grid renewable energy project;
- (g) fees charged for entertaining applications submitted to the Director-General for engaging in on-grid and off-grid renewable energy projects; and
- (h) fees and shared savings earned from undertaking projects connected with the development of renewable energy resources and the improvement of energy efficiency, energy conservation and demand management, for and on behalf of State and private sector organizations.

(3) There shall be paid out of the Energy Fund, such sums of money required for the payment of :—

- (a) subsidies to selected renewable energy based energy conversion plants;

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- (b) subsidies for promoting the use of energy efficient appliances and technologies;
- (c) capital subsidy for fuel switching, including industrial thermal applications;
- (d) expenses incurred in conducting awareness programmes through mass media on improving energy security of Sri Lanka; and
- (e) incentives or other similar financial assistance to any society or community based organization to encourage the adoption of energy conservation measures and for the development of rural energy services in all areas of the country.

(4) The Board may invest monies lying to the credit of the Energy Fund in such manner as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance, and all income accruing from any such investments shall be credited to such Fund.

(5) The Board shall be responsible for the regulation and maintenance of the Energy Fund and the maintenance of proper books of accounts pertaining to the same.

(6) The provisions of sections 50 and 51 of this Act shall apply in regard to the audit of accounts of the Energy Fund.

Sustainable
Energy
Guarantee
Fund.

47. (1) There shall be established a fund called the “Sustainable Energy Guarantee Fund” (in this Act referred to as the “Guarantee Fund”) for the purpose of providing guarantees on behalf of investors who apply for loans to carry on any project relating to energy efficiency.

(2) There shall be credited to the Guarantee Fund:—

- (a) an initial capital grant of fifty million rupees to be paid out of the Consolidated Fund;

- (b) an annual premium of not less than 0.5 *per centum* of the guarantee offered to investors;
- (c) interest, service charges and penalties recovered from investors to whom guarantees are provided; and
- (d) all such sums of money as may be received from the Fund of the Authority.

(3) The amount to be paid as a guarantee and the manner of the guarantee, qualifications required to be entitled to a guarantee and all other matters connected with the management of the Guarantee Fund, shall be as prescribed by the Minister, with the concurrence of the Minister in charge of the subject of Finance.

(4) The provisions of sections 50 and 51 of this Act shall apply in regard to the audit of accounts of the Gurantee Fund.

48. (1) The Board may with the consent of the Minister given in concurrence with the Minister in charge of the subject of Finance, borrow temporarily by way of overdraft or otherwise, such sums of money as the Board may require for covering expenditure incurred by it in the exercise, performance and discharge of its powers, duties and functions:

Borrowing
powers of the
Board.

Provided that the aggregate of the amounts outstanding in respect of any temporary loans raised by the Board under this subsection, shall not at any time exceed such sum as may be determined by the Minister in consultation with the Minister in charge of the subject of Finance.

(2) The Board may with the consent of the Minister given with the concurrence of the Minister in charge of the subject of Finance, borrow money for the provision of the working capital of the Authority otherwise than by way of temporary loans under subsection (1), by the issue of debentures, referred to as the “Sustainable Energy Authority Debentures”.

(3) Sustainable Energy Authority Debentures shall be issued, transferred, dealt with, redeemed and cancelled in accordance with such terms as may be determined by the Board with the approval of the Minister, given with the concurrence of the Minister in charge of the subject of Finance.

Government
guarantee.

49. (1) The Minister in charge of the subject of Finance shall guarantee the repayment of the principal and of the interest due on Sustainable Energy Authority Debentures issued under section 48.

(2) Any sum required for the fulfillment of a guarantee provided for under subsection (1) may, with the prior approval of the Parliament, be paid out of the Consolidated Fund.

(3) Any sum paid out of the Consolidated Fund in fulfillment of a guarantee provided under subsection (1), shall be repaid by the Authority together with interest thereon, at such rate and in such manner and over such period of time as the Minister in charge of the subject of Finance may determine, with the concurrence of the Minister.

(4) Immediately upon a guarantee being given under subsection (1), the Minister in charge of the subject of Finance shall lay before the Parliament, a statement pertaining to such guarantee.

(5) Where any sum is paid out of the Consolidated Fund in fulfillment of a guarantee provided under subsection (1), the Minister in charge of the subject of Finance shall forthwith lay before the Parliament a statement on such sum paid as a guarantee.

Financial
year and
audit of
accounts.

50. (1) The financial year of the Authority shall be the calendar year.

(2) The Board shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Authority.

(3) The provisions of Article 154 of the Constitution relating to the audit of the accounts of public corporations shall apply to and in relation to the audit of the accounts of the Authority.

51. The provisions of Part II of the Finance Act, No. 38 of 1971, shall *mutatis mutandis*, apply to and in respect of the financial control and accounts of the Authority.

Application of Part II of the Finance Act, No.38 of 1971.

PART IX

STAFF OF THE AUTHORITY

52. (1) There shall be appointed by the Minister with the concurrence of the Board, a person to be the Director-General of the Authority, who shall be its chief executive officer.

Director-General of the Authority.

(2) The Director-General shall be entitled to be present at all meetings of the Board and to speak at such meetings, but shall not be entitled to vote at any such meetings.

(3) The Director-General shall, subject to the general direction and control of the Board, be responsible for the conduct of all affairs of the Authority, including the administrative control of the officers and employees of the Authority.

(4) The Director-General shall be paid such remuneration as may be determined by the Board in consultation with the Minister.

(5) The Minister may with the concurrence of the Board and for reasons assigned therefor remove from office the Director-General appointed under subsection (1).

53. The Director-General may with the approval of the Board and whenever he considers it necessary to do so, delegate to any officer of the Authority, any function or duty

Director-General may delegate his functions.

imposed on or assigned to him by this Act and such officer shall discharge and perform such function or duty, subject to the direction and control of the Director-General.

Temporary absence of the General Manager.

54. Whenever the Director-General is by reason of illness or absence from Sri Lanka or for any other cause unable to discharge or perform any of his functions or duties, the Minister may with the concurrence of the Board, appoint any other senior officer of the Authority to act in his place during such absence.

Appointment of staff of the Authority.

55. (1) The Board may appoint such officers and other employees as it considers necessary for the efficient exercise, discharge and performance of its powers, functions and duties under this Act.

(2) The officers and other employees appointed under subsection (1) shall be remunerated in such manner and at such rates and shall be subject to such conditions of service, as may be determined by the Board by rules made in that behalf.

Appointment of public officers to the staff of the Authority.

56. (1) At the request of the Board any officer in the public service may, with the consent of that officer and the Secretary to the Ministry of the Minister in charge of the subject of Public Administration, be temporarily appointed to the staff of the Authority for such period as may be determined by the Board or with like consent, be permanently appointed to such staff.

(2) Where any officer in the public service is temporarily appointed to the staff of the Authority, the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis* apply to and in relation to him.

(3) Where any officer in the public service is permanently appointed to the staff of the Authority, the provisions of subsection (3) of section 14 of the National transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis* apply to and in relation to him.

(4) Where the Authority employs any person who has agreed to serve the Government for a specified period under any agreement, any period of service to the Authority by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such agreement.

57. (1) At the request of the Board, any officer or servant of a public corporation may, with the consent of such officer or servant and the governing body of such public corporation, be temporarily appointed to the staff of the Authority for such period as may be determined by the Board or with like consent, be permanently appointed to such staff on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Board and the governing body of the public corporation concerned.

Appointment of officers in public corporations or Higher Educational Institutions to the staff of the Authority.

(2) At the request of the Board, any officer or other employee of any Higher Educational Institution may, with the consent of that officer or the employee and the principal executive officer of that Higher Educational Institution, be temporarily appointed to the staff of the Authority for such period as may be determined by the Board or with like consent be permanently appointed to such staff, on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Board and such principal executive officer.

(3) Where any person is temporarily appointed to the staff of the Authority under subsection (1) or subsection(2), as the case may be, such person shall be subject to the same disciplinary control as any other member of the staff of the Authority.

PART X

GENERAL

Special and
General
directions to be
issued by the
Minister.

58. The Minister may from time to time issue such special or general directions to the Board relating to the exercise, performance and discharge of its powers, duties and functions under this Act, and it shall be the duty of the Board to give effect to such directions.

Power to require
maintenance of
records and the
furnishing of
returns.

59. (1) The Board may for the purpose of the exercise, performance and discharge of its powers, duties and functions under this Act, require all developers and permit holders to whom it has issued a permit:—

- (a) to maintain records in respect of such matters as the Board may consider necessary and in such form as may be determined by the Board; and
- (b) to furnish to the Board returns in respect of such matters as it may consider necessary and at such intervals and in such form as may be determined by the Board.

(2) It shall be the duty of all developers and permit holders who are required under paragraph (a) of subsection (1) to maintain records, to preserve the records so maintained for a period not exceeding six years after the expiry of the period of validity of the permit issued to such developer or permit holder, as the case may be.

Power of
Authority to call
for information.

60. (1) Any officer of the Authority authorized in that behalf by the Board may by notice in writing, require any person within such period as shall be specified in the notice, to furnish information on the acquisition, storage, transport, transmission and use of energy in any form and cost incurred in doing so and to produce such document as shall be specified in the notice. It shall be the duty of the person who receives a notice under this subsection, to comply with such requirement within the time specified in such notice:

Provided however, nothing in this subsection shall be read and construed as enabling the Board or any person authorized in that behalf by the Board, to require any person to furnish such information or to produce such document, if the disclosure of such information or the production of such document is prohibited by any provision in any law.

(2) The information contained in a return furnished under section 59 and any information furnished or the contents of a document produced in compliance with the terms of a notice issued under this section, shall not be published or communicated by the Board to any other person, except with the consent of the person furnishing such return or information or producing such document, as the case may be, or in the course of the exercise, performance and discharge of its powers, duties and functions under this Act.

61. (1) It shall be lawful for any member of the Board or any officer or other employee of the Authority specifically authorized in writing in that behalf, at any reasonable time to enter any building, installations or premises for the purpose of carrying out any search, survey, examination or investigation for the purpose of exercising, performing or discharging any of its powers, duties or functions under this Act.

Entry and inspection of buildings and premises.

(2) For the purpose of carrying out any search, survey, examination or investigation under subsection (1), consent to enter the building, installation or premises shall be obtained from the owner or the occupier or the person in charge of the building, installation or the premises, as the case may be.

(3) Where the consent required to be obtained under subsection (2) is being unfairly refused, the Authority may obtain from the Magistrate having jurisdiction over the area in which such building, installation or the premises, as the case may be, is situated, a search warrant authorizing an officer named therein to enter such building, installation or the premises, as the case may be, to carry out the required search, survey, examination or investigation.

(4) Every person who obstructs any member of the Board or any officer or employee of the Authority in the discharge of his duty under this section, shall be guilty of an offence under this Act.

Offences.

62. Every person who —

- (a) acts in contravention or fails to comply with any provisions of this Act or any regulation or rule made thereunder;
- (b) fails or refuses to furnish any return when required to do so by the Board under section 59;
- (c) fails or refuses to furnish any information or produce any document when required by the Board under section 60; or
- (d) knowingly makes any false statement in any return furnished under section 59 or knowingly furnishes any false information under section 60,

shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred thousand rupees or to an imprisonment of either description for a term not exceeding two years or to both such fine and imprisonment, and in the case of a continuing offence, to a fine of one thousand rupees for each day on which the offence is continued to be committed after the conviction.

Offences
committed by a
body of persons.

63. Where an offence under this Act is committed by a body of persons, then :—

- (a) if that body of persons is a body corporate, every person who at the time of the commission of such offence was a Director, Chief Executive Officer, Secretary or other similar officer of that body; or

- (b) if that body is not a body corporate, every person who at the time of commission of the offence was the President, Manager, Secretary or other similar officer of that body,

shall be deemed to be guilty of that offence, unless he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

64. (1) All expenses incurred by the Authority in any suit or prosecution brought by or against it before any court, shall be paid out of the Fund of the Authority and any costs paid to or recovered by the Authority in any such suit or prosecution, shall be credited to the Fund of the Authority.

Expenses to be paid out of the Fund of the Authority.

(2) Any expenses incurred by a member of the Board, a member of the Committee or an Advisory Committee or by the Director-General or any officer or other employee of the Authority, in any suit or prosecution brought by or against such person before any court in respect of any act which is done or purported to be done by such person under this Act or on the directions of the Minister or the Board, as the case may be, shall, if the court holds that such act was done in good faith, be paid out of the Fund of the Authority, unless such expenses are recovered by him in such suit or prosecution.

65. The Authority shall be deemed to be a Scheduled Institution within the meaning of the Bribery Act (Chapter 27) and the provisions of that Act shall be construed accordingly.

Authority deemed to be a Scheduled Institution.

66. The members of the Board, Committee and Advisory Committees and the Director-General and officers and other employees of the Authority, shall be deemed to be public servants within the meaning of and for the purposes of the Penal Code (Chapter 19).

Members, officers etc., deemed to be public servants.

- Regulations. **67.** (1) The Minister may make regulations in respect of any matters required by this Act to be prescribed or in respect of which regulations are authorized to be made.
- (2) Every regulations made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.
- (3) Every regulation shall as soon as convenient after its publication in the *Gazette* be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of its disapproval, but without prejudice to anything previously done thereunder.
- (4) The notification of the date on which any regulation shall be deemed to be rescinded, shall be published in the *Gazette*.
- Rules. **68.** (1) The Board may make rules in respect of all or any matters for which rules are authorized or required to be made under this Act.
- (2) A rule made by the Board under this section shall not have any effect, until it has been approved by the Minister and thereafter published in the *Gazette*.
- Repeal and saving. **69.** (1) The Energy Conservation Fund Act, No.2 of 1985 is hereby repealed.
- (2) Notwithstanding the repeal of the aforesaid Act :—
- (a) all contracts, agreements and other instruments entered into or executed by the Energy Conservation Fund and subsisting on the day immediately prior to the appointed date, shall be deemed to be contracts, agreements or instruments entered into or executed by the Authority;

- (b) all suits and prosecutions instituted by or against the Energy Conservation Fund and pending before any court or tribunal on the day immediately prior to the appointed date, shall be deemed to be suits and prosecutions instituted by or against the Authority;
- (c) all debts, liabilities and obligations of the Energy Conservation Fund shall be deemed to be debts, liabilities and obligations of the Authority;
- (d) every decree, order or judgment entered in favour of or against the Energy Conservation Fund by any competent court in any action or proceeding, shall with effect from the appointed date, be deemed to be a decree, order or judgment entered in favour of or against the Authority and may be enforced accordingly; and
- (e) every officer and servant of the Energy Conservation Fund holding office on the day immediately preceding the appointed date, and:—
 - (i) who is offered employment with the Authority and accepts such offer, shall be employed therein on such terms and conditions as are not less favourable than the terms and conditions of employment that were applicable to him on the day immediately preceding the appointed date; or
 - (ii) who are not offered employment with the Authority or who are offered such employment and who do not accept such offer, shall be entitled to the payment of such compensation as may be determined by the Minister, in consultation with the Board.

- Interpretation. **70.** In this Act, unless the context otherwise requires :—
- “biomass energy” means the energy that can be derived out of converting the form of material that is generated out of a biological process, by processes such as combustion, fermentation and digestion;
- “Committee” means the Project Approving Committee established by section 10 of this Act;
- “developer” means a person to whom a permit is issued under paragraph (a) of subsection (2) of section 18 of this Act, to carry on an on-grid renewable energy project;
- “energy conservation” means the foregoing of certain non-essential services delivered to a user, by either complete stoppage of the service or the curtailed delivery of the service;
- “energy efficiency improvement” means the adoption of efforts to decrease the actual energy consumption required to deliver a particular service, without affecting the quality of the service so rendered;
- “green funds” means the funding available for initiatives taken to preserve the environment and the ecology of the planet, which may or may not be available at concessionary terms;
- “hydro energy” means the energy that can be derived from a moving body of water, through processes such as reaction and impulse;
- “off-grid renewable energy project” means an installation which converts one form of renewable energy to another form of energy for

consumption within a local area and which may or may not be carried on within any Development Area;

“off-grid energy consumer society” means any organization representing the energy user community duly registered with the relevant Provincial Council, for the development and utilization of renewable energy resources within a particular geographical area, with the object of generating and distributing electricity to its members, through a distribution network not connected to the national grid;

“on-grid renewable energy project” means an installation which converts any form of renewable energy to electricity and feeds electricity thus generated to the national electricity grid operated by Ceylon Electricity Board and which is carried on within any Development Area;

“permit holder” means a person to whom a permit is issued under paragraph (a) of section 25 of this Act to engage in an off-grid renewable energy project;

“Public Utilities Commission of Sri Lanka” means the Public Utilities Commission of Sri Lanka established by the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002;

“renewable energy resource” means the sources of kinetic or thermal energy stemming from either solar or geothermal activity, which can be harnessed within the territory of the Republic of Sri Lanka, without affecting the ability of the future generations to harness it for their use, and includes biomass energy, hydro energy, solar energy and wind energy;

“rural energy services” means the basic energy requirements of a rural community or a rural enterprise, which cannot be met by modern commercial energy supply channels, such as the national electricity grid or petroleum products distribution channels;

“solar energy” means the energy that can be derived from solar radiation, by intercepting, concentrating and focusing or by any other means;

“sustainable energy” means any energy resource which can be harnessed for useful work, without affecting the ability of the resource to provide the same level of utility in the future; and

“wind energy” means the energy that can be derived from a moving mass of air through processes such as reaction and impulse.

Existing projects.

71. (1) All persons engaged in carrying on any renewable energy project which is an on-grid renewable energy project or an off-grid renewable energy project within the meaning of this Act as on the appointed date, shall be entitled to be issued with a permit to enable such persons to continue to carry on such project, within one year of such appointed date, on application made in that behalf to the Board

(2) Every permit issued under subsection (1) shall be subject to the provisions of this Act, and shall be valid—

(a) in the case of an on- grid renewable energy project, for the balance period remaining after deducting from the period of twenty years referred to in section 18, the period during which the project was in operation from the date of its commissioning; and

(b) in the case of an off-grid renewable energy project, for such period as may be prescribed.

72. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in the event of any inconsistency.

SCHEDULE [Section 3(2)]

Disqualification for appointment. 1. A person shall be disqualified from being appointed or continuing as an appointed member of the Board —

- (a) if he is or becomes a Member of Parliament, a Provincial Council or any local authority;
- (b) if he is not or ceases to be a citizen of Sri Lanka;
- (c) if he is under any law in force in Sri Lanka or in any other country, found or declared to be of unsound mind;
- (d) if he is serving or has served a sentence of imprisonment imposed by any court in Sri Lanka or any other country; or
- (e) if he had been removed from membership of the Board for misconduct.

Term of office of members. 2. Every appointed member shall, unless he vacates office earlier by death, resignation or removal, hold office for a term of three years from the date of his appointment and unless he has been removed from office, be eligible for re-appointment.

Termination of office of members. 3. (1) The Minister may by Order published in the *Gazette*, remove from office the Chairman or any other appointed member of the Authority for physical or mental incapacity or for any act or thing which in the opinion of the Minister, is likely to bring disrepute to the Authority.

(2) In the event of the vacation of office by the Chairman or any other appointed member, the Minister may appoint another person to succeed such member.

Proceedings, act or decision not to deemed invalid by reason of any defect in the appointment.

8. No act, decision or proceeding of the Board shall be invalid by reason only of the existence of a vacancy among its members or any defect in the appointment of a member.

Seal of the Authority.

9. The seal of the Authority :—

- (a) shall be in the custody of such persons as the Board may from time to time determine;
- (b) may be altered in such manner as may be determined by the Board; and
- (c) shall not be affixed to any instrument or document except with the sanction of the Board, and in the presence of two members of the Board who shall sign the instrument or document in token of their presence.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, No. 32, TRANSWORKS HOUSE, LOTUS ROAD, COLOMBO 01 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**URBAN DEVELOPMENT AUTHORITY
(AMENDMENT) ACT, No. 36 OF 2007**

[Certified on 18th September, 2007]

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*Urban Development Authority (Amendment)
Act, No. 36 of 2007*

[Certified on 18th September, 2007]

L.D.—O. 18/2007.

AN ACT TO AMEND THE URBAN DEVELOPMENT AUTHORITY LAW,
NO. 41 OF 1978

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Urban Development Authority (Amendment) Act, No. 36 of 2007.

Short title.
- 2.** Section 8 of the Urban Development Authority Law, No. 41 of 1978 (hereinafter referred to as the “principal enactment”) is hereby amended by the insertion immediately after paragraph (c) of that section, of the following paragraph :—

“(cc) to formulate a Scheme for rainwater harvesting to be included in the Development Plan prepared in terms of section 8A which scheme shall be in keeping with the National Rainwater Policy and Strategies ;”;

Amendment of section 8 of Law No. 41 of 1978.
- 3.** The Schedule to the principal enactment is hereby amended by the substitution for paragraph (e) of item 4 thereof, of the following paragraph:—

“(e) drainage of site and roof including measures necessary for rainwater harvesting;”.

Amendment of Schedule of the Principal enactment.
- 4.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to Prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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SRI LANKA**

**FINANCE (AMENDMENT)
ACT, No. 37 OF 2007**

[Certified on 24th September, 2007]

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Finance (Amendment) Act, No. 37 of 2007

[Certified on 24th September, 2007]

L. D. — O. 38/2007.

AN ACT TO AMEND THE FINANCE ACT, NO. 11 OF 2004

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Finance (Amendment) Act, No. 37 of 2007. Short title.
- 2.** Part II (Cellular Mobile Telephone Subscribers' Levy) of the Finance Act, No. 11 of 2004 is hereby amended in section 14 thereof by the substitution for the words “at the rate of two and half *per centum*” of the words “at the rate of ten *per centum*”. Amendment of section 14 of Act, No. 11 of 2004.
- 3.** In the event of an inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**BOARD OF TRUSTEES OF THE BHAGAWAN
SRI SATHYA SAI CENTRAL TRUST OF
SRI LANKA (INCORPORATION)
ACT, No. 38 OF 2007**

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*Board of Trustees of the Bhagawan Sri Sathya
Sai Central Trust of Sri Lanka (Incorporation)
Act, No, 38 of 2007*

[Certified on 24th September, 2007]

L.D.—O. INC-9/2004.

AN ACT TO INCORPORATE THE BOARD OF TRUSTEES OF THE
BHAGAVAN SRI SATHYA SAI CENTRAL TRUST OF SRI LANKA

WHEREAS a Trust called and known as the “The Board of Trustees of the Bhagawan Sri Sathya Sai Central Trust of Sri Lanka” has heretofore been established in Colombo for the purpose of effectually carrying out its objects and transacting all matters connected with the said Trust :

Preamble.

AND WHEREAS the Board of Trustees of the said Trust has heretofore successfully carried out and transacted the several objects and matters for which the said Trust was established and has applied to be incorporated and it will be for the public advantage to grant the application:

BE IT THEREFORE enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Board of Trustees of the Bhagawan Sri Sathya Sai Central Trust of Sri Lanka (Incorporation) Act, No. 38 of 2007.

Short title.

2. From and after the date of commencement of this Act such and so many persons as now are members of the Board of Trustees of the Bhagawan Sri Sathya Sai Central Trust of Sri Lanka (hereinafter referred to as “the Trust”) or shall hereafter be admitted as members of the Board of Trustees of the said Trust shall be a body corporate with the perpetual succession under the name and style of the “Board of Trustees of the Bhagawan Sri Sathya Sai Central Trust of Sri Lanka” (hereinafter referred to as “the Corporation”) and by that name may sue and be sued with full power and authority to have and to use a common seal and to alter the same at its pleasure.

Incorporation of the Board of Trustees of the Bhagawan Sri Sathya Sai Central Trust of Sri Lanka.

2 *Board of Trustees of the Bhagawan Sri Sathya
Sai Central Trust of Sri Lanka (Incorporation)
Act, No, 38 of 2007*

General objects
of the
Corporation.

3. The general objects for which the Corporation is constituted are hereby declared to be –

- (i) to carry the message and teachings of Bhagawan Sri Sathya Sai Baba ;
- (ii) to promote through practice and example the basic principles of Sathya (Truth), Dharma (Righteousness), Shanthi (Peace), Prema (Love) and Ahimsa (Non Violence) set by Bhagawan Sri Sathya Sai Baba ;
- (iii) to promote the knowledge of Vedas, Upanishads, Shastras, Purans and other literature of the Sanathana Dharma ;
- (iv) to promote the study of the Noble, sublime and highest ethical principles of all great religions of the world and the spirituality which is the true basis of all such religions ;
- (v) to promote inter-religious harmony ;
- (vi) to promote peace and goodwill among mankind ;
- (vii) to provide scholarships to deserving students at any school, college, university or any Institute approved by the Trust ;
- (viii) to assist needy students by providing books, instruments, apparel, loans and grants in cash ;
- (ix) to conduct study classes, lectures, seminars, study-tours and engage in such other activities as may promote the advancement of education ;
- (x) to provide homes for the needy and indigent, aged and disabled and orphan children ;

Board of Trustees of the Bhagawan Sri Sathya 3
Sai Central Trust of Sri Lanka (Incorporation)
Act, No, 38 of 2007

- (xi) to provide food rations, meals, clothing and other assistances to persons in distress ;
- (xii) to build, establish and provide hospitals and clinics for the treatment of sick persons ;
- (xiii) to provide medicines and medical treatment to sick persons ;
- (xiv) to conduct exhibitions and engage in activities which may promote health, social welfare and social rehabilitation and prevent the spread of diseases ; and
- (xv) to co-ordinate with other Trusts of the Sri Sathya Sai Organization of Sri Lanka, that are now in existence or be constituted hereafter.

4. (1) The administration, management and control of the Corporation shall be vested in a Board of Trustees (hereinafter referred to as the “Board”) consisting of eleven members elected in accordance with the rules of the Corporation, including—

Constitution of
the Board of
Trustees.

- (a) the Chairman of the Corporation ;
- (b) the General Secretary of the Corporation ; and
- (c) the Treasurer of the Corporation.

(2) The first Board of Trustees of the Corporation shall be the Board of Trustees of the Trust holding office on the day preceding the date of commencement of this Act which shall hold office until a new Board of Trustee is elected in and accordance with the rules of the Corporation.

4 *Board of Trustees of the Bhagawan Sri Sathya
Sai Central Trust of Sri Lanka (Incorporation)
Act, No, 38 of 2007*

General powers of
the Corporation.

5. Subject to the provisions of this Act and any other written law the Corporation shall have the following powers which shall be exercised by the Board :—

- (a) to receive or collect grants, gifts or donations or subsidies whether in cash or otherwise from local or foreign sources ;
- (b) to acquire and hold , take or give on lease or hire, mortgage, pledge or sell or otherwise dispose of any property, movable or immovable ;
- (c) to give grants, endowments or loans for the futherance of the objects of the Corporation ;
- (d) to open and operate bank accounts and to draw, make, accept, endorse and negotiate cheques, promissory notes, bills of exchange and negotiable instruments ;
- (e) to appoint, employ and dismiss, such officers and servants as may be necessary for carrying out the objects of the Corporation, on such terms and conditions and at such remuneration as may be determined by the Board ;
- (f) to invest funds belonging to the Corporation in such securities as may be determined by the Board ; and
- (g) to do all such other acts or things as may be necessary for the attainment of the objects of the Corporation.

Rules of the
Corporation.

6. (1) It shall be lawful for the Corporation from time to time at a general meeting of the members and by votes of two-thirds of the members present and voting to make

Board of Trustees of the Bhagawan Sri Sathya 5
Sai Central Trust of Sri Lanka (Incorporation)
Act, No, 38 of 2007

such rules not inconsistent with the provisions of the Act or any other written law for all or any of the following matters :-

- (a) the term of office of the members of the Board and the resignation or removal from office of such members, the filling of vacancies and election of such members ;
- (b) the powers, conduct, duties and functions of the various officers, agents and servants of the Corporation including their terms and conditions of service ;
- (c) the procedure to be followed at the meetings of the Board, the summoning and the quorum of such meetings and the conduct of business thereat;
- (d) the administration and management of the property of the Corporation and the custody of its funds ; and
- (e) such other things as may be necessary for the attainment of the objects of the Trust.

(2) Any rule made by the Corporation may be amended or rescinded in like manner as a rule may be made under subsection (1).

(3) All members of the Corporation shall be subject to the rules in force for the time being of the Corporation.

7. (1) The Fund of the Corporation (hereinafter referred to as the "Trust Fund") shall consist of—

Fund of the Corporation.

- (a) all moneys lying to the credit of the Trust on the day immediately preceding the date of commencement of this Act ; and
- (b) all moneys that may accrue to the Corporation after the date of commencement of this Act.

6 *Board of Trustees of the Bhagawan Sri Sathya
Sai Central Trust of Sri Lanka (Incorporation)
Act, No, 38 of 2007*

(2) All moneys lying to the credit of the Trust Fund shall be utilized to defray the expenses incurred in the management of the affairs of the Corporation and the accomplishment of its objects.

Audit of
accounts.

8. (1) The financial year of the Corporation shall be the calendar year.

(2) The Corporation shall cause proper accounts to be kept of all income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited annually by a qualified auditor appointed by the Corporation.

(4) In this section “qualified auditor” means—

(a) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute ; or

(b) a firm of Accountants, each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute.

Debts due by or
payable to the
Trust.

9. All debts and liabilities of the Trust existing on the day preceding the date of commencement of this Act shall be paid by the Corporation and all debts due by and subscriptions and contributions payable to the Trust on that day shall be paid to the Corporation for the purpose of this Act.

Board of Trustees of the Bhagawan Sri Sathya 7
Sai Central Trust of Sri Lanka (Incorporation)
Act, No, 38 of 2007

10. The seal of the Corporation—

Seal of the
Corporation.

- (a) shall be in custody of such persons as the Board may from time to time determine ;
- (b) may be altered in such manner as may be determined by the Board ; and
- (c) shall not be affixed to any instrument or document except with the sanction of the Board and in the presence of at least two members of the Board who shall sign the instrument or document in token of their presence and such signing shall be independent of the signing of any person as a witness.

11. If upon the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation and which is or are by the rules prohibited from distributing any income or property among its members.

Property
remaining on
dissolution.

12. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate or of any other persons.

Saving of the
rights of the
Republic and
others.

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to
prevail in case
of inconsistency.

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No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect
of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**SARANA BUDDHIST (RELIEF) FOUNDATION
(INCORPORATION) ACT, No. 39 OF 2007**

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*Sarana Buddhist (Relief) Foundation
(Incorporation) Act, No. 39 of 2007*

[Certified on 28th September 2007]

L. D. — O. Inc. 11/2004

AN ACT TO INCORPORATE THE SARANA BUDDHIST (RELIEF)
FOUNDATION

WHEREAS an Association called and know as “The Sarana Buddhist (Relief) Foundation” has heretofore been established under the guidance of Ven. Nakulugamuwe Sumana Thero for the purpose of propagating the practice of the teachings of the Lord Buddha effectually and to carry out and transact all matters connected with the said Association according to the rules of the Association

Preamble.

AND WHEREAS the said foundation has heretofore successfully carried out and transacted the several objects and matters for which it was established and has applied to be incorporated and it will be for the public advantage to grant such application:

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Sarana Buddhist (Relief) Foundation (Incorporation) Act, No. 39 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the “Sarana Buddhist (Relief) Foundation” (hereinafter referred to as “the Foundation”) or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate with perpetual succession under the name and style of “Sarana Buddhist (Relief) Foundation” (hereinafter referred to as “the Corporation”) and by that name may sue and be sued with full power and authority to have and use a common seal and alter the same at its pleasure.

Incorporation of Sarana Buddhist (Relief) Foundation.

2 *Sarana Buddhist (Relief) Foundation
(Incorporation) Act, No. 39 of 2007*

General
objects of the
Corporation.

3. The general objects for which the Corporation is constituted are hereby declared to be —

- (a) to promote the cultural, social, economic and religious development for the public advantage ;
- (b) to undertake and carry out or sponsor studies and research on Buddhism and to promote the teachings of the Lord Buddha;
- (c) to provide care for, assist and support the sick, elderly, aged or needy bhikkus as well as general public, where necessary;
- (d) to provide assistance to under privileged children in backward areas to further their education and enhance their skills.

General
powers of the
Corporation.

4. Subject to the provisions of this Act, and any other written law, the Corporation shall have the power to perform and execute, all such acts, matters and things whatsoever as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money, with or without security, to receive or collect grants and donations from either local or foreign sources, to invest its funds and to engage, employ and to take disciplinary actions including dismissal of personal required for the carrying out of the objects of the Corporation.

Management of
the affairs of the
Corporation.

5. (1) The affairs of the Corporation shall subject to the rules of the Corporation be administered and managed by a Board of Management consisting of the office-bearers and such other persons as may be provided for in such rules and elected in accordance therewith.

(2) The first Board of Management of the Corporation shall be the Executive Committee of the Foundation holding office on the day prior to the date of the coming into operation of this Act and which shall hold office until a new Board of Management is elected under the rules of the Corporation.

6. (1) It shall be lawful for the Corporation, from time to time, at any general meeting of the members and by the votes of not less than two thirds of the members present and voting to make rules not inconsistent with the provisions of this Act or any other written law for admission, withdrawal or expulsion of members, for the election of the office-bearers of the Board of Management for the conduct of the duties of the office bearers of the Board of Management and the various officers, agents and servants of the Corporation and generally for the management of the affairs of the Corporation and the accomplishment of its objects. Such rules when made may, at a like meeting and in like manner, be altered, added to amended or rescinded.

Rules of the Corporation.

(2) All members of the Corporation shall be subject to the rules of the Corporation.

7. (1) The Board of Management shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Corporation.

Accounts and audits.

(2) The accounts of the Corporation shall be examined and audited at least once in every year by one or more qualified auditor or auditors.

(3) In this section, “qualified auditor” means—

- (i) an individual who being a member of the Institute of Chartered Accountant of Sri Lanka or of any other institute established by laws, possesses a certificate to practice as an Accountant issued by the Council of such Institute; or
- (ii) a firm of Accountants each of the resident Partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute.

Debts due by and payable to the Foundation.

8. All debts and liabilities of the Foundation existing on the day prior to the coming into operation of this Act shall be paid by the Corporation and all debts due and subscriptions and contributions payable to the Foundation on that date shall be paid to the Corporation for purposes of this Act.

Corporation may hold property movable and immovable.

9. The Corporation shall be able and capable in law to take and hold any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise and all such property shall be held by the Corporation with full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

How the seal of the Corporation is to be affixed.

10. The seal of the Corporation shall not be affixed to any instrument whatsoever except in the presence of such number of persons as may be provided for in the rules of the Corporation and who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person as a witness.

Property remaining on the dissolution of the Corporation.

11. If upon the winding up or the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation and which is or are by its or their rules prohibited from distributing any income or property among its or their members.

Saving of the rights of the Republic and others.

12. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate.

Sinhala text to prevail in case of inconsistency.

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign),
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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**RATNAPURA, MARAPANA SASTRODAYA
FOUNDATION (INCORPORATION)
ACT, No. 40 OF 2007**

[Certified on 28th September, 2007]

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Ratnapura, Marapana Sastrodaya Foundation
(Incorporation) Act, No. 40 of 2007

[Certified on 28th September, 2007]

L. D. – O. Inc. 37/2005.

AN ACT TO INCORPORATE THE RATNAPURA, MARAPANA SASTRODAYA
FOUNDATION

WHEREAS a Foundation called and known as the Ratnapura, Marapana Sastrodaya Foundation has heretofore been established at Ratnapura, for the purpose of effectively carrying out and transacting all objects and matters connected with the said Foundation according to the rules of the Foundation:

Preamble.

AND WHEREAS the said Foundation has heretofore successfully carried out and transacted the several objects and matters for which it was established and has applied to be incorporated, and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This act may be cited as the Ratnapura, Marapana Sastrodaya Foundation (Incorporation) Act, No. 40 of 2007.

Short Title.

2. From and after the date of commencement of this act, such and so many persons as now are members of the “Ratnapura, Marapana Sastrodaya Foundation” (hereinafter referred to as the “Foundation”) or shall hereafter be admitted members of the Corporation hereby constituted, shall be a body corporate with perpetual succession, under the name and style of the “Ratnapura, Marapana Sastrodaya Foundation” (hereinafter referred to as the “Corporation”) and by that name may sue and be sued, with full power and authority to have and use a common seal and to alter the same at its pleasure.

