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வருடாந்த அறிக்கை

Annual Report

ත්‍රිපෝෂ
THRIPOSHA
திரிபோஷ
A SRI LANKA FORTIFIED FOOD PROGRAMME OF THE MINISTRY OF HEALTHCARE & NUTRITION

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இலங்கை திரிபோஷ கம்பனி

Sri Lanka Thriposha Ltd

2021

Contents

Background

Sri Lanka Thriposha Limited ("SLTL" or "Company") was established as a State Enterprise under the Companies Act no. 07 of 2007 in 2010. Initially it was known as the "Thriposha Program" which was established in order to serve the main objective of "Eradication of Malnutrition in Sri Lanka". The Thriposha program was initiated in 1973 with the assistance of the CARE Humanitarian Organization located in USA ("CARE"). At the beginning the additional food supplement was imported from USA and packed in Sri Lanka before being distributed to the targeted beneficiaries. The main ingredients in Thriposha from inception to date are maize, soya and milk powder.

In 1976, the Ministry of Health extended its support to the program and for its management, Ceylon Tobacco Company ("CTC") was selected through a tender selection process. In 2010, the program was turned into a fully government owned company as Sri Lanka Thriposha Limited (SLTL) and taken under the purview of the Ministry of Health. In 2017, SLTL was able to launch their commercial product branded as "Suposha" to the market, due to the excess capacity generated by the replacement of the extruder in 2016. In 2020, Sri Lanka Thriposha Ltd was attached to the State Ministry of Women and Child Development, Pre-School & Primary Education, School Infrastructure & Educational Services as a Line Ministry.

History

1973

The Thriposha program was initiated with the assistance of the CARE Humanitarian Organization located in USA. At the beginning, the additional food supplement was imported from USA and packed in Sri Lanka using ICSM powder.

1976

The Ministry of Health extended its support to the program. The management of the program was transferred to the Ministry of Health by CARE.

1979

Tenders were called by the Ministry to select a suitable company to manage the program, and Ceylon Tobacco Company was awarded the management after signing a tri- party agreement among the Ministry, CARE and CTC.

1980

Started the production of Thriposha in the factory in Ja-Ela with the introduction of two braidy machines. The formula used for production was a combination of corn-soya blend (CSB) and ICSM powder.

1987

CARE completely stepped out from the Thriposha Program.

2010

The program was turned into a fully government owned company under the Companies Act as “Sri Lanka Thriposha Limited” (SLTL) and taken under the purview of the Ministry of Health from CTC who was managing the program.

2016

Replaced the “Braidy” extruder machine with an “Anderson” machine which enabled SLTL to cater the full demand of Thriposha.

2017

Introduced a commercial product named “Suposha” to the market due to the surplus production.

Our Vision

To be the trusted nutritional provider for the nation

in the elimination of malnutrition through

innovation, sustainability and efficiency.

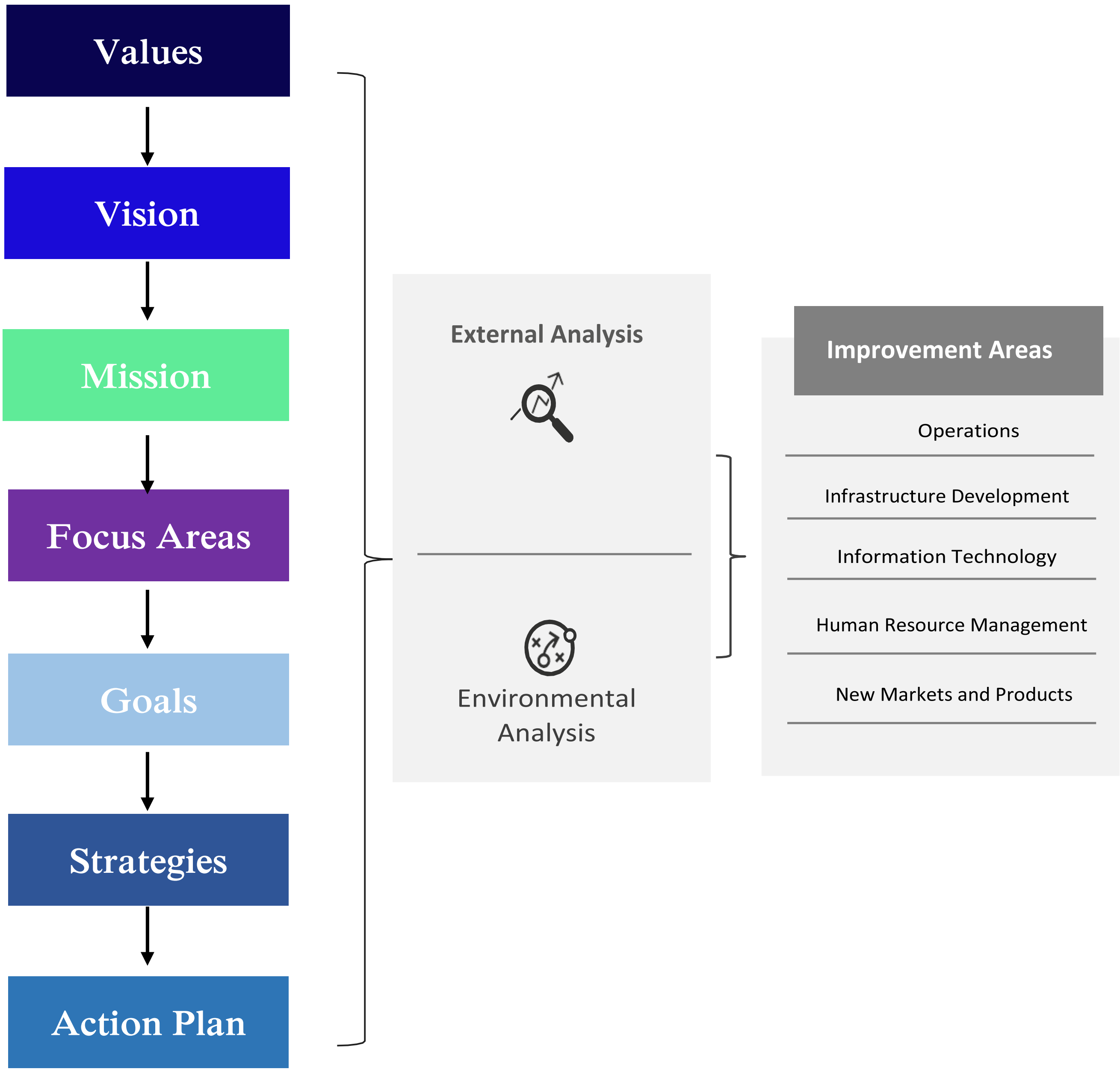
Our Mission

Our objective is to contribute towards a healthy nation
by providing the nutritionally rich wholesome Thriposha food
to the target beneficiaries and introducing to the market
nourishing supplementary food products
through the purchase of raw materials
from the local farmers.

Firstly, the values were identified and the Vision and Mission were then derived from them.

Goals and strategies were derived considering both internal and external factors which were gathered from the gap analysis (identified from the interviews) and the environmental analysis respectively.

The gaps were categorized into 5 improvement areas. Key Focus Areas were derived considering these gaps and the environmental analysis. Taking all these factors into consideration, the goals, strategies and actions plans were developed respectively in order to achieve the vision and the mission.



The below values were identified as principles the Company would need to abide by should it wish to achieve its vision and mission:

Four (4) Focus Areas were identified to aid SLTL in aligning its goals and strategies and ultimately achieve its vision.

Our Commitment

Focus on eradicating malnutrition in the country while being self sufficient and maximize stakeholder value

Our Operations

Focus on sourcing, processing, marketing and distribution of nutritional food products in a sustainable manner while operating diligently

Our Product

Focus on quality and the standard of products that are provided to the end user

Our People

Focus on our valuable assets - employees

Goals

Goals were created in order to provide direction on what actions SLTL would need to take, in order to succeed in its focus areas. These would go on to inform the strategies and action plans of the Company.

Our Commitment

No	Goal	Description
Goal 1	Achieve the social welfare objectives of our stakeholders	Work towards improving the Company's contribution to society.

Our Operations

No	Goal	Description
Goal 2	Maintain infrastructure and technological advancements	Engage in improving the production plant, storage, logistics and technology, finding new solutions that minimize costs and maximize stakeholder value.
Goal 3	Achieve operational excellence to enhance productivity	Building a sustainable business environment through an effective operations management to provide good nutrition to the nation.

Our Product

No	Goal	Description
Goal 4	Achieve product excellence through research and innovation	Providing the right products through innovation and technical development.

Our People

No	Goal	Description
Goal 5	Promote and enhance organisation learning and a positive work environment	Focus on employee growth and development by creating a culture of learning where employees and their employer openly recognize and value the development of themselves and the Company.

Message of the Chairman

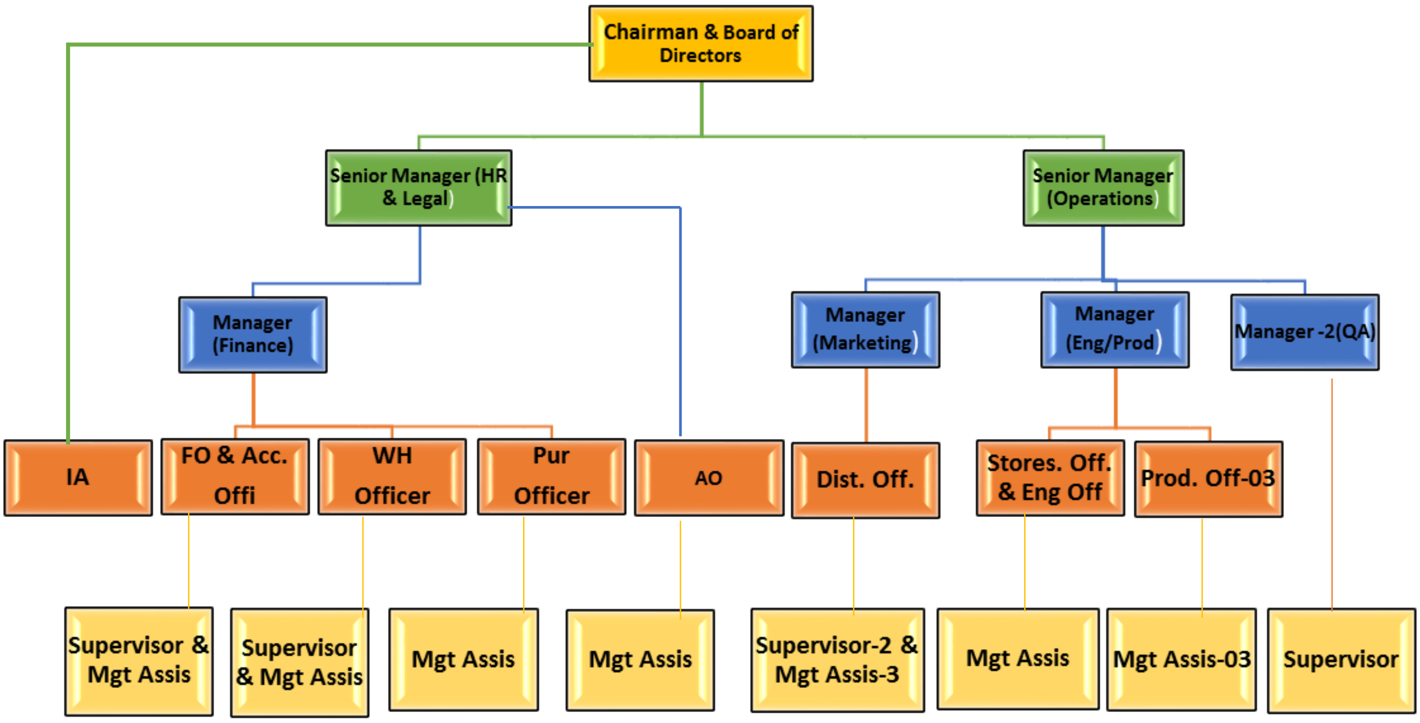
The production and free-of-charge distribution of the Thriposha supplementary meal through the health clinics islandwide to all pregnant and lactating mothers and underweight infants below five years of age living in Sri Lanka towards the cause of the fulfillment of the national mission of bringing forth a healthy populace replete with nutrition was the uppermost purpose among the objectives set out in the Memorandum of Articles when Sri Lanka Thriposha Ltd. was incorporated in the year 2011 as a company fully owned by the government with affiliation to the Ministry of Health and it was possible to well reach out to that goal up to this year as well as from the date of my assumption of duties in the year 2020.