Incorporation of the Ratnapura, Marapana Sastrodaya Foundation.

3. The General objects for which the Corporation is constituted are hereby declared to be —

General objects.

- (a) to establish, educational centers including pre schools and vocational training, centers for children and adults in areas where such educational facilities are insufficient or not available ;

2 *Ratnapura, Marapana Sastrodaya Foundation*
(Incorporation) Act, No. 40 of 2007

- (b) to promote peace and peaceful co-existence amongst people ;
- (c) to work for the scientific and cultural advancement of Sri Lankan society ;
- (d) to liaise with other institutions having objects similar to those of the Corporation;
- (e) to provide monetary and other assistance to young persons to engage in self-employments ;
- (f) to provide facilities for young persons to train themselves in sports ;
- (g) to organize discussions, conferences, debates and similar activities particularly for young persons;
- (h) to collect and distribute books and periodicals and provide library facilities, with a view to improving literacy among people ;
- (i) to provide necessary facilities and encouragements for young persons to enhance their inherent talents and skills ;
- (j) to establish and maintain centers for the welfare and protection of displaced persons and destitute persons.

General Powers
of the
Corporation.

4. Subject to the provisions of this Act, and any other written law, the Corporation shall have the power to do, perform and execute, all such acts, matters and things as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money, with or without security to receive or collect grants and donations, to invest its funds, and to engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

Ratnapura, Marapana Sastrodaya Foundation 3
(Incorporation) Act, No. 40 of 2007

5. (1) The affairs of the Corporation shall, subject to the provisions of this Act and the rules of the Corporation made under section 6, be administered by a working committee comprising of the following :—

Management of the affairs of the Corporation.

- (a) the Executive Committee which shall consist of the President, Vice President, Secretary, Assistant Secretary and Treasurer ;
- (b) thirteen committee members ; and
- (c) an Advisory Board consisting of three eminent persons appointed by the Executive Committee referred to in paragraph (a).

(2) The first Working Committee of the Corporation shall consist of the members of the Working Committee of the Foundation holding office on the day immediately preceding the date of commencement of this Act.

6. It shall be lawful for the Corporation from time to time at any general meeting of majority of not less than two thirds of their members present and voting to make rules not inconsistent with the provisions of this Act or any other written law for the admission, withdrawal or expulsion of members, for the conduct of the duties of the Working Committee, and of the various officers, agents and servants of the Corporation, for the procedure in the transaction of business and otherwise for the management of the affairs of the Corporation and the accomplishment of its objects.

Power to make rules.

7. (1) The Corporation shall have its own fund and all moneys received by way of gifts, testamentary dispositions, transfers, donations, or contributions shall be deposited in the name of the Corporation in one or more banks as may be decided by the Working Committee.

Funds of the Corporation.

4 *Ratnapura, Marapana Sastrodaya Foundation
(Incorporation) Act, No. 40 of 2007*

(2) All expenses incurred by the Corporation in the exercise and discharge of the powers and functions of the Corporation shall be paid out of the fund of the Corporation.

Debts due by
and payable to
the Foundation.

8. All debts and liabilities of the said Foundation existing on the day immediately preceding the date of commencement of this Act shall be paid by the Corporation hereby constituted and all debts due to subscriptions and contributions payable to the Foundation on that day shall be paid to the Corporation for the purposes of this Act.

Accounts and
Audit.

9. (1) The Working Committee shall cause proper accounts to be kept of all the moneys received and expended by the Corporation.

(2) The accounts of the Corporation shall be examined and audited at least once in every year and the correctness of income and expenditure account and balance sheet certified by the auditor or auditors who are the associate members of the Institute of Chartered Accountants of Sri Lanka.

Seal of the
Corporation.

10. The seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of the Executive President or the Secretary or the Treasurer and a member who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Corporation may
hold property,
movable and
immovable.

11. The Corporation shall be able and capable in law to take and hold any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act, and subject to the rules in force the time being of the said Corporation, with full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Property
remaining on
dissolution.

12. If upon the dissolution of the Corporation, there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall

Ratnapura, Marapana Sastrodaya Foundation 5
(Incorporation) Act, No. 40 of 2007

be given or transferred to some other Association or Associations, having objects similar to the objects of the Corporation and which is or are, by the rules thereof prohibited from distributing any income or property among its or their members. Such Association or Associations shall be determined by the members of the Corporation at, or immediately before, the time of the dissolution of the Corporation.

13. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate or any other persons.

Saving of the rights of the Republic and others.

14. In the event of any inconsistency between the Sinhala, Tamil and English texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SRI LANKA-NIPPON EDUCATIONAL AND
CULTURAL CENTRE (INCORPORATION)
ACT, No. 41 OF 2007**

[Certified on 1st October, 2007]

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*Sri Lanka-Nippon Educational and Cultural
Centre (Incorporation) Act, No. 41 of 2007*

[Certified on 01st October, 2007]

L.D.—O. INC 05/2005.

AN ACT TO INCORPORATE THE SRI LANKA-NIPPON EDUCATIONAL AND
CULTURAL CENTRE

WHEREAS an Association called and known as the “Sri Lanka-Nippon Educational and Cultural Centre” has heretofore been established for the purpose of effectually carrying out and transacting all matters connected with the said association according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Association has heretofore successfully carried out and transacted the several objects and matters for which it was established and has applied to be incorporated and it will be for the public advantage to grant the application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Sri Lanka – Nippon Educational and Cultural Centre (Incorporation) Act, No. 41 of 2007.

Short title.

2. From and after the date of commencement of this Act such and so may persons as now are members of the Sri Lanka-Nippon Educational and Cultural Centre (hereinafter referred to as the “Centre”) or shall hereafter be admitted as members of the Corporation hereby constituted shall be a body corporate (hereinafter referred to as “the Corporation”) with perpetual succession under the name and style of the “Sri Lanka-Nippon Educational and Cultural Centre” and by that name may sue and be sued, with full power and authority to have and to use a common seal and to alter the same at its pleasure.

Incorporation of the Sri Lanka-Nippon Educational and Cultural Centre.

3. The general objects for which the Corporation is constituted are hereby declared to be—

General objects of the Corporation.

- (a) to promote educational and cultural ties, mutual understanding and co-operation between the people of Sri Lanka and Japan ;

2 *Sri Lanka-Nippon Educational and Cultural Centre (Incorporation) Act, No. 41 of 2007*

- (b) to assist Sri Lankans and Japanese to study each other's cultures, languages and any other languages, to organize educational tours, to provide hostel facilities to those who participate in such tours and to exchange educational and cultural representatives ;
- (c) to establish and maintain libraries and to purchase, subscribe and publish books, newspapers, periodicals and other publications which the Corporation may consider desirable for the promotion and advancement of its objects ;
- (d) to establish and award scholarships, grants and prizes to deserving Sri Lankan students and to assist them in their spiritual, philosophical, cultural, scientific and technical education ;
- (e) to join and collaborate with other local and foreign associations, societies or organizations with objects similar to those of the Corporation ;
- (f) to provide guidance and other assistance to Sri Lankans travelling to Japan for educational and cultural purposes ; and
- (g) to promote, encourage and assist the artistic creations, skills in sports and the technical knowledge of Sri Lankan youth and children and to organize and maintain work shops, schools and institutions therefor.

Management of the affairs of the Corporation.

4. (1) The administration and management of the affairs of the Corporation shall subject to the rules of the Corporation, made under section 6 be vested in a Board of Management (hereinafter referred to as the "Board") consisting of the Director, Secretary and the Honorary Treasurer of the Corporation and not less than eleven other members to be elected in accordance with such rules.

(2) Notwithstanding anything to the contrary in subsection (1) of this section, the Venerable Udagama Sumangala Thero shall be the first Director and the Venerable Meegahatenne Chandrasiri Thero the first Secretary General of the Corporation who shall hold office for life unless they earlier resign from their offices.

(3) The first Board of Management of the Corporation shall be the Board of Management of the Centre holding office on the day immediately preceding the date of commencement of this Act.

5. Subject to the provisions of this Act and any other written law, the Corporation shall, have the power—

General Powers
of the
Corporation.

- (a) to acquire, hold and develop any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise ;
- (b) to sell, mortgage, lease, exchange or otherwise dispose of any such property ;
- (c) to appoint, employ, remunerate, exercise disciplinary control over and dismiss officers and servants as may be necessary for the purposes of the Corporation ;
- (d) to receive grants, gifts or donations in cash or kind whether from local or foreign sources ;
- (e) to establish branches of the Corporation in any foreign country for the purpose of carrying out the objects of the Corporation ;
- (f) to open, operate and close bank accounts and to borrow or raise money with the property of the corporation as security or without such security for the purposes of the Corporation ;

4 *Sri Lanka-Nippon Educational and Cultural
Centre (Incorporation) Act, No. 41 of 2007*

- (g) to invest money belonging to the Corporation in such securities as may be determined by the Board ;
- (h) to do all such other acts and things as are incidental or conducive to the carrying out the objects of the Corporation.

Rules of the
Corporation.

6. (1) It shall be lawful for the Corporation from time to time at a general meeting and by a majority of not less than two thirds of the members present and voting to make rules, not inconsistent with the provisions of this Act or any other written law, for all or any of the following matters :—

- (a) the election, appointment or nomination of the members of the Board and their powers and duties and the terms of office ;
- (b) the powers, duties and functions of the various officers, agents and servants of the Corporation ;
- (c) the procedure to be observed at summoning and holding of meetings of the Board, the times, places, notices and agendas of such meetings, the quorum therefor and the conduct of business thereat ;
- (d) the administration and management of the property of the Corporation, the custody of its funds and maintenance and audit of the account ; and
- (e) generally the management of the affairs of the Corporation and the attainment of its objects.

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in the like manner as a rule may be made under subsection (1).

(3) All members of the Corporation shall be subject to the rules of the Corporation made under this section.

7. (1) The corporation shall have its own fund and all monies heretofore or hereafter received by way of gift, bequest, donation, subscription, fees or grants for and on account of the Centre shall be deposited to the credit of the Corporation in one or more banks as the Board of Management shall determine.

Fund of the Corporation.

(2) There shall be paid out of the Fund, any expenditure incurred by the Corporation in the exercise, performance and discharge of its powers, duties and functions under this Act.

8. (1) The financial year of the corporation shall be the calendar year.

Accounts and audit.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the corporation.

(3) The accounts of the Corporation shall be audited by a “qualified auditor”.

(4) In this section “qualified auditor” means—

- (a) an individual who being a member of the Institute of chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute ; or
- (b) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law possesses a certificate to practice as an Accountant issued by the Council of such Institute.

9. All debts and liabilities of the Centre existing on the day immediately preceding the date of commencement of this Act shall be paid and discharged by the Corporation hereby constituted and all debts due to and subscriptions and contributions payable to the centre on that date shall be paid to the Corporation for the purposes of this Act.

Debts due by or payable to the centre.

6 *Sri Lanka-Nippon Educational and Cultural
Centre (Incorporation) Act, No. 41 of 2007*

How the seal of
the Corporation
is to be affixed.

10. The seal of the Corporation shall be in the custody of the Secretary General of the Corporation and it shall not be affixed to any instrument whatsoever except in the presence of the Secretary General and such other number of members of the Board as may be provided for in the rules of the Corporation who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Saving of the
rights of the
Republic and
others.

11. Nothing in this Act contained shall prejudice or affect the rights of the Republic or any body politic or Corporate or of any other persons.

Sinhala text to
prevail in case of
inconsistency.

12. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**CODE OF CRIMINAL PROCEDURE
(SPECIAL PROVISIONS)
ACT, No. 42 OF 2007**

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Code of Criminal Procedure (Special Provisions)
Act, No. 42 of 2007

[Certified on 09th October, 2007]

L. D. -O. 16/2007

AN ACT TO PROVIDE FOR THE EXTENSION OF THE PERIOD OF DETENTION OF PERSONS ARRESTED WITHOUT A WARRANT IN ORDER TO FACILITATE THE CONDUCT OF INVESTIGATIONS; FOR DISPENSING WITH THE CONDUCT OF THE NON-SUMMARY INQUIRY IN CERTAIN CASES; TO PROVIDE FOR THE TAKING OF DEPOSITIONS OF WITNESSES FOR THE PROSECUTION; AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Code of Criminal Procedure (Special Provisions) Act, No. 42 of 2007.

Short title.

2. Notwithstanding anything contained in the Code of Criminal Procedure Act, No.15 of 1979 other than the provisions of section 43 (A) of that Act, any peace officer shall not detain in custody or otherwise confine a person arrested without a warrant for a longer period than under all the circumstances of the case is reasonable and such period shall not exceed twenty-four hours exclusive of the time necessary for the journey from the place of arrest to the presence of the Magistrate:

Period of detention of person arrested not to be more than twenty-four hours or forty-eight hours in certain cases.

Provided that where the arrest is in relation to an offence as is specified in the Schedule to this Act, such period of detention in police custody may, on production before him of the person arrested and on a certificate filed by a police officer not below the rank of the Assistant Superintendent of Police submitted prior to the expiration of the said period of twenty-four hours, to the effect that it is necessary to detain such person for the purpose of further investigations, be extended upon an order made in that behalf by the Magistrate for a further period not exceeding twenty-four hours, so however that the aggregate period of detention shall not exceed forty-eight hours:

2 Code of Criminal Procedure (Special Provisions)
Act, No. 42 of 2007

Provided further, that any person arrested and detained for a further period shall be afforded an opportunity to consult an Attorney-at-Law of his choice and to communicate with any relative or friend of his choice during the period of such detention.

Direct indictment
in case of
offence
committed in
aggravating
circumstances.

3. (1) Notwithstanding anything contained in the Code of Criminal Procedure Act, No.15 of 1979, where there are aggravating circumstances or circumstances that give rise to public disquiet in connection with the commission of an offence, specified in the Second Schedule to the Judicature Act, No. 2 of 1978, it shall be lawful for the Attorney-General to forward indictment directly to the High Court.

(2) The Attorney-General may in forwarding indictment directly in terms of subsection (1) proceed to do so *ex mero motu* or upon receipt of the relevant record from the Magistrate.

Magistrate to
forward record
to Attorney-
General.

4. (1) Notwithstanding anything contained in the Code of Criminal Procedure Act, No.15 of 1979 where there are aggravating circumstances or circumstances that give rise to public disquiet in connection with the commission of an offence specified in the Second Schedule to the Judicature Act, No. 2 of 1978, the Magistrate shall not hold a preliminary inquiry in terms of Chapter XV of the Code of Criminal Procedure Act, No.15 of 1979 and shall forthwith forward the record of the proceedings to the Attorney-General and thereafter abide by the instructions of the Attorney-General.

(2) Upon receipt of the record of the proceedings by the Magistrate in terms of subsection (1), the Attorney-General shall—

- (a) where he is of the opinion that there are aggravating circumstances or circumstances that give rise to public disquiet in connection with the commission of the aforesaid offence, forward indictment directly to the High Court ;

- (b) where he is of the opinion that the circumstances do not warrant the forwarding of direct indictment to the High Court, return the record to the Magistrate within thirty days of the receipt of the same and direct that a preliminary inquiry be held in terms of Chapter XV of the Code of Criminal Procedure Act, No.15 of 1979.

(3) If the Magistrate proceeds to hold a preliminary inquiry in terms of Chapter XV of the aforesaid Code, the Attorney-General shall, call for the record of the proceedings, for the purpose of considering the forwarding of indictment directly to the High Court. In such an event the Magistrate shall forthwith suspend proceedings and forward the record of the proceedings to the Attorney-General and shall thereafter abide by the instructions of the Attorney-General.

5. Any proceedings in terms of the provisions of this Act shall be concluded within a period of ninety days from the date of the commencement of proceedings under Chapter XV of the Code of Criminal Procedure Act, No.15 of 1979.

Proceedings to be terminated within ninety days.

6. (1) Notwithstanding anything contained in Chapter XV of the Code of Criminal Procedure Act, No.15 of 1979, in the course of holding of an inquiry under the aforesaid Chapter, the following provisions shall apply to the taking of statements of persons who know the facts and circumstances of the case.

Depositions.

(2) Subject to the provisions of subsection (11), the Magistrate shall read out, or cause to be read out to every witness produced against the accused, in the presence and hearing of the accused, the statement made by the witness in the course of the investigation conducted in terms of Chapter XI of the Code of Criminal Procedure Act, No.15 of 1979 and shall ask the witness whether the statement is an accurate record of what he had stated to the police.

4 *Code of Criminal Procedure (Special Provisions)*
Act, No. 42 of 2007

(3) (a) If the witness states, in response to an inquiry made of him under subsection (1), that the statement is an accurate record of what he had stated to the police, the Magistrate shall record that fact. The Magistrate shall permit the witness, if the witness so desires, to make such additions or alterations to his original statement. Every such addition or alteration shall be recorded.

(b) The Magistrate shall not permit any cross examination of the witness by the accused or his pleader, but the Magistrate may put to the witness, any clarification required by the accused or his pleader of any matter arising from the statement made by the witness in the course of the investigation, or any additions or alterations to his original statement if any, and may put to the witness any clarification which the Magistrate himself may require of any such matter. Every clarification so made shall be recorded:

Provided that having considered the nature of the material contained in the statement of a witness made to the police, the prosecution may tender the witness for cross examination by the accused or his pleader.

(4) The Magistrate shall thereafter read out or cause to be read out to the witness, the statement made by the witness to Court affirming the accuracy of the statement made by him in the course of the investigation and the clarifications if any made by him under subsection (2), and additions or alterations to his original statement if any, made by him under subsection (3), and shall require the witness to swear or affirm to the truth of the matters recorded.

(5) (a) If on the other hand, the witness states in response to an inquiry made of him under subsection (1), that the statement is not, in its entirety or in part, an accurate record of what he had stated to the police, the Magistrate shall permit the witness to give an account of the circumstances relating to the offence, or as the case may be, to make such additions or alterations to his original statement as the witness may wish to make.

(b) The Magistrate shall not permit any cross-examination of the witness by the accused or his pleader but the Magistrate may put to the witness, any clarification required by the accused or his pleader of any matter arising from the account given, or additions or alterations made by the witness or may put to the witness any clarification that the Magistrate himself may require of any such matter:

Provided that having considered the nature of the material contained in the statement of a witness made to the police, the prosecution may tender the witness for cross examination by the accused or his pleader.

(c) The Magistrate shall record the account given, or the additions or alterations made by the witness under paragraph (a) and any clarifications made by the witness under paragraph (b), and read out the same or cause the same to be read out to the witness and shall require the witness to swear or affirm to the truth of the matters so recorded.

(6) Before a witness is produced against the accused, the Magistrate shall permit the accused or his pleader to persue in open court, the statement made by that witness to the police in the course of the invesigation.

(7) The Magistrate shall sign, and shall cause the witness to sign, a certified copy of the statement made by the witness to the police in the course of the investigation and cause the same to be filed of record. The copy so filed shall for all purposes form part of the record of the inquiry.

(8) The Magistrate shall not summon an expert witness or a police officer but shall cause the report of such expert witness or the affidavit of such police officer, as the case may be, to be produced and filed of record:

Provided that the Magistrate may, for reasons to be recorded and in the case of an expert witness, with the prior sanction of the Attorney-General, summon an expert witness or police officer to be present in Court for examination.

6 *Code of Criminal Procedure (Special Provisions)*
Act, No. 42 of 2007

(9) Where an expert witness or a police officer appears in court in response to summons issued on him under subsection (8), the Magistrate shall not permit any cross examination of such expert witness or police officer by the accused or his pleader but may put to such expert witness or police officer, any clarifications that the accused or his pleader may require, of any matter arising from the report of the expert witness or the affidavit of the police officer, as the case may be, or from the examination of such expert witness or police officer, as the case may be, and the Magistrate may himself put to the witness any clarification that he may require of any such matter. Every clarification so made shall be recorded.

(10) A statement made by an expert-witness or police officer and the deposition made by a witness tendered for cross examination under this section, shall be deemed to be admissible in evidence in terms of section 33 of the Evidence Ordinance (Chapter 14).

(11) (a) Where the accused—

- (i) is absconding or has left the island; or
- (ii) is unable to attend or remain in court by reason of illness and has consented either to the commencement or continuance of the inquiry in his absence, such inquiry may commence or continue without any prejudice to him; or
- (iii) by reason of his conduct in court is obstructing or impeding the progress of the inquiry,

the Magistrate may, if satisfied of these facts, commence and proceed or continue with the inquiry in the absence of the accused.

(b) An attorney-at-Law may appear for such absent accused.

Code of Criminal Procedure (Special Provisions) 7
Act, No. 42 of 2007

(c) The inquiry shall proceed as far as is practicable in accordance with the provisions of this Act except that the provisions of section 416 of the Code of Criminal Procedure Act, No.15 of 1979 shall not apply to the depositions recorded where there is a trial on indictment in the High Court, whether the accused is present in the High Court or not.

(12) The statement made by a witness to the police in the course of the investigation together with, as the case may be, his statement and clarifications, if any, recorded under subsection (3) or the additions, alterations and clarifications made and recorded under subsection (4) or the account given and recorded under subsection (5), shall be regarded for the purposes of this Act, as the deposition of that witness.

(13) Every witness produced against the accused at the inquiry shall be entitled to be represented by an Attorney-at-Law.

(14) If after the conclusion of the procedure set out above, the Magistrate does not consider that the case should be dealt with in accordance with the provisions of section 153 of the Code of Criminal Procedure Act, No.15 of 1979, the Magistrate shall read the charge to the accused and explain the nature thereof in ordinary language and inform him that he has a right to call witnesses and, if he so desires to give evidence on his own behalf.

(15) The provisions of Chapter XV of the Code of Criminal procedure Act, No.15 of 1979 shall *mutatis mutandis* apply to any preliminary inquiry held under the provisions of this Act.

7. (1) The provisions of this Act shall be in operation for a period of two years commencing from the thirty-first day of May, 2007.

Duration of the Act.

8 *Code of Criminal Procedure (Special Provisions)*
Act, No. 42 of 2007

(2) The Minister may, at any time within one month prior to the expiration of the period of operation of this Act, by Order published in the Gazette, extend for a further period the operation of the Act, so however that the aggregate period of any one extension shall not exceed two years from the date of such extension, as is specified in the Gazette.

(3) The Order published in the Gazette under subsection (1) shall be placed before the Parliament for its approval.

(4) A Notification specifying of the date on which Parliament has approved the Order shall be published in the Gazette.

Validation.

8. Any act or thing done for which enabling provision is made under this Act, during the period commencing on the thirty-first day of May, 2007 and ending on the date of the coming into operation of this Act, shall be deemed to have been done validly.

Sinhala text to prevail in case of inconsistency.

9. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**THAI-SRI LANKA BUDDHIST CULTURAL
CENTRE (INCORPORATION)
ACT, No. 43 OF 2007**

[Certified on 12th October, 2007]

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*Thai-Sri Lanka Buddhist Cultural Centre
(Incorporation) Act, No. 43 of 2007*

[Certified on 12th October 2007]

L.D.—O. (INC) 3/2006.

AN ACT TO INCORPORATE THE THAI-SRI LANKA BUDDHIST CULTURAL
CENTRE

WHEREAS an Association called and known as the “Thai-Sri Lanka Buddhist Cultural Centre” has heretofore been established in Mabima, Heiyanthuduwa for the purpose of effectually carrying out and transacting all matters connected with the said Association :

Preamble.

AND WHEREAS the said Association heretofore successfully carried out and transacted the several objects and matters for which it was established :

AND WHEREAS the said Association has applied to be incorporated, and it will be for the public advantage to grant the application :

BE it therefor enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Thai-Sri Lanka Buddhist Cultural Centre (Incorporation) Act, No. 43 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the “Thai-Sri Lanka Buddhist Cultural Centre” (hereinafter referred to as “the Centre”) and shall hereafter be admitted as members of the Corporation hereby constituted, shall be and become a body corporate with perpetual succession, under the name and style of the “Thai-Sri Lanka Buddhist Cultural Centre” (hereinafter referred to as the “the Corporation”) and by that name may sue and be sued, with full power and authority to possess, and use a common seal and alter the same at its pleasure.

Incorporation of the Thai-Sri Lanka Buddhist Cultural Centre.

2 *Thai-Sri Lanka Buddhist Cultural Centre
(Incorporation) Act, No. 43 of 2007*

Objects of the Corporation.

3. The objects of the Corporation shall be —

- (a) to maintain and promote religious and cultural relations between Sri Lanka and Thailand ;
- (b) to promote the interests of Buddhism ;
- (c) to foster Theravada Buddhist doctrine and way of life ;
- (d) to provide facilities for the study and the fostering of Buddhism ;
- (e) to encourage the practical observance of the Buddhism ;
- (f) to promote unity and co-operation among Buddhist organizations and Buddhists, nationally and internationally ;
- (g) to advance the moral, cultural, economic and social welfare of Buddhists ;
- (h) to provide welfare facilities to the needy Buddhists ;
- (i) to provide educational and vocational training facilities to the Buddhists of the community ; and
- (j) to co-operate with other associations, societies or organizations, having objects similar to those of the Corporation.

General Powers of the Corporation.

4. Subject to the provisions of this Act, and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things whatsoever as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to—

- (a) open, operate and close bank accounts ;
- (b) borrow or raise moneys with or without security ;

- (c) receive or collect grants or donations ;
- (d) invest excess funds ;
- (e) engage, employ and dismiss officers and servants,

for the purpose of carrying out the objects of the Corporation.

5. (1) The affairs of the Corporation shall, subject to the provisions of this Act and the rules of the Corporation, be administered by the Executive Committee consisting of the Chief Patron, President and not more than seven and not less than five other members to be elected in accordance with the rules made under this Act.

Management of
the affairs of the
Corporation.

(2) The Most Venerable Phra Dhammapariyaththivedi Maha Thera shall be the Chief Patron of the Corporation.

(3) After the demise or resignation of the said Most Venerable Phra Dhammapariyaththivedi Maha Thera, the Executive Committee shall appoint a fit and proper person for the post of Chief Patron on the recommendation of the President.

(4) The Venerable Rassagala Seewali Thera shall be the first President of the Corporation and shall continue to hold such office until and unless he resigns or vacates.

(5) The first Executive Committee of the Corporation shall consist of the members of the Executive Committee of the Centre holding office on the date of commencement of this Act.

6. No person shall be elected as a member of the Executive Committee if he or she—

Disqualification
to be a member
of the Executive
Committee.

- (a) is not a member of the Corporation ;
- (b) is not a Buddhist ;

4 *Thai-Sri Lanka Buddhist Cultural Centre
(Incorporation) Act, No. 43 of 2007*

- (c) is a person who having been declared a bankrupt or insolvent by a court ;
- (d) is of unsound mind ; or
- (e) has been by any competent court found to have committed any offence involving moral turpitude.

Rules of the Corporation.

7. (1) It shall be lawful for the Corporation, from time to time, at any general meeting of the members convened for the purpose and with the approval of not less than two-thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act or any other written law for—

- (a) the admission, withdrawal or expulsion of members ;
- (b) offices to be held by members of Executive Committee and election of the office bearers ;
- (c) the conduct and the duties of the executive committee and of the various officers, agents and servants of the Corporation ;
- (d) the procedure to be observed in the transaction of business at meetings,

and otherwise generally for the management of the affairs of the Corporation.

(2) Such rules may be added to, amended or rescinded in like manner as a rule may be made under subsection (1).

(3) All members of the Corporation shall be subject to the rules of the Corporation.

Debts due by and payable to the Centre.

8. All debts and liabilities of the Centre existing at the time of the coming into operation of this Act, shall be paid by the Corporation, hereby constituted and all debts due to and subscriptions and contributions payable to the centre, shall be paid to the Corporation for the purposes of this Act.

9. (1) The Corporation shall have its own fund and all money received by way of gift, testamentary disposition, transfer, donation, contributions, or fees shall be deposited in the name of the Corporation in one or more banks as may be determined by the Executive Committee.

Fund of the Corporation.

(2) The Corporation may establish any depreciation fund, reserve or sinking fund for the purpose of rehabilitation, development and improvement of the property of the Corporation.

(3) All expenses incurred by the Corporation in exercising and discharging its powers and functions shall be paid out of the Fund.

10. (1) The financial year of the Corporation shall be the calendar year.

Audit and accounts.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited by a qualified auditor.

(4) In this section “qualified auditor” means—

- (i) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law and possesses a certificate to practise as an Accountant issued by the Council of such Institute ; or
- (ii) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute.

6 *Thai-Sri Lanka Buddhist Cultural Centre
(Incorporation) Act, No. 43 of 2007*

Corporation may hold and dispose properties.

11. The Corporation may take and hold any movable or immovable property by right of purchase, grant, gift, testamentary disposition or otherwise, and subject to the rules of the Corporation may sell, mortgage, lease, exchange or otherwise dispose of the same. All properties belong to the Centre on the date of commencement shall be properties of the Corporation.

Affixing the seal.

12. The Seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of the President and anyone of the members of the Executive Committee, who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Property remaining on dissolution.

13. If upon the dissolution of the Corporation, there remains, after the satisfaction of all debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other Association or Associations having objects, similar to the objects of the Corporation, and which is or are, by the rules thereof prohibited from distributing any income or property among its or their members. Such Association or Associations shall be determined by the members of the Corporation at, or immediately before, the time of the dissolution of the Corporation.

Saving of the rights of the Republic and others.

14. Nothing in this Act contained shall prejudice or affect the rights of the republic or of anybody politic or corporate or any other person.

Sinhala text to prevail in case of inconsistency.

15. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SEETHAWAKA MANIYANGAMA
RAJAMAHA VIHARASTHA SANWARDHANA
SABHAWA (INCORPORATION)
ACT, No. 44 OF 2007**

[Certified on 12th October, 2007]

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*Seethawaka Maniyangama Rajamaha Viharastha
Sanwardhana Sabhawa (Incorporation) Act, No. 44 of 2007*

[Certified on 12th October, 2007]

L. D.—O. INC 16/2004

AN ACT TO INCORPORATE THE SEETHAWAKA MANIYANGAMA
RAJAMAHA VIHARASTHA SANWARDHANA SABHAWA

WHEREAS a Society called and known as the “Seethawaka Maniyangama Rajamaha Viharastha Sanwardhana Sabhawa” has heretofore been formed for the purpose of development and maintenance of the Seethawaka Maniyangama Rajamaha Vihara and all Vihara, Aramayas, Shrines and institutions belonging, affiliated or connected to, it and for effectually carrying out and transacting all objects and matters connected with the said Society :

Preamble.

AND WHEREAS the said Society has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated and it is for the public advantage to grant such application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Seethawaka Maniyangama Rajamaha Viharastha Sanwardhana Sabhawa (Incorporation) Act, No. 44 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are the members of the Seethawaka Maniyangama Rajamaha Viharastha Sanwardhana Sabhawa (hereinafter referred to as the “Society”) or shall hereafter be admitted members of the Corporation hereby constituted, shall be a body corporate (hereinafter referred to as the “Corporation”) with perpetual succession, under the name and style of the “Seethawaka Maniyangama Rajamaha Viharastha Sanwardhana Sabhawa” and by that name may sue and be sued, with full power and authority to have and use a common seal and to alter the same at its pleasure.

Incorporation of
the Seethawaka
Maniyangama
Rajamaha
Viharastha
Sanwardhana
Sabhawa.

2 *Seethawaka Maniyangama Rajamaha Viharastha
Sanwardhana Sabhawa (Incorporation) Act, No. 44 of 2007*

General Objects
of the
Corporation.

3. The general objects for which the Corporation is instituted are hereby declared to be—

- (a) to construct and maintain buildings and other infrastructural facilities required for Seethawaka Maniyangama Rajamaha Viharaya ;
- (b) to provide the resident Bhikkus of the Seethawaka Maniyangama Rajamaha Viharaya, with necessary educational facilities and to supply their daily needs;
- (c) to award scholarships, fellowships, prizes and bursaries to Buddhist monks and Buddhist laity with a view to promoting the study of, and research into, Buddhism and Buddhist, philosophy ;
- (d) to foster, promote and protect the Buddha Sasana and to inculcate the teachings of Lord Buddha and the values of Buddhism, among the Buddhist ;
- (e) to provide appropriate educational training to the Maha Sangha ;
- (f) to establish and maintain educational institutions, including dhamma schools, pirivenas and training centers, for the benefit of Buddhists ;
- (g) to establish and maintain libraries, information and resource centers for the benefit of the Buddhists ;
- (h) to organize Buddhist festivals and to preserve the Buddhist traditions and Buddhist culture ; and
- (i) to organize and implement cultural and social development services.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to do, perform and execute, all such acts, matters and things whatsoever as are necessary or desirable for the promotion or furtherance of the objects of the corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise moneys, with or without security, to receive or collect grants and donations, to invest its funds and to engage, employ and dismiss such officers and servants as are required for the carrying out of the objects of the Corporation.

General powers
of the
Corporation.

5. (1) The management of the affairs of the Corporation shall, subject to the provisions of this Act and the rules of the Corporation be administered by a Board of Management (hereinafter referred to as the "Board") consisting of the office bearers and such other persons as may be provided for in the rules of the Corporation and elected in accordance therewith.

Management of
the affairs of the
Corporation.

(2) The first Board of the Corporation shall consist of the members of the Board of Management of the Society holding office on the day immediately preceding the date of commencement of this Act.

6. (1) It shall be lawful for the Corporation from time to time, at any general meeting of the Corporation and by majority of not less than two thirds of the members present and voting, to make rules not inconsistent with provisions of this Act or any other written law, for the admission, withdrawal or expulsion of members, for the election of office bearers, for the performance of the duties of the office bearers, the Board and of the various officers, agents and of the servants of the Corporation, for the procedure to be followed in the transaction of business at meetings of the Corporation and of the Board and otherwise generally, for the management of the affairs of the Corporation and the accomplishment of its objects. Such rules when made may at a like meeting and in like manner, be altered, added to, amended or rescinded.

Reles of the
Corporation.

(2) The members of the Corporation shall be subject to the rules of the Corporation.

Accounts and
audit.

7. (1) The financial year of the Corporation shall be the calendar year.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited at least once in every year by a qualified auditor appointed by the Board.

(4) In this section “qualified auditor” means—

(a) an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other institute established by law, possesses a certificate to practice as an Accountant, issued by the Council of such Institute ; or

(b) a firm of Accountants, each of the resident partners of which, being a member of the institute of Chartered Accountants of Sri Lanka or of any other institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such institute

Fund of the
Corporation.

8. (1) The Corporation shall have its own fund and all moneys heretofore or hereafter to be received by way of gifts, bequests, donations, subscriptions, contributions fees or grants for and on account of the Corporation shall be deposited to the credit of the Corporation in one or more bank as the Board shall determine.

(2) All expenses borne by the Corporation in the exercise and discharge of the powers and functions of the Corporation shall be paid out of the fund of the Corporation.

Debts due by
and payable to
the Society.

9. All debts and liabilities of the Society existing on the day preceding the date of commencement of this Act, shall be paid by the Corporation hereby constituted, and all debts due to and subscriptions and contributions payable to the said Society on that day, shall be paid to the Corporation hereby constituted.

10. The Corporation shall be able and capable in law to take and hold any property movable or immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this Act, with full power to sell, mortgage, rent, lease, exchange or otherwise dispose of the same.

Corporation may hold property movable or immovable.

11. If upon the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation, and which is or are by the rules thereof prohibited from distributing any income or property among its or their members. Such institution or institutions shall be determined by the Board at, or immediately before, the dissolution of the Corporation.

Property remaining on dissolution.

12. The seal of the Corporation shall not be affixed to any instrument, whatsoever except in the presence of the Chairman, the Secretary or the Treasurer of the Corporation who shall sign their names to instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Seal of the Corporation.

13. Nothing in this Act contained shall prejudice or affect the rights of the Republic, or of any body politic or corporate, or of any other persons.

Saving of the rights of the Republic and others.

14. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of any inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
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**FINANCE (AMENDMENT)
ACT, No. 45 OF 2007**

[Certified on 15th October, 2007]

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Finance (Amendment) Act, No. 45 of 2007

[Certified on 15th October, 2007]

L. D.—O. 39/2007.

AN ACT TO AMEND THE FINANCE ACT, No. 5 OF 2005

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Finance (Amendment) Act, No. 45 of 2007

Short title.
 - 2.** The First Schedule of the Finance Act, No. 5 of 2005 is hereby amended by the addition, at the end of that Schedule of the following item:—

Amendment of the First Schedule of the Finance Act, No. 5 of 2005.
 - 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.
- “5. The Inland Revenue Act, No. 10 of 2006 (other than the provisions of Chapter XVI, XVII, XXI and sections 36 and 65). ”.

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**PARLIAMENT OF THE DEMOCRATIC
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**EXCISE (SPECIAL PROVISIONS)
(AMENDMENT) ACT, No. 46 OF 2007**

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*Excise (Special Provisions) (Amendment)
Act, No. 46 of 2007*

[Certified on 15th October, 2007]

L.D. — O. 36/2007

AN ACT TO AMEND THE EXCISE (SPECIAL PROVISIONS)
ACT, NO. 13 OF 1989

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Excise (Special Provisions) (Amendment) Act, No. 46 of 2007.

Short title.
- 2.** Section 5 of the Excise (Special Provisions) Act, No. 13 of 1989 is hereby amended, in sub-paragraph (ii) of paragraph (b) of subsection (2) of that section by the substitution for the words “at the rate of ten *per centum*” of the words “at the rate of fifteen *per centum*”.

Amendment of section 5 of the Excise (Special Provisions) Act, No. 13 of 1989.
- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of any inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**REGIONAL INFRASTRUCTURE
DEVELOPMENT LEVY (AMENDMENT)
ACT, No. 47 OF 2007**

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*Regional Infrastructure Development Levy
(Amendment) Act, No. 47 of 2007*

[Certified on 15th October, 2007]

L.D.—O. 37/2007

AN ACT TO AMEND THE REGIONAL INFRASTRUCTURE DEVELOPMENT
LEVY ACT, No. 51 OF 2006

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Regional Infrastructure Development Levy (Amendment) Act, No. 47 of 2007.

Short title.
- 2.** Section 2 of the Regional Infrastructure Development Levy Act, No. 51 of 2006 is hereby amended, by the substitution for the words “at the rate of two and half *per centum*” of the words “at the rate of two and half *per centum* in respect of a motor vehicle of a cylinder capacity not exceeding 1600, five *per centum* in respect of a motor vehicle of a cylinder capacity between 1600 and 2000 and seven and half *per centum* in respect of a motor vehicle of a cylinder capacity exceeding 2000”.

Amendment of section 2 of the Regional Infrastructure Development Levy Act, No. 51 of 2006.
- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**SPECIAL COMMODITY LEVY
ACT, No. 48 OF 2007**

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*Special Commodity Levy
Act, No. 48 of 2007*

[Certified on 15th October 2007]

L.D.—O. 40/2007.

AN ACT TO PROVIDE FOR THE IMPOSITION OF A COMPOSITE LEVY ON CERTAIN SPECIFIED COMMODITY ITEMS IN LIEU OF THE AMOUNT CHARGEABLE ON SUCH COMMODITY ITEMS AS A TAX, DUTY, LEVY, CESS OR ANY OTHER CHARGE IN ORDER TO OVERCOME THE COMPLEXITIES ASSOCIATED WITH THE APPLICATION AND ADMINISTRATION OF MULTIPLE TAXES ON SUCH SPECIFIED COMMODITY ITEMS; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Special Commodity Levy Act, No. 48 of 2007. Short title.

2. (1) From and after the date of the coming into operation of this Act, there shall be imposed a levy to be called the “Special Commodity Levy” on certain commodity items which shall from time to time be specified by the Minister by Order published in the *Gazette*. Imposition of Special Commodity Levy.

(2) The period of validity of every such Order and the rate of the Special Commodity Levy to be imposed in respect of each such specified item, either on *ad valorem* or specific basis, shall also be specified in the Order.

(3) Every Order made under subsection (1) which is valid for a period of over thirty days, may be amended or varied by adding thereto or removing therefrom any item or by revising the rates specified therein.

(4) No Order made under subsection (3) may be amended or varied until the expiration of thirty days from the date of the making thereof.

(5) The Special Commodity Levy so imposed shall be a composite levy and during the period any Order published in terms of subsection (1) is in force, no other tax, duty, levy or cess or any other charge imposed in terms of any of the laws specified in the Schedule to this Act, shall be applicable in respect of the commodity items specified in any such Order.

Collection, administration and recovery of the Special Commodity Levy.

3. The Special Commodity Levy, imposed under section 2, in lieu of any tax, duty, levy or cess or any other charge imposed in terms of any of the laws specified in the Schedule to this Act, shall notwithstanding anything to the contrary in this Act, be collected, administered and recovered by the Director - General of Customs, in accordance with the provisions of the Customs Ordinance (Chapter 235).

Special Commodity Levy to be remitted to the Consolidated Fund.

4. The Director - General of Customs shall remit all sums collected by him as Special Commodity Levy in terms of this Act, to the Consolidated Fund.

Minister may waive the Special Commodity Levy on certain commodities.

5. (1) Notwithstanding the provisions of section 2, the Minister may, where he is of opinion that in view of the prevailing economic considerations that it is expedient so to do, by Order published in the *Gazette* waive for a period of time to be specified in such Order, the Special Commodity Levy chargeable under section 2 in respect of any specified item.

(2) During the period any Order published in terms of subsection (1) is in force, no other tax, duty, levy or cess or any other charge imposed in terms of any of the laws specified in the Schedule to this Act, shall be applicable in respect of the commodity items specified in any such Order.

Determination of the applicable rate.

6. Where any commodity item is made subject to an Order under section 2, the rate payable in respect of such commodity item shall be such rate as is applicable to such item at the time of submission of the Bill of Entry.

7. Every Order made by the Minister in terms of section 2 and section 5, shall—

Order to be placed before Parliament & c.,

- (i) be in operation immediately upon the Minister affixing his signature thereto;
- (ii) be published in the *Gazette* as soon as convenient;
- (iii) be approved by Resolution of Parliament as soon as convenient thereafter; and
- (iv) if not approved by Parliament, be deemed to be rescinded with effect from the date of such resolution, without prejudice to anything previously done thereunder.

8. Where an Order made under section 2 or section 5 is rescinded as provided for in paragraph (iv) of section 7, the commodity items to which the Orders relate shall become subject to the payment of any tax, duty, levy or cess or other charge imposed in terms of any of the laws specified in the Schedule to this Act.

Effect of an Order being deemed to be rescinded.

9. In the case of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala Text to prevail in case of inconsistency.

SCHEDULE

(Sections 2 and 8)

1. The Finance Act, No. 11 of 2002 (Part I).
2. The Value Added Tax Act, No. 14 of 2002.
3. The Finance Act, No. 5 of 2005 (Part I).
4. The Customs Ordinance (Chapter 235).
5. The Sri Lanka Export Development Act, No. 40 of 1979.
6. The Excise (Special Provisions) Act, No. 13 of 1989

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**YOUNG MEN'S BUDDHIST ASSOCIATION,
MINIPE (INCORPORATION)
ACT, No. 49 OF 2007**

[Certified on 22nd October, 2007]

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*Young Men's Buddhist Association, Minipe
(Incorporation) Act, No. 49 of 2007*

[Certified on 22nd October, 2007]

L.D.—O. INC 17/2004.

AN ACT TO INCORPORATE THE YOUNG MEN'S BUDDHIST ASSOCIATION,
MINIPE

WHEREAS an Association called and known as the “Young Men's Buddhist Association, Minipe” has heretofore been established in Minipe for the purpose of effectually carrying out and transacting all objects and matters connected with the said Association :

Preamble.

AND WHEREAS the said Association has heretofore successfully carried out and transacted the several objects and matters for which it was established and has applied to be incorporated, and it will be for the public advantage to grant such application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Young Men's Buddhist Association, Minipe (Incorporation) Act, No.49 of 2007.

Short title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the “Young Men's Buddhist Association Minipe” (hereinafter referred to as the “Association”) , or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate with perpetual succession, under the name and style of the “Young Men's Buddhist Association Minipe” (hereinafter referred to as the “Corporation”)and by that name may sue, and be sued, with full power and authority to have, and use a common seal and alter the same at its pleasure.

Incorporation of the Young Mens Buddhist Association, Minipe.

3. The general objects for which the Corporation is Constituted are hereby declared to be —

General Objects of the Corporation.

(a) to take up the teaching of Buddhism among the people ;

2 *Young Men's Buddhist Association, Minipe
(Incorporation) Act, No. 49 of 2007*

- (b) to promote the moral, cultural, physical and social welfare of the people who are Buddhists ;
- (c) to promote the Buddhist civilization ;
- (d) to engage in activities conducive to the welfare of the people who are Buddhists ;
- (e) to work for the upliftment of the social morality of people who are Buddhists ;
- (f) to develop and upgrade the existing Sarana Elders Home; and
- (g) to establish and maintain Day-care Centres for elders who are Buddhists.

General powers
of the
Corporation.

4. Subject to the provisions of this Act, and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things whatsoever as are necessary or desirable for the furtherance of its objects or any one of them, including the power to open, operate and close bank accounts, to borrow or raise moneys with or without security, to receive or collect grants or donations, to invest its funds, and to engage, employ and dismiss, officers and servants required for the carrying out of the objects of the Corporation.

Management of
the affairs of the
Corporation.

5. (1) The affairs of the Corporation shall, subject to the rules of the Corporation made under section 6, be administered by a Board of Management consisting of such number of office bearers as may be provided for in such rules and elected in accordance therewith.

(2) The first Board of Management of the Corporation shall be the Executive Committee of the Association holding office on the day immediately preceding the date of commencement of this Act and which shall hold office until a new Board of Management is elected under the rules of the Corporation.

6 (1) It shall be lawful for the Corporation, from time to time, at any general meeting of the Corporation and by the votes of not less than two-thirds of the members present and voting, to make rules, not inconsistent with the provisions of this Act or any other written law, for the admission, withdrawal or expulsion of members, the election of the office-bearers, for the conduct of the duties of the office bearers, agents, officers and servants of the Corporation, for the procedure to be followed in the transaction of business by the Corporation and the Board of Management and generally, for the management of the affairs of the Corporation. Such rules when made may at a like meeting and in like manner, be altered, added to, amended or rescinded.

Rules of the Corporation.

(2) All members of the Corporation shall be subject to the rules of the Corporation.

7. (1) The accounting year of the Corporation shall be the calendar year.

Audit of accounts.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited annually by a qualified auditor appointed by the Board.

(4) In this section "qualified auditor" means—

- (i) an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka or other institute established by law, possesses a certificate to practice as an accountant, issued by the Council of such Institute ; or
- (ii) a firm of Accountants, each of the resident partners of which, being a member of the institute of Chartered Accountants of Sri Lanka or of any other institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such institute.

Corporation may hold property movable and immovable.

8. The Corporation shall be able and capable in law, to acquire and hold, any property, movable or immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this Act, and subject to the rules of the Corporation, with full power to sell, mortgage, lease, exchange or otherwise dispose of the same

Debts due by and payable to the Association.

9. All debts and liabilities of the Association existing on the day preceding the date of commencement of this Act, shall be paid by the Corporation, and all debts due to, subscriptions and contributions payable to, the Association, on that day shall be paid to the Corporation for the purposes of this Act.

Seal of the Corporation.

10. The Seal of the Corporation shall be in the custody of the Corporation and it shall not be affixed to any instrument whatsoever, except in the presence of the President and the Secretary or the Treasurer who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Property remaining on the dissolution of the Corporation.

11. If upon the winding up or the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation, and which is or are by the rules thereof prohibited from distributing any income or property among its or their members.

Saving of the rights of the Republic and others.

12. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of anybody politic or corporation.

Sinhala text to prevail in case of inconsistency.

13. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign). Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLIHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SIR JOHN KOTELAWALA DEFENCE
ACADEMY (AMENDMENT)
ACT, No. 50 OF 2007**

[Certified on 23rd October, 2007]

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*Sir John Kotelawala Defence Academy
(Amendment) Act, No. 50 of 2007*

[Certified on 23rd October, 2007]

L.D.—O. 53/2006.

AN ACT TO AMEND THE SIR JOHN KOTELAWALA DEFENCE
ACADEMY ACT, NO. 68 OF 1981

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Sir John Kotelawala Defence Academy (Amendment) Act, No. 50 of 2007.

Short title.
- 2.** Section 2 of the Sir John Kotelawala Defence Academy Act, No. 68 of 1981 (hereinafter referred to as the “principal enactment”) is hereby amended by the repeal of subsection (1) of that section and the substitution therefor of the following subsection:—

“(1) There shall be established a University which shall be called the “General Sir John Kotelawala Defence University”(hereinafter referred to as the “the University”).”

Amendment of section 2 of Act, No. 68 of 1981.
- 3.** (1) In the principal enactment and in any other written law wherever the words “ Sir John Kotelawala Defence Academy” occur, there shall be substituted the words “General Sir John Kotelawala, Defence University”.

(2) Every reference to the “Sir John Kotelawala Defence Academy” in any notice, notification, contract, communication or other document shall be read and construed as a reference to the “ General Sir John Kotelawala, Defence University”.

The “Sir John Kotelawala Defence Academy” to be known as the “General Sir John Kotelawala Defence University”.
- 4.** For the avoidance of doubt it is hereby declared that the “General Sir John Kotelawala, Defence University” established by this Act, shall for all purposes be deemed to be the successor to the “ Sir John Kotelawala Defence Academy” established by section 2 of the principal enactment.

Avoidance of doubt.
- 5.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**GAMPAHA WICKRAMARACHCHI AYURVEDA
TEACHING HOSPITAL (TRANSFER)
ACT, No. 51 OF 2007**

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*Gampaha Wickramarachchi Ayurveda Teaching
Hospital (Transfer) Act, No. 51 of 2007*

[Certified on 23rd October, 2007]

L.D.—O. 62/2005.

AN ACT TO PROVIDE FOR THE TRANSFER OF THE GAMPAHA WICKRAMARACHCHI AYURVEDA TEACHING HOSPITAL TO THE DEPARTMENT OF AYURVEDA AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS a college called and known as the Gampaha Wickramarachchi Ayurveda Vidyalaya was incorporated by Act, No. 30 of 1982 under the name and style of the Gampaha Wickramarachchi Ayurveda Vidyalaya (hereinafter referred to as “the Vidyalaya”) :

Preamble.

AND WHEREAS an Ayurveda Teaching Hospital has been established and maintained by the said Vidyalaya to train medical students and provide free medical aid to patients and such hospital has been functioning under the said Vidyalaya since its incorporation :

AND WHEREAS by an Order under section 24B of the Universities Act, No. 16 of 1978, the said Vidyalaya was recognized as an Institute for Higher Learning and was affiliated to the University of Kelaniya resulting in the transfer of the said Ayurveda Teaching Hospital to the said University of Kelaniya :

AND WHEREAS the said University of Kelaniya has requested the State to take over and manage the said Ayurveda Teaching Hospital and it will be in the public interest to provide for such transfer :

NOW THEREFORE be enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Gampaha Wickramarachchi Ayurveda Teaching Hospital (Transfer) Act, No. 51 of 2007 and shall come into operation on such date (hereinafter referred to as “the appointed date”) as the Minister may appoint by Order published in the *Gazette*.

Short title and date of operation.

2 *Gampaha Wickramarachchi Ayurveda Teaching Hospital (Transfer) Act, No. 51 of 2007*

Transfer of
Gampaha
Wickramarachchi
Ayurveda
Teaching
Hospital to the
Department of
Ayurveda.

2. (1) The Ayurveda Teaching Hospital morefully described in the Schedule hereto, along with all installations, plants, equipments and property of whatsoever description used for the purposes of the hospital on the day preceding the appointed date, which was attached to the Gampaha Wickramarachchi Ayurveda Vidyalaya affiliated to the University of Kelaniya by virtue of the Order made under section 24B of the Universities Act, No. 16 of 1978 and published in *Gazette Extraordinary* No. 859/12 of February 23, 1995, shall with effect from the appointed date stand transferred to the Department of Ayurveda, without any payment whatsoever being made in respect thereof as compensation or otherwise.

(2) All persons who are employees of the Gampaha Wickramarachchi Ayurveda Vidyalaya, on the day preceding the appointed date shall be offered employment in the Department of Ayurveda and shall be employed by such Department on terms and conditions not less favourable than those enjoyed by them on the day preceding the appointed date and their period of service commencing on the date of their appointment to the staff of the hospital and ending on the date on which this Act comes into operation, shall be deemed to be pensionable service under the Government :

Provided however, those employees who do not accept such offer shall be considered as having voluntarily retired from their service with effect from the appointed date and shall be entitled to the payment of such compensation or gratuity by the Government in such amount as shall be determined by the Cabinet of Ministers, in addition to any benefits they may be entitled to on retirement.

(3) From and after the appointed date —

(a) all actions and proceedings instituted by, or against the University of Kelaniya relating to the hospital and pending on the day preceding the appointed date, shall with effect from the appointed date, be deemed to be actions and proceedings instituted by or against the Department of Ayurveda and may be continued accordingly ;

Gampaha Wickramarachchi Ayurveda Teaching Hospital (Transfer) Act, No. 51 of 2007 3

- (b) all judgments and decrees entered in favour of, or against the University of Kelaniya relating to the hospital, and remaining unsatisfied on the day preceding the appointed date shall with effect from the appointed date, be deemed to be judgments and decrees entered in favour of or against the Department of Ayurveda as the case may be, and may be enforced accordingly ;
- (c) all rights and liabilities of the University of Kelaniya relating to the hospital and subsisting on the day preceding the appointed date shall, with effect from the appointed date, be deemed to be rights and liabilities of the Department of Ayurveda.

3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

4. In this Act—

Interpretation.

“University of Kelaniya” means the University of Kelaniya established by an Order made under section 25B of the Universities Act, No. 16 of 1978.

SCHEDULE

(Section 2)

All that allotment of land called and known as Kongahawatta, marked Lot 1 in Tracing No. Gam/Gam/03/275—B dated September and October 2003 and certified on 12/11/2003 by I. A. Wijethilaka, Superintendent of Surveys Gampaha, situated in the Village of Yakkala in the Meda Pattu, in the Divisional Secretaries Division of Gampaha in the District of Gampaha Western Province, together with all the buildings and plantations standing thereon including the Gampaha Wickramarachchi Ayurveda Hospital complex and containing in extent One Acre and Thirty Five point Twelve Decimals (A01. R0. P35.12) as per the said Tracing.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**MAHANUWARA, ASGIRIYA, PALIPANA
SRI CHANDANANDA INTERNATIONAL
BUDDHIST RESEARCH AND
DEVELOPMENT CENTRE
(INCORPORATION) ACT, No. 52 OF 2007**

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*Mahanuwara, Asgiriya, Palipana Sri Chandananda
International Buddhist Research and Development
Centre (Incorporation) Act, No. 52 of 2007*

[Certified on 24th October, 2007]

L. D. — O. (Inco.) 13/2004

AN ACT TO INCORPORATE THE MAHANUWARA, ASGIRIYA, PALIPANA, SRI
CHANDANANDA INTERNATIONAL BUDDHIST RESEARCH AND
DEVELOPMENT CENTRE

WHEREAS two Institutions called and known as Palipana, Sri Chandananda International Buddhist Centre and Palipana Sri Chandananda Buddhist Research Centre have heretofore been established in Kandy Sri Lanka for the purpose of effectually carrying out and transacting all objects and matters connected with the said Institutions according to the rules agreed to by their members :

Preamble.

AND WHEREAS the said Institutions have heretofore successfully carried out and transacted the several objects and matters for which they were established and have applied to be incorporated, as one institution under the name “Mahanuwara, Asgiriya, Palipana Sri Chandananda International Buddhist Research and Development Centre” and it will be for the public advantage to grant such application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Mahanuwara, Asgiriya, Palipana Sri Chandananda International Buddhist Research and Development Centre (Incorporation) Act, No. 52 of 2007.

Short Title.

2. From and after the date of commencement of this Act, such and so many persons as are now members of the “Mahanuwara, Asgiriya, Palipana Sri Chandananda International Buddhist Research and Development Centre” (hereinafter referred to as the “Institute”) or shall hereafter be admitted as members of the Corporation hereby constituted, (hereinafter referred to as the “Corporation”) shall be a body corporate with perpetual succession, under the name and style

Incorporation of the Mahanuwara Asgiriya, Palipana, Sri Chandananda International Buddhist Research and Development Centre.

2 *Mahanuwara, Asgiriya, Palipana Sri Chandananda International Buddhist Research and Development Centre (Incorporation) Act, No. 52 of 2007*

of the “Mahanuwara, Asgiriya, Palipana Sri Chandananda International Buddhist Research and Development Centre” and by that name may sue and be sued, with full power and authority to have and use a common seal and alter the same.

General objects
of the
Corporation.

3. The general objects for which the Corporation is Constituted are hereby declared to be —

- (a) to protect, maintain and develop the library and the two storeyed Dharma Mandiraya situated at the Mahanuwara Asgiri Mahaviharaya and the movable and immovable property affiliated thereto ;
- (b) to protect, develop and administer all immovable and movable property which previously belonged to the Palipana Sri Lanka Chandananda Buddhist Research Centre and which is presently vested in the Mahanuwara Asgiriya Palipana Sri Chandananda International Buddhist Research and Development Centre;
- (c) to train the Buddhist priests and Buddhists for the expansion of the Buddhist philosophy in Sri Lanka and abroad; and
- (d) to encourage and assist Buddhists to study the Buddhist philosophy and affiliated subjects.

General Powers
of the
Corporation.

4. Subject to the provisions of this Act, and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things whatsoever as are necessary or desirable for the furtherance of its objects or any one of them, including the power to open, and close bank accounts, to borrow or raise moneys with or without security, to receive or collect grants or donations, to invest its funds, and to engage, employ and dismiss, officers and servants required for the carrying out of the objects of the Corporation.

Mahanuwara, Asgiriya, Palipana Sri Chandananda 3
International Buddhist Research and Development
Centre (Incorporation) Act, No. 52 of 2007

5. (1) The affairs of the Corporation shall, subject to the provisions of this Act and the rules made thereunder, be administered by a Board of Management. The Board of Management shall consist of the Chief Incumbent of the Mahanuwara Asgiriya Palipana Sri Chandananda International Buddhist Research and Development Centre (hereinafter referred to as the “Chief Incumbent”) and the Director, the Secretary and the Treasurer and such other committee members who may be elected in accordance with the rules of the Corporation made under section 6.

Management
of the affairs
of the
Corporation.

(2) The Chief Incumbent shall preside at every meeting of the Board of Management. In the absence of the Chief Incumbent from any meeting of the Board, the Director shall preside at such meeting.

(3) Subject to the provisions of this Act and any rules made thereunder, the Board of Management may regulate the procedure in regard to its meetings and the transaction of business at such meetings.

(4) No act or proceeding of the Board shall be deemed to be invalid by reason only of the existence of a vacancy among its’ members or any defect in the election or nomination of a member thereof.

(5) The first Board of Management of the Corporation shall consist of the members of the Board of Management of the Institution, holding office on the day immediately preceding the date of commencement of this Act.

6. (1) It shall be lawful for the Corporation, from time to time, at any general meeting and by the votes of not less than two-thirds of the members present and voting at such meeting, to make rules not inconsistent with the provisions of this Act, or any other written law, for the performance of the duties of the Board and the various officers and servants of the Corporation, for specifying the procedure to be

Rules of the
Corporation.

4 *Mahanuwara, Asgiriya, Palipana Sri Chandananda
International Buddhist Research and Development
Centre (Incorporation) Act, No. 52 of 2007*

followed in the transaction of business at meetings of the Corporation and of the Board of Management and otherwise generally, for the management of the affairs of the Corporation and the accomplishment of its objects.

(2) No rule of the Corporation shall be altered, added to, amended or rescinded except by the votes of not less than two-thirds of the members present and voting at a general meeting of the Corporation.

(3) The members of the Corporation shall be subject to the rules of the Corporation.

Fund of the
Corporation.

7. (1) The Corporation shall have its own Fund. All moneys received by way of gift, bequest, donation, transfer, subscription, contribution or fees shall be deposited to the credit of the Corporation in one or more Banks as the Board of Management shall determine.

(2) There shall be paid out of the Fund of the Corporation, all such sums of money as may be required to defray any expenditure incurred by the Corporation in carrying out the objects of the Corporation.

(3) The moneys and property of the Corporation wheresoever derived shall be applied solely towards the promotion of the objects as set forth herein and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bouns or otherwise, to any member of the Corporation.

Accounts and
Audit.

8. (1) The Corporation shall cause proper accounts to be kept of all the moneys received and expended by the Corporation.

(2) The accounts of the Corporation shall be examined and audited at least once in every year and the correctness of the Income and Expenditure, Account and the Balance Sheet shall be certifie by the auditors appointed by the Corporation.

Mahanuwara, Asgiriya, Palipana Sri Chandananda 5
International Buddhist Research and Development
Centre (Incorporation) Act, No. 52 of 2007

9. All debts and liabilities of the Institute existing on the day preceding the date of commencement of this Act, shall be paid by the Corporation hereby constituted and all debts due to and subscriptions and contributions payable to the Institute on that day shall be paid to the Corporation for the purpose of this Act.

Debts due by and payable to the institution.

10. The Corporation shall be able and capable in law, to take and hold any property movable or immovable which may become vested in it by virtue of any purchase grant, gift testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act, and subject to the rules in force for the time being of the Corporation with full power to the rules in force for the time being of the Corporation with full power to sell mortgage, lease, exchange or otherwise dispose of the same.

Corporation may hold property movable or immovable.

11. The seal of the Corporation shall be in the custody of the Board of Management and it shall not be affixed to any instrument whatsoever, except in the presence of a member of the Board of Management and the Secretary or any person authorized by the Board of Management, who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person as a witness.

Seal of the Corporation.

12. If upon the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities any property whatsoever, such property shall not be distributed among the members of the Corporation, but shall be given or transferred to some other institution having objects similar to those of the Corporation and which by its rules is prohibited from distributing any income or property among its members.

Property remaining on dissolution.

13. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate.

Saving of the rights of the Republic and others.

14. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**PANNIPITIYA, DEPANAMA, SRI DEVRAM
MAHA VIHARASTHA SASANARAKSHAKA
SANWARDHANA SABHAWA
(INCORPORATION) ACT, No. 53 OF 2007**

[Certified on 12th November, 2007]

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*Pannipitiya Depanama Sri Devram Maha Viharastha
Sasanarakshaka Sanwardhana Sabhawa
(Incorporation) Act, No. 53 of 2007*

[Certified on 12th November, 2007]

LD.—O. Inc. 23/2005

AN ACT TO INCORPORATE THE PANNIPITIYA DEPANAMA SRI DEVRAM
MAHA VIHARASTHA SASANARAKSHAKA SANWARDHANA SABHAWA

WHEREAS an Association called and known as the “Pannipitiya, Depanama, Sri Devram Maha Viharastha Sasanarakshaka Sanwardhana Sabhawa” has heretofore been formed in Sri Lanka for the purpose of carrying out and transacting all matters connected with the said Association according to the rules of the Association :

Preamble.

AND WHEREAS the said Association has heretofore successfully carried out and transacted the several objects and matters for which it was formed and has applied to be incorporated, and it will be for the public advantage to grant such application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Pannipitiya, Depanama, Sri Devram Maha Viharastha Sasanarakshaka Sanwardhana Sabhawa (Incorporation) Act, No. 53 of 2007.

Short Title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the “Pannipitiya, Depanama, Sri Devram Maha Viharastha Sasanarakshaka Sanwardhana Sabhawa” (hereinafter referred to as “the Sabhawa”), and such other persons as shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate with perpetual succession, under the name and style of “Pannipitiya, Depanama, Sri Devram Maha Viharastha Sasanarakshaka Sanwardhana Sabhawa” (hereinafter referred to as “the Corporation”) and by that name may sue and be sued, with full power and authority to have, and use, a common seal and to alter the same at its will and pleasure.

Incorporation of
the
Pannipitiya,
Depanama, Sri
Devram Maha
Viharastha
Sasanarakshaka
Sanwardhana
Sabhawa.

2 *Pannipitiya, Depanama, Sri Devram Maha Viharastha
Sasanarakshaka Sanwardhana Sabhawa
(Incorporation) Act, No. 53 of 2007*

General objects
of the Corpora-
tion

3. The general objects of the Corporation are declared to be —

- (a) to maintain the shrine room, dharma salawa, residential quarters of bhikkus, relic chamber building pagoda, bodhi enclosure and all other buildings of the Pannipitiya Depanama Sri Devram Maha Viharaya;
- (b) to reorganization and manage the “Foundation for the recording of the Thripitaka in stone inscription” established for the purpose of recording Thripitaka Stone inscriptions.
- (c) to construct and maintain an appropriate approach road to the Viharaya and to develop the premises belonging to the Viharaya ;
- (d) to maintain friendly relations with other Buddhist Organizations within and outside Sri Lanka ;
- (e) to provide the resident bhikkus of the Sri Devram Maha Viharaya, with educational facilities and to help them with their daily needs ;
- (f) to engage in the dissemination of the dharma among Buddhists;
- (g) to encourage Buddhists to live a life according to the teachings of Buddha ;
- (h) to provide education for Buddhists, by establishing and maintaining pirivena and schools by granting scholarships ;
- (i) to establish and maintain, libraries, information and research centre to subscribe for and issue books, journals, souvenirs and periodicals;

Pannipitiya Depanama Sri Devram Maha Viharastha 3
Sasanarakshaka Sanwardhana Sabhawa
(Incorporation) Act, No. 53 of 2007

- (j) to promote, arrange, organize and hold exhibitions, lectures, seminars, symposia, workshops, classes, debates, conferences, tours and excursions only for those who adhere to buddhism ;
- (k) to promote, preserve Buddhist ceremonial customs, ways of offering practices and traditional usages; and
- (l) to reorganize and manage the Budhumaga organization.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power —

General powers
of the
Corporation.

- (a) to acquire and hold any property, movable or immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise ;
- (b) to sell, mortgage, lease, exchange or otherwise dispose of any such property ;
- (c) to appoint, employ, remunerate, exercise disciplinary control and power of dismissal over, such officers and servants as may be necessary for the purpose of carrying out the objects of the Corporation ;
- (d) to receive grants, gifts or donations in cash or kind whether from local or foreign sources ;
- (e) to open, operate and close bank accounts and to borrow or raise money with or without security ; and
- (f) to invest moneys belonging to the Corporation in such securities as may be determined by the Committee of Management.

4 *Pannipitiya, Depanama, Sri Devram Maha Viharastha
Sasanarakshaka Sanwardhana Sabhawa
(Incorporation) Act, No. 53 of 2007*

Accounts and
Audit.

5. (1) The financial year of the Corporation shall be the calendar year.

(2) The Committee of Management of the Corporation shall cause proper accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited by a qualified auditor who shall be a member of the institute of Chartered Accountants of Sri Lanka.

Application of
income and
property of the
Corporation.

6. The income and property of the Corporation derived shall be applied solely towards the promotion of the objects as set forth herein, and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise by way of profit, to the members of the Corporation.

Management of
the affairs of the
Corporation.

7. (1) The management, control and administration of the affairs of the Corporation shall, subject to the other provisions of this Act and the rules made under Section 8 of the Corporation, be administered by a Committee of Management consisting of the President, the Secretary, the Assistant Secretary, the Treasurer and not less than six other members elected in accordance with such rules.

(2) The first Committee of Management of the Corporation shall consist of the members of the Committee of Management of the Sabhawa holding office on the day immediately preceding the commencement of this Act.

Rules of the
Corporation.

8. (1) It shall be lawful for the Corporation, from time to time, at any general meeting and by majority of not less than two thirds of the members present and voting to make rules, not inconsistent with the provisions of this act or any other written law, for all or any of the following matters:—

(a) the classification of membership and the admission, withdrawal, resignation or expulsion of members ;

Pannipitiya Depanama Sri Devram Maha Viharastha 5
Sasanarakshaka Sanwardhana Sabhawa
(Incorporation) Act, No. 53 of 2007

- (b) the election of the office-bearers, the resignation from or vacation of or removal from office of office-bearers and their powers, functions and duties ;
- (c) the election of the members of the Committee of Management and the powers, functions and duties and the terms of office of members of the Committee of Management ;
- (d) the powers, conduct, duties and functions of the officers, agents and servants of the Corporation ;
- (e) the procedure to be observed for the summoning and holding of meetings of the Committee of Management, the times, place, notices and agenda of such meeting the quorum therefor and the conduct of business thereat ;
- (f) the administration and management of the property of the Corporation, the custody of its funds and the maintenance and audit of its accounts; and
- (g) generally, for the management of the affairs of the Corporation and the accomplishment of its objects.

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner as a rule made under subsection (1).

(3) The Members of the Corporation shall be subject to the rules of the Corporation.

9. (1) The Corporation shall have its own fund and all monies received by way of gift, testamentary dispositions, grants, donations, contributions, of fees shall be deposited in the name of the Corporation in one or more banks as may be decided by the Committee of Management.

Funds of the Corporation.

6 *Pannipitiya, Depanama, Sri Devram Maha Viharastha
Sasanarakshaka Samwardhana Sabhawa
(Incorporation) Act, No. 53 of 2007*

(2) The Corporation may establish a depreciation fund or a sinking fund for the purpose of rehabilitation, development or improvement of the property of the Corporation.

(3) All expenses borne by the Corporation in the exercise and discharge of the powers and functions of the Corporation shall be paid out of the fund.

Debts due by
and payable to
the Association.

10. All debts and liabilities of the Association existing on the day preceding the commencement of this act, shall be paid by the Corporation hereby constituted, and all debts due to and subscriptions and contributions payable to the said Association on that day, shall be paid to the Corporation hereby constituted.

Corporation
may hold
property
movable or
immovable.

11. The Corporation shall be capable in law to hold any property movable or immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this act, with full power to sell, mortgage, rent, lease, exchange or otherwise dispose of the same.

How the seal of
the Corporation
is to be affixed.

12. The seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of the President and the Secretary or the Treasurer who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Property
remaining on
dissolution.

13. If upon the dissolution of the Corporation there remains after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation but shall be given or transferred to some other institution or institutions having objects similar to those of the Corporation; and which

Pannipitiya Depanama Sri Devram Maha Viharastha 7
Sasanarakshaka Sanwardhana Sabhawa
(Incorporation) Act, No. 53 of 2007

is or are by the rules thereof prohibited from distributing any income or property among its or their members. Such institution or institutions shall be determined by the Committee of Management at, or immediately before, the dissolution of the Corporation.

14. Nothing in this act contained shall prejudice or affect the rights of the republic or any body politic or Corporation.

Saving of the rights of the Republic and others.

15. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

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ශ්‍රී ලංකා
ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ
පාර්ලිමේන්තුව

2007 අංක 54 දරන ඖෂධවලට ඇබ්බැහි
තැනැත්තන් (ප්‍රතිකාර හා පුනරුත්ථාපනය)
පිළිබඳ පනත

[සහතිකය සටහන් කළේ 2007 නොවැම්බර් මස 13 වන දින]

ආණ්ඩුවේ නියමය පරිදි මුද්‍රණය කරන ලදී

2007 නොවැම්බර් මස 16 වැනි දින ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රයේ
II වන කොටසේ අතිරේකයක් වශයෙන් පළ කරන ලදී.

ශ්‍රී ලංකා රජයේ මුද්‍රණ දෙපාර්තමේන්තුවේ මුද්‍රණය කරන ලදී.

කොළඹ 5, රජයේ ප්‍රකාශන කාර්යාංශයෙන් මිලදී ලබාගත හැකි ය.

මිල : රු. 8.00 යි.

තැපැල් ගාස්තුව : රු. 5.00 යි

2007 අංක 54 දරන ඖෂධවලට ඇබ්බැහි තැනැත්තන්
(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත

[සහතිකය සටහන් කළේ 2007 නොවැම්බර් 13 වන දින]

එල්.ඩී.— ඕ. 61/2003.

ඖෂධවලට ඇබ්බැහි වූ තැනැත්තන්ට ප්‍රතිකාර කිරීම සහ ඔවුන්
පුනරුත්ථාපනය කිරීම සඳහා විධිවිධාන සැලැස්වීම සහ ඒ
හා සම්බන්ධ හෝ ඊට ආනුෂංගික කාරණා සඳහා විධිවිධාන
සැලැස්වීම පිණිස වූ පනතකි

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ පාර්ලිමේන්තුව විසින්
මෙසේ පනවනු ලැබේ :—

1. මේ පනත 2007 අංක 54 දරන ඖෂධවලට ඇබ්බැහි තැනැත්තන් (ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත යනුවෙන් හඳුන්වනු ලබන අතර, ගැසට් පත්‍රයේ පළකරන නියමයක් මගින් අමාත්‍යවරයා විසින් නියම කරනු ලබන (මෙහි මින් මතු “නියමිත දිනය” යනුවෙන් සඳහන් කරනු ලබන) දිනයක සිට ක්‍රියාත්මක වන්නේය.