Despite being in the face of the Corona pandemic situation engulfing the whole world including Sri Lanka, the Company was in a position to manufacture 8,458 metric tons of Thriposha and Suposha during the year 2021 using only a very limited amount of resources and was able to earn a total pre-tax profit of Rs. 129 million.

I owe a debt of gratitude to His Excellency the President, Gotabaya Rajapaksa, Hon. State Minister of Women and Child Development, Pre-School and Primary Education Infrastructure Facilities and Education Services following the Sri Lanka Thriposha Limited was brought under the aforesaid State Ministry, its Secretary, Mrs. K.M.S.D. Jayasekara, Hon. Minister of Health, Nutrition and Indigenous Medicine, Dr. Keheliya Rambukwella, Secretary, Major General, Sanjeewa Munasingha, and the Secretary of the Ministry of Finance and Secretary to the Treasury, Mr. S.R. Attigala and the entire staff at Thirposha including the Board of Directors as well as our suppliers who provide us with raw materials on time for uninterrupted production and all the others who assisted us in many ways.

Deepthi Kularatne
Chairman,
Sri Lanka Thriposha Limited.

Organization Structure



➢ Acc.Offi	-	Accounts Officer
➢ AO	-	Administration Officer
➢ Dist	-	Distribution Officer
➢ FO	-	Finance Officer
➢ IA	-	Internal Auditor
➢ Mgt Assis	-	Management Assistant
➢ Pur	-	Purchasing Officer
➢ Prod	-	Production Officer
➢ WH	-	Ware House Officer

Board of Directors

Chairman
Mr. Deepthi Kularatne

Dr. Asela Gunawardena
Director General of Health Services
Ministry of Health, Nutrition and Indigenous Medicine

Dr. (Mrs) Chitramali de Silva
Maternal and Child Health Bureau
Ministry of Health, Nutrition and Indigenous Medicine

Mr. R. M. P.S. Abeyratne
Assistant Director
Department of external Resources
Ministry of Finance, Economy and Policy Development

Mrs. Theja Herath
Senior Research Officer
Industrial Technology Institute

Attl. Praneeth Mahalla
Legal Advisor
Industrial Technology Institute

Board of Directors

Mrs. Lakmini N. Magodaratne
Nutrition Coordination Division
Ministry of Health, Nutrition and Indigenous Medicine

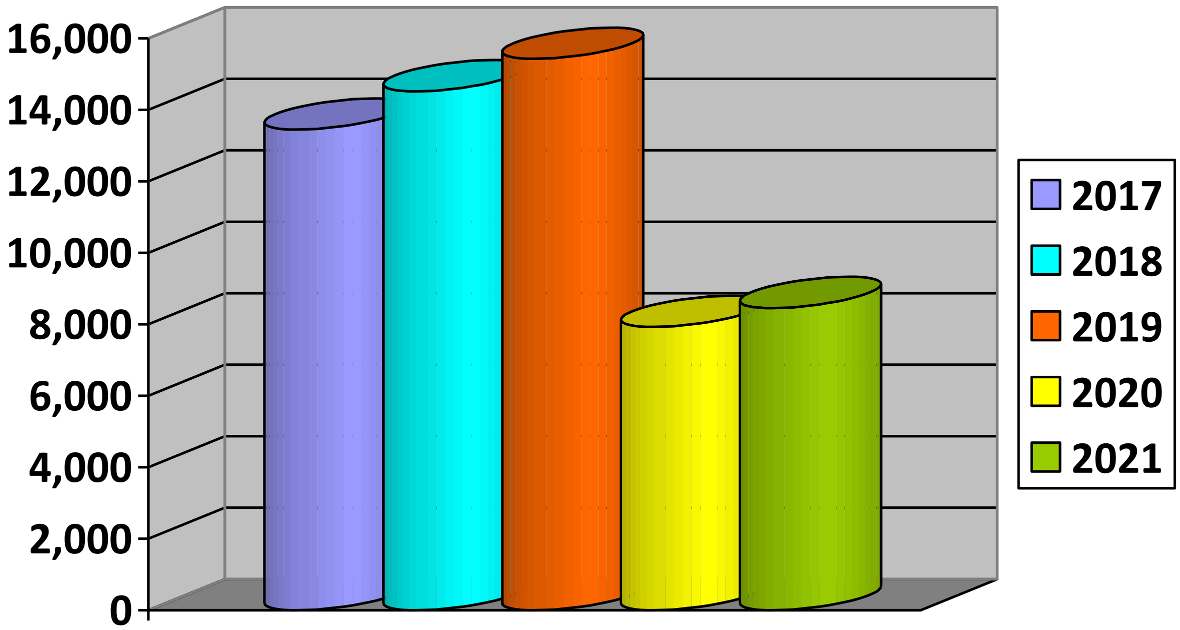
Mrs. A.P. Kodikara
Chief Finance Officer
State Ministry of Women and Child Development, Pre School and Primary Education Infrastructure Facilities and Education Services

Mrs. D.C. Wickramasinghe
Chief Finance Officer
Ministry of Health, Nutrition and Indigenous Medicine

Mrs. Thanuja Priyadarshani Alwis
Secretary to the Board of Directors

Year	2017	2018	2019	2020	2021
Metric Tons	13,446	14,520	15,429	7,927	8,458

Production from 2017 to 2021 in a chart



Thriposha Production from the year 2017 to year 2021

Month	2017	2018	2019	2020	2021
January	56,236	51,069	43,003	46,805	3,334
February	48,288	40,351	35,715	30,492	35,408
March	58,150	47,969	47,125	30,118	62,410
April	46,956	25,720	28,954	30,583	7,541
May	49,432	55,122	38,109	30,745	-
June	40,134	50,268	43,372	21,959	20,327
July	48,128	49,042	38,534	16,995	33,931
August	53,179	40,374	52,835	4,850	15,232
September	36,295	48,670	47,082	13,147	32,500
October	27,311	50,036	71,004	11,877	20,975
November	49,829	47,152	57,490	16,645	15,792
December	30,017	23,703	17,329	11,910	-
Master Bags	**543,955**	**529,476**	**520,552**	**266,126**	**247,450**
Total M. T.	**12,239**	**11,913**	**11,712**	**5,988**	**5,568**

★ One Master Bag of Thriposha contains 30 packets of Thriposha weighing 750 grams of Thriposha.

Information on Thriposha Distribution

Offices of the Provincial Director of Health Services	Number of beneficiaries per month 2021	Thriposha bags distributed during the year 2021
Ampara	14,958	4,985
Anuradhapura	43,940	11,704
Badulla	39,504	9,605
Batticaloa	23,957	7,987
Colombo	61,921	24,727
Galle	34,727	9,272
Gampaha	69,107	12,069
Hambantota	29,459	7,794
Jaffna	18,995	5,506
Kalmune	23,513	6,272
Kalutara	31,249	11,937
Kandy	60,058	17,752
Kegalle	30,761	9,285
Kilinochchi	4,977	1,993
Kurunegala	66,028	19,155
Mannar	4,590	1,532
Matale	20,692	5,325
Matara	42,403	11,242
Monaragala	26,540	7,078
Mullaitivu	4,656	1,555
Nuwara Eliya	56,169	8,146
Polonnaruwa	21,023	7,010
Puttalam	29,910	9,210
Ratnapura	51,953	14,002
Trincomalee	19,093	5,080
Vavuniya	7,205	2,405
Chest Hospital	1,550	416
National Health Academy	13,251	4,415
Lady Ridgeway Children’s Hospital	105	42
Total	**852,288**	**237,501**

Audit and Management Committee Members and

Other Officers participated in the Meetings

i. Mr. R. M. P.S. Abeyratne	-	Chairman, Audit Management Committee, Director, Sri Lanka Thriposha Limited.
ii. Dr. (Mrs.) Chithramali de Silva	-	Member, Audit Management Committee, Director, Sri Lanka Thriposha Limited.
iii. Dr. (Mrs.) Theja Herath	-	Member, Audit Management Committee, Director, Sri Lanka Thriposha Limited.
iv. Mrs. M.D. Jeewani Puspalatha	-	Observer, Audit Management Committee, Superintendent of Audit – National Audit Office.
v. Mrs. Thanuja Priyadarshani Alwis	-	Senior Manager, (Human Resources & Legal) Sri Lanka Thriposha Limited.
vi. Mr. D.B. Tharindu Chamika	-	Finance Manager, Sri Lanka Thriposha Limited.
vii. Mr. L. J. Sarath Premachandra	-	Convener - Audit Management Committee, Internal Auditor, Sri Lanka Thriposha Limited.