ලුහුඬු නාමය.

I වන කොටස

ප්‍රතිකාර මධ්‍යස්ථාන

2. මේ පනතේ කාර්ය සඳහා අමාත්‍යවරයා විසින් (මෙහි මින් මතු “එන්. ඩී. ඩී. සී. බී.” යනුවෙන් සඳහන් කරනු ලබන) ජාතික අන්තරායදායක ඖෂධ පාලක මණ්ඩලයේ නිර්දේශය මත, ගැසට් පත්‍රයේ පළ කරන නියමයක් මගින් (මෙහි මින් මතු “ප්‍රතිකාරක මධ්‍යස්ථානය ” යනුවෙන් සඳහන් කරනු ලබන) යම් ස්ථානයක් හෝ ගොඩනැගිල්ලක්, ඖෂධවලට ඇබ්බැහි වූ තැනැත්තන් රැකබලා ගැනීම හා පුනරුත්ථාපනය සඳහා වූ මධ්‍යස්ථාන වශයෙන් නම් කරනු ලැබිය හැකි ය.

ප්‍රතිකාර මධ්‍යස්ථාන.

3. (1) ඖෂධවලට ඇබ්බැහි වූ තැනැත්තන් රැකබලා ගැනීම හා පුනරුත්ථාපනය සඳහා පෞද්ගලික ප්‍රතිකාර මධ්‍යස්ථානයක් පිහිටුවීම සඳහා ඉල්ලුම්පත්‍රයක් ඒ ඉල්ලුම්පත්‍රයේ නියමිතව දැක්වෙන පරිශ්‍රයෙහි පිහිටුවීම පිණිස කවර හෝ තැනැත්තකු විසින් ඔහු වෙනුවෙන් ම හෝ යම් සංස්ථාගත හෝ සංස්ථාගත නොකළ පුද්ගල මණ්ඩලයක් වෙනුවෙන් හෝ එන්.ඩී.ඩී.සී.බී. වෙත ඉදිරිපත් කළ හැකි ය.

පෞද්ගලික ප්‍රතිකාර මධ්‍යස්ථානවලට බලපත්‍ර දීම.

(2)(අ) අදාළ පරිශ්‍රය ප්‍රතිකාර මධ්‍යස්ථානයක් ලෙස ප්‍රයෝජනයට ගැනීම සඳහා යෝග්‍යවන පරිදි සැලසුම් කර තිබෙන බවට ;

2 2007 අංක 54 දරන ඖෂධවලට ඇබ්බැහි තැනැත්තන් (ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත

- (අ) එම මධ්‍යස්ථානයේ පවතින පහසුකම් පනතේ අරමුණු ක්‍රියාත්මක කිරීම සඳහා ප්‍රමාණවත් බවට ;
- (ඈ) එම මධ්‍යස්ථානවල සේවයේ නියුක්ත කර තිබෙන කාර්ය මණ්ඩලයට මේ පනත යටතේ ඔවුන්ගේ කර්තව්‍ය ඉටු කිරීම සඳහා ප්‍රවීණත්වයක් තිබෙන බව තහවුරු කිරීම පිණිස නියමිත සුදුසුකම් තිබෙන බවට ; සහ
- (ඈ) මධ්‍යස්ථානයේ කළමනාකරණය සඳහා යෝජිත වැඩ පිළිවෙල සතුටුදායක බවට,

එන්.ඩී.ඩී.සී.බී. සෑහීමට පත්වන්නේ නම්, එමගින් අවශ්‍ය යයි සලකන කොන්දේසි, සීමාකිරීම්, හා පරිසීමාවලට යටත් ව එය විසින් ඉල්ලුම්කරුට බලපත්‍රයක් නිකුත් කරනු ලැබිය හැකි ය. එම කොන්දේසි සීමා කිරීම හා පරිසීමාවන් බලපත්‍රයේ සඳහන් කර තිබිය යුතු ය.

ප්‍රතිකාර මධ්‍යස්ථාන අධ්‍යක්ෂවරයා.

4. (1) මේ පනත හෝ මේ පනත යටතේ සාදන ලද යම් නියෝගයක් මගින් ප්‍රතිකාර මධ්‍යස්ථාන අධ්‍යක්ෂවරයා වෙත පැවරී ඇති හෝ නියම වී ඇති යම් බලතල සහ කාර්ය ක්‍රියාවේ යෙදවීම සහ ඉටු කිරීම පිණිස, (මෙහි මින් මතු “අධ්‍යක්ෂවරයා” යනුවෙන් සඳහන් කරනු ලබන) ප්‍රතිකාර මධ්‍යස්ථාන අධ්‍යක්ෂවරයකු, අමාත්‍යවරයා විසින් එන්.ඩී.ඩී.සී.බී. හි නිර්දේශය මත, මේ පනතේ කාර්ය සඳහා පත්කරනු ලැබිය යුතු ය.

(2) මේ පනතේ විධිවිධාන අනුව ක්‍රියා කරනු ලබන්නේ ද යන වග නිසැකව දැනගැනීමේ කාර්යය සඳහා, අධ්‍යක්ෂවරයා හෝ ඔහු වෙනුවෙන් ක්‍රියාකිරීම පිණිස බලය පවරනු ලැබූ යම් තැනැත්තකු විසින්, සියලු යුක්ති සහගත වේලාවන්හි දී, මේ පනත යටතේ බලපත්‍ර දී තිබෙන හෝ නාමෝද්දිෂ්ට යම් ප්‍රතිකාර මධ්‍යස්ථානයකට ඇතුළු වී, අවශ්‍ය යයි ඔහු සලකන පරීක්ෂාවක් එහි කළ හැකිය. එම කාර්යය සඳහා අවශ්‍ය යයි ඔහු සලකනු ලබන යම් සහායකයන් ඔහු විසින් ගෙන ආ හැකි ය.

(3) අධ්‍යක්ෂවරයා විසින් එන්.ඩී.ඩී.සී.බී. වෙත, නියමිත කාලාන්තරීය වාර්තා ඉදිරිපත් කළ යුතු අතර, ප්‍රතිකාර මධ්‍යස්ථානවල ප්‍රතිකාර ලබන තැනැත්තන් සංඛ්‍යාවට අදාළව ප්‍රතිකාර මධ්‍යස්ථානවල කටයුතු පිළිබඳව සහ ඖෂධවලට ඇබ්බැහිවූවන්ට ප්‍රතිකාර ලබාදීම හා ඔවුන් පුනරුත්ථාපනය කිරීමෙහිලා ඒ මධ්‍යස්ථානවල සාර්ථකත්වය පිළිබඳව තොරතුරු ඒ වාර්තාවෙහි අන්තර්ගත විය යුතු ය.

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(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත**

5. ප්‍රතිකාර මධ්‍යස්ථානවල කාර්යක්ෂම කළමනාකරණය පිළිබඳව වගබලා ගැනීම පිණිස අවශ්‍ය පොදු හෝ විශේෂ විධාන, ජාතික අන්තරායදායක ඖෂධ පාලක මණ්ඩලය විසින් වරින් වර නිකුත් කරනු ලැබිය හැකි ය. ඒ විධාන පිළිපැදීම එම මධ්‍යස්ථානවල කාර්යය වන්නේ ය.

එන්.ඩී.සී.බී. විසින් විධාන නිකුත් කළ හැකි බව.

6. අන්තරායදායක ඖෂධවලට ඇබ්බැහි තැනැත්තන්ට මේ පනත යටතේ නාමෝද්දිෂ්ට හෝ බලපත්‍රලත් ප්‍රතිකාර මධ්‍යස්ථාන වල දී ප්‍රතිකාර ලබාදීමේ දී සහ ඔවුන් රැකබලා ගැනීමේ දී සහාය වීම පිණිස අවස්ථාවෝචිත පරිදි සෞඛ්‍ය සේවා අධ්‍යක්ෂවරයාගේ හෝ වෙනත් අදාළ බලධරයකුගේ හෝ අනුමැතියට යටත් ව සෞඛ්‍ය දෙපාර්තමේන්තුවේ හෝ යම් විශ්වවිද්‍යාලයක වෛද්‍ය නිලධරයකුගේ හෝ වෙනත් යම් නිලධරයකුගේ හෝ සේවා නියුක්තයකුගේ නැතහොත් යම් වෛද්‍ය වෘත්තිකයකුගේ හෝ ඒ සමාන සේවයක නියුක්ත වෙනත් ප්‍රවීණ තැනැත්තකුගේ සේවය ප්‍රයෝජනයට ගත හැකිය. එවැනි සහාය ලබාදිය යුත්තේ කවර නියම හා කොන්දේසි මත ද යන්න නිශ්චිතව දැක්වෙන නියෝග සාදනු ලැබිය හැකි ය.

සෞඛ්‍ය දෙපාර්තමේන්තුව ආදියෙහි නිලධාරීන්ගේ සේවය ප්‍රයෝජනයට ගැනීම.

7. (1) අමාත්‍යවරයා විසින් තිහි ක්ෂේත්‍රයේ විශිෂ්ඨත්වයට පත් හෝ පළපුරුදු සහිත තැනැත්තන් අතරින් හෝ අන්තරායදායක ඖෂධ ඇබ්බැහිය හා සම්බන්ධ කායික විද්‍යාත්මක හෝ සමාජ ගැටළු යන අංශ පිළිබඳ පළපුරුද්දක් හෝ දැනීමක් ඇති තැනැත්තන් අතරින් දහදෙනෙකුට නොවැඩි තැනැත්තන් සංඛ්‍යාවකින් සමන්විත තුලනීක්ෂණ මූලමණ්ඩල පත් කරනු ලැබිය යුතු ය.

තුලනීක්ෂණ මූල මණ්ඩල පත් කිරීම.

(2) පහත සඳහන් කවර අවස්ථාවක වුව ද, අවශ්‍ය වූ විටක—

(අ) මේ පනත යටතේ නාමෝද්දිෂ්ට හෝ බලපත්‍රලත් ප්‍රතිකාර මධ්‍යස්ථානයකට ඇතුළත් වීමට මේ පනතට අනුකූලව ඉදිරිපත් වන තැනැත්තන් තුලනීක්ෂණය කිරීම; හෝ

(ආ) තත්කාලීනව අන්තරායදායක ඖෂධ ඇබ්බැහියට ප්‍රතිකාර ලබන තැනැත්තන් තුලනීක්ෂණය සහ අනාගත පුනරුත්ථාපන වැඩ සටහන් අගයීම පිණිස ,

තුන්දෙනෙකුට නොවැඩි තැනැත්තන් සංඛ්‍යාවකින් සමන්විත තුලනීක්ෂණ මූලමණ්ඩල, එන්.ඩී.සී.බී. විසින් නම් කරනු ලැබිය යුතු ය.

(3) තුලනීක්ෂණ මූලමණ්ඩලවල බලතල සහ කාර්යය නියෝග මගින් නියම කරනු ලබන ආකාරයට විය යුතු ය.

**4 2007 අංක 54 දරන මාපටවලට ඇබ්බැහි තැනැත්තන්
(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත**

නිල අධීක්ෂකයන්
පත්කිරීම.

8. (1) මේ පනතේ විධිවිධාන යටතේ නාමෝද්දේශිත හෝ බලපත්‍ර ලත් කවර හෝ ප්‍රතිකාර මධ්‍යස්ථානයක නිල අධීක්ෂකයන් ලෙස ක්‍රියා කිරීම සඳහා එන්.ඩී.ඩී.සී.බී. හි නිර්දේශය මත අමාත්‍යවරයා විසින් යෝග්‍ය හා නිසි එක් තැනැත්තකු හෝ තැනැත්තන් වැඩි සංඛ්‍යාවක් පත් කරනු ලැබිය හැකි ය.

(2) ධුරය දැරීම කලින් අවසන් නොකළහොත් එසේ පත් කරනු ලැබූ සෑම නිරීක්ෂකයකු ම ඔහුගේ පත්කිරීමේ දින සිට අවුරුදු දෙකක කාලයක් සඳහා ධුර දැරිය යුතු ය. අවශ්‍ය යයි එවැනි අධීක්ෂකයකුට පෙනීයන විමසීම් හෝ පරීක්ෂණ කිරීම සඳහා එවැනි යම් ප්‍රතිකාර මධ්‍යස්ථානයකට සියලු වේලාවන්හි දී ඇතුළු විය හැකි ය. එම ප්‍රතිකාර මධ්‍යස්ථානවලට වරින් වර යාම සහ මේ කාර්යය සඳහා නිකුත් කරනු ලබන මාර්ගෝපදේශ හෝ නියෝගවලට අනුකූලව කාලාන්තරීය වාර්තා එන්.ඩී.ඩී.සී.බී. වෙත ඉදිරිපත් කිරීම එම අධීක්ෂකයන්ගේ කාර්යය වන්නේ ය.

II වන කොටස

ප්‍රතිකාර මධ්‍යස්ථානයකට ස්වේච්ඡාවෙන් ඇතුළත් වීම

ස්වේච්ඡාවෙන්
ඇතුළත් වීම.

9. (1) අන්තරායදායක මාපටවලට ඇබ්බැහිවීම සම්බන්ධව ප්‍රතිකාර ලැබීමට ස්වේච්ඡාවෙන් ඉදිරිපත් වන තැනැත්තකුට ප්‍රතිකාර මධ්‍යස්ථානයකට ඇතුළත් වීම සඳහා ඉල්ලුම් කළ හැකි ය. බාල වයස්කරුවකු සම්බන්ධයෙන් වනවිට දෙමාපියන් හෝ භාරකරු විසින් එම බාලවයස්කරු වෙනුවෙන් ඇතුළත්වීම සඳහා ඉල්ලීමක් කළ හැකි ය. එවැනි තැනැත්තකු ප්‍රතිකාර මධ්‍යස්ථානයකට ඇතුළත් කර ගැනීම, තුලනීක්ෂණ මූලමණ්ඩලයක් විසින් තුලනීක්ෂණය කිරීමට යටත්ව, එක් එක් කාරණය වෙත වෙනම සලකා බැලීමේ පදනම මත තීරණය කළ යුතු ය.

(2) ඇතුළත් කර ගැනීමෙන් පසුව, ඒ තැනැත්තා ප්‍රතිකාර මධ්‍යස්ථානයක ලබාගන්නා ප්‍රතිකාර මාලාව සාර්ථකව සම්පූර්ණ කර ඇති බව සහ එයින් මුදා හරිනු ලැබිය හැකි බව තුලනීක්ෂණ මූලමණ්ඩලයේ සහ ප්‍රතිකාර මධ්‍යස්ථානය භාර වෛද්‍ය නිලධාරියාගේ මතය වන තෙක් ඔහුට ප්‍රතිකාර මධ්‍යස්ථානයෙහි නේවාසිකයකු ලෙස සිටිය හැකි ය. මුදාහැරීම සඳහා වූ කොන්දේසි, එක් එක් ප්‍රතිකාර මධ්‍යස්ථානයේ රීති මගින් නිශ්චය කරනු ලැබිය යුතු ය.

2007 අංක 54 දරන ඖෂධවලට ඇබ්බැහි තැනැත්තන් 5
(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත

III වන කොටස

ප්‍රතිකාර මධ්‍යස්ථානයකට අනිවාර්යයෙන් ඇතුළත් කිරීම

10. (1) යම් තැනැත්තෙක් අන්තරායදායක ඖෂධ පුරුද්දක් වශයෙන් පාවිච්චි කරන්නකු බව හා එහෙයින් අන්තරායදායක ඖෂධවලට ඇබ්බැහිවූවකු බවට පත්ව ඇති බවට පොලිස් ස්ථානයක ස්ථාන භාර නිලධාරියකුට තොරතුරු ලැබුණු අවස්ථාවක රජයේ වෛද්‍ය නිලධාරියකු ලවා ඒ තැනැත්තා පරීක්ෂා කරවීමට අවශ්‍ය පියවර ඒ නිලධාරියා විසින් ගනු ලැබිය යුතු ය. එසේ යොමු කරනු ලැබූ විට, එම රජයේ වෛද්‍ය නිලධාරියා විසින්, එම පරීක්ෂණයේ ප්‍රතිඵල දැක්වෙන වාර්තාවක්, එම අන්තරායදායක ඖෂධවලට ඇබ්බැහි තැනැත්තා තමා වෙත යොමුකළ පොලිස් නිලධාරියකු වෙත හෝ අදාළ පොලිස් ස්ථානයට අනුයුක්ත වෙනත් යම් නිලධාරියකු වෙත ඉදිරිපත් කළ යුතු ය. එම වාර්තාවෙහි, අදාළ තැනැත්තා අන්තරායදායක ඖෂධවලට ඇබ්බැහි තැනැත්තකු ද නැද්ද යන්න පිළිබඳව වෛද්‍ය නිලධාරියාගේ නිරීක්ෂණවලට හේතු ඇතුළත් විය යුතු අතර, ඒ තැනැත්තාගේ ඇබ්බැහිවීමේ ප්‍රමාණය පිළිබඳ විස්තර ඇතුළත් විය යුතු ය. එම වාර්තාව ස්ථාන භාර නිලධාරියා නොවන නිලධාරියකු වෙත ඉදිරිපත් කළ අවස්ථාවක, එම තොරතුරු දැනුම් දෙනු ලැබූ බව, පොලිස් ස්ථානයේ ස්ථාන භාර නිලධාරියා වෙත එම නිලධාරියා විසින් වාර්තා කළ යුතු ය.

ප්‍රතිකාර මධ්‍යස්ථානයකට අනිවාර්යයෙන් ඇතුළත් කිරීම.

(2) රජයේ වෛද්‍ය නිලධාරියාගේ වාර්තාව අනුව ඔහු විසින් පරීක්ෂා කරනු ලැබූ තැනැත්තා අන්තරායදායක ඖෂධවලට ඇබ්බැහි තැනැත්තෙක් නම්, පොලිස් ස්ථානයේ ස්ථාන භාර නිලධාරියා විසින් එම තැනැත්තා මහෙස්ත්‍රාත්වරයකු වෙත ඉදිරිපත් කළ යුතු හෝ ඉදිරිපත් කිරීමට සැලැස්විය යුතු අතර, මහෙස්ත්‍රාත්වරයා මේ වගන්තියේ පහත දැක්වෙන විධිවිධානවලට අනුකූලව කටයුතු කළ යුතු ය.

(3) (1) වන හා (2) වන උපවගන්තිවල දැක්වෙන ක්‍රියා මාර්ග සම්පූර්ණ කිරීමෙන් අනතුරුව යම් තැනැත්තකු මහෙස්ත්‍රාත්වරයකු වෙත ඉදිරිපත් කරනු ලැබූ විට, ඒ තැනැත්තා, මහෙස්ත්‍රාත්වරයා විසින් තීරණය කරනු ලබන මේ පනත යටතේ නාමෝද්දීෂ්ට හෝ බලපත්‍රලත් ප්‍රතිකාර මධ්‍යස්ථානයක දී අනිවාර්ය ප්‍රතිකාර සහ පුනරුත්ථාපනය සඳහා යවන ලෙස ඒ මහෙස්ත්‍රාත්වරයා විසින් ආඥා කළ යුතු ය.

(4) යම් තැනැත්තකු, (214 වන අධිකාරය වූ) විෂ ද්‍රව්‍ය, අබිං සහ අන්තරායදායක ඖෂධ ආඥාපනත යටතේ යම් වරදක් සම්බන්ධයෙන් වරදකරු කරනු ලැබ දඬුවම් නියම කොට ඇත්තා වූ ද, අධිකරණය ඉදිරියේ දිවුරුම් පිට දෙනු ලැබූ සාක්ෂි අනුව ඒ තැනැත්තා අන්තරායදායක ඖෂධවලට ඇබ්බැහි තැනැත්තකු බවට අධිකරණය

**6 2007 අංක 54 දරන මාපටවලට ඇඹිබැහි තැනැත්තන්
(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත**

සෑහීමට පත්වන්නා වූ ද අවස්ථාවක, අදාළ තැනැත්තාගේ ඇඹිබැහිවීමේ ප්‍රමාණය සැලකිල්ලට ගෙන තීරණය කරන යම් කාලසීමාවකට, අධිකරණය විසින් ඒ තැනැත්තා ප්‍රතිකාර මධ්‍යස්ථානයකට භාරදිය හැකි ය. ඒ තැනැත්තා භාර දෙනු ලැබූ ප්‍රතිකාර මධ්‍යස්ථානයේ අධ්‍යක්ෂවරයාගේ ඉල්ලීමක් මත, එම කාලසීමාව දීර්ඝ කරනු ලැබිය හැකි ය. එසේ කාලය දීර්ඝ කිරීම අවශ්‍ය වීමට, එම දීර්ඝ කිරීම ඉල්ලා සිටීමට පාදක වූ අවස්ථාගත කරුණු අධිකරණයේ මතය අනුව ප්‍රමාණවත් විය යුතු ය.

ඒසේ වුව ද, අදාළ තැනැත්තා ප්‍රතිකාර ලබා ඇති කාලය නියම කර ඇති දඬුවමේ කොටසක් වශයෙන් අධිකරණය විසින්, සැලකිල්ලට ගත හැකි ය.

(5) යම් තැනැත්තකු (4) වන උපවගන්තිය යටතේ ප්‍රතිකාර සඳහා භාරදීමේ ආඥාවක් කරනු ලැබූ අවස්ථාවක, බන්ධනාගාර කොමසාරිස්වරයා විසින් ප්‍රතිකාර මධ්‍යස්ථානයේ අධ්‍යක්ෂවරයා විමසා, අධිකරණය නිශ්චය කරන කාලසීමාවක් සඳහා ප්‍රතිකාර ලැබීම සඳහා ඒ තැනැත්තා බන්ධනාගාර ප්‍රතිකාර මධ්‍යස්ථානය වෙත මාරුකිරීම සඳහා පියවර ගත යුතු ය.

(6) මේ වගන්තිය යටතේ නමෝද්දිෂ්ඨ ප්‍රතිකාර මධ්‍යස්ථානයකට ඇතුළත් කර ගනු ලැබූ තැනැත්තකු, 7 වන වගන්තිය යටතේ පත් කරනු ලබන තුලනීක්ෂණ මූලමණ්ඩලයක් විසින්, කලින් කළ තුලනීක්ෂණය කරනු ලැබීමට යටත් විය යුතු ය.

මධ්‍යස්ථානවලින් තැනැත්තන් මුදාහැරීම.

11. (1) මේ පනතේ මීට ඉහතින් වූ විධිවිධාන යටතේ ප්‍රතිකාර මධ්‍යස්ථානයකට ඇතුළත් කරගෙන ඇති යම් තැනැත්තන්, තුලනීක්ෂණ මූලමණ්ඩලය විමසා ප්‍රතිකාර මධ්‍යස්ථානයේ අධ්‍යක්ෂවරයා කරනු ලබන නිර්දේශය මත සහ එන්.ඩී.ඩී.සී.බී. හි යම් නියමයන් ට හා කොන්දේසිවලට යටත් ව, එම ප්‍රතිකාර මධ්‍යස්ථානවලින් මුදා හරිනු ලැබිය හැකි ය.

(2) අධිකරණ ආඥාවක් ප්‍රකාර ප්‍රතිකාර මධ්‍යස්ථානයක රඳවා ගන්නා ලද අන්තරායදායක මාපටවලට ඇඹිබැහි තැනැත්තකු සම්බන්ධයෙන් වන විට, ඒ තැනැත්තා රඳවා තබා ගැනීමට නියම කරනු ලැබූ ප්‍රතිකාර මධ්‍යස්ථානයේ අධ්‍යක්ෂවරයා විසින් තුලනීක්ෂණ මූලමණ්ඩලය විසින් විමසීමෙන් පසුව කරනු ලැබූ නිර්දේශය අධිකරණය වෙත ඉදිරිපත් කරනු ලැබූ විට, ඒ තැනැත්තා මුදා හරින ලෙස අධිකරණය විසින් ආඥාවක් කළ හැකිය. ඒ අධිකරණ ආඥාව, අවශ්‍ය අවස්ථාවල දී අධිකරණය විසින් නියම කරනු ලබන කොන්දේසිවලට යටත් කළ හැකි ය.

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(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත

IV කොටස

සාමාන්‍ය

12. පනතේ විධිවිධාන යටතේ නාමෝද්දේශ්ට හෝ බලපත්‍ර ලත් යම් ප්‍රතිකාර මධ්‍යස්ථානයක් අනිසි කළමනාකාරිත්වයෙන් යුක්ත බව හෝ පනතින් පනවා ඇති නියමයක් හෝ පනත යටතේ නිකුත් කළ විධානයක් කඩකර ඇති බව පෙනී ගියහොත් එන්.ඩී.ඩී.සී.බී. හි උපදෙස් මත අමාත්‍යවරයා විසින් ඒ ප්‍රතිකාර මධ්‍යස්ථානය වසා දමනු ලැබිය හැකිය.

ප්‍රතිකාර මධ්‍යස්ථාන වසා දැමීම.

13. (1) මේ පනත යටතේ වූ ඉල්ලීමක් හෝ ප්‍රතිකාර මධ්‍යස්ථානගත කිරීමක් සනාථ කරන හෝ මේ පනත යටතේ විධිවිධාන සලසා තිබෙන වෙනත් යම් කාර්යයක් සඳහා හෝ වෛද්‍ය සහතිකයක් අත්සන් කරන වෛද්‍ය වෘත්තිකයකු විසින් ඒ සහතිකය අදාළ තැනැත්තා අන්තරායදායක ඖෂධවලට ඇබ්බැහි තැනැත්තකු බවට වූ සිය මතයට පදනම් කරගත් කරුණු, ඒ සහතිකයේ තිශ්චිතව සඳහන් කළ යුතු ය. වෙනත් අය විසින් වෛද්‍යවරයා වෙත දැනුම් දෙන ලද කරුණු අනුව ඔහුට පෙනෙන අවස්ථාගත කරුණු ද ඔහු විසින් සවිස්තරව ගෙනහැර දැක්විය යුතු ය.

වෛද්‍ය වෘත්තිකයා ඔහුගේ මතයට පදනම් තිශ්චිතව සඳහන් කළ යුතු බව.

(2) වෙනත් අය සන්නිවේදනය කරන ලද කරුණු මත පමණක් පදනම් වී ඇති බවට උද්දේශිත සහතිකයක් මත මහෙස්ත්‍රාත්වරයකු විසින් කිසිම ආඥාවක් නොකළ යුතු ය.

14. ප්‍රතිකාර මධ්‍යස්ථානයකට අවසරයකින් තොරව යම් අන්තරායදායක ඖෂධ හෝ යම් අනවසර ද්‍රව්‍යයක් හඳුන්වා දෙන හෝ හඳුන්වා දීමට උත්සාහ කරන තැනහොත් ප්‍රතිකාර මධ්‍යස්ථානයක සිටින තැනැත්තකුට යම් අන්තරායදායක ඖෂධයක් හෝ අනවසර ද්‍රව්‍යයක් සපයන යම් තැනැත්තෙක් මේ පනත යටතේ වරදකට වරදකරු වන්නේ ය.

ඖෂධ සැපයීම යානාදී ය.

15. මේ පනත යටතේ සඳහා වෛද්‍ය සේවකීය කාර්ය ඉටු කිරීමේ දී හෝ මේ පනතේ විධිවිධානවලට අනුකූලව කරන ලද හෝ කරන ලද බවට උද්දේශිත යම් නිර්දේශයක් හෝ නියමයක් ක්‍රියාවේ යෙදවීමේ දී යම් තැනැත්තකු විසින් කරන ලද හෝ නොකර හරින ලද යම් ක්‍රියාවක් සම්බන්ධයෙන් ඔහුට විරුද්ධව කිසි නඩුවක් පැවරිය නොහැක්කේ ය.

වගකීමෙන් ආරක්ෂාව.

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(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත**

නඩු කටයුතු වාර්තා අවසර නොමැතිව හා රහස්‍යභාවය නොදකෙන පරිදි පළ නොකළ යුතු බව.

16. (1) කිසිම තැනැත්තකු විසින්, ආසනාරූප විනිශ්චයකාරවරයාගේ අවසර ඇතිව හැර, මේ පනත යටතේ වූ යම් නඩු කටයුතු වාර්තාවක් පළ කරනු නොලැබිය යුතු ය.

(2) ප්‍රතිකාර මධ්‍යස්ථානයක් භාරයේ සිටින, අන්තරායදායක මාෂධ ඇබ්බැහි තැනැත්තකු පිළිබඳ සියලු වාර්තා රහස්‍ය වාර්තා වන අතර, අධිකරණ ආඥාවක් මත හෝ මධ්‍යස්ථානය ඇතුළත සිදු කළ බරපතල වරදක් විමර්ශනය කිරීම සම්බන්ධයෙන් හැර එම වාර්තා මුදා නොහැරිය යුතු ය.

(3) (2) වන උපවගන්තියේ විධිවිධාන උල්ලංඝනය කරන යම් තැනැත්තෙක්, මේ පනත යටතේ වරදකට වරදකරු වන්නේ ය.

ප්‍රතිකාර ලබන තැනැත්තන්ට පහර දීම.

17. ප්‍රතිකාර මධ්‍යස්ථානයක ප්‍රතිකාර ලබන යම් තැනැත්තකුට සාධාරණ හේතුවක් නොමැතිව පහර දෙන, තුවාල කරන, වෙනස්කම් කරන හෝ ඒ තැනැත්තකු ඕනෑකමින් නොසලකා හරින, එම මධ්‍යස්ථානයේ සේවයේ නියුක්ත යම් තැනැත්තෙක් මේ පනත යටතේ වරදකට වරදකරු වන්නේ ය.

සේවා නියුක්තයන්ට බාධා කිරීම වරදක් බව.

18. ප්‍රතිකාර මධ්‍යස්ථානයක සේවයේ නියුක්ත යම් තැනැත්තකු විසින් මේ පනත යටතේ ඔහුගේ කාර්ය ඉටු කිරීමේ දී ඔහුට බාධා කරන හෝ බාධා කිරීමට තැත් කරන යම් තැනැත්තෙක් මේ පනත යටතේ වරදකට වරදකරු වන්නේ ය.

පලායන තැනැත්තන් අල්ලා ගැනීම.

19. (1) මේ පනත යටතේ නාමෝද්දීෂ්ට හෝ බලපත්‍රලත් ප්‍රතිකාර මධ්‍යස්ථානයක ප්‍රතිකාර ලබන යම් තැනැත්තකු මධ්‍යස්ථානයෙන් පලාගියහොත් පොලිස් නිලධරයකු විසින් හෝ මේ පනත යටතේ පත් කරන ලද යම් නිලධරයකු විසින් හෝ ඒ තැනැත්තා අල්ලා ප්‍රතිකාර මධ්‍යස්ථානයට ආපසු භාර දෙනු ලැබිය හැකි ය.

(2) ප්‍රතිකාර මධ්‍යස්ථානයක රඳවාගෙන සිටින තැනැත්තන් අතර, සාමය සහ විනය පවත්වාගෙන යාම ඒ මධ්‍යස්ථානයේ සේවයේ නියුක්ත කර සිටින යම් තැනැත්තකුගේ කාර්යය වන අතර, ඔහු විසින් කරන ලද නීත්‍යානුකූල විධානයකට අවනත කර ගැනීමට බලකිරීම සඳහා සාධාරණ ලෙස අවශ්‍ය විය හැකි ප්‍රමාණයට බලය පාවිච්චි කිරීම ඇතුළුව සියලු උපක්‍රම ඔහු විසින් තත්කාර්යය සඳහා යොදා ගැනීම ඔහුගේ කාර්යය විය යුතු ය.

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(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත**

20. මේ පනතේ 14 වන වගන්තිය, 16 වන වගන්තියේ (2) වන උපවගන්තිය, 17 වන වගන්තිය සහ 18 වන වගන්තිය යටතට වැටෙන වරදක් කරන යම් තැනැත්තකුට මහෙස්ත්‍රාත්වරයකු විසින් පවත්වන නඩු විභාගයකින් පසු රුපියල් පන්දහසක් නොඉක්මවන දඩයකින් හෝ මාස දහඅටක් නොඉක්මවන කාලයකට දෙආකාරයෙන් එක් ආකාරයකට බන්ධනාගාරගත කිරීමෙන් හෝ ඒ දඩය හා බන්ධනාගාරගත කිරීම යන දෙකින් ම හෝ දඩුවම් කරනු ලැබිය හැකි ය.

දණ්ඩනය.

21. (1) මේ පනතේ මූලධර්ම සහ විධිවිධාන ක්‍රියාත්මක කිරීමේ සහ ඉටු කිරීමේ කාර්යය සඳහා අමාත්‍යවරයා විසින් නියෝග සාදනු ලැබිය හැකි ය.

නියෝග.

(2) විශේෂයෙන් ම සහ (1) වන උපවගන්තියෙන් පැවරී ඇති බලතලවල ව්‍යාප්තියට භානියක් නොමැතිව, අමාත්‍යවරයා විසින් පහත දැක්වෙන කරුණු සඳහා නියෝග සාදනු ලැබිය හැකි ය :—

- (අ) මේ පනත යටතේ බලපත්‍ර නිකුත් කිරීමේ කාර්ය පටිපාටිය ගෙනහැර දැක්වීම ;
- (ආ) මේ පනතට අනුකූලව බලපත්‍ර දී තිබෙන හෝ නාමෝද්දිෂ්ට ප්‍රතිකාර මධ්‍යස්ථාන විසින් පිළිපැදිය යුතු නියමයන් ;
- (ඇ) එම ප්‍රතිකාර මධ්‍යස්ථානවල පවත්වාගෙන යා යුතු වාර්තා ;
- (ඈ) මේ පනතේ අරමුණු ක්‍රියාත්මක කිරීම සඳහා අවශ්‍ය වෙනත් යම් කරුණු.

(3) අමාත්‍යවරයා විසින් සාදනු ලබන සෑම නියෝගයක් ම ගැසට් පත්‍රයේ පළකරනු ලැබිය යුතු අතර, එසේ පළ කරනු ලැබූ දින සිට හෝ නියෝගයේ නිශ්චිතව සඳහන් කරනු ලබන යම් පසු දිනයක සිට හෝ ක්‍රියාත්මක වන්නේ ය.

(4) අමාත්‍යවරයා විසින් සාදනු ලබන සෑම නියෝගයක් ම ගැසට් පත්‍රයේ පළකරනු ලැබීමෙන් පසු අනුමතිය සඳහා හැකි ඉක්මණින් පාර්ලිමේන්තුව වෙත ඉදිරිපත් කළ යුතු ය. එසේ අනුමත කරනු නොලැබූ සෑම නියෝගයක් ම, එය යටතේ ඒ දැක්වා කරන ලද කිසිවකට අගතියක් නොමැතිව, එම අනුමතයේ දින සිට ප්‍රත්‍යාදිෂ්ට කරනු ලැබූ ලෙස සැලකිය යුතු ය.

10 2007 අංක 54 දරන ඖෂධවලට ඇබ්බැහි තැනැත්තන්
(ප්‍රතිකාර හා පුනරුත්ථාපනය) පිළිබඳ පනත

(5) යම් නියෝගයක් එසේ ප්‍රත්‍යාදිෂ්ඨ කරන ලද දිනය ගැසට් පත්‍රයේ පළ කරනු ලැබිය යුතු ය.

අනුකූලතාවක් ඇති වූ විට සිංහල භාෂා පාඨය බලපැවැත්විය යුතු බව.

22. මේ පනතේ සිංහල හා දෙමළ භාෂා පාඨ අතර යම් අනුකූලතාවක් ඇති වුවහොත්, එවිට සිංහල භාෂා පාඨය බලපැවැත්විය යුතු ය.

අර්ථ නිරූපණය.