During the year 2021, three (03) Audit and Management Committee meetings were held on the following dates :

01 First meeting on the 02nd of March 2021

02 Second meeting on the 25th of October 2021

03 Third meeting on te 16th of December 2021

Key Matters taken up for discussion

01 Income tax in arrears payable for the period from 2017 to 2020 was paid during the year 2021.

02 Increasing the cash limit allowed for Senior Managers to approve expenditue from Rs. 50,000 to Rs. 100,000.

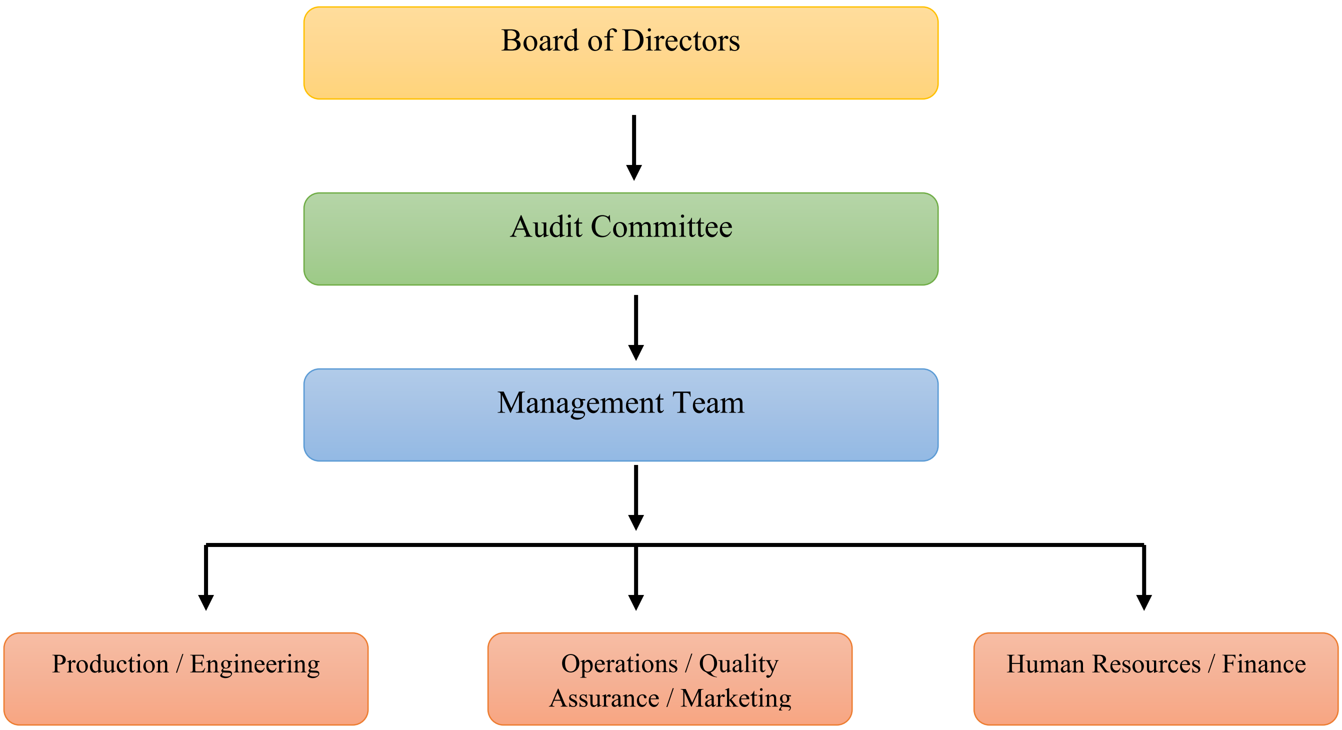
03 Replacement of the revalued amounts of fixed assets of the year 2019.

04 Special matters pointed out in the Auditor General's Report for the year 2020.

As an organization with significant interests in the food manufacturing sector, the company is inevitably exposed to a range of external and internal risks which can have a significant impact on its ability to create value. The company's risk management process sets out to drive an optimum balance between minimizing the risks associated with the business and maximizing shareholder value creation. Risk management is also an organization-wide discipline, with clearly defined governance structures, policy frameworks and procedures in place to identify, manage and mitigate risks in a consistent manner.

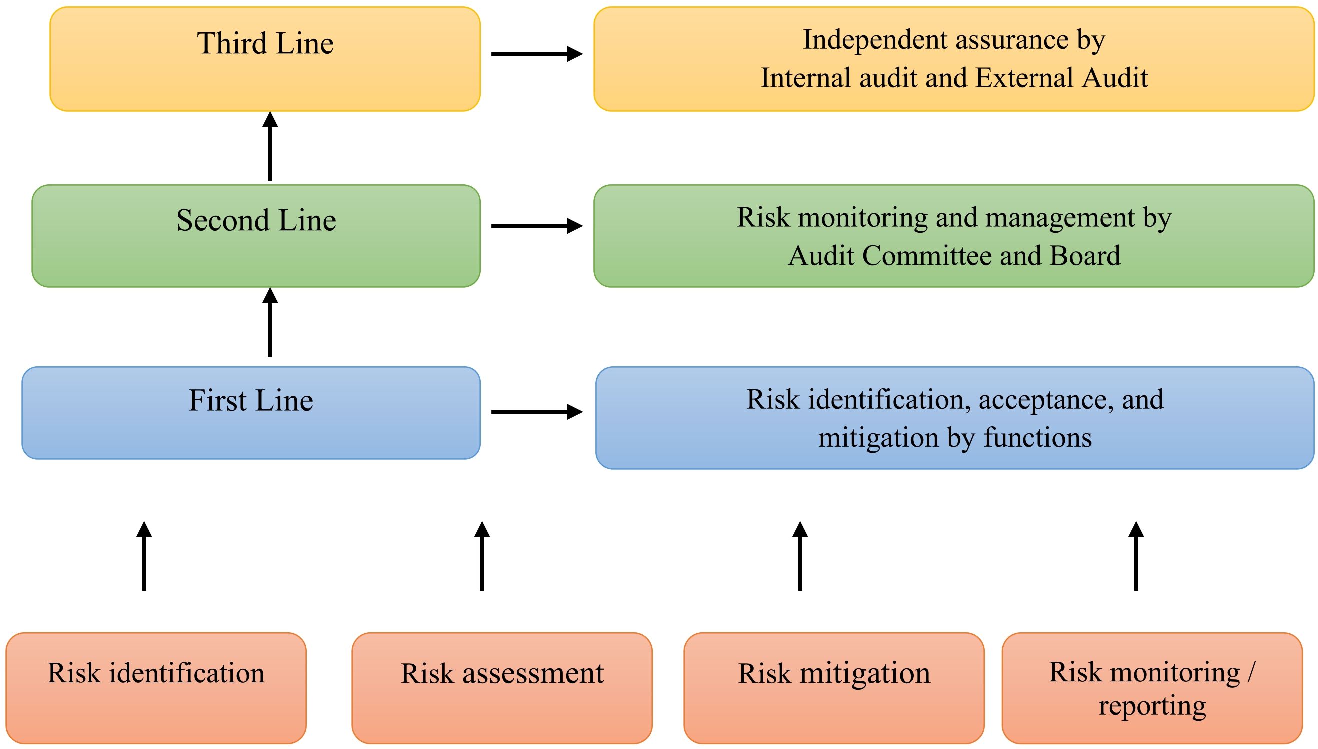
RISK GOVERNANCE

The Board of Directors hold apex responsibility for managing the company's risk profile in an effective manner. The Board is supported by the Audit Committee in its risk-oversight duties, which plays a central role in identifying, monitoring, and managing financial risks as well as selected employee, customer and environmental related risks. Nonfinancial risks arise primarily at business unit/functional level, and employees are responsible for the proactive identification and monitoring of risks throughout the organization.



PRINCIPLES AND APPROACH TO RISK MANAGEMENT

In line with the globally accepted three lines of defense model in managing and measuring its risks, which ensures clear segregation of duties in risk management. Risk identification, Risk assessment, Risk mitigation, Risk reporting and monitoring.



- Risk identification : Involves the proactive identification of risks across all business units and functions, with the engagement of all employees.
- Risk assessment : Assessment of risks based on the potential likelihood and magnitude of impact.
- Risk mitigation : Development and implementation of action plans to effectively mitigate risks.
- Risk monitoring/reporting : Reporting on key risk indicators to the Audit Committee and continuous monitoring of key exposures on an ongoing basis.

RISK APPETITE AND TOLERANCE

Risk appetite and tolerances vital to our risk management process, as it integrates risk management with business planning, resource allocation and operational management. The risk tolerance level demonstrates the threshold of risk that the company is willing to accept when pursuing its objectives and targets.

Low Risk

Risk Treatment: Acceptable

Managed through routine procedures and unlikely to require specific resources

Risk Response

Moderate Risk

Risk Treatment: Accept and Monitor

Treatment plan to be developed and monitored by operational managers

Risk Response

Manage through specific monitoring / response procedures

High Risk

Risk Treatment: Avoid Risk Response

Attention of senior management needed. And management responsibility specified.

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KEY PERFORMANCE INDICATORS

A KPI is short for a key performance indicator, a measurable and quantifiable metric used to track progress towards a specific goal or objective. KPIs help organizations identify strengths and weaknesses, make data-driven decisions, and optimize performance.

KPIs provide teams with targets to aim for, milestones to gauge progress, and insights to help guide decision-making throughout an organization. By monitoring KPIs, organizations can identify areas of strength and weakness, make data-driven decisions, and take actions to optimize performance.

Indicator	**Years**		
	2019	**2020**	**2021**
Production plan achievement (Total Production in Metric Tons)	15,429	7,927	8,171
Sales Growth = (Current period net sales - Prior period net sales) / Prior period net sales	16.77%	(39.64%)	2.81%
Gross profit margin = (Revenue - COGS) / Revenue	7.91%	8.81%	10.86%
Net profit margin before tax = (Total Revenue - Total Expenditure without income tax) / Total Revenue	5.46%	5.09%	6.36%
Working Capital = Current Assets - Current Liabilities (Rs.Mn)	668.71	645.25	786.29

Remarks: Due to the lack of Quality Raw Material supply (especially Maize) company faced difficulties in production process since the beginning of year 2020.

Other quantitative financial and non financial KPIs related to specific goals are comprehensively described in the company's corporate plan.

The main Sustainable Development Goals (SDGs) related to SLTL are:

SDG 2
End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

SDG 9
Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

SDG 12
Ensure sustainable consumption and production patterns

In order to ensure that the goals of SLTL are aligned with the SDGs, the SDGs were mapped with the proposed goals.

Focus Area	Goals	SDG
Our Commitment	Achieve the social welfare objectives of our stakeholders	2
Our operations	Maintain infrastructure and technological advancements Achieve operational excellence to enhance productivity	9, 12
Our Product	Achieve product excellence through research and innovation	-
Our People	Promote and enhance organisation learning and a positive work environment	-

Strategies

Strategies were then created that would further aid SLTL in achieving its goals by providing direction on how the Company's vision would be achieved.