23. පද සම්බන්ධය අනුව අන්‍යාර්ථයක් අවශ්‍ය වුවහොත් මීස, මේ පනතෙහි—

“අන්තරායදායක ඖෂධ” යන්නෙන්, (218 වන අධිකාරය වූ) වස, අබිං සහ අන්තරායදායක ඖෂධ ආඥාපනතේ තුන්වන උපලේඛනය යටතට ගැනෙන ඖෂධ හෝ ඒ වෙනුවට පනවන ලද යම් නීතියක ඇතුළත් ඖෂධ හෝ ඒ වෙනුවට පනවන ලද යම් නීතියක ඇතුළත් ඖෂධ හෝ අදහස් වේ;

“ඖෂධවලට ඇබ්බැහි තැනැත්තා” යන්නෙන්, මේ පනත අදාළවන තැනැත්තෙක් අදහස් වේ;

“ජාතික අන්තරායදායක ඖෂධ පාලන මණ්ඩලය (එන්.ඩී.ඩී.සී.බී.)” යන්නෙන්, 1984 අංක 10 දරන ජාතික අන්තරායදායක ඖෂධ පාලන පනත මගින් පිහිටුවන ලද ජාතික අන්තරායදායක ඖෂධ පාලන මණ්ඩලය, අදහස් වේ.

පාර්ලිමේන්තුවේ සිංහල පනත් කෙටුම්පත්වල සහ පනත්වල වාර්ෂික දායක මිල (දේශීය) රු. 870 කි.
(විදේශීය) රු. 1,160 කි. අංක 163, කිරුළපන මාවත, පොල්හේන්ගොඩ, කොළඹ 05, රජයේ ප්‍රවෘත්ති
දෙපාර්තමේන්තුවේ, ප්‍රකාශන කාර්යාංශයේ අධිකාරී වෙත සෑම වර්ෂයකම දෙසැම්බර් මස 15 වැනි දිනට
පෙර දායක මුදල් ගෙවා පසුව එළඹෙන එක් එක් වර්ෂය සඳහා ඒවා ලබාගත හැකිය.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**LOCAL AUTHORITIES (SPECIAL PROVISIONS)
ACT, No. 55 OF 2007**

[Certified on 16th November, 2007]

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Local Authorities (Special Provisions)
Act, No. 55 of 2007

[Certified on 16th November, 2007]

L. D. — O. 48/2007

AN ACT TO PROVIDE FOR CALLING OF FRESH NOMINATIONS AND THE HOLDING OF ELECTIONS IN RESPECT OF ONE MUNICIPAL COUNCIL, FIVE URBAN COUNCILS AND TWENTY SEVEN PRADESHIYA SABHAS IN THE NORTHERN PROVINCE WHERE ELECTIONS TO SUCH COUNCIL AND SABHAS HAVE BEEN POSTPONED DUE TO UNFORSEEN AND URGENT CIRCUMSTANCES; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS Notices were published under section 26 of the Local Authorities Elections Ordinance that nominations will be received in respect of elections to all Municipal Council, Urban Councils and Pradeshiya Sabhas in the Northern Province: Preamble.

AND WHEREAS the dates of polls fixed for the holding of elections for the aforesaid Municipal Council, five Urban Councils and twenty seven Pradeshiya Sabhas, out of the aforesaid local authorities, were postponed from time to time due to urgent and unforeseen circumstances by Orders made under subsection (3) of section 38 of the Local Authorities Elections Ordinance:

AND WHEREAS persons who have tendered their nominations have either died or been displaced or have changed their party or due to the fact that a considerable number of persons who have tendered their nominations have gone abroad or where persons who were below the age of thirty-five at the time of tendering nominations are now over the age of thirty-five, it has become necessary to provide for the calling of fresh nominations in respect of the aforesaid Municipal Council, Urban Councils and Pradeshiya Sabhas:

AND WHEREAS due to the period of time that has elapsed since the submission of nominations in respect of the aforesaid Municipal Council, five Urban Councils and twenty seven Pradeshiya Sabhas, it has become necessary

2 *Local Authorities (Special Provisions)*
 Act, No. 55 of 2007

to provide for the calling of fresh nominations in respect of such Municipal Council, Urban Councils and Pradeshiya Sabhas and to make provision for the holding of fresh elections in respect of the aforesaid Council and Sabhas.

NOW THEREFORE BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

Short title.

1. This Act may be cited as the Local Authorities (Special Provisions) Act, No. 55 of 2007.

Provisions relating to nominations and deposits in respect of elections to a Municipal Council, and certain Urban Councils and Pradeshiya Sabhas.

2. (1) Nomination papers submitted, under section 28 of the Local Authorities Elections Ordinance (Chapter 262) (hereinafter referred to as “the principal enactment”) in respect of elections to the Municipal Council, Urban Councils and the Pradeshiya Sabhas specified respectively in Schedules I, II and III to this Act, in response to the Notices published under section 26 of the principal enactment are hereby deemed to be of no force and effect and as if such nomination papers had never been submitted.

(2) The Notices published under subsection (3) of section 38 of the principal enactment in respect of elections to the Municipal Council, Urban Councils and the Pradeshiya Sabhas specified respectively in Schedules I, II and III to this Act, are hereby revoked.

(3) Deposits made under section 29 of the principal enactment in respect of candidates nominated by an independent group for election to the Municipal Council the Urban Councils or the Pradeshiya Sabhas specified respectively in Schedules I, II and III to this Act, shall notwithstanding anything to the contrary in section 30 of the principal enactment, be refunded, on the production by the person who made the deposit, of the receipt issued to such person under subsection (3) of section 29 of the principal enactment, together with interest on such deposit at the rate of twelve *per centum, per annum*, from the date of deposit to the date of refund.

3. Steps shall be commenced under the principal enactment, for the holding of elections to the Municipal Council, Urban Councils and the Pradeshiya Sabhas specified respectively in Schedules I, II and III to this Act:

Steps to be commenced for holding of elections.

Provided that the notice of nomination in terms of the principal enactment shall be published on such date as the Minister may determine by Order published in the *Gazette*. Such date shall however, be a date not later than six months from the date of the coming into operation of this Act.

4. (1) Notwithstanding the provisions of any other law, any registered elector who reasonably fears that due to conditions prevailing in the area within which his polling station is situate, that he is unable to cast his vote freely at such polling station at an election held to elect members to the Municipal Council, five Urban Councils and twenty seven Pradeshiya Sabhas as specified respectively in Schedules I, II and III to this Act, may make an application in such format as specified by the Commissioner of Elections (hereinafter referred to as the “Commissioner”) within one week of notice of nominations, requesting that he be allowed to cast his vote at another polling station as may be determined by the Commissioner in his absolute discretion.

Displaced persons.

(2) The Commissioner shall within a week of receipt of an application, inform such elector whether such application is accepted or rejected. The decision of the Commissioner shall be final and conclusive.

(3) Upon the Commissioner deciding to accept the application of a registered elector made in terms of subsection (1) he shall forthwith inform such elector of the polling station at which he is eligible to cast his vote.

(4) The Commissioner shall cause to be published a list of the names of the registered electors whose applications have been accepted in accordance with the provisions of subsection (2), by making copies thereof available for inspection at his office and at the relevant district offices.

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Act, No. 55 of 2007

(5) Where such vote is cast, such vote shall be counted along with the votes of the relevant local authority in which such elector is registered.

Sinhala text to prevail in case of inconsistency.

5. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

SCHEDULE I

Municipal Council

1. Jaffna Municipal Council

SCHEDULE II

Urban Councils

1. Velvetithurai Urban Council
2. Point Pedro Urban Council
3. Chavakachcheri Urban Council
4. Vavuniya Urban Council
5. Mannar Urban Council

SCHEDULE III

Pradeshiya Sabhas

1. Karinagar Pradeshiya Sabha
2. Kayts Pradeshiya Sabha
3. Delft Pradeshiya Sabha
4. Velanei Pradeshiya Sabha
5. Velikamam (West) Pradeshiya Sabha
6. Velikamam (North) Pradeshiya Sabha
7. Velikamam (South-West) Pradeshiya Sabha
8. Velikamam (South) Pradeshiya Sabha
9. Velikamam (East) Pradeshiya Sabha
10. Vadamarachchi (South-West) Pradeshiya Sabha
11. Point Pedro Pradeshiya Sabha
12. Chavakachcheri Pradeshiya Sabha
13. Nallur Pradeshiya Sabha

Local Authorities (Special Provisions) 5
Act, No. 55 of 2007

14. Pachchilaipalli Pradeshiya Sabha
15. Karachchi Pradeshiya Sabha
16. Poonakari Pradeshiya Sabha
17. Mannar Pradeshiya Sabha
18. Nanththan Pradeshiya Sabha
19. Musali Pradeshiya Sabha
20. Manthai West Pradeshiya Sabha
21. Vavuniya North Pradeshiya Sabha
22. Vengalcheddikulam Pradeshiya Sabha
23. Vavuniya South Tamil Pradeshiya Sabha
24. Vavuniya South Sinhala Pradeshiya Sabha
25. Manthai (East) Pradeshiya Sabha
26. Thunukkai Pradeshiya Sabha
27. Muhudubadapattu Pradeshiya Sabha

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**INTERNATIONAL COVENANT ON CIVIL
AND POLITICAL RIGHTS (ICCPR)
ACT, No. 56 OF 2007**

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*International Covenant on Civil and Political
Rights (ICCPR) Act, No. 56 of 2007*

[Certified on 16th November, 2007]

L. D. — O. 30/2007.

AN ACT TO GIVE EFFECT TO CERTAIN ARTICLES IN THE INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS (ICCPR) RELATING TO HUMAN RIGHTS WHICH HAVE NOT BEEN GIVEN RECOGNITION THROUGH LEGISLATIVE MEASURES AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS Sri Lanka is a State Party to the International Covenant on Civil and Political Rights which was adopted by the General Assembly of the United Nations on 16th December, 1966 and entered into force on 23rd March, 1976:

Preamble.

AND WHEREAS Sri Lanka has acceded to the aforesaid Covenant on 11th June, 1980:

AND WHEREAS a substantial part of the civil and political rights referred to in that Covenant have been given legislative recognition in the Constitution of Sri Lanka, as well as in other legislation enacted by Parliament:

AND WHEREAS it has become necessary for the Government of Sri Lanka to enact appropriate legislation to give effect to those civil and political rights referred to in the aforesaid Covenant, for which no adequate legislative recognition has yet been granted:

NOW THEREFORE be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the International Covenant on Civil and Political Rights (ICCPR) Act, No. 56 of 2007.

Short title.

2. Every person shall have the right to recognition as a person before the law.

Right to be recognized as a person before the law.

3. (1) No person shall propagate war or advocate national, racial or religious hatred that constitutes incitement to discrimination, hostility or violence.

No person should propagate war.

2 *International Covenant on Civil and Political Rights (ICCPR) Act, No. 56 of 2007*

(2) Every person who—

- (a) attempts to commit;
- (b) aids or abets in the commission of; or
- (c) threatens to commit,

an offence referred to in subsection (1), shall be guilty of an offence under this Act.

(3) A person found guilty of committing an offence under subsection (1) or subsection (2) of this section shall on conviction by the High Court, be punished with rigorous imprisonment for a term not exceeding ten years.

(4) An offence under this section shall be cognizable and non-bailable, and no person suspected or accused of such an offence shall be enlarged on bail, except by the High Court in exceptional circumstances.

(5) A trial in the High Court against any person for the commission of an offence under this section shall be taken up before any other business of that Court and shall be held on a day to day basis and shall not be postponed, unless due to any unavoidable circumstances, which shall be recorded.

(6) For the purpose of subsection (2) of this section “abet” shall have the same meaning as in section 100 of the Penal Code.

Entitlement of an alleged offender.

4. (1) A person charged of a criminal offence under any written law, shall be entitled—

- (a) to be afforded an opportunity of being tried in his presence;
- (b) to defend himself in person or through legal assistance of his own choosing and where he does not have any such assistance, to be informed of that right;

- (c) to have legal assistance assigned to him in appropriate cases where the interest of justice so requires and without any payment by him, where he does not have sufficient means to pay for such assistance;
- (d) to examine or to have examined the witnesses against him and to obtain the attendance of witnesses on his behalf, under the same conditions as witnesses called against him;
- (e) to have the assistance of an interpreter where such person cannot understand or speak the language in which the trial is being conducted; and
- (f) not to be compelled to testify against himself or to confess guilt.

(2) Every person convicted of a criminal offence under any written law, shall have the right to appeal to a higher court against such conviction and any sentence imposed.

(3) No person shall be tried or punished for any criminal offence for which such person has already been convicted or acquitted according to law.

5. (1) Every child has the right to— Rights of a child.

- (a) have his or her birth registered and to have a name from his or her date of birth;
- (b) acquire nationality;
- (c) be protected from maltreatment, neglect, abuse or degradation; and
- (d) have legal assistance provided by the State at State's expense in criminal proceedings affecting the child, if substantial injustice would otherwise result.

4 *International Covenant on Civil and Political Rights (ICCPR) Act, No. 56 of 2007*

(2) In all matters concerning children, whether undertaken by public or private social welfare institutions, courts, administrative authorities or legislative bodies, the best interest of the child shall be of paramount importance.

Right of access to benefits provided.

6. (1) Every citizen shall have the right and the opportunity to—

- (a) take part in the conduct of public affairs, either directly or through any representative; and
- (b) have access to services provided to the public by the State.

(2) For the purpose of this section, the expression “conduct of public affairs” shall not include the conduct of any affairs which are entrusted exclusively to any particular authority, by or under any written law.

High Court to exercise jurisdiction over the enforcement of the human rights recognized under this Act.

7. (1) A person shall be entitled to apply by way of petition addressed to the High Court, against the infringement or imminent infringement by executive or administrative action, of any human right to which such person is entitled to under sections 2, 4, 5 and 6 of this Act and plead for such relief or redress as shall be prayed for in such petition.

(2) The jurisdiction of the High Court may be invoked under subsection (1) by a person, who alleges that any of the human rights provided for by the sections referred to in subsection (1) is infringed or is about to be infringed, by himself or through any other person on his behalf, within three months of the alleged infringement or imminent infringement, as the case may be :

Provided however, the jurisdiction of the High Court shall not extend to the adjudication upon an infringement or an imminent infringement of any human right which comes within the ambit of the fundamental rights or language rights declared or recognized by Chapter III or Chapter IV of the Constitution.

International Covenant on Civil and Political Rights (ICCPR) Act, No. 56 of 2007 5

(3) Notwithstanding the provisions of any other law to the contrary, the High Court may where it considers it appropriate at any stage of the proceeding relating to a petition made to it under subsection (1) of this section, refer such matter to the Human Rights Commission of Sri Lanka for an inquiry and report and request such Commission to submit its report to the High Court within such time as shall be stipulated by the Court for that purpose.

(4) The High Court shall have the power to grant the relief prayed for in a petition made to it under subsection (1) or grant such other relief or make such direction as it may consider just and equitable, in the circumstances of the case.

(5) For the purpose of subsection (1) of this section, a “person” includes a child.

8. Any person aggrieved by an order made by the High Court in any petition filed under section 7 of this Act, shall have a right of appeal to the Supreme Court against such order.

Right of appeal to the Supreme Court.

9. (1) The Minister may make regulations for the purpose of giving effect to the principles and provisions of this Act.

Regulations.

(2) Every regulation made by the Minister shall, be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in such regulation.

(3) Every regulation made by the Minister shall, as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval, Any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval, but without prejudice to anything previously done thereunder.

6 *International Covenant on Civil and Political
Rights (ICCPR) Act, No. 56 of 2007*

(4) Notification of the date on which any regulation is so deemed to be rescinded, shall be published in the *Gazette*.

Interpretation.

10. In this Act, unless the context otherwise requires —

“child” means a person under the age of eighteen years;

“High Court” means the High Court of the Republic of Sri Lanka;

“Human Rights Commission of Sri Lanka” means the Human Rights Commission of Sri Lanka, established by the Human Rights Commission of Sri Lanka Act, No. 21 of 1996.

Sinhala text to prevail in case of inconsistency.

11. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CENTRAL CEYLON MUSLIM LADIES' UNION
(INCORPORATION)
ACT, No. 57 OF 2007**

[Certified on 16th November, 2007]

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*Central Ceylon Muslim Ladies' Union
(Incorporation) Act, No. 57 of 2007*

[Certified on 16th November, 2007]

L.D.—O. Inc 19/2005

AN ACT TO INCORPORATE THE CENTRAL CEYLON
MUSLIM LADIES' UNION

WHEREAS an Association called and known as the “Central Ceylon Muslim Ladies’ Union” has heretofore been established in Kandy for the purpose of effectually carrying out and transacting all objects and matters connected with the said Association according to the rules agreed to by its members :

Preamble.

AND WHEREAS the said Association has heretofore successfully carried out and transacted the several objects and matters for which it has been established and has applied to be incorporated and it will be for the public advantage to grant such application:

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Central Ceylon Muslim Ladies’ Union (Incorporation) Act, No. 57 of 2007.

Short title.

2. From and after the date of Commencement of this Act, such and so many persons as now are members of the said Central Ceylon Muslim Ladies’ Union (hereinafter referred to as “the Union”) or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate (hereinafter referred to as “the Corporation”) with perpetual succession, under the name and style of the “Central Ceylon Muslim Ladies’ Union” and by that name may sue and be sued with full power and authority to have and use a common seal and to alter the same at its pleasure.

Incorporation of the Central Ceylon Muslim Ladies’ Union.

3. The general objects of the Corporation are hereby declared to be—

General objects of the Corporation.

(a) to construct, equip and maintain a building as the headquarters ;

2 *Central Ceylon Muslim Ladies' Union
(Incorporation) Act, No. 57 of 2007*

- (b) to conduct Quranic Classes for young Muslim children ;
- (c) to commence Vocational Training Projects for the school leavers of the Muslim faith ;
- (d) to create awareness on Social Service towards elderly and orphaned poor Muslims ;
- (e) to identify vital community needs to provide marriage counseling services to the community and also facilitate the conduct of marriages for the needy Muslims ;
- (f) to establish and maintain a library and a recreational room in the headquarters, mainly for the elderly Muslim ladies ;
- (g) to establish and maintain an orphanage for Muslim girls ;
- (h) to establish branches of the Union in various parts of the Central Province ;
- (i) to conduct health camps and awareness programmes for the achievement of the objects of the Act.

General Powers
of the
Corporation.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things whatsoever as are necessary or desirable for the promotion or furtherance of the objects of the Corporation or any one of them, including the power to open, operate and close bank accounts, to borrow or raise money with or without security, to invest in the funds of the Corporation, to construct any buildings on any land vested in or acquired or held by the Corporation and engage, employ and dismiss officers and servants required for the carrying out of the objects of the Corporation.

Management of
the affairs of the
Corporation.

5. (1) The affairs of the Corporation shall, subject to the provisions of this Act and rules of the Corporation made under section 6, be administered by a Committee consisting of the office-bearers and such other person as are elected in accordance with the rules of the Corporation.

(2) The first Committee shall consist of the members of the Union holding office at the time of coming into operation of this Act, and whose names are specified in the Schedule to this Act.

6. (1) It shall be lawful for the Corporation at an Annual general meeting or at any meeting specially called for the purpose and by a majority of not less than two-thirds of the number of members present and voting at such meeting to make rules in respect of all or any of the following matters :—

Rules of the Corporation.

- (a) the appointment and removal of the members and office bearers of the Corporation ;
- (b) the procedure to be followed by the Corporation and the Committee generally in the transaction of business and in particular in the conduct of meetings ;
- (c) the opening of Bank Accounts and the operation of such accounts ;
- (d) the powers, duties and functions of the agents, employees and servants of the Corporation ;
- (e) matters incidental to the carrying out of the aforesaid objects.

(2) Any rule of the Corporation may be amended or rescinded in like manner as a rule made under subsection (1).

(3) The members of the Corporation shall be subject to the rules of the Corporation.

7. (1) The Corporation shall have its own Fund and all monies received by way of bequests, gifts, testamentary dispositions, grants, donations contributions or fees shall be deposited in the name of the Corporation in one or more banks as may be decided by the Committee.

Fund of the Corporation.

(2) All expenses borne by the Corporation in the exercise, performance and discharge of its powers, duties and functions under this Act, shall be paid out of the Fund.

4 *Central Ceylon Muslim Ladies' Union
(Incorporation) Act, No. 57 of 2007*

Accounts and
Audit.

8. (1) The financial year of the Corporation shall be the calendar year.

(2) The Corporation shall cause proper accounts to be kept of its income and expenditure assets and liabilities and all other transactions of the Corporation.

(3) The accounts of the Corporation shall be audited by a Qualified Auditor. In this subsection "Qualified Auditor" has the same meaning in the Article 154 (8) of the Constitution.

Debts due by
and payable to
the union.

9. All debts and liabilities of the Union existing at the time of the coming into operation of this Act, shall be paid by the Corporation hereby constituted, all debts due to and subscriptions and contributions payable to the Union, shall be paid to the Corporation for the purposes of this Act.

Corporation may
hold property
movable and
immovable.

10. The Corporation shall be capable in law to take and hold any property, movable and immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise, and all such property shall be held by the Corporation for the purposes of this Act and subject to the rules of the Corporation, with full power to sell, mortgage, lease, exchange, or otherwise dispose of the same.

How seal of the
Corporation is to
be affixed.

11. The seal of the Corporation shall not be affixed to any instrument whatsoever except in the presence of the President or one of the Vice-Presidents and the Secretary or Assistant Secretary, who shall sign their names on the instrument in token of their presence, and such signing shall be independent of the signing of any person as a witness.

Saving of the
rights of the
Republic and
others.

12. Nothing in this Act contained shall prejudice or affect the rights of the republic, or of any body politic or corporate, or of any other persons.

Sinhala text to
prevail in case of
inconsistency.

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CHEMICAL WEAPONS CONVENTION
ACT, No. 58 OF 2007**

[Certified on 20th November, 2007]

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*Chemical Weapons Convention
Act, No.58 of 2007*

[Certified on 20th November, 2007]

L.D — O. 66/2003

AN ACT TO PROVIDE FOR THE IMPLEMENTATION OF THE CONVENTION ON THE PROHIBITION OF THE DEVELOPMENT, PRODUCTION, STOCKPILING AND USE OF CHEMICAL WEAPONS AND THEIR DESTRUCTION AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and their Destruction (hereinafter referred to as the“Convention”) was signed on behalf of the Government of Sri Lanka on January Fourteenth One Thousand Nine Hundred and Ninety Three :

Preamble.

AND WHEREAS Sri Lanka, has ratified the said Convention, and whereas it has become necessary for the Government of Sri Lanka to make legislative provisions to give effect to Sri Lanka’s obligation under the aforesaid Convention :

NOW THEREFORE be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

PART I

PRELIMINARY

1. This Act may be cited as the Chemical Weapons Convention Act, No.58 of 2007 and shall come into operation on such date as the Minister may by Order published in the Gazette appoint.

Short title and date of operation.

2. (1) The Provisions of the Act shall apply to acts done or omitted to be done by—

Application of the Act.

(a) any person within Sri Lanka and on board any ship or aircraft registered in Sri Lanka ; or

(b) any citizen of Sri Lanka, outside Sri Lanka.

(2) Notwithstanding anything in any other written law, proceedings in respect of any offence under this Act committed anywhere outside Sri Lanka shall not, by virtue only of the provision of this Act, be instituted in any Court except upon the advice of the Attorney-General.

Act binds the State.

3. This Act binds the State in all its capacities : Provided however, nothing in this Act shall render the State liable to be prosecuted for an offence.

Power to declare that Act shall cease to be in force.

4. (1) The Minister may with the concurrence of the Cabinet of Ministers by Order published in the *Gazette*, declare that the provisions of this Act shall cease to be in force in the event of the Government of Sri Lanka withdrawing from the Convention in terms of the provisions of Article XVI of such Convention.

(2) Notwithstanding the provisions of this Act ceasing to be in force by virtue of an Order made under subsection (1), the validity of—

- (a) the operation of anything duly done or suffered in terms of this Act or any regulation, rule or Order made thereunder prior to the making of such Order, shall not be affected;
- (b) any right, privilege, obligation or liability acquired, accrued or incurred under the provisions of this Act, prior to the making of such Order, shall not be affected;
- (c) any penalty, forfeiture or punishment imposed in respect of any offence under this Act, prior to the making of such Order, shall not be affected and may validly be imposed; and
- (d) any investigation, legal proceedings or remedy, in respect of any such right, privilege, obligation or liability incurred prior to this making of such order shall not be affected and any investigation

or legal proceedings may be instituted or continued and any remedy, privilege, obligation or liability may be enforced as if such Order had not been made.

PART II

ESTABLISHMENT OF THE NATIONAL AUTHORITY FOR THE IMPLEMENTATION OF THE CHEMICAL WEAPON'S CONVENTION

5. (1) For the purposes of this Act, the Minister shall establish an Authority to be known as the National Authority for Implementation of the Chemical Weapons Convention (hereinafter referred to as "the Authority").

The National
Chemical
Weapons
Authority.

(2) The Authority shall by the name assigned to it by subsection (1) be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

6. (1) The Secretary to the Ministry of the Minister in charge of the subject of Industries shall be the Chairman of the Authority and shall be charged with the implementation of the Act.

Chairman of the
Authority.

(2) There shall be a Secretariat to assist the Authority headed by the Director appointed under section 8. The Secretary shall appoint to such Secretariat such number of officers of the Ministry as may be necessary to assist the Director of the Authority in the exercise, performance and discharge of the powers, duties and functions assigned to or conferred on the Director under the Act.

7. (1) The Seal of the Authority shall be in the custody of the Chairman of the Authority and may be altered in such manner as may be determined by the Authority.

The Seal of the
Authority.

(2) The application of the Seal of the Authority shall be authenticated by the signature of the Chairman of the Authority, and any other officer of the Authority authorized to authenticate the application of the Seal.

(3) The Seal of the Authority shall not be affixed to any instrument or document except in the presence of the Chairman of the Authority, and one other member, both of whom shall sign the instrument or document in token of their presence :

Provided that where the Chairman is unable to be present at the time when the Seal of the Authority is affixed to any instrument or document, any other member authorized in writing by the Chairman in that behalf, shall be competent to sign such instrument or document in accordance with the preceding provisions of this subsection.

(4) The Authority shall maintain a register of the instruments or documents to which the Seal of the Authority is affixed.

Appointment of
Director of the
National
Chemical
Weapons
Authority.

8. (1) The Minister may appoint a person qualified and experienced in work related to the Authority or with similar work experience as the Director of the National Authority for Implementation of the Chemical Weapons Convention (hereinafter referred to as “the Director”) to whom the Authority may delegate all or any of its powers and functions.

(2) The Director appointed under subsection (1) shall be remunerated in such manner and at such rates as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance and shall be subject to such terms and conditions of service as may be specified by the Minister on the recommendation of the Authority.

(3) The Director shall be responsible for the performance of the administrative functions of the Secretariat and the implementation of the decisions of the Authority.

Appointment of
Steering
Committee.

9. (1) The Authority may establish a Steering Committee (hereinafter referred to as “the Committee”) to advise the Authority on the discharge of its functions.

(2) The Committee shall consist of the following members appointed by the Authority:—

- (a) the Director-General of the Multilateral Affairs Division of the Ministry of the Minister in charge of the subject of Foreign Affairs or a representative nominated by the Secretary, to such Ministry ;
- (b) the Director-General of Customs or a representative nominated by him from the Customs Department ;
- (c) the Controller of Imports and Exports (Control) or a representative nominated by him from the Department of Imports and Exports (Control) ;
- (d) the Government Analyst or a representative nominated by him from the Government Analyst's Department ;
- (e) Registrar of Pesticides, Department of Agriculture ;
- (f) Director-General of the Central Environment Authority or a representative nominated by him from the Central Environment Authority ;
- (g) Director, Chemical and Environmental Technology Division of the Industrial Technology Institute ;
- (h) A Senior member of the University staff who has acquired proven knowledge in chemicals specified in the Schedules to this Act ; and
- (i) A person who is in chemical industry engaged in the production, processing and consumption of any of the chemicals specified in the Schedules to this Act.

(3) The members of the Committee may receive such remuneration or allowances for each sitting, as may be determined by the Minister.

Meeting of the
Committee.

10. (1) The meetings of the Committee shall be held once at least in every two months.

(2) The quorum for any meeting of the Committee shall be as determined by the Committee by rules made in that behalf.

(3) The Secretary, or in his absence an officer chosen by the members present, shall preside at every meeting of the Committee.

Functions of the
Authority.

11. The functions of the Authority shall be—

(a) to implement a regulatory regime within the scope of the Convention in respect of the toxic chemicals specified in Schedules I, II and III to this Act ;

(b) to seek advice or services of specialists and experts from within outside Sri Lanka ;

(c) to fulfill on behalf of the Government of Sri Lanka the obligations under the Convention ; and

(d) to serve as the national focal point for effective liaison with the Organization for the Prohibition of Chemical Weapons (hereinafter referred to as “the OPCW”) and other States Parties pursuant to Article VII of the Convention.

Powers of the
Authority.

12. (1) The powers of the Authority shall be—

(a) to co-ordinate with other relevant government departments and institutions with a view to—

(i) administering the licensing and permit scheme for the regulation of toxic chemicals or their precursors specified in Schedules I, II and III to this Act, and unscheduled discrete organic chemicals or the facilities used to produce them ; and

- (ii) assisting the relevant authorities in developing a national protection programme and appraising the OPCW periodically of its progress ;
 - (b) to monitor the implementation of the provisions of this Act and the regulations made thereunder ;
 - (c) to facilitate routine industry inspections ;
 - (d) to interact with other relevant Government entities and carry out such functions and duties as are assigned to the Authority under this Act or any regulation made thereunder ;
 - (e) to advise the Minister on matters relevant to the making of regulations under this Act ;
 - (f) to perform any other tasks assigned to it by the Minister ; and
 - (g) to do anything incidental or conducive to the performance of any of the functions referred to in paragraphs (a) to (d).
- (2) Subject to the provisions of subsection (1), the Authority shall—
- (a) monitor compliance with the provisions of the Convention ;
 - (b) regulate and monitor the development, production, processing, consumption, transfer, import, export or use of chemicals and their precursors specified in Schedules I, II and III to this Act ;
 - (c) make a request to, or grant a request of, a State Party for assistance and protection under Article X, against the use or threat of use of chemical weapons ;

- (d) make periodic inspections or challenge inspections or investigate, into the use of chemical weapons or riot control agents as a method of warfare ;
- (e) conduct inspections for the purposes of this Act ;
- (f) interact with the OPCW with a view to ensuring the acceptance of Sri Lanka's request for challenge inspections or to counter any frivolous or defamatory request made by any State Party against Sri Lanka to the OPCW ;
- (g) scrutinize and if satisfied, accept the list of OPCW inspectors and verify the approved equipment brought by an inspection team on to the inspection site ;
- (h) ensure confidentiality and maintain secrecy of confidential information and technology collected or received by the Authority under the Act;
- (i) call for such information from any person where the Authority has reasonable cause to believe that such information may be required for complying with the provisions of the Convention;
- (j) provide training to inspectors appointed under section 17 ;
- (k) co-ordinate the exchange of scientific and technological information among laboratories handling toxic chemicals or precursors ;
- (i) facilitate international exchange of scientific and technical information, chemicals and equipment for the production, processing or use of chemicals for purposes not prohibited under the Convention ;

(m) determine, from time to time, the quantum of any chemical or precursor listed in Schedules I, II and III to this Act that a person at any time may produce, acquire, retain, transfer or use for purposes not prohibited under the Convention ; and

(n) carry out such other functions as may be prescribed.

(3) In the exercise of its powers and performance of its functions under this Act, the Authority shall be subject to the general direction of the Minister.

13. The Authority shall prepare such initial, annual and other periodic declarations regarding toxic chemicals or precursors listed in Schedules I, II and III to this Act or any other declaration required to be made under the Convention and shall submit such declarations to the OPCW at such time or times as may be specified under the Convention.

Authority to submit declarations to OPCW.

14. The Minister may, from time to time, give directions to the Authority in regard to the general policy on toxic chemicals specified in Schedules I, II and III to this Act and such other matters as he may deem appropriate and it shall be the duty of the Authority to comply with such directions :

Direction by the Minister.

Provided that the Minister shall, in issuing directions under this section with regard to any matter affecting the subjects or functions assigned to any other Minister, act in consultation with that Minister.

15. The Authority shall give to the Minister any information that the Minister may require regarding its operations.

Authority to give information to Minister.

16. (1) Notwithstanding anything contained in any other law for the time being in force, the Authority may, by general or special order, call upon any importer, exporter, supplier, Government or private institution or organization or person, to furnish periodically or as and when required, any information, declaration or return concerning chemicals or

Power of Authority to call for information, etc.

precursors listed in Schedules I, II and III to this Act and any unscheduled discrete organic chemical, chemical weapon, chemical weapons production facility and riot control agent with such other particulars as may be prescribed by the Authority.

(2) No person, institution or organization shall, when complying with any requirement made under subsection (1), give any information or furnish any declaration, return or statement which such person, institution or organisation knows, or has reasonable cause to believe to be false or incorrect in any material particular.

Appointment of
the inspector.

17. (1) The Authority may appoint any officer or servant of the Authority by name or by office, to be an inspector for the purposes of this Act.

(2) The Authority may, from time to time appoint in writing any other Government officer to function as an inspector.

(3) The Authority shall furnish every inspector appointed under subsections (1) or (2) with a Certificate of Appointment as an inspector. Such Certificate shall be in such form as may be provided by rules made under this Act, and shall, if so required, within any establishment, be produced by the Inspector to the occupier or person holding a responsible position of management at the establishment.

Powers of the
inspector.

18. (1) Subject to any rules made in that behalf, an Inspector shall have the power for the purposes of this Act, to do all or any of the following acts :—

- (a) to enter and search any premises or a facility at all reasonable times by day or night ;
- (b) inspect or examine a matter or thing found in any premises or facility ;
- (c) take samples of a matter or thing found in any premises or facility ;

- (d) measure a matter or thing found in any premises or facility ;
- (e) examine a document including a record kept in accordance with the requirements of this Act, the regulations made thereunder or the conditions of a permit ;
- (f) take extracts from, or make copies of, a document (including a record of a kind referred to in paragraph (e)) or make images of any matter or thing by any means whatsoever ;
- (g) operate any equipment, including electronic equipment, located at the premises or facility if the inspector believes, on reasonable grounds, that the equipment can be operated without causing damage thereto ;
- (h) take into any premises or facility any equipment or material that is reasonably required for the purpose of exercising a power under any of the above paragraphs ;
- (i) question personnel working on the site ; and
- (j) do any other act or thing necessary or convenient to be done to carry out an inspection.

(2) In addition to the powers under subsection (1) a reference to an inspection power shall include, in respect of an Inspector, a power to seize and detain any substance that the Inspector believes on reasonable grounds to be evidential material in relation to an offence committed under this Act.

(3) The powers referred to in paragraphs (a), (b), (c), (d) and (g) of subsection (1) may, on reasonable grounds, be exercised by an Inspector under paragraph (a) of subsection (1) of section 25, only—

- (a) with the approval of the Chairman or the Director of the Authority ; and

(b) in accordance with any safety procedures applicable at the premises or facility.

(4) The owner or occupier of any premises or facility, his agents and servants shall at all times furnish the means or facilities required by and Inspector as are necessary for the purpose of exercising his powers under subsection (1).

Part III

PROHIBITION AND REGULATION OF CHEMICAL WEAPONS AND TOXIC
CHEMICALS

Prohibition to
develop,
produce,
acquire, &c.,
chemical
weapons.

19. (1) Any person who—

- (a) uses a chemical weapon ;
- (b) develops or produces a chemical weapon ;
- (c) acquires, stockpiles or retains a chemical weapon ;
- (d) transfers, directly or indirectly, any chemical weapon to another person ;
- (e) engages in any military preparations to use a chemical weapon ;
- (f) knowingly assists, encourages or induces, any prohibited activity ; or
- (g) uses any riot control agent as a method of warfare,

shall be guilty of an offence under this Act and be punished with imprisonment of either description for a period not exceeding twenty years and a fine not exceeding one million rupees.

(2) The prohibition contained in subsection (1) shall not apply to the retention or possession of chemical weapons by an inspector appointed under section 17 or an international inspector, pending destruction of such weapons under the authority of this Act or any regulation made thereunder or any other written law.

(3) In proceedings for an offence under paragraphs (a), (b), (c), (d), (e), (f) or (g) of subsection (1) relating to an object, it is a defence for the accused to prove that—

- (a) he neither knew nor suspected or had reason to suspect that the object was a chemical weapon or riot control agent, as the case may be ; or
- (b) as soon as reasonably practicable after he first knew or suspected it to be a chemical weapon or riot control agent, as the case may be, he took all reasonable steps to inform an authorized officer of his knowledge or suspicion.

(4) Nothing in subsection (3) shall prejudice any defence, which is open to a person charged with an offence under this section.

20. No person shall—

- (a) develop, produce, acquire, retain or use a toxic chemical or precursor listed in Schedule I to this Act outside the territories of State Parties, and shall not transfer such chemical or precursor outside the territory of Sri Lanka except to another State Party ;
- (b) produce, acquire, retain, transfer or use any toxic chemical or precursor listed in Schedule I to this Act without obtaining permission from the Authority and unless—
 - (i) the toxic chemicals or precursors listed in Schedule I to this Act are to be applied in research, medical, pharmaceutical or protective purposes ; and
 - (ii) the types of toxic chemicals or precursors are strictly limited to those that can be justified with reference to the purposes specified in subparagraph (i) and the quantities of such toxic chemicals or precursors for such purposes at any time do not exceed the limits as determined by the Authority ;

Prohibitions to develop, produce, acquire, &c., toxic chemical or precursor.

- (c) transfer the toxic chemicals or precursors listed in Schedule I to this Act to another State Party outside Sri Lanka except—
- (i) for the purposes specified in sub-paragraph (i) of paragraph (b) ; and
 - (ii) in accordance with the procedure set out in Part VI of the Verification Annex to the Convention :

Provided that no toxic chemicals or precursors referred to in this paragraph shall be re-transferred to any third State.

- (d) transfer a toxic chemical or precursor specified in Schedule II to this Act to or from any entity in a State which is not a party to the Convention.

Export or import to be made in accordance with the Customs Ordinance (Chapter 235).

21. (1) No person shall export from, or import into Sri Lanka any chemical or precursor listed in Schedules I, II and III to this Act except as approved by the Authority and in accordance with the provisions of the Customs Ordinance (Chapter 235).

(2) An application for a permit to import or export any chemical or precursor listed in Schedules I, II, and III to this Act shall, when made to the Controller of Imports and Exports, be referred by him to the Authority for necessary approval with or without conditions attached.

Seizure and forfeiture.

22. If there shall be any contravention of or attempt to contravene any provision of this Act or any regulation made thereunder in respect of a scheduled chemical, such chemical shall be liable to seizure and forfeiture under the Customs Ordinance (Chapter 235) as if it were a prohibited import unlawfully imported into Sri Lanka.

23. The High Court of Sri Lanka holden in Colombo or the High Court established by Article 154P of the Constitution for the Western Province holden in Colombo, shall notwithstanding anything in any other law, have exclusive jurisdiction to hear, try and punish the offences under this Act.

High Court to try offences under this Act.

PART IV

REGISTRATION OF PERSONS AS PRODUCERS, USERS &C.,

24. (1) No person, shall after the commencement of this Act, produce, process, acquire, consume, transfer, import, export or use any toxic chemical or precursor listed in Schedules I, II and III to this Act or produce any unscheduled discrete organic chemical unless such person has applied to the Authority for registration of his name as a producer, processor, acquirer, consumer, transferor, importer, exporter or user of any toxic chemical or precursor, as the case may be, or as a producer of any unscheduled discrete organic chemical.

Registration of persons engaged in production, &c, of any toxic chemical or precursor.

(2) Notwithstanding the provisions of the Board of Investment Law, No. 4 of 1978, every person who is engaged in the development, production, processing, acquisition, consumption, transfer, import, export or use of any toxic chemical or precursor listed in Schedules I, II and III to this Act or engaged in the production of any unscheduled discrete organic chemical, shall, make within thirty days from the commencement of this Act, make an application to the Authority for registration of his name, as a producer, processor, acquirer, consumer, transferor, importer, exporter or user of any toxic chemical or precursor or, as the case may be, or as a producer of any unscheduled discrete organic chemical.

(3) The form of application to be made to the Authority under subsection (1) or subsection (2), the particulars to be contained in such application form, the manner in which

such application shall be made, the fee payable on such application, the form of Certificate of Registration and the procedure to be followed in granting or cancelling a Certificate of Registration shall be as prescribed.

(4) On receipt of the application referred to in subsection (1) or subsection (2) the Authority shall, if the application is in the prescribed form, register the name of the applicant and grant him a Certificate of Registration.

(5) The Certificate of Registration granted in terms of this section shall be valid for the period specified therein and may be renewed from time to time for such further period and on payment of such fee, as may be prescribed.

Providing
information and
record.

25. (1) Any person who is engaged in the development, production, processing, acquisition, consumption, transfer, import, export or use of any toxic chemical or precursor, listed in Schedules, I, II and III to this Act or is engaged in the production of any unscheduled discrete organic chemical and who is registered with the Authority in terms of Section 24 shall—

- (a) send to the Authority such particulars in such form and at such intervals as are prescribed in relation to—
 - (i) the chemicals and the facility, as the case may be ;
 - (ii) the purposes for which the chemicals are to be used ; and
 - (iii) matters relevant for a declaration required to be made under the Convention by Sri Lanka to the OPCW ;
- (b) keep such records in relation to the chemicals and facility referred to in paragraph (a), as are required by regulations made under this Act ; and

- (c) prepare and give to the Authority from such records, such periodic reports and such special reports relating to the chemicals and facility referred to in paragraph (a) as are required by regulations made under this Act.

(2) Any person who fails or refused, without reasonable cause, to comply with subsection (1) or prepares, keeps or sends false or misleading records or reports shall be guilty of an offence under this section and shall on conviction, be liable to a fine not exceeding one hundred thousand rupees or to imprisonment for a term not exceeding six months or both.

(3) Regulations may be made under subsection (1) relating to—

- (a) the forms and content of such records ;
- (b) the period for which such records are to be kept ;
- (c) the form and content of periodic reports to be provided ;
- (d) the circumstances in which special reports are required and the form and content of such special reports ;
- (e) the time within which such periodic reports and special reports are to be made ; and
- (f) the persons who are to sign such periodic reports and special reports.

Part V

INSPECTION, SEARCH AND FORFEITURE

- 26.** (1) An inspector appointed under section 17, may— Inspection.
- (a) with the consent of the person in control of any premises ; or

- (b) under a warrant issued under section 35 in respect of any premises,

enter the premises and inspect—

- (i) any person who is engaged in the production, processing, acquisition, consumption, transfer, import, export or use of any toxic chemical or precursor listed in Schedules I, II and III to this Act or the production of any unscheduled discrete organic chemical ;
- (ii) any place where any chemical weapon is located or chemical weapon production facility exists, for the purposes specified in the Verification Annex to the Convention.

(2) Every inspector or inspection team shall, upon being authorized in writing by the Chairman or the Authority have—

- (a) the right to interview any facility personnel for the purpose of establishing relevant facts ;
- (b) the right to request clarifications in connection with ambiguities that may arise during inspection;
- (c) the right to demand production of such documentation and records which are relevant and necessary for the purpose of inspection ;
- (d) the right to take photographs of an object or a building located within the inspection site if the question relating to the object or building is not resolved ;
- (e) the right to draw samples and perform on-site analysis of such samples ; and

(f) such other rights as are provided under the Convention.

(3) An inspector or inspection team shall, during the conduct of verification activities enjoy the privilege and immunities referred to in Part II of the Verification Annex to the Convention.

27. An international inspector may, with the consent of the person in control of any premises— International inspection.

(a) in respect of which any provision of Part VI to IX of the Verification Annex to the Convention applies; or

(b) that are subject to an on-site challenge inspection referred to in paragraph 8 of Article IX of the Convention; or

(c) in respect of which an investigation under paragraph 9 of Article X of the Convention has been initiated,

under a warrant issued under section 35 in respect of any such premises—

(i) enter the premises ;

(ii) inspect the premises pursuant to the Convention and, in the case of any facility, any applicable facility agreement ; and

(iii) exercise in connection with the inspection, any function contemplated, and power provided for, in the Convention and, in the case of any facility, inspect any applicable facility agreement.

28. (1) For the purpose of facilitating an inspection by an international inspector, he shall be accompanied by one of the following officers or both :— Persons to accompany international inspectors.

(a) an observer ;

(b) an inspector.

(2) An inspector may exercise any power of inspection for the purposes of facilitating an inspection, referred to in section 18.

(3) “Observer” in this section means an observer referred to in paragraph 12 of Article IX of the Convention, and includes any person authorized by the Authority to observe the inspection.

Identification certificate.

29. The Authority shall issue to every inspector and international inspector a certificate identifying him as such inspector or international inspector, as the case may be.

Certain acts. to constitute an offence.

30. Any person who willfully—

- (a) refuses without reasonable excuse to comply with the request made by the inspector or inspection team for the purpose of facilitating the conduct of an inspection in accordance with the Verification Annex to the Convention ;
- (b) delays or obstructs any member of the inspection team, inspector, or the observer in the conduct of an inspection ; or
- (c) removes or tampers with any on-site instrument or approved equipment installed by the inspector or inspection team with the intention of adversely affecting the operation of such instrument or equipment,

shall be guilty of an offence under this Act.

Analysis of samples.

31. (1) An inspector or an inspection team on obtaining a sample of a chemical shall forthwith inform the person in control of any premises of his or its intention to have the same analyzed by an authorized analyst and shall forthwith divide the sample into two equal parts and cause each part to be marked and sealed in such manner as its nature will permit and shall deliver one part each to the person in control of the premises and the authorized analyst.

(2) Where an authorized analyst has made an analysis or examination of the chemical submitted to him under subsection (1), he shall issue a certificate or report to the Authority setting out in that certificate or report the results of his examination or analysis.

(3) In any proceedings under this Act the production of a certificate or report signed by an authorized analyst with regard to any sample procured for analysis under this section shall be *prima facie* evidence of the facts stated therein.

PART VI

SUPPLEMENTARY

32. The provisions of the Customs Ordinance (Chapter 235) shall apply for the purposes of enforcement, and prevention and punishment for any contravention or attempted contravention of the provisions of this Act or any regulation made thereunder relating to chemicals the importation of which is prohibited or restricted by this Act and such chemical shall be deemed to be included in the table of prohibitions and restrictions inwards in Schedule B to the Customs Ordinance. The chemicals, the exportation of which is prohibited or restricted by this Act shall be deemed to be included in the table of prohibitions and restrictions outwards in that Schedule.

Application of
Customs
Ordinance
(Chapter 235).

33. No person shall, whether for himself or any other person, for purpose of—

Prohibition
against false
declarations.

- (a) the issue, grant, delivery, alteration, or renewal of any permit, authority, authorization, or certificate under this Act or any regulation made thereunder ;
or
- (b) registration as an importer, exporter and dealer of chemicals,

make any declaration or statement, whether oral or in writing, which is false in any particular, or knowingly utter, produce, or make use of any such declaration or statement or any document containing the same.

Refusal and
revocation of
approval &c..

34. (1) Where under this Act or any regulation made thereunder any person has power to grant approval, he may, in his discretion—

- (a) insert such conditions therein as he may consider expedient;
- (b) refuse to grant or revoke the approval.

(2) Every decision under this section shall be subject to an appeal to the Minister.

(3) This section applies to a permit, authority, authorization or certificate in like manner as it applies to a license, and applies to any entity in like manner as it applies to a person.

Search warrants.

35. (1) Where a Magistrate is satisfied by information on oath that there is reason to suspect that any thing or document is, in contravention of the provision of this Act or any regulation made thereunder, kept, possessed, sold, or manufactured in any place or premises, or that any document directly or indirectly relating to or connected with any transaction or dealing which was, or any intended transaction or dealing which, if carried out, would be an offence under this Act, is in any place or premises, he may grant a search warrant authorizing any officer or person named in the warrant, at any time or times within one month from the date of the warrant, to enter, with or without his assistants, if need be by force, the place or premises named in the warrant, and to search the place or premises and any person found therein, and, if there is reason to suspect that an offence under this Act has been committed in relation to any thing found in the place or premises or in the possession of any such person or that any document so found is such a document as aforesaid, to seize and detain such thing or document.

(2) For the purposes of any search under subsection (1), all such measures may be taken and such devices and such force used as may be necessary to stop any vessel, boat, animal or

vehicle, which is not brought to a halt by the person in charge thereof in compliance with any order, direction or signal given in that behalf by any of the officers or persons mentioned in that subsection.

36. (1) Subject to subsection (2), any person who divulges any confidential information obtained by the authority from any declaration or return furnished or any statement made or information supplied to or obtained by, an inspector or an international inspector or a member of the inspection team during the course of any inspection carried out under the provision of this Act or from the OPCW or any State Party, to any other person shall be guilty of an offence under this Act and shall, upon conviction after summary trial before a Magistrate, be liable to imprisonment for a term not exceeding two years or to a fine not exceeding one hundred thousand rupees or to both such imprisonment and fine.

Punishment for contravention in relation to disclosure of confidential information.

(2) Any information specified in subsection (1) may be disclosed only with the written consent of the person to whose affairs it relates or for the purpose of—

- (a) enabling Sri Lanka to fulfill its obligations under the Convention; or
- (b) the implementation of these provisions of this Act.

37. (1) Every person who contravenes or fails to comply with any provisions of this Act or any regulation made thereunder, or any order or direction lawfully given under this Act or any regulation made thereunder, or any condition or provision contained in any licence, authorization, permit, or authority granted under this Act or any regulation made thereunder shall be guilty of an offence under this Act.

General penalty.

(2) Every person who attempts to commit or abets the commission of an offence under this Act or any regulation made thereunder shall himself be guilty of the same offence.

(3) Where an offence under this Act or any regulation made thereunder is committed by a body of persons then—

- (a) if the body of persons is a body corporate, every person who at the time of commission of the offence was a director, general manager, secretary or other similar officer of that body; or
- (b) if that body of persons is not a body corporate every person who at the time of commission of the offence was a member of that body,

shall be deemed to be guilty of that offence, unless the act constituting the offence took place without his knowledge or consent.

(4) Every person guilty of an offence under this Act or any regulation made thereunder shall, for each such offence, be liable on conviction to a fine not exceeding five hundred thousand rupees or to imprisonment of either description for a period not exceeding two years or to both such fine and imprisonment.

Forfeiture.

38. (1) A Court which convicts any person of an offence under this Act, may impose any of the penalties hereinbefore specified and may, if it thinks fit, order that all or any articles in respect of which the offence was committed, and any thing used for the conveyance of such article be confiscated and forfeited to the State.

(2) An Order for forfeiture imposed under subsection (1) shall take effect—

- (a) where no appeal is preferred to the Court of Appeal against the Order of forfeiture, on the expiration of the period within which an appeal may be preferred to the Court of Appeal against such Order of forfeiture ;

- (b) where an appeal had been preferred to the Court of Appeal against such Order of forfeiture, and no Appeal is preferred to the Supreme Court against the Order of the Court of Appeal affirming or upholding such Order of forfeiture, on the expiration of the period within which an Appeal may be preferred to the Supreme Court from such Order of the Court of Appeal ;
- (c) where an Appeal had been preferred, to the Court of Appeal against such Order of forfeiture, and an appeal has been preferred to the Supreme Court from the determination of the Court of Appeal on the first mentioned appeal, upon the determination of the Supreme Court affirming or upholding the Order of forfeiture.

39. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act. Regulations.

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations for all or any of the following purposes:—

- (a) for prescribing the terms, conditions, limits of any restrictions imposed in respect of any matter for which regulations are required or authorized to be made by this Act;
- (b) for adding any item to, or deleting any item from, or altering, varying or amending in any other manner any of the Schedules;
- (c) for specifying—
 - (i) the persons to whom, the circumstances in which, and the terms and conditions subject to which, approval under this Act may be granted or refused; and

(ii) the manner and the form in which a request for approval under this Act may be made and dealt with ;

(d) generally for all matters incidental to or connected with the matters or subjects mentioned in this subsection.

(3) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in such regulation.

(4) Every regulation made by the Minister, shall as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Any regulation which is not so approved, shall be deemed to be rescinded as from the date of such disapproval, but without prejudice to anything previously done thereunder.

(5) A Notification of the date of disapproval shall be published in the *Gazette*.

Protection of public officers.

40. Any expense incurred by the Authority in any suit or prosecution brought by or against the Authority before any court shall be paid out of the Consolidated Fund, and any costs paid to, or recovered by, the Authority in any such or prosecution shall be credited to the Consolidated Fund.

Amendment to the Extradition the extradition Law, No. 8 of 1977.

41. The Extradition Law, No. 8 of 1977 is hereby amended by the insertion immediately before Part B of the Schedule to that Law, of the following item:—

“(51) An offence within the meaning of the Chemical Weapons Convention Act, No. 58 of 2007.”.

Existing extradition arrangements with States deemed to provide for offences in the Act.

42. Where there is an extradition arrangement made by the Government of Sri Lanka with any State in force on the date on which this Act comes into operation, such arrangement shall be deemed, for the purposes of the Extradition Law, No. 8 of 1977, to include provision for extradition in respect of the offences specified in this Act.

43. Where there is an extradition arrangement made by the Government of Sri Lanka with any State the Minister may, by Order published in the *Gazette*, treat the Convention, for the purposes of the Extradition Law, No. 8 of 1977, as an extradition arrangement of Sri Lanka with that State, providing for extradition in respect of the offences specified in this Act.

Minister may treat Convention as an extradition arrangement between Sri Lanka and certain States, in respect of offences in the Act.

44. Where a request is made to the Government of Sri Lanka by or on behalf of the Government of a State with whom the Government of Sri Lanka has entered into an agreement for the extradition of any person accused or convicted of an offence described in this Act, the Minister shall, on behalf of the Government of Sri Lanka forthwith notify the Government of the requesting State of the measures the Government of Sri Lanka has taken, or proposes to take, for the prosecution or extradition of that person for that offence.

Duty of Minister to notify requesting State of measures taken against persons for whose extradition a request is made.

45. (1) The provisions of the Mutual Assistance in Criminal Matters Act, No. 25 of 2002 shall, wherever it is necessary for the investigation and prosecution of an offence under Part III of this Act, be applicable in respect of providing assistance as between the Government of Sri Lanka and other States which are either Commonwealth countries specified by the Minister by Order under section 2 of the aforesaid Act or Non-Commonwealth countries with which the Government of Sri Lanka has entered into an agreement in terms of the aforesaid Act.

Assistance to a State.

(2) The grant of assistance to a State may be made subject to such terms and conditions as the Minister thinks fit.

46. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

Interpretation.

47. In this Act unless the context otherwise requires—

“authorized analyst” means the Government Analyst, the Additional Government Analyst, a Deputy Government Analyst, a Senior Assistant Government Analyst and an Assistant Government Analyst;

“chemicals” means the chemicals to which this Act applies specified in Schedules I, II and III to this Act;

“chemical weapon” means the following, together or separately:—

- (a) toxic chemical and their precursors, except where intended for purposes not prohibited under the Convention, as long as the types and quantities are consistent with such purposes;
- (b) munitions and devices, specifically designed to cause death or other harm through the toxic properties of those toxic chemicals specified in subparagraph (a), which would be released as a result of the employment of such munitions and devices; and
- (c) Any equipment specifically designed for use directly in connection with the employment of munitions and devices specified in subparagraph (b);

“precursor” means any chemical reactant which takes part at any stage in the production by whatever method of a toxic chemical. This includes any key component of a binary or multi-component chemical system;

“purpose not prohibited under this Convention” means:

- (a) industrial, agricultural, research, medical, pharmaceutical or other peaceful purposes;

- (b) protective purposes, namely those purposes directly related to protection against toxic chemicals and to protection against chemical weapons;
- (c) military purposes not connected with the use of chemical weapons and not dependent on the use of the toxic properties of chemicals as a method of warfare; and
- (d) law enforcement including domestic riot control purposes;

“riot control agent” means any chemical not listed in a Schedule, which can produce rapidly in humans sensory irritation or disabling physical effects which disappear within a short time following termination of exposure;

“toxic chemical” means any toxic chemical specified in Schedules I, II and III to this Act, which through its chemical action on life processes can cause death, temporary incapacitation or permanent harm to humans or animals and includes such chemicals, regardless of their origin or of their method of production, and regardless of whether they are produced in facilities, in munitions or elsewhere;

“unscheduled discrete organic chemical” means any chemical belonging to the class of chemical compounds consisting of all compounds of carbon except for its oxides, sulfides and metal carbonates, identifiable by chemical name, by structural formula, if known, and by chemical abstracts service registry number, if assigned.

SCHEDULE I

	(CAS registry number)
A. Toxic chemicals:	
(1) O-Alkyl (≠C10, incl. cycloalkyl) Alkyl (Me, Et, n-Pr or i-Pr)-phosphonofluoridates	
e.g. Sarin : O-Isopropyl methylphosphonofluoridate	(107-44-8)
Somon : O-Pinacolyl methylphosphonofluoridate	(96-64-0)
(2) O-Alkyl (≠C10, incl. cycloalkyl) N, N-dialkyl (Me, Et, n-Pr or I-Pr) phosphoramidocyanidates	
e.g. Tabun : O-Ethyl N,N-dimethyl phosphoramidocyanidate	(77-81-6)
(3) O-Alkyl (H or ≠C10, incl. cycloalkyl) S-2-dialkyl (Me, Et, n-Pr or i-Pr)-aminoethyl alkyl (Me, Et, n-Pr or i-Pr) phosphonothiolates and corresponding alkylated or protonated salts	
e.g. VX : O-Ethyl S-2-diisopropylaminoethyl methyl phosphonothiolate	(50782-69-9)
(4) Sulfur mustards:	
2-Chloroethylchloromethylsulfide	(2625-76-5)
Mustard gas : Bis(2-chloroethyl) sulfide	(505-60-2)
Bis(2-chloroethylthio) methane	(63869-13-6)
Sesquimustard: 1, 2-Bis(2-chloroethylthio) ethane	(3563-36-8)
1,3-Bis(2-chloroethylthio)-n-propane	(63905-10-2)
1,4-Bis(2-chloroethylthio)-n-butane	(142868-93-7)
1,5-Bis(2-chloroethylthio)-n-pentane	(142868-94-8)
Bis(2-chloroethylthiomethyl) ether	(63918-90-1)
O-Mustard: Bis(2-chloroethylthioethyl) ether	(63918-89-8)
(5) Lewisites:	
Lewisite 1: 2-Chlorovinylchloroarsine	(541-25-3)
Lewisite 2: Bis(2-chlorovinyl)chloroarsine	(40334-69-8)
Lewisite 3: Tris(2-chloroethyl)arsine	(40334-70-1)
(6) Nitrogen mustards :	
HN1: Bis(2-chloroethyl)ethylamine	(538-07-8)
HN2: Bis(2-chloroethyl) methylamine	(51-75-2)
HN3: Tris(2-chloroethyl) amine	(555-77-1)
(7) Saxitoxin	(35523-89-8)
(8) Ricin	(9009-86-3)

B. Precursors :

- (1) Alkyl (Me, Et, n-pr or i-Pr) phosphonyldifluorides
e.g. DF: Methylphosphonyldifluoride (676-99-3)
- (2) O-Alkyl (H or \neq C10, incl. cycloalkyl) O-2-dialkyl
(Me, Et, n-Pr or i-Pr)-aminoethyl alkyl
(Me, Et, n-Pr or i-Pr) phosphonites and
corresponding alkylated or protonated salts
e.g. QL: O-Ethyl O-2-diisopropylaminoethyl
methylphosphonite (57856-11-8)
- (3) Chlorosarin:
O-Isopropyl methylphosphonochloridate (1445-76-7)
- (4) Chlorosoman:
O-Pinacolyl methylphosphonochloridate (7040-57-5)

SCHEDULE II

A. Toxic chemicals:

- (1) Amtion :
O, O-Diethyl S-[2-diethylamino) ethyl]
phosphorothiolate (78-53-5)
and corresponding alkylated or protonated salts
- (2) PFIB: 1,1,3,3,3-Pentafluoro-2-(trifluoromethyl)-
1-propene (382-21-8)
- (3) BZ: 3-Quinuclidinyl benzilate (*) (6581-06-2)

B. Precursors:

- (1) Chemicals, except for those listed in Schedule 1,
containing a phosphorus atom to which is bonded
one methyl, ethyl or propyl (normal or iso) group
but not further carbon atoms,
e.g. Methylphosphonyl dichloride (676-97-1)
Dimethyl methylphosphonate (756-79-6)
Exemption: Fonofos: O-Ethyl S-phenyl
ethylphosphonothiolothionate (944-22-9)
- (2) N, N-Dialkyl (Me, Et, n-Pr or i-Pr) phosphoramidic
dihalides
- (3) Dialkyl (Me, Et, n-Pr or i-Pr) N, N-dialkyl
(Me, Et, n-Pr or i-Pr)-phosphoramidates
- (4) Arsenic trichloride (7784-34-1)
- (5) 2,2-Diphenyl-2-hydroxyacetic acid (76-93-7)

- | | |
|--|--------------------------|
| (6) Quinuclidin-3-ol | (1619-34-7) |
| (7) N, N-Dialkyl (Me, Et, n-Pr- or i-Pr) aminoethyl-2-chlorides and corresponding protonated salts | |
| (8) N, N-Dialkyl (Me, Et, n-Pr or i-Pr) aminoethane-2-ols and corresponding protonated salts
Exemptions: N,N-Dimethylaminoethanol and corresponding protonated salts
N,N-Diethylaminoethanol | (108-01-0)
(100-37-8) |
| (9) N, N-Dialkyl (Me, Et, n-Pr or i-Pr) aminoethane-thiols and corresponding protonated salts | |
| (10) Thiodiglycol: Bis(2-hydroxyethyl) sulfide | (111-48-8) |
| (11) Pionacetyl alcohol: 3,3-Dimethylbutan-2-ol | (464-07-3) |

SCHEDULE III

A. Toxic Chemicals :

- | | |
|---|------------|
| (1) Phosgene : Carbonyl dichloride | (75-44-5) |
| (2) Cyanogen chloride | (506-77-4) |
| (3) Hydrogen cyanide | (74-90-8) |
| (4) Chloropicrin: Trichloronitromethane | (76-06-2) |

B. Precursors:

- | | |
|-------------------------------|--------------|
| (1) Phosphorus oxychloride | (10025-87-3) |
| (2) Phosphorus trichloride | (7719-12-2) |
| (3) Phosphorus penta chloride | (10026-13-8) |
| (4) Trimethyl phosphite | (121-45-9) |
| (5) Triethyl phosphite | (122-52-1) |
| (6) Dimethyl phosphite | (868-85-9) |
| (7) Diethyl phosphite | (762-04-9) |
| (8) Sulfur monochloride | (10025-67-9) |
| (9) Sulfur dichloride | (10545-99-0) |
| (10) Thionyl chloride | (7719-09-7) |
| (11) Ethyldiethanolamine | (139-87-7) |
| (12) Methyldiethanolamine | (105-59-9) |
| (13) Triethanolamine | (102-71-6) |

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**GREEN MOVEMENT OF SRI LANKA
(INCORPORATION) ACT, No. 59 OF 2007**

[Certified on 12th December, 2007]

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*Green Movement of Sri Lanka (Incorporation)
Act, No. 59 of 2007*

[Certified on 12th December, 2007]

L. D. — O. (Inc.) 4/2006.

AN ACT TO INCORPORATE THE GREEN MOVEMENT OF
SRI LANKA

WHEREAS an organisation called and known as the “Green Movement of Sri Lanka” has heretofore been formed for the purpose of effectually carrying out and transacting all matters connected with the said organisation by its members :

Preamble.

AND WHEREAS the said organisation has applied to be incorporated and it will be for the public advantage to grant such application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Green Movement of Sri Lanka (Incorporation) Act, No. 59 of 2007.

Short Title.

2. From and after the date of commencement of this Act, such and so many persons as now are members of the Green Movement of Sri Lanka (hereinafter referred to as “the Organisation”) or shall hereafter be admitted as members of the corporation hereby constituted shall be and become a body corporate (hereinafter referred to as the “Corporation”) with perpetual succession, under the name and style of “Green Movement of Sri Lanka” and by that name may sue and be sued with full power and authority to have and use a common seal and to alter the same at its discretion.

Incorporation of the Green Movement of Sri Lanka.

3. The general objects for which the Corporation is established are—

General objects of the Corporation.

(a) to give necessary instructions for the transformation of the traditional protective agricultural livelihood to conform to the modern needs ;

2 *Green Movement of Sri Lanka (Incorporation)*
Act, No. 59 of 2007

- (b) to organise the relevant programmes for the sound management of the environment, in a manner conducive to strengthening the life of the public ;
- (c) to act in the manner of a network with organizations of the people at local, district and national levels in order to solicit maximum peoples participation ;
- (d) to identify issues, problems and solutions in regard to building an environmental friendly agricultural livelihood, to organize workshops, seminars, debates and discussions and to document data and information obtained through them ;
- (e) to organise training programmes in order to make the public aware of new concepts, skills and knowledge ;
- (f) to establish field centres and farms containing research material, experimental records, illustrations and information in different climatic geographical zones in Sri Lanka in confirmation with the people's tendencies, needs and beliefs ;
- (g) to provide incentives with regard to the improvement of the production, to establish an environmental friendly agricultural and industrial foundation so as to preserve the health and hygiene of the people ;
- (h) to assist the people engaged in the domestic subsistence sector and the export agricultural sector, and to improve productivity in such sectors ;
- (i) to undertake the management of land development and agricultural activities ;
- (j) to assist and encourage, rural small industries and the generation of self employment ;

Green Movement of Sri Lanka (Incorporation) Act, No. 59 of 2007 3

- (k) conservation, protection and propagation of indigenous plants and trees required for sustainable development and protection of the environment.

4. Subject to the provisions of this Act and any other written law, the Corporation shall have the power to — **Powers of the Corporation.**

- (a) open, operate and close bank accounts ;
- (b) borrow or raise money with or without security, and to receive or collect grants and donations ;
- (c) invest any funds not immediately required for the purposes of the Corporation ;
- (d) appoint, employ, and dismiss the employees required for the carrying out of the objects of the Corporation and pay them such remuneration as may be determined by the Corporation.

5. (1) The Management, Control and administration of the affairs of the Corporation shall, subject to the provisions of this Act and the rules made under section 7 be administered by a Working Committee consisting of the President, Vice President, two Joint Secretaries and the Treasurer. **Management of the affairs of the Corporation.**

(2) The President shall preside at every meeting of the Working Committee. In the absence of the President from any meeting of the Working Committee, the Vice-President shall preside at such meeting.

(3) No act or proceeding of the Working Committee shall be deemed to be invalid by reason only of the existence of a vacancy among its' members or any defect in the election or nomination of a member thereof.

(4) The first working Committee of the Corporation shall consist of the members of the Working Committee of the Green Movement of Sri Lanka, holding office on the day immediately preceding the date of commencement of this Act.

4 *Green Movement of Sri Lanka (Incorporation)*
Act, No. 59 of 2007

Operational
Committee.

6. There shall be an operational committee which shall consist of the President, the Vice President, Two Joint Secretaries, the Treasurer and five representatives from the member Organizations.

Rules of the
Corporation.

7. (1) It shall be lawful for the Corporation, from time to time, at any general meeting and by a majority of not less than two-thirds of the members present and voting to make rules, not inconsistent with the provisions of this Act or any other written law, on all or any of the following matters :—

- (a) the classification of membership and the admission, withdrawal or expulsion of members ;
- (b) the election of the office-bearers, the resignation from, or vacation of, removal from, office of office-bearers and their powers, conduct and duties ;
- (c) the election of the members of the working Committee and its powers, conduct and duties and the terms of office of members of the Working Committee ;
- (d) the powers, conduct, duties and functions of the officers, agents and servants of the Corporation ;
- (e) the procedure to be observed and the summoning and holding of meetings of the Working Committee, the times, places, notices and agenda of such meeting the quorum therefor and the conduct of business thereat ;
- (f) the administration and management of the property of the Corporation, the custody of its funds, and the maintenance and audit of its accounts ; and
- (g) Generally, for the management of the affairs of the Corporation and the accomplishment of its objects.

Green Movement of Sri Lanka (Incorporation) Act, No. 59 of 2007 5

(2) Any rule made by the Corporation may be amended, altered, added to or rescinded at a like meeting and in like manner as a rule made under subsection (1).

(3) The members of the Corporation shall be subject to the rules of the Corporation.

8. (1) The Corporation shall have its own fund and all moneys received by way of gifts, testamentary disposition, grant, donation, contribution or fees shall be deposited to the credit of the Corporation in one or more banks as may be decided by the Committee of Management.

Fund of the Corporation.

(2) The Corporation may establish a depreciation fund or a sinking fund for the purpose of rehabilitation, development or improvement of the property of the Corporation.

(3) All expenses borne by the Corporation in the exercise and discharge of the powers and functions of the Corporation shall be paid out of the fund.

9. (1) The Corporation shall cause proper accounts to be kept of all the moneys received and expended by the Corporation.

Accounts and Audit.

(2) The accounts of the Corporation shall be examined and audited at least once in every year, and the correctness of income and expenditure account and balance sheet shall be certified by an auditor who shall be an associate member of the Institute of Chartered Accountants of Sri Lanka, appointed by the Corporation.

(3) The financial year of the Corporation shall be the calendar year.

10. All debts and liabilities of the Organization existing on the day preceding the date of commencement of this Act, shall be paid by the Corporation, and all debts due to, subscriptions and contributions payable to, the Organization on that day shall be paid to the Corporation for the purposes of this Act.

Debts due by and payable to the Organization.

6 *Green Movement of Sri Lanka (Incorporation)
Act, No. 59 of 2007*

Corporation may hold property movable or immovable.

11. The Corporation shall be able and capable in law to acquire and hold any property movable or immovable, which may become vested in it by virtue of any purchase, grant, gift testamentary disposition or otherwise and all such property shall be held by the Corporation for the purposes of this Act, and subject to the rules of the Corporation with full power to sell, mortgage, lease, exchange or otherwise dispose of the same.

Property remaining on dissolution.

12. If upon the dissolution of the Corporation there remains, after the satisfaction of all debts and liabilities, any property whatsoever, that property shall not be distributed among the members of the Corporation but shall be given or transferred to some other Institution having objects similar to the objects of the Corporation which are by the rules thereof prohibited from distributing any income or profit among their members. The institution shall be determined by the members of the Corporation at or immediately before the dissolution of the Corporation.

Seal of the Corporation is to be affixed.

13. The seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of the President and the Secretary or the Treasurer who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Limitation of liability of members.

14. No member of the Corporation shall, for the purpose of discharging the debts and liabilities of the Corporation or for any other purpose, be liable to make any contribution exceeding the amount of such membership fees as may be due from him to the Corporation.

Saving of the rights of the Republic and others.

15. Nothing in this Act contained shall prejudice or affect the rights of the Republic or of any body politic or corporate.

Sinhala text to prevail in case of inconsistency.

16. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLIHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**DHAARUL ULOOM AL-MEEZANIYYAH
ARABIC COLLEGE, KURUGODA, AKURANA
(INCORPORATION) ACT, No. 60 OF 2007**

[Certified on 13th December, 2007]

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*Dhaarul Uloom Al-Meezaniyyah Arabic College,
Kurugoda, Akurana (Incorporation)
Act, No. 60 of 2007*

[Certified on 13th December, 2007]

L.D.—O (INC) 14/2006.

AN ACT TO INCORPORATE THE DHAARUL ULOOM AL-
MEEZANIYYAJI ARABIC COLLEGE, KURUGODA, AKURANA

WHEREAS an Institution called and know as the “Dhaarul Uloom Al-Meezaniyyah Arabic College” has heretofore been established at Kurugoda, Akurana in the District of Kandy, in Sri Lanka, by the children of the late S. M. Mohideen (Meezaan), Hadjar in furtherance of his wishes of effectually carrying out and transacting all objects and matters connected with the said Dhaarul Uloom Al-Meezaniyyah Arabic College :

Preamble.

AND WHEREAS the said Institution has been managed, supervised and administered by a Board of Management consisting of (1) Mohamed Mahruff Mohamed Mohideen (2) Mohamed Faiz Mohideen (3) Mohamed Mubarak Mohideen (4) Mohamed Fouzul Kabeer Mohideen (5) Mohamed Ziaudeen Ahamed Mohideen (6) Ihithishan Meezan Mohideen and (7) Mohamed Shafee Mohideen, all being the children of the said late S. M. Mohideen (Meezan) Hadjar :

AND WHEREAS the said Institution has heretofore successfully carried out and transacted the several objects and matters for which it was established and has applied to be incorporated, and it will be for the public advantage to grant such application :

BE it therefore enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Dhaarul Uloom Al-Meezaniyyah Arabic College, Kurugoda, Akurana (Incorporation) Act, No. 60 of 2007.