	Goal 1 | Achieve the social welfare objectives of our stakeholders Strategies
1.1	**Ensure uninterrupted supply of the welfare product**
1.2	**Support the development of the communities**
	Goal 2 | Maintain infrastructure and technological advancements Strategies
2.1	**Improve storage capacity and other related facilities**
2.2	**Develop existing production infrastructure to increase reliability and efficiency**
2.3	**Develop supporting infrastructure within the factory**
2.4	**Improve the IT infrastructure**

	Goal 3 | Achieve operational excellence to enhance productivity Strategies
3.1	**Streamline internal business processes**
3.2	**Improve market penetration and product availability**
3.3	**Comply with quality and safety standards to ensure a positive work environment**
3.4	**Conduct promotional activities for products**
3.5	**Ensure alignment with government policies and procedures**

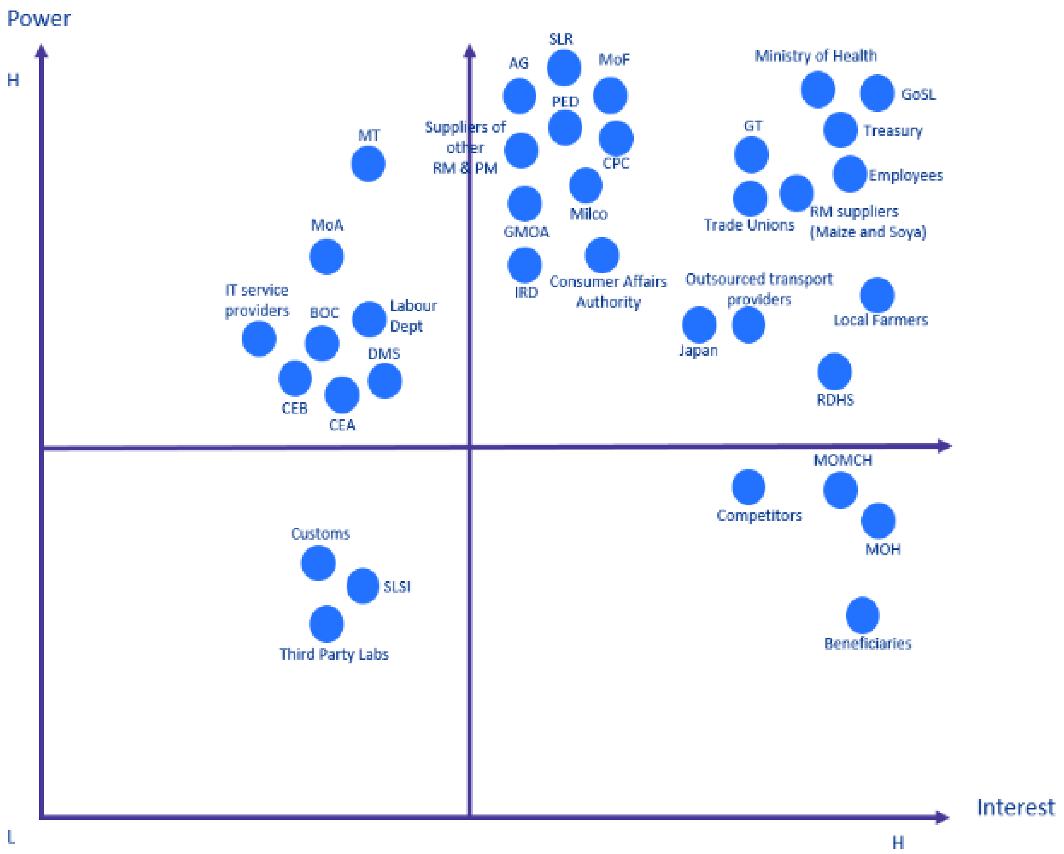
Strategies

	Goal 4 | Achieve product excellence through research and innovation Strategies
4.1	**Upgrade resources to facilitate product development and quality testing**
4.2	**Introduce and upgrade products offered by the Company to their respective target market/s**

	Goal 5 | Promote and enhance organisation learning and a positive work environment Strategies
5.1	**Improve the recruitment and succession planning process**
5.2	**Encourage individual development through effective training programs**
5.3	**Establish a holistic performance management system**

Stakeholder Analysis

Stakeholder Analysis is a systematic method to identify and analyze stakeholders by their power and interest. High power, high interest stakeholders are Key Players. Low power, low interest are Least Important.



The Parliament of Sri Lanka, Treasury, Ministry of Health and State Ministry of Women and Child Affairs have the highest power and interest over SLTL. These stakeholders including others in this quadrant should be closely monitored.

- Raw Material Suppliers, Sri Lanka Railway, Ministry of Finance, Public Enterprises Department are some of the stakeholders having high power and relatively low interest over SLTL. Since these stakeholders have high power, SLTL should keep them satisfied, even if their interest is not as high.

- MOH, MOMCH, beneficiaries, competitors, farmers are some stakeholders of SLTL that have low power and high interest over its activities. SLTL should therefore keep these stakeholders informed of its activities.

List of Abbreviations of Stakeholders	
AG	Auditor General
BOC	Bank of Ceylon
CEA	Central Environmental Authority
CEB	Ceylon Electricity Board
CPC	Ceylon Petroleum Corporation
DMS	Department of Management Services
GMOA	Government Medical Officers' Association
GoSL	Government of Sri Lanka
GT	General Trade
IRD	Inland Revenue Department
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MOH	Medical Officer of Health
MOMCH	Medical Officer of Maternity and Child Health
MT	Modern Trade
PED	Public Enterprises Department
RDHS	Regional Director of Health Services
SLR	Sri Lanka Railway
SLSI	Sri Lanka Standards Institution

In order to further understand SLTL's operational environment, a SWOT analysis was carried out. This is a study undertaken to identify its internal strengths and weaknesses, as well as its external opportunities and threats.

SWOT

STRENGTHS

- Strong Brand Image
- Experience and Expertise in the industry
- Government Ownership and Support
- Employment Opportunity Generator
- Empowering the Local Farmer
- No Bank Borrowings
- Corporate Governance
- Job security and employee satisfaction
- Increased Production Capacity
- Support Services from other Government Organizations
- Self-Sustainability
- Strong Brand Build through the Primary Brand for the Commercial Brands
- Job security and employ on satisfaction

WEAKNESSES

- Inefficiencies in Thriposha Distribution
- Lack of R&D Facilities
- Insufficient Storage Space
- Lack of a Backup Plan for Production
- Stoppages
- Production Inefficiencies
- Lack of an Integrated System Solution
- Lack of Funds of Expansion
- No Accreditations for Quality Standards
- HRM Related issues
- Lack of SOPs and KPIs
- Lack of Buffer Stock Build up
- Altaring Vision Statements
- Lack of Direct Exports
- Lack of Brand Awareness
- Lack of Funds for Expansion
- Lack of Buffer Stock Build-up

THREATS

- Limited Availability of Suppliers
- Government Policy Changes:
- Non-compliance by Suppliers
- Unpredictable Climatic Changes
- Intense Competition from direct and indirect Substitute Products
- Price Differentiation with Competitor Products
- More Visibility and Marketing Effort by Competitors
- Threat from Ready to Eat Cereal Products
- Diversified Product Portfolio Owned by Competitors
- Direct Competition from Direct and Indirect Substitute Products

OPPORTUNITIES

- Potential Infrastructure Development
- Obtain Accreditation for Quality Standards
- Integrated System Solution
- Automation Possibilities
- New Product Development
- Market "Suposha" as a Substitute for Flour
- Market Expansion Possibilities
- Bundling Promotions

Porter's Five Forces

SLTL manufactures a welfare product known as "Thriposha" which is issued free of charge to targeted beneficiaries and a rebranded commercial product named "Suposha" which is marketed to the general public predominantly through a dealer network. Therefore, the analysis was mainly carried out with the focus on "Suposha" since it is the profit-making business segment of SLTL.

High

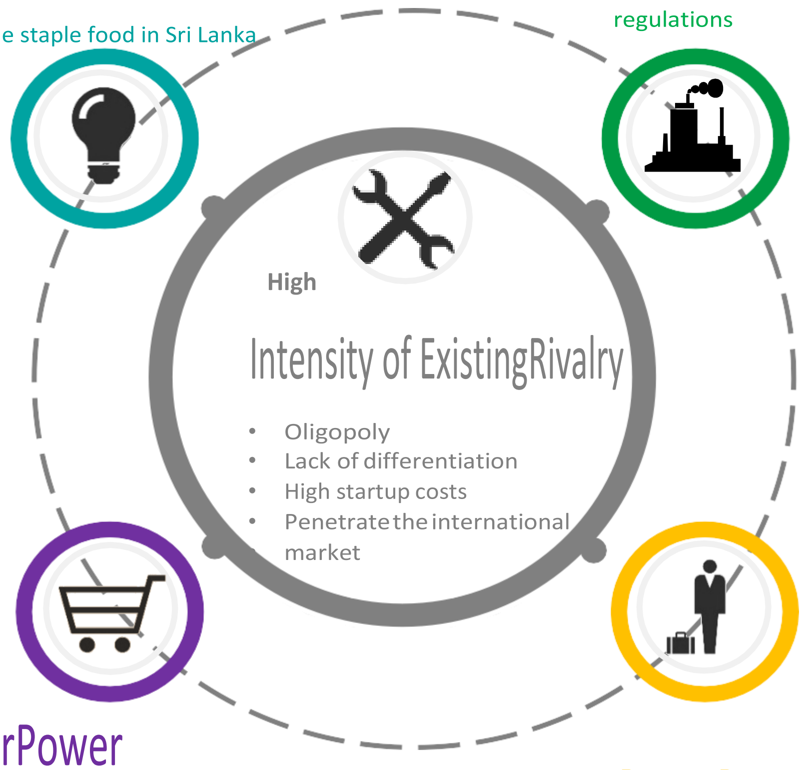
ThreatofSubstitutes

- Wide range of cereal-based products in the market
- SLTL only manufactures a single product compared to competitors
- Many alternative products for breakfast
- Low-cost alternatives available in the market
- Rice is the staple food in Sri Lanka

Low

Threat of New Entrants

- Oligopoly
- High capital requirements
- Economies of Scale
- Customer brand loyalty
- Competitor maintaining a dominant position
- No specific government laws and regulations



High

Intensity of ExistingRivalry

- Oligopoly
- Lack of differentiation
- High startup costs
- Penetrate the international market

High

SupplierPower

- No substitutes for Maize and Soya
- Main raw materials are agricultural products
- Unpredictable weather patterns affecting supply
- Sole supplier for milk powder Sole supplier for fuel used for operations
- Specialized spare parts are required for the production process

Moderate

BuyerPower

- No buyer power for Thriposha
- Oligopoly Undifferentiated products Low switching cost
- Modern Trade customers are
- powerful

Acknowledgement

We pay our gratitude to Hon. Pavithra Wanniarachchi, Minister of Health, Nutrtion and Indigenous Medicine and Hon. Piyal Nisantha de Silva, State Minister of Women and Child Development, Pre School and Primary Education Infrastructure Facilities and Education Services for encouraging us with their continuous guidance, Major General, Sanjeewa Munasingha and Mrs. K.M.S.D. Jayasekara, Secretaries of those Ministries for leading us in the right direction with necessary instructions and Mr. S.R. Attygalle, Secretary of the Ministry of Finance and the Secretary to the General Treasury for lending us a helping hand with requisite annual provisions.

Likewise, it indeed was a blessing to all of us the support and cooperation extended by all ladies and gentlemen of the Board of Directors. I also wish to thank our suppliers and those who render us services externally.