Short title.

2 *Dhaarul Uloom Al-Meezaniyyah Arabic College,
Kurugoda, Akurana (Incorporation)
Act, No. 60 of 2007*

Incorporation of
the
Dhaarul Uloom
Al-Meezaniyyah
Arabic College,
Kurugoda,
Akurana.

2. From and after the date of commencement of this Act, such and so many persons as presently are members of the Board of Management of the Dhaarul Uloom Al-Meezaniyyah Arabic College, Kurugoda, Akurana (hereinafter referred to as the "Institution") and such and so many members as now are members of the said Institution or shall hereafter be admitted as members of the Corporation hereby constituted, shall be a body corporate (hereinafter referred to as "the Corporation") with perpetual succession, under the name and style of the "Dhaarul Uloom Al-Meezaniyyah Arabic College, Kurugoda, Akurana" and by that name may sue and be sued, with full power and authority to have and use a common seal and to alter the same at its pleasure.

General Objects of
the Corporation.

3. The general objects for which the Corporation is constituted are hereby declared to be—

- (a) to manage, maintain, administer and develop the said Institution ;
- (b) to encourage the teaching of Islam in the Arabic Language according to the "Holy Quran" and "Hadeeths" ;
- (c) to provide facilities to produce Islamic Religious Scholars known as "Ulamas" ;
- (d) to provide opportunities to the Muslim students to learn Islamic Religious Education on the basis of approved syllabus of the Ministry of Education of Sri Lanka and prepare them to sit for the General Certificate of Education, Ordinary Level and Advanced Level Examinations in respect of the subject of Islam Religion ;
- (e) to encourage the recital from memory of the "Holy Quran" according to "Thajweed" or proper intonation ;
- (f) to establish and maintain a separate division for the social, economic and educational development of Muslim ladies ;

- (g) to provide assistance by way of scholarships, loans, advances and grants to deserving Muslim students to pursue their studies and research in Sri Lanka and abroad and to render assistance in any other manner as may be deemed necessary to enable them to pursue their studies ; and
- (h) train Muslim students to engage in any income generating industry using the raw materials available in the area.

4. (1) Subject to the provisions of this Act and any other written law, the Corporation shall have the power to do, perform and execute all such acts, matters and things whatsoever as are necessary, or expedient for the carrying out of its objects.

Powers of the Corporation.

(2) Without prejudice to the generality of the powers conferred by subsection (1), the Corporation shall have the following powers :—

- (a) to acquire and hold any property, movable or immovable which may become vested in it by virtue of purchase, grant, gift, testamentary dispositions or otherwise;
- (b) to sell, mortgage, lease, exchange or otherwise alienate or dispose of any such property;
- (c) to open, operate and close bank accounts and to borrow or raise moneys with or without security;
- (d) to receive or collect grants and donations from local or foreign institutions and persons ;
- (e) to invest the funds belonging to the Corporation in any manner which the Board of Management considers best; and
- (f) to engage, employ and dismiss personnel required for the carrying out of the objects of the Corporation.

4 *Dhaarul Uloom Al-Meezaniyyah Arabic College,
Kurugoda, Akurana (Incorporation)
Act, No. 60 of 2007*

Management of
the affairs of the
Corporation.

5. (1) The affairs of the Corporation shall, subject to the other provisions of this Act be manage, supervised and administered by a Board of Management.

(2) The first Board of Management of the Corporation shall consist of the Board of Management of the Institution holding office on the day immediately preceding the date of commencement of this Act.

Rules of the
Corporation.

6. (1) It shall be lawful for the Corporation, from time to time at any general meeting and a majority of not less than two-thirds of the members present and voting, to make rules not inconsistent with the provisions of this Act or any other written law, for the management of the affairs of the Corporation and accomplishment of its objects. Such rules when make may at a like meeting and in like manner be altered, added to amended or rescinded.

(2) The members of the Corporation shall be subject to the rules of the Corporation.

Debts due by and
payable to the
Institution.

7. All debts and liabilities of the Institution existing on the day preceding the date of commencement of this Act shall be paid by the Corporation hereby constituted and all debts due to and subscriptions and contributions payable to the Institution on that day shall be paid to the Corporation for the purposes of this Act.

Fund of the
Corporation.

8. (1) The Corporation shall have its own fund and all moneys heretofore or hereafter to be received by way of gifts, testamentary disposition, donations, contributions and fees shall be deposited in the name of the Corporation in one or more banks as may be decided by the Board of Management.

(2) There shall be paid out of the fund, all sums of moneys to defray any expenditure incurred by the Corporation in the exercise, performance and discharge of its powers, duties and functions under this Act.

*Dhaarul Uloom Al-Meezaniyyah Arabic College, 5
Kurugoda, Akurana (Incorporation)
Act, No. 60 of 2007*

9. (1) The Corporation shall cause proper books of accounts to be kept of all moneys received and expended by the Corporation.

Accounts and
audit.

(2) The accounts of the Corporation shall be examined and audited at least once in every year and certified by the Auditor or Auditors who shall be a member or an associate member or members of the Institute of Chartered Accountants of Sri Lanka.

10. If upon the dissolution of the Corporation there remains after the satisfaction of all debts and liabilities, any property whatsoever, such property shall not be distributed among the members of the Corporation but shall be given or transferred to some other society or societies having objects, similar to those of the Corporation and which is or are by the rules, prohibited from distributing any income or profit among its members. Such institution or institutions shall be determined by the members of the Corporation at or immediately before the time of dissolution of the Corporation.

Property
remaining on
dissolution.

11. The seal of the Corporation shall not be affixed to any instrument whatsoever, except in the presence of such number of members of the Board of Management of the Corporation as may be provided in the rules who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person as a witness.

Seal of the
Corporation.

12. Nothing in this Act contained shall prejudice or affect the rights of the Republic or any body politic or corporate.

Saving of the
rights of the
Republic and
others.

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to
prevail in case of
any
inconsistency.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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APPROPRIATION ACT, No. 61 OF 2007

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Appropriation Act, No. 61 of 2007

[Certified on 20th December, 2007]

L.D.—O. 45/2007.

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR 2008; TO AUTHORISE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA, FOR THE PURPOSE OF SUCH SERVICE ; TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR ; TO ENABLE THE PAYMENT BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS OF OR AT THE DISPOSAL OF THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES ; TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Appropriation Act, No. 61 of 2007.

Short title.

2. (1) Without prejudice to any other law authorising any expenditure, the expenditure of the Government which it is estimated will be rupees nine hundred and twenty eight thousand one hundred and thirty two million two hundred and eighty four thousand for the service of the period beginning on January 1, 2008 and ending on December 31, 2008, in this Act referred to as the “financial year 2008”, shall be met —

Appropriation for financial year. 2008.

- (a) from payments which are hereby authorised to be made out of the Consolidated Fund or any other fund or moneys of or at the disposal of the Government ; and
- (b) from the proceeds of loans which are hereby authorised to be raised, whether in or outside Sri Lanka, for and on behalf of the Government, so however that the aggregate of such proceeds does not exceed rupees seven hundred and eight thousand million.

(2) The sum of rupees nine hundred and twenty eight thousand one hundred and thirty two million two hundred and eighty four thousand referred to in subsection (1), may be expended as specified in the First Schedule to this Act.

(3) The provisions of subsection (1) shall have effect, without prejudice to the provisions of any other written law, authorising the raising of loans for and on behalf of the Government.

Financial provision in respect of certain activities of the Government for the financial year 2008.

3. (1) The receipts of the Government during the financial year 2008, from each activity specified in Column I of the Second Schedule to this Act, shall be credited to the account of such activity, but the aggregate of receipts so credited shall be not less than the minimum limit specified in the corresponding entry in Column III of that Schedule. The net surplus, if any, of such activity, shall be paid to the Consolidated Fund before the expiry of six months after the close of the financial year 2008.

(2) For the purpose of determining the net surplus under subsection (1), the following charges shall be set off against the revenue of each activity :—

(a) the working, establishment and other expenses of the activity whether paid or accrued, properly chargeable to the revenue of the activity ; and

(b) provision to cover the depreciation of the movable and immovable property of the activity.

(3) The expenditure incurred by the Government, during the financial year 2008 on each activity specified in Column I of the Second Schedule to this Act, shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in Column II of that Schedule.

(4) The debit balance outstanding at the end of the financial year 2008 of any activity specified in Column I of the Second Schedule to this Act, shall not exceed the maximum limit specified in the corresponding entry in Column IV of that Schedule, and the total liabilities of that activity at the end of that financial year shall not exceed the maximum limit specified in the corresponding entry in Column V of that Schedule.

4. Whenever at any time during the financial year 2008, the receipts of the Government from any activity specified in Column I of the Second Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may from time to time by Order, direct that such sums as he may deem necessary to meet such expenditure shall be payable by way of advances, out of the Consolidated Fund or any other fund or moneys of or at the disposal of the Government, so however that the aggregate of the sums so advanced shall not exceed the maximum limit of expenditure specified in the corresponding entry in Column II of that Schedule. Any sum so advanced in respect of such activity shall be refunded to the Consolidated Fund in such manner, as the Minister may by Order direct.

Payment from the Consolidated Fund or any other fund or moneys of or at the disposal of the Government, of advances for expenditure on the activities referred to in section 3, during the financial year 2008.

5. (1) Any moneys which by virtue of the provisions of the First Schedule to this Act, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or are not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head, by Order of the Secretary to the Treasury or any other officer authorised by him.

Power to transfer unexpended moneys allocated to Recurrent Expenditure, to another allocation within the same Programme or to another Programme under the same Head of expenditure.

(2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Act, shall be transferred out of that Programme or to any allocation of Recurrent Expenditure of that Programme.

Money allocated to the "Development Activities" Programme may be transferred to any other Programme under any other Head.

6. Any money allocated to Recurrent Expenditure or Capital Expenditure under the "Development Activities" Programme appearing under the Head "Department of National Budget" specified in the First Schedule, may be transferred to any other Programme under any other Head in that Schedule, by Order of the Secretary to the Treasury or any other officer authorized by him. The money so transferred shall be deemed to have been covered by a supplementary estimate submitted by the appropriate Minister.

Power of Minister to limit expenditure previously authorized.

7. Where the Minister is satisfied —

- (a) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorised expenditure ; or
- (b) that amounts originally appropriated for a particular purpose or purposes are no longer required,

he may with the approval of the Government, withdraw in whole or in part, any amounts previously released for expenditure under the authority of a warrant issued by him, from the Consolidated Fund or from any other fund or moneys of or at the disposal of the Government, to meet any authorized expenditure.

Power of Minister to vary the maximum and minimum limits specified in the Second Schedule to this Act.

8. (1) The Minister with the approval of the Government may, on or before May 31, 2009, by Order vary or alter—

- (a) any of the maximum limits specified in Column II, Column IV and Column V ;
- (b) the minimum limits specified in Column III,

of the Second Schedule to this Act.

(2) No Order made under subsection (1) shall have effect unless it has been approved by Parliament by resolution.

(3) Any Order made under subsection (1) shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making such Order as may be specified therein.

9. Parliament may by resolution amend the Second Schedule to this Act, by adding to the appropriate Columns of that Schedule any activity and providing for -

- (a) all or any of the maximum limits relating to such activity;
- (b) the minimum limit relating to such activity.

10. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Power of Parliament to amend the Second Schedule to this Act.

Sinhali text to prevail in case of inconsistency.

FIRST SCHEDULE — Estimate — 2008
Sums Payable for General Services

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
	Head 1 - 21	5,009,222,000	
	Recurrent	4,178,715,000	
	Capital		
	Made up as follows :—		
Head 1	His Excellency the President		
	Programme 01 Operational Activities	2,548,927,000	1,778,920,000
	Programme 02 Development Activities	—	1,430,000,000
Head 2	Office of the Prime Minister		
	Programme 01 Operational Activities	143,250,000	45,300,000
Head 3	Judges of the Supreme Court		
	Programme 01 Operational Activities	38,105,000	—
Head 4	Office of the Cabinet of Ministers		
	Programme 01 Operational Activities	32,590,000	7,170,000
Head 5	Parliament		
	Programme 01 Operational Activities	1,118,854,000	447,000,000
Head 6	Office of the Leader of the House of Parliament		
	Programme 01 Operational Activities	16,233,000	775,000

Head 7	Office of the Chief Govt. Whip of Parliament Programme 01 Operational Activities	17,750,000	390,000
Head 8	Office of the Leader of the Opposition of Parliament Programme 01 Operational Activities	40,220,000	775,000
Head 11	The Constitutional Council Programme 01 Operational Activities	9,906,000	20,000
Head 12	Public Service Commission Programme 01 Operational Activities	78,600,000	3,650,000
Head 13	Judicial Service Commission Programme 01 Operational Activities	25,910,000	400,000
Head 14	National Police Commission Programme 01 Operational Activities	44,841,000	1,800,000
Head 15	Administrative Appeals Tribunal Programme 01 Operational Activities	10,908,000	60,000
Head 16	Commission to Investigate Allegations of Bribery or Corruption Programme 01 Operational Activities	92,228,000	35,750,000
Head 17	Department of Elections Programme 01 Operational Activities	265,025,000	19,500,000

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Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
Head 18	Auditor General		
	Programme 01 Operational Activities	473,100,000	342,600,000
Head 19	Office of the Parliamentary Commissioner for Administration		
	Programme 01 Operational Activities	4,725,000	155,000
Head 20	Office of the Finance Commission		
	Programme 01 Operational Activities	26,500,000	62,850,000
Head 21	National Education Commission		
	Programme 01 Operational Activities	21,550,000	1,600,000
	Ministry of Religious Affairs and Moral Upliftment		
	Recurrent	729,565,000	
	Capital	504,998,000	
	Made up as follows :—		
Head 101	Minister of Religious Affairs and Moral Upliftment		
	Programme 01 Operational Activities	60,710,000	210,403,000
Head 201	Department of Buddhist Affairs		
	Programme 01 Operational Activities	23,860,000	111,400,000
	Programme 02 Development Activities	454,390,000	—
Head 202	Department of Muslim Religious and Cultural Affairs		
	Programme 02 Development Activities	41,055,000	91,575,000

Head 203	Department of Christian Religious Affairs			
	Programme 02	Development Activities	63,320,000	7,100,000
Head 204	Department of Hindu Religious and Cultural Affairs			
	Programme 02	Development Activities	55,970,000	82,100,000
Head 205	Department of Public Trustee			
	Programme 01	Operational Activities	30,260,000	2,420,000
	Ministry of Finance and Planning			
	Recurrent		31,407,777,000	
	Capital		68,579,382,000	
Made up as follows :—				
Head 102	Minister of Finance and Planning			
	Programme 01	Operational Activities	750,400,000	914,650,000
	Programme 02	Development Activities	—	1,700,660,000
Head 237	Department of National Planning			
	Programme 01	Operational Activities	55,245,000	122,604,000
Head 238	Department of Fiscal Policy			
	Programme 01	Operational Activities	1,054,525,000	1,655,000
Head 239	Department of External Resources			
	Programme 01	Operational Activities	161,415,000	19,150,000
Head 240	Department of National Budget			
	Programme 01	Operational Activities	61,105,000	3,700,000
	Programme 02	Development Activities	18,950,346,000	34,731,268,000

Head No.		Recurrent Expenditure R.s.	Capital Expenditure R.s.
Head 241	Department of Public Enterprises		
	Programme 01 Operational Activities	40,850,000	1,150,000
Head 242	Department of Management Services		
	Programme 01 Operational Activities	22,610,000	850,000
5	Head 243 Department of Development Finance		
	Programme 01 Operational Activities	606,345,000	1,350,000
	Programme 02 Development Activities	—	4,362,000,000
Head 244	Department of Trade Tariff and Investment Policy		
	Programme 01 Operational Activities	213,785,000	2,900,000
10	Head 245 Department of Public Finance		
	Programme 01 Operational Activities	21,067,000	3,250,000
Head 246	Department of Inland Revenue		
	Programme 01 Operational Activities	1,380,750,000	54,200,000
15	Head 247 Sri Lanka Customs		
	Programme 01 Operational Activities	1,655,100,000	2,658,500,000
Head 248	Department of Excise		
	Programme 01 Operational Activities	351,250,000	76,000,000
Head 249	Department of Treasury Operations		
	Programme 01 Operational Activities	5,328,745,000	2,172,175,000
	Programme 02 Development Activities	—	21,092,620,000
20			

Head 250	Department of State Accounts Programme 01 Operational Activities	24,630,000	8,100,000
Head 251	Department of Valuation Programme 01 Operational Activities	223,060,000	49,800,000
Head 252	Department of Census & Statistics Programme 01 Operational Activities	474,425,000	601,000,000
Head 296	Department of Import and Export Control Programme 01 Operational Activities	32,124,000	1,800,000
	Ministry of Defence, Public Security, Law and Order Recurrent Capital	139,447,000,000 27,000,000,000	
	Made up as follows :—		
Head 103	Minister of Defence, Public Security, Law and Order Programme 01 Operational Activities	1,725,300,000	1,024,500,000
Head 222	Sri Lanka Army Programme 01 Operational Activities	66,188,000,000	6,500,000,000
Head 223	Sri Lanka Navy Programme 01 Operational Activities	19,174,000,000	8,000,000,000
Head 224	Sri Lanka Air Force Programme 01 Operational Activities	13,560,000,000	6,000,000,000
Head 225	Department of Police Programme 01 Operational Activities	32,244,700,000	4,975,500,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 320	Department of Civil Security		
	Programme 01 Operational Activities	6,555,000,000	500,000,000
	Ministry of Plan Implementation		
	Recurrent	142,370,000	
	Capital	39,720,000	
	Made up as follows :—		
Head 104	Minister of Plan Implementation		
	Programme 01 Operational Activities	106,525,000	10,500,000
Head 280	Department of Foreign Aid and Budget Monitoring		
	Programme 02 Development Activities	35,845,000	29,220,000
	Ministry of Nation Building and Estate Infrastructure Development		
	Recurrent	19,284,855,000	
	Capital	34,997,290,000	
	Made up as follows :—		
Head 105	Minister of Nation Building and Estate Infrastructure Development		
	Programme 01 Operational Activities	29,360,000	3,400,000
	Programme 02 Development Activities	7,555,085,000	34,977,490,000
Head 218	Department of Commissioner General of Samurdhi		
	Programme 01 Operational Activities	11,687,665,000	5,300,000

Head 305	Department of Upcountry Peasantry Rehabilitation			
	Programme 02	Development Activities	12,745,000	11,100,000
	Ministry of Disaster Management & Human Rights			
	Recurrent			311,809,000
	Capital			2,057,045,000
	Made up as follows :—			
Head 106	Minister of Disaster Management & Human Rights			
	Programme 01	Operational Activities	76,135,000	127,025,000
	Programme 02	Development Activities	105,682,000	1,556,020,000
Head 304	Department of Meteorology			
	Programme 02	Development Activities	129,992,000	374,000,000
	Ministry of Tourism			
	Recurrent			79,410,000
	Capital			1,752,150,000
	Made up as follows :—			
Head 107	Minister of Tourism			
	Programme 01	Operational Activities	79,410,000	704,150,000
	Programme 02	Development Activities	—	1,048,000,000
	Ministry of Posts and Telecommunications			
	Recurrent			6,377,920,000
	Capital			464,860,000
	Made up as follows :—			
Head 108	Minister of Posts and Telecommunications			
	Programme 01	Operational Activities	94,520,000	3,900,000
	Programme 02	Development Activities	50,000,000	50,000,000

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
Head 308	Department of Posts Programme 01 Operational Activities	6,233,400,000	410,960,000
5	Ministry of Justice and Law Reforms Recurrent Capital		5,811,208,000 2,891,295,000
	Made up as follows :—		
Head 110	Minister of Justice and Law Reforms Programme 01 Operational Activities Programme 02 Development Activities	289,217,000 —	116,125,000 1,494,200,000
10	Head 228 Courts Administration Programme 01 Operational Activities	2,380,450,000	446,450,000
	Head 229 Department of Attorney General Programme 01 Operational Activities	401,300,000	97,000,000
15	Head 230 Department of Legal Draftsman Programme 01 Operational Activities	43,190,000	6,000,000
	Head 231 Department of Debt Conciliation Board Programme 01 Operational Activities	5,190,000	150,000
	Head 232 Department of Prisons Programme 01 Operational Activities	2,552,750,000	459,700,000
20	Head 233 Department of Government Analyst Programme 01 Operational Activities	62,525,000	261,420,000

Head 234 Registrar of Supreme Court			
Programme 01 Operational Activities	69,111,000	7,300,000	
Head 235 Department of Law Commission			
Programme 01 Operational Activities	7,475,000	2,950,000	
Ministry of Healthcare and Nutrition			
Recurrent	40,199,998,000		
Capital	17,600,000,000		
Made up as follows :—			
Head 111 Minister of Healthcare and Nutrition			
Programme 01 Operational Activities	35,255,349,000	392,300,000	
Programme 02 Development Activities	4,944,649,000	17,207,700,000	
Ministry of Foreign Affairs			
Recurrent	5,246,175,000		
Capital	1,330,500,000		
Made up as follows :—			
Head 112 Minister of Foreign Affairs			
Programme 01 Operational Activities	95,375,000	8,500,000	
Programme 02 Development Activities	5,150,800,000	1,322,000,000	
Ministry of Ports & Aviation			
Recurrent	217,872,000		
Capital	19,643,720,000		
Made up as follows :—			
Head 113 Minister of Ports & Aviation			
Programme 01 Operational Activities	217,872,000	8,720,000	
Programme 02 Development Activities	—	19,635,000,000	

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
	Ministry of Transport		
	Recurrent	14,725,411,000	
	Capital	23,458,759,000	
	Made up as follows :—		
Head 114	Minister of Transport		
	Programme 01 Operational Activities	117,108,000	17,850,000
	Programme 02 Development Activities	5,499,853,000	4,333,750,000
Head 306	Department of Sri Lanka Railways		
	Programme 02 Development Activities	8,457,030,000	17,822,859,000
Head 307	Department of Motor Traffic		
	Programme 02 Development Activities	651,420,000	1,284,300,000
	Ministry of Petroleum and Petroleum Resources Development		
	Recurrent	150,380,000	
	Capital	301,400,000	
	Made up as follows :—		
Head 115	Minister of Petroleum and Petroleum Resources Development		
	Programme 01 Operational Activities	150,380,000	301,400,000

Ministry of Trade, Marketing Development, Co-operatives
and Consumer Services
Recurrent 484,126,000
Capital 532,245,000

Made up as follows :—

Head 116	Ministry of Trade, Marketing Development, Co-operatives and Consumer Services Programme 01 Operational Activities	272,190,000	466,050,000
Head 297	Department of the Registrar of Companies Programme 01 Operational Activities	20,670,000	—
Head 298	Department of Measurement Units, Standards and Services Programme 01 Operational Activities	49,400,000	45,500,000
Head 299	National Intellectual Property Office of Sri Lanka Programme 01 Operational Activities	15,150,000	—
Head 300	Department of Food Commissioner Programme 01 Operational Activities	81,565,000	15,550,000
Head 301	Department of Co-operatives Development (Registrar of Co-operative Societies) Programme 01 Operational Activities	37,965,000	5,100,000
Head 302	Co-operative Employees Commission Programme 01 Operational Activities	7,186,000	45,000
	Ministry of Highways and Road Development Recurrent 114,200,000 Capital 51,903,893,000		

Made up as follows :—

Head 117	Minister of Highways and Road Development Programme 01 Operational Activities	114,200,000	16,393,000
	Programme 02 Development Activities	—	51,887,500,000

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
	Ministry of Agricultural Development and Agrarian Services		
	Recurrent	21,807,084,000	
	Capital	10,835,534,000	
	Made up as follows :—		
Head 118	Minister of Agricultural Development and Agrarian Services		
	Programme 01 Operational Activities	238,105,000	24,900,000
	Programme 02 Development Activities	17,239,522,000	9,055,729,000
Head 281	Department of Agrarian Development		
	Programme 01 Operational Activities	149,760,000	43,200,000
	Programme 02 Development Activities	2,308,910,000	1,030,660,000
Head 285	Department of Agriculture		
	Programme 01 Operational Activities	191,834,000	20,050,000
	Programme 02 Development Activities	1,439,666,000	394,210,000
Head 289	Department of Export Agriculture		
	Programme 02 Development Activities	239,287,000	266,785,000
	Ministry of Power and Energy		
	Recurrent		1,671,870,000
	Capital		30,054,240,000
	Made up as follows :—		
Head 119	Minister of Power and Energy		
	Programme 01 Operational Activities	1,671,870,000	398,110,000
	Programme 02 Development Activities	—	29,656,130,000

Ministry of Child Development and Women's

Empowerment	
Recurrent	843,062,000
Capital	519,413,000

Made up as follows :—

Head 120	Minister of Child's Development and Women's Empowerment		
	Programme 01	Operational Activities	669,337,000
	Programme 02	Development Activities	38,472,000
			444,783,000
			64,240,000
Head 217	Department of Probation and Child Care Services		
	Programme 01	Operational Activities	10,443,000
	Programme 02	Development Activities	124,810,000
			1,130,000
			9,260,000
	Ministry of Public Administration and Home Affairs		
	Recurrent	76,400,000,000	
	Capital	2,500,000,000	
	Made up as follows		
Head 121	Minister of Public Administration and Home Affairs		
	Programme 01	Operational Activities	504,150,000
			934,650,000
Head 253	Department of Pensions		
	Programme 01	Operational Activities	68,165,850,000
			33,350,000
Head 254	Department of Registrar General		
	Programme 01	Operational Activities	413,350,000
			123,650,000
Head 255	District Secretariat, Colombo		
	Programme 01	Operational Activities	350,200,000
			149,850,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 256	District Secretariat, Gampaha Programme 01 Operational Activities	452,530,000	30,200,000
Head 257	District Secretariat, Kalutara Programme 01 Operational Activities	370,995,000	89,950,000
Head 258	District Secretariat, Kandy Programme 01 Operational Activities	542,250,000	76,800,000
Head 259	District Secretariat, Matale Programme 01 Operational Activities	278,925,000	36,300,000
Head 260	District Secretariat, Nuwara-Eliya Programme 01 Operational Activities	216,200,000	55,250,000
Head 261	District Secretariat, Galle Programme 01 Operational Activities	460,650,000	45,200,000
Head 262	District Secretariat, Matara Programme 01 Operational Activities	386,525,000	54,925,000
Head 263	District Secretariat, Hambantota Programme 01 Operational Activities	297,850,000	43,950,000
Head 264	District Secretariat, Kacheheri- Jaffna Programme 01 Operational Activities	243,850,000	38,450,000
Head 265	District Secretariat, Kacheheri-Mannar Programme 01 Operational Activities	81,840,000	34,100,000

Head 266	District Secretariat, Kacheheri- Yavunliya Programme 01	Operational Activities	83,050,000	26,800,000
Head 267	District Secretariat, Kacheheri-Mullativu Programme 01	Operational Activities	61,900,000	19,325,000
Head 268	District Secretariat, Kacheheri-Killnochchi Programme 01	Operational Activities	72,625,000	26,400,000
Head 269	District Secretariat, Kacheheri- Batticaloa Programme 01	Operational Activities	227,800,000	62,650,000
Head 270	District Secretariat, Ampara Programme 01	Operational Activities	370,025,000	67,650,000
Head 271	District Secretariat, Kacheheri- Trincomalee Programme 01	Operational Activities	157,150,000	28,350,000
Head 272	District Secretariat, Kurungala Programme 01	Operational Activities	717,900,000	46,050,000
Head 273	District Secretariat, Puttalam Programme 01	Operational Activities	298,400,000	46,300,000
Head 274	District Secretariat, Anuradhapura Programme 01	Operational Activities	367,575,000	34,250,000
Head 275	District Secretariat, Polonnaruwa Programme 01	Operational Activities	173,250,000	57,100,000
Head 276	District Secretariat, Badulla Programme 01	Operational Activities	306,875,000	134,550,000

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
Head 277	District Secretariat, Monaragala		
	Programme 01 Operational Activities	213,925,000	124,350,000
Head 278	District Secretariat, Rathnapura		
	Programme 01 Operational Activities	313,950,000	30,200,000
Head 279	District Secretariat, Kegalle		
	Programme 01 Operational Activities	270,410,000	49,400,000
	Ministry of Mass Media and Information		
	Recurrent	1,258,014,000	
	Capital	471,400,000	
	Made up as follows :—		
Head 122	Minister of Mass Media and Information		
	Programme 01 Operational Activities	85,790,000	27,600,000
	Programme 02 Development Activities	140,284,000	170,000,000
Head 210	Department of Information		
	Programme 01 Operational Activities	104,060,000	122,150,000
Head 211	Department of Government Printer		
	Programme 01 Operational Activities	927,880,000	151,650,000

Ministry of Urban Development and Sacred Area Development
 Recurrent 265,360,000
 Capital 8,112,210,000

Made up as follows :—

Head 123 Minister of Urban Development and Sacred Area Development			
Programme 01 Operational Activities	138,160,000	9,210,000	
Programme 02 Development Activities	—	7,651,000,000	
Head 311 Department of National Physical Planning			
Programme 01 Operational Activities	127,200,000	7,000,000	
Programme 02 Development Activities	—	445,000,000	

Ministry of Social Services and Social Welfare
 Recurrent 616,223,000
 Capital 218,393,000

Made up as follows :—

Head 124 Minister of Social Services and Social Welfare			
Programme 01 Operational Activities	104,188,000	7,052,000	
Programme 02 Development Activities	245,262,000	155,524,000	
Head 216 Department of Social Services			
Programme 01 Operational Activities	26,958,000	1,945,000	
Programme 02 Development Activities	239,815,000	53,872,000	

No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
	Ministry of Housing and Common Amenities		
	Recurrent	122,365,000	
	Capital	349,850,000	
	Made up as follows :—		
Head 125	Minister of Housing and Common Amenities		
	Programme 01 Operational Activities	85,365,000	7,850,000
	Programme 02 Development Activities	37,000,000	342,000,000
	Ministry of Education		
	Recurrent	20,358,358,000	
	Capital	5,465,800,000	
	Made up as follows :—		
Head 126	Minister of Education		
	Programme 01 Operational Activities	337,898,000	100,700,000
	Programme 02 Development Activities	18,956,060,000	5,259,000,000
Head 212	Department of Examination		
	Programme 02 Development Activities	1,045,050,000	60,000,000
Head 213	Department of Educational Publications		
	Programme 02 Development Activities	19,350,000	46,100,000

Ministry of Labour Relations and Manpower
 Recurrent 1,052,325,000
 Capital 427,725,000

Made up as follows :—

Head 127 Minister of Labour Relations and Manpower			
Programme 01 Operational Activities	76,305,000		74,100,000
Programme 02 Development Activities	207,605,000		56,275,000
Head 221 Department of Labour			
Programme 01 Operational Activities	393,600,000		103,750,000
Programme 02 Development Activities	374,815,000		193,600,000

Ministry of Rural Industries and Self Employment
 Promotion 409,220,000
 Recurrent 338,920,000
 Capital

Made up as follows :—

Head 128 Minister of Rural Industries and Self Employment Promotion			
Programme 01 Operational Activities	88,121,000		9,920,000
Programme 02 Development Activities	321,099,000		329,000,000

Ministry of Vocational and Technical Training
 Recurrent 2,416,819,000
 Capital 2,802,083,000

Made up as follows :—

Head 129 Minister of Vocational and Technical Training			
Programme 01 Operational Activities	107,051,000		17,385,000
Programme 02 Development Activities	1,354,860,000		2,138,565,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 215	Department of Technical Education and Training		
	Programme 01 Operational Activities	99,505,000	10,675,000
	Programme 02 Development Activities	855,403,000	635,458,000
	Ministry of Local Government and Provincial Councils		
	Recurrent	82,691,310,000	
	Capital	32,078,250,000	
	Made up as follows :—		
Head 130	Minister of Local Government and Provincial Councils		
	Programme 01 Operational Activities	191,310,000	239,050,000
	Programme 02 Development Activities	—	9,839,200,000
Head 312	Western Provincial Council		
	Programme 01 Operational Activities	6,500,000,000	—
	Programme 02 Development Activities	—	3,435,000,000
Head 313	Central Provincial Council		
	Programme 01 Operational Activities	12,950,000,000	—
	Programme 02 Development Activities	—	2,658,000,000
Head 314	Southern Provincial Council		
	Programme 01 Operational Activities	10,200,000,000	—
	Programme 02 Development Activities	—	2,693,000,000
Head 315	Northern Provincial Council		
	Programme 01 Operational Activities	8,100,000,000	—
	Programme 02 Development Activities	—	1,749,000,000

Head 316	North Western Provincial Council			
	Programme 01	Operational Activities	12,500,000,000	—
	Programme 02	Development Activities	—	2,543,000,000
Head 317	North Central Provincial Council			
	Programme 01	Operational Activities	6,500,000,000	—
	Programme 02	Development Activities	—	2,209,000,000
Head 318	Uva Provincial Council			
	Programme 01	Operational Activities	8,250,000,000	—
	Programme 02	Development Activities	—	2,209,000,000
Head 319	Sabaragamuwa Provincial Council			
	Programme 01	Operational Activities	9,000,000,000	—
	Programme 02	Development Activities	—	2,493,000,000
Head 321	Eastern Provincial Council			
	Programme 01	Operational Activities	8,500,000,000	—
	Programme 02	Development Activities	—	2,011,000,000
	Ministry of Enterprise Development and Investment Promotion			
		Recurrent	158,640,000	
		Capital	142,625,000	
	Made up as follows :—			
Head 132	Minister of Enterprise Development and Investment Promotion			
	Programme 01	Operational Activities	119,440,000	28,410,000
	Programme 02	Development Activities	39,200,000	114,215,000

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
	Ministry of Science and Technology		
	Recurrent		1,047,288,000
	Capital		1,919,262,000
	Made up as follows :—		
Head 133	Minister of Science and Technology		
	Programme 01 Operational Activities	157,100,000	15,300,000
	Programme 02 Development Activities	890,188,000	1,903,962,000
	Ministry of Constitutional Affairs and National Integration		
	Recurrent		243,323,000
	Capital		138,100,000
	Made up as follows :—		
Head 134	Minister of Constitutional Affairs and National Integration		
	Programme 01 Operational Activities	125,552,000	95,850,000
	Programme 02 Development Activities	58,660,000	21,500,000
Head 236	Department of Official Languages		
	Programme 01 Operational Activities	59,111,000	20,750,000
	Ministry of Plantation Industries		
	Recurrent		1,543,396,000
	Capital		3,644,138,000
	Made up as follows :—		
Head 135	Minister of Plantation Industries		
	Programme 01 Operational Activities	85,640,000	10,750,000
	Programme 02 Development Activities	1,318,304,000	3,227,899,000

Head 293	Department of Rubber Development			
	Programme 02	Development Activities	139,452,000	405,489,000
	Ministry of Sports and Public Recreation			
	Recurrent			747,799,000
	Capital			1,017,550,000
	Made up as follows :—			
Head 136	Minister of Sports and Public Recreation			
	Programme 01	Operational Activities	111,634,000	12,450,000
	Programme 02	Development Activities	102,565,000	102,950,000
Head 219	Department of Sports Development			
	Programme 01	Operational Activities	71,675,000	5,900,000
	Programme 02	Development Activities	195,675,000	591,100,000
Head 294	Department of National Zoological Gardens			
	Programme 02	Development Activities	119,900,000	159,300,000
Head 322	Department of National Botanical Gardens			
	Programme 02	Development Activities	146,350,000	145,850,000
	Ministry of Indigenous Medicine			
	Recurrent			665,762,000
	Capital			663,385,000
	Made up as follows :—			
Head 138	Minister of Indigenous Medicine			
	Programme 01	Operational Activities	134,975,000	47,320,000
	Programme 02	Development Activities	—	128,000,000

No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
Head 220	Department of Ayurveda		
	Programme 01 Operational Activities	169,736,000	14,775,000
	Programme 02 Development Activities	361,051,000	473,290,000
	Ministry of Fisheries and Aquatic Resources		
	Recurrent	856,055,000	
	Capital	4,183,847,000	
	Made up as follows :—		
Head 139	Minister of Fisheries and Aquatic Resources		
	Programme 01 Operational Activities	122,373,000	28,332,000
	Programme 02 Development Activities	460,182,000	3,897,445,000
Head 290	Department of Fisheries and Aquatic Resources		
	Programme 01 Operational Activities	173,100,000	70,320,000
Head 291	Department of Coast Conservation		
	Programme 01 Operational Activities	100,400,000	187,750,000
	Ministry of Livestock Development		
	Recurrent	367,762,000	
	Capital	696,985,000	
	Made up as follows :—		
Head 140	Minister of Livestock Development		
	Programme 01 Operational Activities	86,947,000	23,760,000
	Programme 02 Development Activities	10,745,000	188,000,000

Head 292	Department of Animal Production and Health		
	Programme 01	Operational Activities	85,800,000
	Programme 02	Development Activities	184,270,000
			25,375,000
			459,850,000

Ministry of Cultural Affairs			
	Recurrent		678,189,000
	Capital		1,138,620,000

Made up as follows :—

Head 142	Minister of Cultural Affairs		
	Programme 01	Operational Activities	92,525,000
	Programme 02	Development Activities	390,404,000
			6,530,000
			1,017,600,000

Head 206	Department of Cultural Affairs		
	Programme 01	Operational Activities	44,375,000
	Programme 02	Development Activities	150,885,000
			5,270,000
			109,220,000

Ministry of Parliamentary Affairs			
	Recurrent		216,595,000
	Capital		32,550,000

Made up as follows :—

Head 143	Minister of Parliamentary Affairs		
	Programme 01	Operational Activities	216,595,000
			32,550,000

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
	Ministry of Re-settlement and Disaster Relief Services		
	Recurrent	2,098,313,000	
	Capital	2,269,550,000	
	Made up as follows :—		
Head 145	Minister of Re-settlement and Disaster Relief Services		
	Programme 01 Operational Activities	362,063,000	508,595,000
	Programme 02 Development Activities	1,736,250,000	1,760,955,000
	Ministry of Industrial Development		
	Recurrent	248,567,000	
	Capital	1,059,675,000	
	Made up as follows :—		
Head 149	Minister of Industrial Development		
	Programme 01 Operational Activities	117,151,000	34,350,000
	Programme 02 Development Activities	78,030,000	1,000,200,000
Head 303	Department of Textile Industries		
	Programme 02 Development Activities	53,386,000	25,125,000
	Ministry of Foreign Employment Promotion and Welfare		
	Recurrent	81,580,000	
	Capital	575,150,000	
	Made up as follows :—		
Head 151	Minister of Foreign Employment Promotion and Welfare		
	Programme 01 Operational Activities	81,580,000	575,150,000

Ministry of Irrigation and Water Management
 Recurrent 1,242,994,000
 Capital 5,019,820,000

Made up as follows :—

Head 152	Minister of Irrigation and Water Management		
	Programme 01	Operational Activities	7,620,000
	Programme 02	Development Activities	1,867,950,000
Head 282	Department of Irrigation		
	Programme 01	Operational Activities	273,571,000
	Programme 02	Development Activities	824,890,000
			3,112,500,000

Ministry of Land and Land Development
 Recurrent 1,870,987,000
 Capital 2,458,807,000

Made up as follows :—

Head 153	Minister of Land and Land Development		
	Programme 01	Operational Activities	9,150,000
	Programme 02	Development Activities	108,776,000
			2,133,050,000
Head 286	Department of Land Commissioner		
	Programme 02	Development Activities	159,375,000
			230,550,000
Head 287	Department of Land Settlement		
	Programme 02	Development Activities	65,610,000
			3,650,000

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
Head 288	Survey Department		
	Programme 01 Operational Activities	124,530,000	26,382,000
	Programme 02 Development Activities	1,316,699,000	56,025,000
	Ministry of Youth Affairs		
	Recurrent	668,250,000	
	Capital	1,072,500,000	
	Made up as follows :—		
Head 156	Minister of Youth Affairs		
	Programme 01 Operational Activities	19,850,000	6,300,000
	Programme 02 Development Activities	648,400,000	1,066,200,000
	Ministry of Environment and Natural Resources		
	Recurrent	1,458,250,000	
	Capital	2,802,296,000	
	Made up as follows :—		
Head 160	Minister of Environment and Natural Resources		
	Programme 01 Operational Activities	134,765,000	16,050,000
	Programme 02 Development Activities	260,650,000	1,391,246,000

Head 283	Department of Forests			
	Programme 01	Operational Activities	687,460,000	245,000,000
	Programme 02	Development Activities	—	198,000,000
Head 284	Department of Wildlife Conservation			
	Programme 01	Operational Activities	375,375,000	363,500,000
	Programme 02	Development Activities	—	588,500,000
	Ministry of Internal Administration			
	Recurrent		606,230,000	
	Capital		717,900,000	
	Made up as follows :—			
Head 161	Minister of Internal Administration			
	Programme 01	Operational Activities	25,023,000	8,050,000
Head 226	Department of Immigration and Emigration			
	Programme 01	Operational Activities	413,234,000	487,900,000
Head 227	Department of Registration of Persons			
	Programme 01	Operational Activities	167,973,000	221,950,000
	Ministry of Youth Empowerment and Socio Economic Development			
	Recurrent		43,610,000	
	Capital		510,750,000	
	Made up as follows :—			
Head 163	Minister of Youth Empowerment and Socio Economic Development			
	Programme 01	Operational Activities	43,610,000	10,750,000
	Programme 02	Development Activities	—	500,000,000

Head No.		Recurrent Expenditure Rs.	Capital Expenditure Rs.
	Ministry of Community Development and Social Inequity Eradication		
	Recurrent	42,410,000	2,650,000
	Capital	—	315,000,000
	Made up as follows :—		
Head 164	Minister of Community Development and Social Inequity Eradication		
	Programme 01 Operational Activities	42,410,000	2,650,000
	Programme 02 Development Activities	—	315,000,000
	Ministry of National Heritage		
	Recurrent	481,205,000	
	Capital	161,925,000	
	Made up as follows :—		
Head 165	Minister of National Heritage		
	Programme 01 Operational Activities	47,345,000	9,450,000
	Programme 02 Development Activities	—	10,000,000
Head 207	Department of Archaeology		
	Programme 01 Operational Activities	35,620,000	4,200,000
	Programme 02 Development Activities	275,800,000	28,800,000
Head 208	Department of National Museums		
	Programme 01 Operational Activities	14,516,000	1,350,000
	Programme 02 Development Activities	62,220,000	30,075,000

Head 209	Department of National Archives		
	Programme 01	Operational Activities	16,285,000
	Programme 02	Development Activities	29,419,000
			2,775,000
			75,275,000
	Ministry of Water Supply and Drainage		
	Recurrent		130,741,000
	Capital		28,372,550,000
Made up as follows :—			
Head 166	Minister of Water Supply and Drainage		
	Programme 01	Operational Activities	84,491,000
	Programme 02	Development Activities	46,250,000
			10,550,000
			28,362,000,000
	Ministry of Export Development and International Trade		
	Recurrent		156,371,000
	Capital		682,250,000
Made up as follows :—			
Head 167	Minister of Export Development and International Trade		
	Programme 01	Operational Activities	79,421,000
			668,625,000
Head 295	Department of Commerce		
	Programme 01	Operational Activities	76,950,000
			13,625,000
	Ministry of Public Estate Management and Development		
	Recurrent		63,954,000
	Capital		15,600,000
Made up as follows :—			
Head 168	Minister of Public Estate Management and Development		
	Programme 01	Operational Activities	63,954,000
			15,600,000

<i>Head No.</i>	<i>Recurrent Expenditure</i>	<i>Capital Expenditure</i>
	<i>Rs.</i>	<i>Rs.</i>
Ministry of Construction and Engineering Services		
	309,662,000	
	178,550,000	
Recurrent Capital		
Made up as follows :—		
Head 169 Minister of Construction and Engineering Services		
Programme 01	52,977,000	5,950,000
Programme 02	36,000,000	72,000,000
Department of Buildings		
Programme 01	45,095,000	12,000,000
Programme 02	135,810,000	22,300,000
Head 309 Government Factory		
Programme 01	21,180,000	22,550,000
Programme 02	18,600,000	43,750,000
Ministry of Special Projects		
		55,075,000
		405,000,000
Recurrent Capital		
Made up as follows :—		
Head 170 Minister of Special Projects		
Programme 01	17,965,000	2,500,000
Programme 02	37,110,000	402,500,000

Ministry of Higher Education
 Recurrent 11,430,542,000
 Capital 9,103,775,000

Made up as follows :—

Head 171 Minister of Higher Education
 Programme 01 Operational Activities 86,342,000 12,775,000
 Programme 02 Development Activities 364,200,000 3,791,000,000
 Head 214 University Grants Commission
 Programme 02 Development Activities 10,980,000,000 5,300,000,000

Ministry of Supplementary Plantation Crops Development
 Recurrent 165,926,000
 Capital 90,900,000

Made up as follows :—

Head 172 Minister of Supplementary Plantation Crops Development
 Programme 01 Operational Activities 78,806,000 9,900,000
 Programme 02 Development Activities 87,120,000 81,000,000

SECOND SCHEDULE — ESTIMATE — 2008

Limits of Advance Account Activities — 2008

SRL No.	Ministry / Department	Item No.	I Activities of the Government	II Maximum Limits of Expenditure of activities of the Government		III Minimum Limits of Receipts of activities of the Government		IV Maximum Limits of Debit Balances of activities of the Government		V Maximum Limits of Liabilities of activities of the Government	
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
1	His Excellency the President	00101	Advances to Public Officers	32,500,000	—	9,200,000	75,000,000	—	—	—	
2	Office of the Prime Minister	00201	Advances to Public Officers	10,500,000	—	2,000,000	25,000,000	—	—	—	
3	Judges of the Supreme Court	00301	Advances to Public Officers	3,500,000	—	1,100,000	10,000,000	—	—	—	
4	Office of the Cabinet of Ministers	00401	Advances to Public Officers	5,000,000	—	1,500,000	16,000,000	—	—	—	
5	Parliament	00501	Advances to Public Officers	37,500,000	—	15,500,000	175,000,000	—	—	—	
6	Office of the Leader of the House of Parliament	00601	Advances to Public Officers	3,500,000	—	800,000	10,000,000	—	—	—	
7	Office of the Chief Whip of Parliament	00701	Advances to Public Officers	3,500,000	—	500,000	10,000,000	—	—	—	
8	Office of the Leader of the Opposition of Parliament	00801	Advances to Public Officers	3,500,000	—	900,000	10,000,000	—	—	—	
9	Public Service Commission	01201	Advances to Public Officers	10,000,000	—	3,000,000	25,000,000	—	—	—	
10	Judicial Service Commission	01301	Advances to Public Officers	6,000,000	—	1,000,000	15,000,000	—	—	—	
11	National Police Commission	01401	Advances to Public Officers	3,500,000	—	500,000	10,000,000	—	—	—	

12	Administrative Appeals Tribunal	01501	Advances to Public Officers	1,500,000	20,000	3,000,000	—
13	Commission to Investigate Allegations of Bribery or Corruption	01601	Advances to Public Officers	10,000,000	3,000,000	30,000,000	—
14	Commission to Investigate Allegations of Bribery or Corruption	01602	Advancing moneys to be used in bribery detection as bribes	5,000,000	1,500,000	7,500,000	—
15	Department of Elections	01701	Advances to Public Officers	30,500,000	6,800,000	80,000,000	—
16	Auditor-General	01801	Advances to Public Officers	67,000,000	32,000,000	350,000,000	—
17	Office of the Parliamentary Commissioner for Administration	01901	Advances to Public Officers	3,500,000	250,000	6,000,000	—
18	Office of the Finance Commission	02001	Advances to Public Officers	4,500,000	850,000	15,000,000	—
19	National Education Commission	02101	Advances to Public Officers	3,500,000	450,000	6,000,000	—
20	Minister of Religious Affairs & Moral Upliftment	10101	Advances to Public Officers	6,500,000	1,300,000	18,000,000	—
21	Minister of Finance and Planning	10201	Advances to Public Officers	20,500,000	4,500,000	80,000,000	—
22	Minister of Defence, Public Security, Law and Order	10301	Advances to Public Officers	58,000,000	18,000,000	160,000,000	—
23	Minister of Plan Implementation	10401	Advances to Public Officers	6,500,000	900,000	13,000,000	—
24	Minister of Nation Building and Estate Infrastructure Development	10501	Advances to Public Officers	47,000,000	12,000,000	200,000,000	—

SRL No.	Ministry / Department	Item No.	Activities of the Government	Limits of activities of the Government				
				I Maximum Expenditure	II Minimum Receipts	III Maximum Debit Balances	IV Maximum Limits of Liabilities	V Maximum Limits of Liabilities
				Rs.	Rs.	Rs.	Rs.	Rs.
25	Minister of Disaster Management & Human Rights	10601	Advances to Public Officers	3,500,000	500,000	7,000,000	—	—
26	Minister of Tourism	10701	Advances to Public Officers	6,000,000	1,200,000	18,000,000	—	—
27	Minister of Ports and Telecommunications	10801	Advances to Public Officers	14,000,000	1,800,000	23,000,000	—	—
28	Minister of Justice and Law Reforms	11001	Advances to Public Officers	21,500,000	4,800,000	50,000,000	—	—
29	Minister of Health Care and Nutrition	11101	Advances to Public Officers	830,000,000	485,000,000	2,600,000,000	—	—
30	Minister of Foreign Affairs	11201	Advances to Public Officers	34,000,000	15,000,000	100,000,000	—	—
31	Minister of Ports and Aviation	11301	Advances to Public Officers	11,500,000	3,000,000	32,000,000	—	—
32	Minister of Transport	11401	Advances to Public Officers	11,500,000	3,000,000	25,000,000	—	—
33	Minister of Petroleum and Petroleum Resources Development	11501	Advances to Public Officers	3,500,000	500,000	5,000,000	—	—
34	Minister of Trade, Marketing and Development, Co-operatives and Consumer Services	11601	Advances to Public Officers	9,000,000	1,100,000	25,000,000	—	—
35	Minister of Highways and Road Development	11701	Advances to Public Officers	5,500,000	2,000,000	20,000,000	—	—

36	Minister of Agricultural Development and Agrarian Services	11801	Advances to Public Officers	14,000,000	5,000,000	100,000,000	—
37	Minister of Power and Energy	11901	Advances to Public Officers	11,500,000	2,300,000	28,000,000	—
38	Minister of Child Development and Women's Empowerment	12001	Advances to Public Officers	21,500,000	3,000,000	40,000,000	—
39	Minister of Public Administration and Home Affairs	12101	Advances to Public Officers	31,500,000	7,000,000	82,000,000	—
40	Minister of Mass Media and Information	12201	Advances to Public Officers	10,000,000	2,300,000	21,000,000	—
41	Minister of Urban Development and Sacred Area Development	12301	Advances to Public Officers	10,000,000	2,800,000	85,000,000	—
42	Minister of Social Services and Social Welfare	12401	Advances to Public Officers	12,500,000	2,200,000	30,000,000	—
43	Minister of Housing and Common Amenities	12501	Advances to Public Officers	11,500,000	2,200,000	15,000,000	—
44	Minister of Education	12601	Advances to Public Officers	780,000,000	470,000,000	2,800,000,000	—
45	Minister of Labour Relations and Manpower	12701	Advances to Public Officers	34,000,000	4,000,000	60,000,000	—
46	Minister of Rural Industries and Self-employment Promotion	12801	Advances to Public Officers	5,500,000	1,600,000	20,000,000	—
47	Minister of Vocational and Technical Training	12901	Advances to Public Officers	26,000,000	4,000,000	45,000,000	—

SRL No.	Ministry / Department	Item No.	I Activities of the Government	II Maximum Limits of Expenditure of activities of the Government	III Minimum Limits of Receipts of activities of the Government	IV Maximum Limits of Debit Balances of activities of the Government	V Maximum Limits of Liabilities of activities of the Government
48	Minister of Local Government and Provincial Councils	13001	Advances to Public Officers	10,000,000	2,600,000	30,000,000	—
49	Minister of Enterprise Development and Investment Promotion	13201	Advances to Public Officers	4,500,000	900,000	15,000,000	—
50	Minister of Science and Technology	13301	Advances to Public Officers	31,500,000	5,300,000	60,000,000	—
51	Minister of Constitutional Affairs and National Integration	13401	Advances to Public Officers	10,000,000	1,200,000	20,000,000	—
52	Minister of Plantation Industries	13501	Advances to Public Officers	10,000,000	2,000,000	28,000,000	—
53	Minister of Sports and Public Recreation	13601	Advances to Public Officers	12,500,000	4,000,000	29,000,000	—
54	Minister of Indigenous Medicine	13801	Advances to Public Officers	12,500,000	4,000,000	20,000,000	—
55	Minister of Fisheries and Aquatic Resources	13901	Advances to Public Officers	11,500,000	3,000,000	40,000,000	—

56	Minister of Livestock Development	14001	Advances to Public Officers	11,500,000	2,800,000	30,000,000	—
57	Minister of Cultural Affairs	14201	Advances to Public Officers	27,000,000	6,000,000	55,000,000	—
58	Minister of Parliamentary Affairs	14301	Advances to Public Officers	4,500,000	1,000,000	13,000,000	—
59	Minister of Resettlement and Disaster Relief Services	14501	Advances to Public Officers	5,500,000	1,500,000	18,000,000	—
60	Minister of Industrial Development	14901	Advances to Public Officers	12,500,000	4,000,000	55,000,000	—
61	Minister of Foreign Employment Promotion and Welfare	15101	Advances to Public Officers	4,000,000	500,000	5,000,000	—
62	Minister of Irrigation and Water Management	15201	Advances to Public Officers	17,000,000	2,500,000	38,000,000	—
63	Minister of Land and Land Development	15301	Advances to Public Officers	21,500,000	4,000,000	40,000,000	—
64	Minister of Youth Affairs	15601	Advances to Public Officers	6,500,000	2,300,000	30,000,000	—
65	Minister of Environment and Natural Resources	16001	Advances to Public Officers	10,000,000	3,300,000	37,000,000	—
66	Minister of Internal Administration	16101	Advances to Public Officers	3,500,000	250,000	5,000,000	—
67	Minister of Youth Empowerment and Socio Economic Development	16301	Advances to Public Officers	4,000,000	400,000	10,000,000	—
68	Minister of Community Development and Social Inequity Eradication	16401	Advances to Public Officers	4,000,000	300,000	10,000,000	—

SRL No.	Ministry / Department	Item No.	I Activities of the Government	II Maximum Limits of Expenditure of activities of the Government		III Minimum Limits of Receipts of activities of the Government		IV Maximum Limits of Debit Balances of activities of the Government		V Maximum Limits of Liabilities of activities of the Government	
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
69	Minister of National Heritage	16501	Advances to Public Officers	4,000,000	600,000	10,000,000	—	—	—	—	
70	Minister of Water Supply and Drainage	16601	Advances to Public Officers	5,000,000	1,500,000	10,000,000	—	—	—	—	
71	Minister of Export Development and International Trade	16701	Advances to Public Officers	4,000,000	600,000	30,000,000	—	—	—	—	
72	Minister of Public Estate Management and Development	16801	Advances to Public Officers	3,500,000	300,000	10,000,000	—	—	—	—	
73	Minister of Construction and Engineering Services	16901	Advances to Public Officers	4,000,000	600,000	30,000,000	—	—	—	—	
74	Minister of Special Projects	17001	Advances to Public Officers	3,000,000	300,000	10,000,000	—	—	—	—	
75	Minister of Higher Education	17101	Advances to Public Officers	5,000,000	1,600,000	50,000,000	—	—	—	—	
76	Minister of Supplementary Plantation Crops Development	17201	Advances to Public Officers	3,500,000	100,000	10,000,000	—	—	—	—	
77	Department of Buddhist Affairs	20101	Advances to Public Officers	21,500,000	2,000,000	35,000,000	—	—	—	—	

78	Department of Muslim Religious and Cultural Affairs	20201	Advances to Public Officers	4,000,000	700,000	40,000,000	—
79	Department of Christian Religious Affairs	20301	Advances to Public Officers	3,000,000	50,000	8,000,000	—
80	Department of Hindu Religious and Cultural Affairs	20401	Advances to Public Officers	4,500,000	400,000	12,000,000	—
81	Department of Public Trustee	20501	Advances to Public Officers	5,500,000	1,000,000	18,000,000	—
82	Department of Cultural Affairs	20601	Advances to Public Officers	21,500,000	5,000,000	40,000,000	—
83	Department of Archaeology	20701	Advances to Public Officers	49,000,000	12,000,000	150,000,000	—
84	Department of National Museums	20801	Advances to Public Officers	17,000,000	4,000,000	35,000,000	—
85	Department of National Archives	20901	Advances to Public Officers	7,000,000	1,800,000	18,000,000	—
86	Department of Information	21001	Advances to Public Officers	12,500,000	3,000,000	35,000,000	—
87	Department of Government Printer	21101	Advances to Public Officers	78,000,000	33,500,000	400,000,000	—
88	Department of Examinations	21201	Advances to Public Officers	27,000,000	9,500,000	125,000,000	—
89	Department of Educational Publications	21301	Advances to Public Officers	10,000,000	2,300,000	25,000,000	—
90	Department of Educational Publications	21302	Printing, Publicity and Sales of Publications	2,250,000,000	2,250,000,000	4,000,000,000	100,000,000

SRL No.	Ministry / Department	Item No.	I Activities of the Government	II Maximum Limits of Expenditure of activities of the Government		III Minimum Limits of Receipts of activities of the Government		IV Maximum Limits of Debit Balances of activities of the Government		V Maximum Limits of Liabilities of activities of the Government	
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
91	Department of Technical Education and Training	21501	Advances to Public Officers	76,000,000	25,000,000	300,000,000	—	—	—	—	
92	Department of Social Services	21601	Advances to Public Officers	26,000,000	7,000,000	90,000,000	—	—	—	—	
93	Department of Probation and Child Care Services	21701	Advances to Public Officers	26,000,000	3,000,000	45,000,000	—	—	—	—	
94	Department of Commissioner General of Samurdhi	21801	Advances to Public Officers	21,500,000	6,000,000	70,000,000	—	—	—	—	
95	Department of Sports Development	21901	Advances to Public Officers	10,500,000	2,000,000	30,000,000	—	—	—	—	
96	Department of Ayurveda	22001	Advances to Public Officers	40,500,000	10,000,000	130,000,000	—	—	—	—	
97	Department of Labour	22101	Advances to Public Officers	81,000,000	34,000,000	250,000,000	—	—	—	—	
98	Sri Lanka Army	22201	Advances to Public Officers	1,840,000,000	845,770,000	3,675,000,000	—	—	—	—	
99	Sri Lanka Navy	22301	Advances to Public Officers	615,000,000	180,000,000	220,000,000	—	—	—	—	
100	Sri Lanka Navy	22302	Stores (Explosive items)	345,000,000	290,000,000	200,000,000	—	—	—	—	
101	Sri Lanka Air Force	22401	Advances to Public Officers	500,000,000	238,000,000	1,175,000,000	—	—	—	—	
102	Department of Police	22501	Advances to Public Officers	1,072,000,000	702,000,000	3,415,000,000	—	—	—	—	
103	Department of Immigration and Emigration	22601	Advances to Public Officers	34,000,000	12,000,000	140,000,000	—	—	—	—	

104	Department of Registration of Persons	22701	Advances to Public Officers	21,500,000	8,000,000	80,000,000	—
105	Courts Administration	22801	Advances to Public Officers	151,000,000	29,000,000	700,000,000	—
106	Department of Attorney General	22901	Advances to Public Officers	26,000,000	6,500,000	70,000,000	—
107	Department of Legal Draftsman	23001	Advances to Public Officers	5,500,000	1,200,000	17,000,000	—
108	Department of Debt Conciliation Board	23101	Advances to Public Officers	2,000,000	200,000	10,000,000	—
109	Department of Prisons	23201	Advances to Public Officers	137,000,000	65,000,000	500,000,000	—
110	Department of Prisons	23202	Prisons Industrial and Agricultural undertakings	67,000,000	68,000,000	28,000,000	10,000,000
111	Department of Government Analyst	23301	Advances to Public Officers	10,000,000	2,000,000	25,000,000	—
112	Registrar of Supreme Court	23401	Advances to Public Officers	17,000,000	3,900,000	30,000,000	—
113	Department of Law Commission	23501	Advances to Public Officers	2,000,000	250,000	15,000,000	—
114	Department of Official Languages	23601	Advances to Public Officers	10,000,000	1,900,000	27,000,000	—
115	Department of National Planning	23701	Advances to Public Officers	9,000,000	1,900,000	20,000,000	—
116	Department of Fiscal Policy	23801	Advances to Public Officers	5,000,000	700,000	23,000,000	—
117	Department of External Resources	23901	Advances to Public Officers	10,000,000	2,600,000	28,000,000	—
118	Department of National Budget	24001	Advances to Public Officers	17,000,000	2,500,000	40,000,000	—
119	Department of Public Enterprises	24101	Advances to Public Officers	5,000,000	1,500,000	15,000,000	—

SRL No.	Ministry / Department	Item No.	I Activities of the Government	II Limits of Expenditure of activities of the Government		III Limits of Receipts of activities of the Government		IV Limits of Debit Balances of activities of the Government		V Limits of Liabilities of activities of the Government	
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
120	Department of Management Services	24201	Advances to Public Officers	6,500,000	1,200,000	20,000,000	—	—	—	—	
121	Department of Development Finance	24301	Advances to Public Officers	5,000,000	300,000	10,000,000	—	—	—	—	
122	Department of Trade Tariffs and Investment Policy	24401	Advances to Public Officers	9,000,000	900,000	10,000,000	—	—	—	—	
123	Department of Public Finance	24501	Advances to Public Officers	6,500,000	900,000	17,000,000	—	—	—	—	
124	Department of Inland Revenue	24601	Advances to Public Officers	67,000,000	30,000,000	350,000,000	—	—	—	—	
125	Sri Lanka Customs	24701	Advances to Public Officers	79,000,000	22,500,000	300,000,000	—	—	—	—	
126	Sri Lanka Customs	24702	Expenses in connection with Seized and forfeited goods	5,000,000	1,500,000	12,000,000	—	—	—	—	
127	Department of Excise	24801	Advances to Public Officers	49,000,000	13,000,000	150,000,000	—	—	—	—	
128	Department of Treasury Operations	24901	Advances to Public Officers	10,000,000	2,000,000	30,000,000	—	—	—	—	
129	Department of State Accounts	25001	Advances to Public Officers	9,500,000	1,200,000	25,000,000	—	—	—	—	
130	Department of State Accounts	25002	Advances for Payments on behalf of other Governments	5,300,000	5,300,000	4,700,000	—	—	—	—	
131	Department of State Accounts	25003	Miscellaneous Advances	200,000,000	750,000,000	700,000,000	—	—	—	—	

132	Department of Valuation	25101	Advances to Public Officers	20,500,000	4,500,000	65,000,000
133	Department of Census and Statistics	25201	Advances to Public Officers	55,500,000	15,000,000	180,000,000
134	Department of Pensions	25301	Advances to Public Officers	45,000,000	3,500,000	90,000,000
135	Department of Registrar General	25401	Advances to Public Officers	59,000,000	10,000,000	180,000,000
136	District Secretariat, Colombo	25501	Advances to Public Officers	48,000,000	21,000,000	180,000,000
137	District Secretariat, Gampaha	25601	Advances to Public Officers	65,000,000	38,000,000	250,000,000
138	District Secretariat, Kalutara	25701	Advances to Public Officers	54,000,000	20,000,000	200,000,000
139	District Secretariat, Kandy	25801	Advances to Public Officers	57,000,000	28,000,000	75,000,000
140	District Secretariat, Matale	25901	Advances to Public Officers	39,000,000	17,000,000	150,000,000
141	District Secretariat, Nuwara-Eliya	26001	Advances to Public Officers	31,000,000	9,500,000	100,000,000
142	District Secretariat, Galle	26101	Advances to Public Officers	58,000,000	28,000,000	200,000,000
143	District Secretariat, Matara	26201	Advances to Public Officers	47,000,000	25,000,000	160,000,000
144	District Secretariat, Hambantota	26301	Advances to Public Officers	38,000,000	13,000,000	125,000,000
145	District Secretariat/Kachcheri, Jaffna	26401	Advances to Public Officers	33,000,000	14,000,000	72,000,000
146	District Secretariat/ Kachcheri, Mannar	26501	Advances to Public Officers	12,000,000	3,600,000	35,000,000
147	District Secretariat/ Kachcheri, Vavuniya	26601	Advances to Public Officers	10,000,000	4,500,000	35,000,000
148	District Secretariat/ Kachcheri, Mullaitivu	26701	Advances to Public Officers	10,000,000	2,500,000	25,000,000
149	District Secretariat/ Kachcheri, Kilinochchi	26801	Advances to Public Officers	10,000,000	2,500,000	25,000,000

SRL No.	Ministry / Department	Item No.	I Activities of the Government	II Maximum Limits of Expenditure of activities of the Government		III Minimum Limits of Receipts of activities of the Government		IV Maximum Limits of Debit Balances of activities of the Government		V Maximum Limits of Liabilities of the Government	
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
150	District Secretariat/ Batticaloa	Kacheheri, 26901	Advances to Public Officers	30,000,000	14,000,000	70,000,000	—	—	—	—	
151	District Secretariat, Ampara	27001	Advances to Public Officers	51,000,000	28,000,000	65,000,000	—	—	—	—	
152	District Secretariat/ Trincomalee	Kacheheri, 27101	Advances to Public Officers	25,000,000	7,000,000	62,000,000	—	—	—	—	
153	District Secretariat, Kurunegala	27201	Advances to Public Officers	92,000,000	50,000,000	320,000,000	—	—	—	—	
154	District Secretariat, Puttalam	27301	Advances to Public Officers	44,000,000	18,000,000	120,000,000	—	—	—	—	
155	District Secretariat, Anuradhapura	27401	Advances to Public Officers	55,000,000	30,000,000	160,000,000	—	—	—	—	
156	District Secretariat, Polonnaruwa	27501	Advances to Public Officers	21,000,000	8,500,000	70,000,000	—	—	—	—	
157	District Secretariat, Badulla	27601	Advances to Public Officers	41,000,000	16,000,000	130,000,000	—	—	—	—	
158	District Secretariat, Monaragala	27701	Advances to Public Officers	28,000,000	14,000,000	100,000,000	—	—	—	—	
159	District Secretariat, Ratnapura	27801	Advances to Public Officers	47,000,000	18,000,000	115,000,000	—	—	—	—	
160	District Secretariat, Kegalle	27901	Advances to Public Officers	41,000,000	19,000,000	115,000,000	—	—	—	—	
161	Department of Foreign Aid and Budget Monitoring	28001	Advances to Public Officers	5,500,000	1,000,000	25,000,000	—	—	—	—	
162	Department of Agrarian Development	28101	Advances to Public Officers	264,000,000	74,000,000	800,000,000	—	—	—	—	

163	Department of Irrigation	28201	Advances to Public Officers	110,000,000	60,000,000	370,000,000	—
164	Department of Forests	28301	Advances to Public Officers	80,000,000	30,000,000	225,000,000	—
165	Department of Wild Life Conservation	28401	Advances to Public Officers	40,000,000	12,000,000	100,000,000	—
166	Department of Agriculture	28501	Advances to Public Officers	135,000,000	95,000,000	600,000,000	—
167	Department of Agriculture	28502	Maintenance of Agricultural Farms and Seed Sales	265,000,000	265,000,000	530,000,000	—
168	Department of Land Commissioner	28601	Advances to Public Officers	26,000,000	6,500,000	75,000,000	—
169	Department of Land Settlement	28701	Advances to Public Officers	5,500,000	1,800,000	22,000,000	—
170	Department of Survey General	28801	Advances to Public Officers	140,000,000	77,000,000	440,000,000	—
171	Department of Export Agriculture	28901	Advances to Public Officers	31,500,000	10,000,000	90,000,000	—
172	Department of Fisheries and Aquatic Resources	29001	Advances to Public Officers	31,500,000	8,500,000	90,000,000	—
173	Department of Coast Conservation	29101	Advances to Public Officers	21,500,000	5,500,000	52,000,000	—
174	Department of Animal Production and Health	29201	Advances to Public Officers	27,000,000	9,500,000	90,000,000	—
175	Department of Rubber Development	29301	Advances to Public Officers	12,500,000	5,000,000	60,000,000	—
176	Department of National Zoological Gardens	29401	Advances to Public Officers	12,500,000	2,000,000	50,000,000	—
177	Department of Commerce	29501	Advances to Public Officers	5,500,000	1,000,000	20,000,000	—

SRL No.	Ministry / Department	Item No.	Activities of the Government	I		II		III		IV		V	
				Maximum Limits of Expenditure of activities of the Government	Rs.	Minimum Limits of Receipts of activities of the Government	Rs.	Maximum Limits of Debit Balances of activities of the Government	Rs.	Maximum Limits of Liabilities of activities of the Government	Rs.		
178	Department of Import and Export Control	29601	Advances to Public Officers	5,500,000	Rs.	1,000,000	Rs.	50,000,000	Rs.	—	Rs.	—	Rs.
179	Department of the Registrar of Companies	29701	Advances to Public Officers	5,500,000	Rs.	1,000,000	Rs.	25,000,000	Rs.	—	Rs.	—	Rs.
180	Department of Measurement Units, Standards and Services	29801	Advances to Public Officers	10,000,000	Rs.	2,200,000	Rs.	42,000,000	Rs.	—	Rs.	—	Rs.
181	National Intellectual Property Office of Sri Lanka	29901	Advances to Public Officers	4,500,000	Rs.	700,000	Rs.	12,000,000	Rs.	—	Rs.	—	Rs.
182	Department of Food Commissioner	30001	Advances to Public Officers	18,000,000	Rs.	3,800,000	Rs.	80,000,000	Rs.	—	Rs.	—	Rs.
183	Department of Co-operative Development (Registrar of Co-operative Societies)	30101	Advances to Public Officers	9,000,000	Rs.	1,100,000	Rs.	25,000,000	Rs.	—	Rs.	—	Rs.
184	Co-operative Employees Commission	30201	Advances to Public Officers	3,500,000	Rs.	250,000	Rs.	7,000,000	Rs.	—	Rs.	—	Rs.
185	Department of Textile Industries	30301	Advances to Public Officers	11,500,000	Rs.	3,000,000	Rs.	38,000,000	Rs.	—	Rs.	—	Rs.
186	Department of Meteorology	30401	Advances to Public Officers	17,000,000	Rs.	5,000,000	Rs.	70,000,000	Rs.	—	Rs.	—	Rs.

187	Department of Up-Country Peasantry Rehabilitation	30501	Advances to Public Officers	3,500,000	500,000	10,000,000	—
188	Sri Lanka Railways	30601	Advances to Public Officers	452,000,000	300,000,000	1,800,000,000	—
189	Sri Lanka Railways	30602	Railway Stores Advance Account	1,100,000,000	1,100,000,000	3,850,000,000	400,000,000
190	Department of Motor Traffic	30701	Advances to Public Officers	27,500,000	9,500,000	80,000,000	—
191	Department of Posts	30801	Advances to Public Officers	544,000,000	375,000,000	1,635,000,000	—
192	Department of Buildings	30901	Advances to Public Officers	25,000,000	7,000,000	75,000,000	—
193	Government Factory	31001	Advances to Public Officers	34,000,000	11,000,000	120,000,000	—
194	Government Factory	31002	Government Factory Stores Advance Account	100,000,000	100,000,000	10,000,000	—
195	Government Factory	31003	Government Factory Work Done Advance Account	200,000,000	220,000,000	30,000,000	—
196	Department of National Physical Planning	31101	Advances to Public Officers	18,000,000	7,000,000	90,000,000	—
197	Department of Civil Security	32101	Advances to Public Officers	3,000,000	60,000	9,000,000	—
198	Department of National Botanical Gardens	32201	Advances to Public Officers	17,000,000	3,000,000	48,000,000	—
Total				15,700,300,000	10,200,300,000	41,485,200,000	510,000,000

(The effect of this amendment of the Minister of Finance and Planning will be to increase the total of column II of the maximum limits of expenditure of activities of the Government by Rs. 1,500,000,000).

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, NO. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.