It is heartwarming to witness a staff serving satisfactorily from top to bottom in the institutional hierarchy. The contribution they make towards the Company has to be appreciated. Finally, we do owe a debt of gratitude to the entire members of such a staff of Sri Lanka Thriposha Limited, who strive to achieve the set targets at all times.

SRI LANKA THRIPOSHA LTD
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31st December 2021

	Notes	31/12/2021 Rs.	31/12/2020 Rs.
INCOME			
Revenue	02	1,993,049,723	1,995,602,712
Less : Cost of Ready to used product	03	(1,773,858,294)	(1,467,445,467)
: Cost of Sales	04	(2,752,848)	(357,336,048)
Gross Profit		**216,438,581**	**170,821,197**
Other Income	05	37,655,164	39,124,771
Less:Expenses			
Sales and Distribution Expenses	06	13,975,016	10,131,867
Administration Expenses	07	106,755,873	92,126,861
Financial and other Expenses	08	4,214,731	6,961,464
		124,945,620	**109,220,191**
Net Profit Before Tax		**129,148,125**	**100,725,776**
Income Tax for the year - 2021	09	(23,627,820)	(13,497,065)
Net Profit After Tax		**105,520,305**	**87,228,711**

The above statement of comprehensive income is to be read in conjunction with the accounting policies and note to the financial statements appear on pages 06 to 30 which form an integral part of these financial statements.

08 MAR 2022

01

SRI LANKA THRIPOSHA LTD
STATEMENT OF FINANCIAL POSITION
As at 31st December 2021

	Notes	31/12/2021 Rs.	31/12/2020 Rs.
ASSESTS			
Non Current Assets			
Property, Plant & Equipment	13	1,162,746,585	1,151,901,940
Differed Tax Assets		10,152,946	333,079
Current Assets			
Inventories	14	311,345,310	205,757,637
Trade & Other Receivables	15	117,867,716	138,384,633
Cash & Cash Equivalents	16	653,805,894	448,334,873
		1,083,018,919	**792,477,143**
Total Assets		**2,255,918,451**	**1,944,712,162**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	17	304,600,000	304,600,000
Deferred Liability	18	407,750,516	199,356,451
Revaluation Reserves	19	511,096,168	462,899,383
Accumulated Income Over Expenditure		656,621,192	731,769,717
Total Equity		**1,880,067,876**	**1,698,625,552**
Non Current Liabilities			
Retirement Benefit Obligation	20	78,690,831	75,103,012
Medical Fund	21	433,945	318,623
LC Term Loan	22	-	23,437,500
		79,124,775	**98,859,135**
Current Liabilities			
Trade & Other Payables	23	296,725,799	147,227,475
Total Equity & Liabilities		**2,255,918,451**	**1,944,712,162**

The above statement of financial position is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 06 to 30 which form an integral part of these financial statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

Sri Lanka Thriposha Limited

O B Tharindu Chamika
Finance Manager

Head of Finance

The Board of directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board

Chairman — Deepthi Kularathna, Chairman, Sri Lanka Thriposha Limited

Director — Director, Sri Lanka Thriposha Limited

Ja-Ela, Kapuwatta
Date: 24/02/2022

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SRI LANKA THRIPOSHA LTD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2021

	Notes	Stated Capital	Capital Reserves	Revaluation Reserves	Accumulated Income Over Expenditure	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01/01/2020		304,600,000	250,562,776	131,176,703	600,524,515	1,286,863,993
Addition/Deduction-2020		-	5,775,733	331,722,680		337,498,413
Depreciation - Capital Assets Grant by Ministry of Health			(56,982,057)	-	-	(56,982,057)
Prior Adjestment		-	-	-	44,016,492	44,016,492
Income over expenditure - 2020			-	-	87,228,711	87,228,711
Balance as at 31/12/2020		**304,600,000**	**199,356,451**	**462,899,383**	**731,769,717**	**1,698,625,552**
Balance as at 01/01/2021		304,600,000	199,356,451	462,899,383	731,769,717	1,698,625,552
Addition/Deduction-2021		-	208,394,065	48,196,785	-	256,590,850
Prior Adjestment	24	-	-	-	(180,668,831)	(180,668,831)
Net Profit After Tax-2021		-	-	-	105,520,305	105,520,305
Balance as at 31/12/2021		**304,600,000**	**407,750,516**	**511,096,168**	**656,621,192**	**1,880,067,876**

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SRI LANKA THRIPOSHA LTD
CASH FLOW STATEMENTS
For the year ended 31st December 2021

	31/12/2021 Rs.	31/12/2020 Rs.
Cash Flow from Operating Activities		
Income over expenditure before Tax	129,148,125	100,725,776
Adjustments for		
Depreciation	63,622,209	61,575,852
Interest Income	(15,605,267)	(22,575,619)
Gratuity Provision for the year	6,628,794	26,568,298
Provision Medical Contribution	226,800	221,760
Prior year adjestment	(172,326,311)	44,016,492
	(117,453,776)	**109,806,783**
Operating Profit Before Changes in Working Capital	**11,694,349**	**210,532,559**
Changes in Working Capital		
Increase / (Decrease) in Trade & Other Receivables	20,516,917	48,602,109
Increase / (Decrease) in Trade & Other Payables	124,010,657	(107,871,339)
Increase / (Decrease) in Inventories	(105,587,673)	(26,896,880)
	38,939,902	**(86,166,110)**
Cash Generated from Operating Activities	**50,634,251**	**124,366,449**
Less: Gratuity Paid	(3,040,975)	(4,775,090)
Medical Benefits Paid	(111,478)	(149,974)
Net Cash Flow from Operating Activities	**47,481,798**	**119,441,386**
Cash Flow from Investing Activities		
Acquisition of Property, Plant & Equipment	(26,270,069)	(210,045,343)
Investment in Short Term Investment	(138,264)	(163,022)
LC Term Loan Repayment	(23,437,500)	79,687,500
Interest Received	4,722,727	5,384,276
Net Cash Flow from Investing Activities	**(45,123,105)**	**(125,136,589)**
Cash Flow from Financing Activities		
Capital Grant from Ministry of Health	192,091,525	(51,206,324)
Net Incresed in Cash & Cash Equivalent	194,450,217	(56,901,527)
Cash & Cash Equivalent Brought Forward	146,039,413	202,940,940
Cash & Cash Equivalent Carried Forward	**340,489,630**	**146,039,413**
Analysis of the Cash & Cash Equivalent shown in the statement of financial position		
Bank of Ceylon Ja-Ela Ac No 71324617	226,499,810	101,983,383
Bank of Ceylon Ja-Ela Ac No 80306903	113,989,819	44,056,030
	340,489,630	**146,039,413**

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SRI LANKA THRIPOSHA LTD

MANUFACTURING ACCOUNT

For the year ended 31st December 2021

	Notes	31/12/2021 Rs.	31/12/2020 Rs.
COST OF MANUFACTURING			
Raw Materials & Packing Material			
Balance as at 01/01/2021		143,338,765	117,286,466
Suposha PM Balance as at 01/01/2021		16,246,547	-
Purchase	10	1,521,135,242	1,126,423,719
		1,680,720,554	1,243,710,185
Impairment of Inventory		(44,604)	-
Balance as at 31/12/2021	14	(172,340,457)	(143,338,765)
Cost of Raw Materials Consumed		**1,508,335,493**	**1,100,371,420**
Direct Labour and Management Cost	11	204,362,319	225,256,009
Factory Overheads	12	121,615,903	140,813,279
		1,834,313,715	**1,466,440,708**
Working Progress			
Balance as at 01/01/2021		1,187,639	2,192,398
Balance as at 31/12/2021	14	(15,072,093)	(1,187,639)
		(13,884,454)	1,004,759
Total Production Cost		**1,820,429,261**	**1,467,445,467**

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1. Significant Accounting Policies

1.1.1 Reporting Entity

Sri Lanka Thriposha Ltd. is a limited liability company incorporated and domiciled in Sri Lanka as a fully Government owned company under the supervision of Ministry of Health.

In 2020, Sri Lanka Thriposha Ltd was attached to the State Ministry of Women and Child Development, Pre-School & Primary Education, School Infrastructure & Educational Services as a Line Ministry. (Special Gazette Paper 2187/27 dated 09.08.2020)

The registered office of the Company and the principal place of business is located at P O Box 17, Kapuwatta, Ja-Ela, Sri Lanka.

1.1.2 Principal Activities and Nature of Operations

The Company is the sole company for manufacturing "Thriposha"; for "Thriposha distribution program" of Ministry of Health.

The other principal activities of the company were:

- To facilitate to development, production and distribution of "Thriposha" – a Sri Lanka fortified supplementary food product in order to reduce maternal and child malnutrition in Sri Lanka.
- To encourage the income generation path for local farmers who supply the raw material for Thriposha Production as far as possible.
- To produce and market any other form of fortified blended food items based on Government policy.
- To assess the annual requirement of Thriposha and take necessary action to supply.

1.1.3 Board of Directors

1. Mr. Deepthi Kularathna (Chairman)
2. Dr.Asela Gunawardana
3. Dr.Lakmini N. Magodarathna
4. Mrs. H.M. Theja Herath
5. Mr. Praneeth Mahalla
6. Dr. Chithramalee De Silva
7. Mr. R.M.P.S. Abeyrathna

Observers

1. Mrs. D.C. Wickramasena
2. Mrs. A.P. Kodikara

Board Secretary

Mrs.Thanuja Priyadharshani Alwis

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1.1.4 Auditor

National Audit Office
No.306/72, Polduwa Road,
Battaramulla

1.1.5 Bankers

Bank of Ceylon
Ja-Ela

1.1.6 Date of Authorization for Issue

The Financial Statements of Sri Lanka Thriposha Limited for the year ended 31st December 2021 was authorized for issue in accordance with the resolution of the Board of Directors.

1.1.7 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ('SLFRS'), Sri Lanka Accounting Standards ('LKAS'), These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in the financial statements.

a. Statement of Compliance

The financial statements which comprise the statement of comprehensive income and expenditure, statement of financial position, statement of changes in equity and cash flow statement together with the accounting policies, bases and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No.7of 2007.

b. Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

c. Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

d. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (LKR), which is the functional and presentation currency of the Company.

e. Use of Key Estimates and Critical Judgments

The preparation and presentation of financial statements in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

f. Going Concern

The Board of Director has made an assessment of the company's ability to continue as going concern in the foreseeable future, and Board is satisfied that the company possess adequate resources to continue their operation into the foreseeable future and hence endorses the continues adoption of the assumption of going concern.

1.2 Assets and the Bases of their Valuation

1.2.1 Property, Plant & Equipment

a. Recognition and Measurement

Items of property, plant & equipment are stated at cost or at fair value less accumulated depreciation and any impairment losses.

All items of property, plant & equipment are initially recorded at cost less accumulated depreciation and any impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant & equipment are required to be replaced at intervals, the entity derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

b. Cost

The cost of property, plant & equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in

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order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant & equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

c. Revaluation

All reported Property, Plant & Equipment of Sri Lanka Thriposha Ltd are revalued on 2019 by valuation department. (As the Valuation Report, received on 2020 all PPE's were revalued in year 2020 and Restating figures are disclosed)

d. Depreciation

Depreciation is charged to the capital reserve on the straight-line basis at the following rates per annum in order to write-off the cost of such assets over their estimated useful lives.

Buildings	Over 20 Years
Plant and Machinery	Over 10 Years
Motor Vehicles	Over 05 Years
Equipment and Tools	Over 05 Years
Laboratory Equipment	Over 10 Years
Agricultural equipment	Over 10 Years
Electrical Works	Over 05 Years
Office Equipment	Over 10 Years
Furniture and Fittings	Over 10 Years
Computer Equipment	Over 4 Years
Intangible Assets	Over 4 Years

Nutri-bar manufacturing machinery cost is not depreciated due to finalization of installation process is to be completed in 2022.

e. De recognition

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the assets is included in the statement of comprehensive income in the year the asset is derecognized.

1.2.2 Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset category in property, plant & equipment when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Company. Capital work-in-progress is stated at cost, including borrowing costs, less any accumulated impairment losses.

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1.2.3 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 - Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 4 years on the straight-line method.
Curriculum development cost is written-off on the straight-line method over a period of 4 years.

1.2.4 Inventories

Inventories are valued at first in first out (FIFO) method, after making due allowances for obsolete and slow moving items. Net realizable value (NRV) is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following formula: -

Raw Materials	- At cost
Work in- Progress	- At Cost
Finished Goods	- At the cost of direct materials, direct labor, Administration an appropriate proportion of fixed Production overheads based on normal operating capacity.

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make sale.

1.2.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1.2.6 Financial Assets

LKAS 39
Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.
All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable to transaction costs.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets of the Company include cash and short-term investments and trade and other receivables.

a. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

The Company has not designated any financial asset upon initial recognition at fair value though profit or loss.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

c. Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.
Investments in Government Securities and fixed deposits have been classified under HTM investments.

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d. Available-for-Sale Financial Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The Company has not designated any financial asset upon initial recognition as available-for-sale investment.

SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company adopted SLFRS 9 using the full retrospective method of adoption. Based on the assessment performed, the company concluded that SLFRS 9 does not have a material impact on the company's financial statements.

Classification and measurement

Except for trade receivables, under SLFRS 9, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under SLFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVTPL), amortized cost, or fair value through other comprehensive income (FVTOCI). The classification is based on two criteria: The company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the entity's business models was made as of the date of initial application, 1st January 2018, and then applied retrospectively to those financial assets that were not derecognized before 1st January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the company's financial liabilities remains largely the same as it was under LKAS 39.

1.2.7 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

The adoption of SLFRS 9 has fundamentally changed the company's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the company to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entity expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the entity has to apply the standard's simplified approach and has to calculate ECLs based on lifetime expected credit losses.

1.2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits at bank, fixed deposits and repurchase agreements.

1.3 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the Reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.3.1 Employee Benefits

a. **Provision for Retiring Gratuity**

The company has adopted the LKAS 19 "Employee Benefits" and applied project unit credit (PUC) method to make a reliable estimate to the present Value of company's retirement benefit obligation.

The key assumptions used for calculating the provision include the following:

Discounted Rate	**08%**
Future Salary Increment Rate	**10%**
Staff Turn Over	**02%**
Retirement Age	**62 Years**

That the Company will continue as a going concern.

b. **Defined Contribution Plan**

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plan are recognized as an expense in the statement of comprehensive income as and when they are due.

c. **Employees' Provident Fund**

Company and employees, contribute 15% and 10% respectively from August 2019 onwards to the EPF with the approval of Board of Directors. (Previous rates - company and employees, contribute 12% and 8% respectively)

d. Employees' Trust Fund

The Sri Lanka Thriposha Ltd. contributes 3% on the salary of each employee to the Employees' Trust Fund.

1.3.2 Trade and Other Payables

Trade and other payables are stated at cost.

1.3.3 Taxation

The inland revenue Act No.24 of 2017 was enacted by the Parliament with effect from 01.04.2018. The provision for income tax is based on the elements of income & expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. 24 of 2017 and subsequent amendments thereto.

Value Added Tax (VAT) is introduced by the Act No.14 of 2002 and is in force from 1st August, 2002. According to the VAT Act, company is liable to pay VAT on Sweeping Sales and it was recorded in year 2021.

1.3.4 Deferred Taxation

Deferred tax provided using the liability method on temporary differences between tax bases of assets and liabilities and their carrying value for financial reporting purposes at reporting date.

1.3.5 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

1.4 Statement of Comprehensive Income

Capital Reserve – (Related to Capital Grants)

Funds spend on fixed assets since year 2011 provided by the Ministry of Health, CARE, and Ceylon Tobacco Ltd have been treated as capital grant and as such the depreciation in respect of these items has been charged to the relevant capital grant accounts while setting off same against the total depreciation charge for the year.

1.4.1 Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants that compensate the Company for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in the statement of financial position.

1.4.2 Expenditure

a. Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Company and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

1.4.3 Finance Expense/Income

Finance income comprises interest received on accrual basis on funds invested.

1.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with LKAS 07

1.6 Events after the Reporting Period

There are no material events occurring after the reporting date which require adjustment to or disclosure in the financial statements.

1.7 New accounting standards, amendments and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements in the previous financial year, except for the adoption of new standards effective from 1st January 2018. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(i) SLFRS 9, 'Financial Instruments', replaces the multiple classification and measurement models in LKAS 39, 'Financial instruments: Recognition and measurement', with a single model that has initially only two classification categories: amortized cost and fair value.

(ii) SLFRS 15, 'Revenue from Contracts with Customers', replaces LKAS 18 which covers contracts for goods and services and LKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

(iii) Amendments to SLFRS 1, 'First Time adoption of Sri Lanka Accounting Standards', delete short term exemptions covering transition provisions of SLFRS 7, 'Financial Instruments Disclosures', LKAS 19, 'Employee Benefits', and SLFRS 10, 'Consolidated Financial Statements', which are no longer relevant.

(iv) SLFRS 16, 'Leases', primarily will affect the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. .

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases, under LKAS 17 except for few exemptions for leases for "low value" assets and short-term leases with a lease term of 12 months or less. This standard is effective for the annual periods beginning on or after 01 January 2019.

(v) Amendments to LKAS 12, 'Income Taxes', clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. The improvements to the standard is effective for accounting periods beginning on or after 1 January 2019.

(vi) Amendments to LKAS 23, 'Borrowing Costs', clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The improvements to the standard is effective for accounting periods beginning on or after 1 January 2019.

(vii) Amendments to SLFRS 3, 'Business Combination', clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The improvements to the standard is effective for accounting periods beginning on or after 1 January 2019.

1.8 Non-Current Assets Held For Sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are re-measured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

1.9 Analysis on Sustainable Development Goals related to Sri Lanka Thriposha Ltd

GOAL 2: Zero Hunger
End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

2.1. Applicable SDG Target:
By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

2.1.1. Indicator:
Prevalence of undernourishment.

2.2. Applicable SDG Target:
By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.

2.2.1. Indicator:
Prevalence of malnutrition (weight for height >+2 or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight)

2.3. Applicable SDG Target:
By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

2.3.1. Indicator:
Average income of small-scale food producers, by sex and indigenous status.

GOAL 9: Industry, Innovation and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

9.2. Applicable SDG Target:
Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

9.2.1. Indicator:
- Manufacturing value added as a proportion of GDP and per capital.
- Manufacturing employment as a proportion of total employment.

9.4. Applicable SDG Target:
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

9.4.1. Indicator:
CO2 emission per unit of value added

9.5. Applicable SDG Target:
Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1million people and public and private research and development spending.

9.5.1. Indicator:
- Research and development expenditure as a proportion of GDP.
- Researchers (in full-time equivalent) per million inhabitants.

GOAL 12: Responsible Consumption and Production
Ensure sustainable consumption and production patterns

12.5. Applicable SDG Target:
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.5.1. Indicator:
National recycling rate, tons of material recycled

12.7. Applicable SDG Target:
Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

12.7.1. Indicator:
Number of countries implementing sustainable public procurement policies and action plans.

12.a. Applicable SDG Target:
Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.

12.a.1. Indicator:
Amount of support to developing countries on research and development for sustainable consumption and production and environmentally sound technologies.

SRI LANKA THRIPOSHA LTD
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	31/12/2021 Rs.	31/12/2020 Rs.
02. INCOME		
Thriposha Sales	1,229,231,595	-
Revenue	-	1,447,012,628
Depreciation	-	56,982,057
Suposha Sales	758,167,173	481,012,992
Highland Product Sales	4,215,630	6,817,300
NFPB Product Sales	203,680	207,590
Cashew Sales Income	-	281,740
SDK Product Sales	337,055	857,805
Bakery Items	894,590	2,430,600
	1,993,049,723	**1,995,602,712**

Note:- Thriposha Sales

As per the initiation by Department of National Budget, Sri Lanka Thriposha Ltd commenced invoicing procedure to Ministry of Health with effect from 01.01.2021.

	31/12/2021 Rs.	31/12/2020 Rs.
03. COST OF READY TO USED PRODUCT		
Finish Product as at 01/01/2021	-	-
Total Production Cost	1,820,429,261	1,467,445,467
Finish Product as at 31/12/2021	(46,570,967)	-
	1,773,858,294	**1,467,445,467**
04. COST OF SALES		
Balance as at 01/01/2021	17,342,122	17,715,889
Received - Suposha	-	349,122,185
Purchase - Highland Product	3,204,191	5,655,458
Purchase - NFPB Product	-	187,106
Purchase - SDK Product	86,567	622,576
Purchase - Bakery & Other	402,750	1,097,559
Purchase - Cashew	-	277,398
	21,035,630	**374,678,170**
Balance as at 31/12/2021	(18,282,782)	(17,342,122)
	2,752,848	**357,336,048**
05 OTHER INCOME		
Sweeping Sales	17,674,835	12,614,477
Interest on Housing Loan	1,247,526	1,675,983
Interest Income	177,595	42,600
Interest on Trasury Bill	4,672,727	5,384,276
Interest on Fixed Deposit	10,932,540	17,191,343
Other	2,949,940	2,216,092
	37,655,164	**39,124,771**

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	31/12/2021 Rs.	31/12/2020 Rs.
06 SALES AND DISTRIBUTION EXPENSES		
Trasport Charges	662,712	2,974,774
Distribution	4,508,845	-
Vehicles Repairs & Maintenance Charges	1,254,197	-
Out Let Expenses	368,485	855,214
Printing & Advertising	3,106,377	2,215,210
Sales Commission & Other Expenses	-	12,269
Depreciation	4,074,400	4,074,400
	13,975,016	**10,131,867**

	31/12/2021 Rs.	31/12/2020 Rs.
07. ADMINISTRATIVE EXPENSES		
Salaries	12,110,153	12,213,553
EPF	2,303,513	2,396,334
ETF	460,703	479,267
Overtime	4,444,874	3,877,490
Allowances	3,722,095	3,595,382
Casual Wages	368,000	-
EPF on Casual Wages	90,000	-
ETF on Casual Wages	13,500	-
Management Allowances	7,081,446	5,420,133
Staff Welfare	4,390,500	3,340,147
Rate & Taxes	21,545,050	571,633
Office Equipment Maintenance	3,545,972	1,192,243
Security Charges	7,478,616	9,021,837
Fuel - Vehicles	1,168,257	2,025,178
Repairs & Maintenance - Vehicles	3,036,967	2,368,419
Other Services & Maintenance	640,346	581,206
Laboratory Expenses	10,908	-
Building Repair & Maintenance	99,189	7,057,823
Garden Maintenance	-	9,530
Tea & Others	32,500	35,043
Insurance	4,801,524	4,877,880
Stationary	620,242	1,673,359
Postage Charges	13,480	135,000
Telephone Charges	404,479	437,588
Staff Training Charges	186,700	680,207
Legal and Professional Charges	603,994	7,101,690
Licence & Insurance Charges	1,095,966	1,098,938
Medical & Sanitary	750,354	522,351
Travelling Expenses	83,450	79,100
Uniforms - MKT	-	43,725
Target Allowance	21,111,781	13,874,338
Depreciation	4,541,314	7,417,469
	106,755,873	**92,126,861**

	31/12/2021 Rs.	31/12/2020 Rs.
08. FINANCE AND OTHER EXPENSES		
Bank Charges	23,150	23,250
Other Expenses	120,969	47,428
Bank Loan Interest	4,070,612	6,890,786
	4,214,731	**6,961,464**

	31/12/2021 Rs.	31/12/2020 Rs.
09. Income Tax Expenses		
Current Income Tax Expenses	25,487,667	13,830,145
Add:Differed Tax Assest	(1,859,847)	(333,079)
	23,627,820	**13,497,065**
10 PURCHASING		
Maize	644,654,548	449,569,591
Soya	378,120,136	303,677,640
Milk Powder	312,447,840	251,517,000
Mineral	37,797,750	36,018,950
Vitamins	34,834,245	38,550,600
Polythene Reel	44,105,222	36,295,816
Kraft Paper Bags	12,580,930	10,579,599
Twine	246,704	214,523
Mkt-Polythene Reel	24,820,473	-
Mkt-Corrugated Boxes	29,652,306	-
Mkt-Grey Back Box Board	587,778	-
Mkt-Gum Tape	1,287,310	-
	1,521,135,242	**1,126,423,719**
11 DIRECT LABOUR AND MANAGEMENT COST		
Salary	80,873,581	82,476,076
EPF	15,003,527	15,215,187
ETF	3,000,496	3,051,879
Overtime	43,487,303	41,969,052
Allowance	21,526,371	21,190,638
Gratuity	6,628,794	26,568,298
Terminal Payment	347,849	417,641
Uniforms & Laundry	3,774,863	4,214,098
Tea & Others	2,954,267	3,529,837
Shift & Meals Allowance	1,877,079	1,734,616
Medical & Sanitary	2,829,756	3,739,142
Casual & Contract Salary	4,065,701	3,300,253
EPF on Casual & Contract Salary	840,778	571,439
ETF on Casual & Contract Salary	167,674	113,941
Welfare Expenses	194,079	229,299
Incentive	16,790,201	16,934,615
	204,362,319	**225,256,009**
12 FACTORY OVERHEAD COST		
Fuel for Generater	26,893,830	26,533,120
Factory Maintenance	-	1,934,250
Plant & Machinery Maintainance	3,193,211	23,631,338
Lab Expenses	2,308,136	1,886,261
Electricity	24,374,808	23,698,357
Building Repair & Maintenance	2,150,099	3,352,208
Other Services & Maintenance	7,542,582	9,592,306
Garden Maintainance	102,140	101,456
Impairment Loss	44,604	-
Depreciation	55,006,494	50,083,984
	121,615,903	**140,813,279**

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SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2021

13. PROPERTY, PLANT AND EQUIPMENT

Cost/ Revaluation	Restated Balance as at 01/01/2020	Additions-2019	Additions-2020	Balance as at 31/12/2020	Additions-2021	Balance as at 31/12/2021
Land	430,000,000	-	-	430,000,000	-	430,000,000
Building	155,550,000	-	-	155,550,000	18,979,438	174,529,438
Plant and Machinery	358,214,000	28,423,708	207,160,327	593,798,035	3,209,600	597,007,635
Motor Vehicles	26,100,000	11,272,000	-	37,372,000	-	37,372,000
Tools & Equipment	5,697,500	949,270	-	6,646,770	2,003,915	8,650,685
Laboratory Equipment	7,264,000	1,669,646	46,631	8,980,277	855,234	9,835,510
Electrical Works	4,660,000	-	-	4,660,000	-	4,660,000
Office Equipment	6,010,900	2,299,160	447,558	8,757,618	229,679	8,987,296
Furniture and Fittings	5,918,250	1,677,767	1,713,346	9,309,363	160,535	9,469,898
Computer and Other Hardware	5,471,000	2,153,861	677,481	8,302,342	831,669	9,134,011
	1,004,885,650	48,445,412	210,045,343	1,263,376,404	26,270,069	1,289,646,473

Accumulated Depreciation	Restated Balance as at 01/01/2020	Charge for the Year-2019	Charge for the Year-2020	Balance as at 31/12/2020	Charge for the Year-2021	Balance as at 31/12/2021
Building	-	-	7,777,500	7,777,500	7,777,500	15,555,000
Plant and Machinery	-	891,546	39,520,399	40,411,945	40,821,199	81,233,144
Motor Vehicles	-	187,867	7,474,400	7,662,267	7,474,400	15,136,667
Tools & Equipment	-	100,679	1,329,354	1,430,033	1,590,180	3,020,213
Laboratory Equipment	-	33,456	894,530	927,987	943,099	1,871,086
Electrical Works	-	-	932,000	932,000	932,000	1,864,000
Office Equipment	-	131,005	857,769	988,775	889,896	1,878,671
Furniture and Fittings	-	54,376	861,339	915,715	940,709	1,856,424
Computer and Other Hardware	-	302,898	1,928,560	2,231,457	2,253,226	4,484,683
	-	1,701,827	61,575,852	63,277,680	63,622,209	126,899,888

Written Down Value	Balance as at 31/12/2020 Rs	Revaluation Adjustment Rs	Restated Balance as at 31/12/2020 Rs	Balance as at 31/12/2021 Rs.
Land	430,000,000	-	430,000,000	430,000,000
Building	141,966,364	5,806,136	147,772,500	158,974,438
Plant and Machinery	519,490,296	33,895,793	553,386,089	515,774,491
Motor Vehicles	26,099,733	3,610,000	29,709,733	22,235,333
Tools & Equipment	4,696,175	520,562	5,216,737	5,630,472
Laboratory Equipment	7,402,374	649,916	8,052,290	7,964,424
Electrical Works	2,738,002	989,998	3,728,000	2,796,000
Office Equipment	6,954,995	813,848	7,768,843	7,108,626
Furniture and Fittings	7,816,986	576,662	8,393,648	7,613,474
Computer and Other Hardware	4,737,013	1,333,871	6,070,885	4,649,328
	1,151,901,940	48,196,785	1,200,098,725	1,162,746,585

Depriciation related Disclosures

1. Fixed Assets were Revalued in 2020 based on Fixed Assets Registry as at 31.12.2018
2. Revaluation figures applicable for the year ended 31.12.2019
3. Fixed Assets Additions in 2019, excluded for the revaluation by Department of Valuation
4. Restate of Fixed Assets Depreciation due to valuation, adjusted from 01.01.2020
5. Revalulation gain was adjusted by Note 19 due to over stating of accumulated depreciation in 2020

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2021

14 INVENTORIES	31/12/2021 Rs.	31/12/2020 Rs.
Raw Mataríals		
Maize	-	4,788,441
Soya	26,775,675	71,486,302
Milk Powder	73,660,725	26,841,000
Mineral	12,041,950	10,808,050
Vitamins	29,222,640	19,734,408
	141,700,990	**133,658,200**
Packing Materials		
Polythene Reel	11,599,803	6,159,315
Kraft Paper Bags	1,870,830	3,321,000
Twine	331,692	200,249
	13,802,325	**9,680,565**
Other		
Diesel	2,685,090	2,342,080
Engineering Stores	56,393,921	41,547,031
	59,079,011	**43,889,111**
Work In Progress		
Raw Matarials		
Soya	12,678,750	-
Milk Powder	1,242,000	736,000
Mineral	278,770	184,943
Vitamins	411,523	196,409
Packing Materials		
Polythene Reel	213,192	62,755
Kraft Paper Bags	247,857	1,771
Twine	-	5,761
	15,072,093	**1,187,639**
Finished Goods-Thriposha	46,570,967	-
Marketing Section		
Suposha	18,282,012	581,283
Outlet Stock	771	514,292
Mkt-Polythene Reel	8,304,389	11,436,384
Mkt-Corrugated Boxes	6,031,722	3,517,491
Mkt-Grey Back Box Board	1,406,776	1,061,372
Mkt-Gum Tape	1,094,256	231,300
	35,119,925	**17,342,122**
Total	**311,345,310**	**205,757,637**

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	31/12/2021 Rs.	31/12/2020 Rs.
15 TRADE AND OTHER RECEIVABLES		
Debtors	2,111,613	15,525,527
Debtors - Marketing	37,339,864	40,909,482
Advance and Prepayments	3,446,472	9,150,989
Insurance Receivable	481,120	424,658
Deposits	1,951,000	2,001,000
Housing Loan - Asset	37,826,677	38,160,679
Housing Loan - Distres	29,425,715	27,034,145
Housing Loan - 02	-	6,152
Housing Loan - 03	356,387	4,100,000
Housing Loan - 04	4,750,000	-
Festival Advance	174,667	156,000
Picnic Advance	4,200	916,000
	117,867,716	**138,384,633**
16 CASH AND CASH EQUIVALENTS		
BOC-Ja Ela- AC No. 71324617	226,499,810	101,983,383
BOC-Ja Ela- AC No. 80306903	113,989,819	44,056,030
Investment on Trasury Bill	92,888,500	92,750,236
Investment on Fixed Deposit	220,427,764	209,545,224
	653,805,894	**448,334,873**

16.1 Investment on Trasury Bill-Repurchase Agreement

CDS Account	Carrying Amount as at 31/12/2021	Carrying Amount as at 31/12/2020
RET-Y107471000 - 01	71,557,750	71,525,929
RET-Y107471000 - 02	21,330,750	21,224,308
	92,888,500	**92,750,236**

16.2 Investment on Fixed Deposit

Account Number	Carrying Amount as at 31/12/2021	Carrying Amount as at 31/12/2020
83258807	6,764,950	6,456,913
82420963	5,292,482	5,057,483
81508819	20,239,238	19,340,672
81048092	5,553,768	5,300,881
80940675	14,011,467	13,388,027
80871912	15,464,874	14,776,216
80586829	7,189,656	6,870,455
82932526	-	50,000
85235518	145,911,329	138,304,577
	220,427,764	**209,545,224**

* Above deposits are invested in the Bank of Ceylon

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		31/12/2021 Rs.	31/12/2020 Rs.
17	**STATED CAPITAL**		
	Share Capital	304,600,000	304,600,000
		304,600,000	**304,600,000**

As a consequence of decision made by Cabinet of Ministers, Management of the Thriposha Program has been vested on fully own Government Limited Liability Company incorporated under the companies Act No.07 of 2007. Accordingly Sri Lanka Thriposha Limited was incorporated on 17th September 2010 with the Stated Capital of Rs.304,600,000/= (Three hundred four Million and six hundred thousand rupees)

		31/12/2021 Rs.	31/12/2020 Rs.
18	**DEFERRED LIABILITY**		
	Balance as at beginning of the year	199,356,451	250,562,776
	Capital Grant	192,091,525	5,775,733
	Grant Amotization Adjustment	16,302,540	-
	Less :- Depreciation charge for the year	-	(56,982,057)
	Balance as at end of the year	**407,750,516**	**199,356,451**
19	**REVALUVATION RESERVES**		
	Balance as at beginning of the year	462,899,383	131,176,703
	Revaluation Adjusted	48,196,785	2,087,094
	Revaluation Gain/Loss on Disposal Assets	-	329,635,586
	Balance end of the year	**511,096,168**	**462,899,383**
20	**RETIREMENT BENEFIT OBLIGATION**		
	Balance as at beginning of the year	75,103,012	53,309,804
	Less: Payments during the year	(3,040,975)	(4,775,090)
	Provision for the year - 2021	6,628,794	26,568,298
	Balance as at end of the year	**78,690,831**	**75,103,012**

Discounted Rate	8%	8%
Future Salary Increment Rate	10%	10%
Staff Ture Over	2%	2%
Retirement Age	62 Year	55 Year

		31/12/2021 Rs.	31/12/2020 Rs.
21	**MEDICAL FUND**		
	Balance as at beginning of the year	318,623	246,837
	Contributions During the year	226,800	221,760
	Payment During the year	(111,478)	(149,974)
	Balance as at end of the year	**433,945**	**318,623**

22 Non Current Liability

LC Term Loan	[illegible]	23,437,500
	[illegible]	23,437,500

INTEREST BEARING LOANS AND BORROWINGS

	2021			2020	
	Payable within one year	Payable after 1 year less than 5years	Total payable	Payable within one year	Payable after 1year less than 5years
Term loan facilities - Bank of Ceylon	23,437,500	-	23,437,500	56,250,000	23,437,500
	23,437,500	-	**23,437,500**	56,250,000	23,437,500

Term loan facilities	Repayable within 01 Year	Repayable after 1 year less than 5 years	Repayable after 05 years	Total As At 31.12.2021	Total As At 31.12.2020
	Rs.	Rs.	Rs.	Rs.	Rs.
Term Loans - Bank of Ceylon	23,437,500	-	-	23,437,500	79,687,500
	23,437,500	-	-	23,437,500	79,687,500

Facility details - 01

Facility details - 01	Rate of interest	Terms of repayment
	Fixed Deposit Rate + 2.0% per annum	
	(Loan Interest Rate - First 12 months - 12.25% per annum)	24 monthly installments
	(Loan Interest Rate - Last 12 months - 7.50% per annum)	

Other Related Disclosures - LC Term Loan

Cost of Nutribar Machinery (USD)	851,700.00
20% Advance paid on Year 2019 through TT (USD)	170,340.00
80% Balance paid on Year 2020 through LC - at sight (USD)	681,360.00

01. The Board of Directors of the Company decided to obtain a Term Loan for the payment done through LC - at sight. (USD. 681,360.00)
02. Board have granted to open a Fixed Deposit A/c at Bank of Ceylon Ja-ela Branch, amounting LKR. 125 Mn as a Security (ICBS FD
03. Based on the FD opened on 09.12.2019 Board have granted to proceed with Loan Facility from the Bank of Ceylon for the LC
04. Term Loan has granted by Bank of Ceylon on 26.05.2020 for the amount of LKR. 112.50 Mn (90% from the Bond / FD value)

	31/12/2021 Rs.	31/12/2020 Rs.
23 TRADE AND OTHER PAYABLES		
Creditors	194,515,462	18,632,161
Salary Control Account	542,134	493,441
VAT Payable	442,799	1,009,158
Income Tax Payable	24,887,667	13,830,145
LC Term Loan	23,437,500	56,250,000
Deposit Payable	52,900,238	56,903,738
Ministry of Health	-	108,833
	296,725,799	**147,227,475**

24 PRIOR ADJESTMENT		
Salary (Casual & Daily)	493,485	-
Payable Ministry of Health (RM, PM, WIP & Diesel Balance at at 31/12/2020)	(146,868,484)	11,521,287
Income Tax Adjustment-2020	4,939,337	-
Income Tax Adjustment-2019	(38,834,510)	-
Diferred Tax Assests-2020	7,960,020	
Grant Amotization Adjustment	(16,302,540)	
VAT Adjustment-2017	(2,306,246)	-
VAT Adjustment-2018	(2,942,394)	-
VAT Adjustment-2019	(3,110,865)	-
Creditor Balance 31/12/2020	106,819	-
Fixed Deposit	(50,000)	-
Suposha PM balance as at 01/01/2021 adjustment	16,246,547	
Insurance Receivable	-	726
Interest income on Trasury Bill	-	369,695
Creditors	-	32,029,937
VAT 15% to 8%	-	94,846
	(180,668,831)	**44,016,492**

25 DEPRECIATION RELATED TO CAPITAL GRANTS

Depreciation in respect of the fixed assets granted by the Ministry of Health have been charged to the relevent Capital Grant account while setting off same against the total depreciation charge for the year.

26 COMMITMENT AND CONTINGENCIES

There are no significant commitment or contingencies as at the reporting date.

27 RELATED PARTED DISCLOSURES

Transaction with key management personnel

The key management personnel of the company are the members of its Board of Directors and observers. Sitting allowances and Transport allowances are paid respectively Rs. 711,000 and Rs.108,000 for the Board of Directors and members of Audit and management committee during the year - 2021

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28 FINANCIAL RISK MANAGEMENT

The companies's activities are exposed it to a variety of financial risks such as

(a) Market risk(including Market Risk and Foreign exchange risk)

(i) Foreign Exchange risk

The company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of Sri Lankan Rupee (LKR) against the US Dollar (USD).company's functional currency is the Sri Lankan Rupee (LKR) in which most of the transactions are denominated and all other currencies are considered foreign currencies for reporting purposes.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company manage its interest rate risk by monitoring and managing cash flows, negotiating favorable rates on borrowings.

(b) Credit Risk

The company extends credit facilities to customers during the course of business.therefore,non-payment of trade debts is a key risk associated with trade receivables.

Credit Risk exposure

The maximum risk exposure of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

	12/31/2021	**12/31/2020**
Trade and other Receivables	117,867,716	122,859,106
Amount due from related parties	-	15,525,527
Cash and cash Equivalents	653,805,894	448,334,873
Total credit risk exposure	**771,673,610**	**586,719,506**

(c) Liquidity Risk

This is the risk that the company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance

29 OTHER RELATED DISCLOUSURES

29.1 Prior Years Amended Tax Liability (VAT/NBT/CIT) Settled during the year 2021

As per the Tax computation and Assesments issued by IRD

Total CIT 2019			38,834,510	
	Installments			
	30.04.2021	21,302,481		
	28.05.2021	5,985,936		
	30.06.2021	5,985,936		
	30.07.2021	5,560,156		
Total CIT 2020			8,890,807	
	30.07.2021	425,780		
	30.08.2021	5,985,936		
	30.09.2021	2,479,091		
Total VAT 2017			2,306,246	
	29.10.2021	2,306,246		
Total VAT 2018			2,942,394	
	29.10.2021	2,942,394		
Total VAT 2019			3,110,865	
	30.11.2021	3,110,865		
Total VAT 2020			1,009,158	
	30.11.2021	1,009,158		
Total NBT 2017			5,019,923	This was exempted according to Finance Act No: 18 of 2021
		5,019,923		
Total NBT 2018			11,033,918	
		11,033,918		
Total NBT 2019			13,999,959	
		13,999,959		
		87,147,781	**87,147,781**	

Amended Tax Liability for the year 2021 from Y/A 2017/18/19/20 57,093,981

The Act on Tax Amnesty and Tax on Voluntary Disclosure (Finance Act No: 18 of 2021) has been approved and passed by the parliament on 17th September 2021.According to the said act companies and Individuals persons are entitled to exemptions on NBT.

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29.2 Types of Stock Levels of Inventory related to Sri Lanka Thriposha Ltd

Basic Assumptions

Selected RM - Maize

Procurement Limit for one time - LKR.200 Mn (Authority From DPC)

Estimated Price per Kg - LKR.100/=

Current RM Storage Capacity   Maize   900,000 KG

(Total 1,250 MT)

Maximum Consumption (KG)		90,000	per day
Minimum Consumption (KG)		50,000	per day
Average/Normal Consumption (I		70,000	per day
Reorder Period (Days)	30-60		
Normal Reorder Period (Days)	30		
Reorder Quantity (KG)		2,000,000	
Reordering times per Year	9		
Total Requirement for the Year ı		18,000,000	

Reordering Level = Maximum Consumption x Maximum Reorder period

5,400,000 KG

Minimum Stock Level = Reordering Level – (Normal Consumption x Nominal Reordering Period)

3,300,000 KG

Maximum Stock Level = Reordering Level + Reorder Quantity – (Minimum Consumption x Reorder period)

5,900,000 KG

Note : Company couldn't practice above Stock Levels due to Lack of RM Storage Capacity at present.

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NATIONAL AUDIT OFFICE

My No. : VTY/B/SLTL/FA/2021 **Date :** 23rd of June 2022

Chairman,

Sri Lanka Thriposha Limited.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Thriposha Limited for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 0f 2018

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Thriposha Ltd. for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021, comprehensive income and expenditure statement, statement of changes in equity and cash flow statement together with notes to the financial statements for the year then ended and a summary of significant accounting policies, was carried out under my direction in pursuance of the provisions in the National Audit Act, No. 19 of 2018, read in conjunction with the Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. My report will be presented to be tabled in Parliament in due course in terms of Article 154 (6) of the Constitution.

I am of the opinion that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Accounting Standards of the public sector in Sri Lanka.

1.2 Basis for the Opinion

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

1.3 Other information contained in the 2021 Annual Report of the Company

The other information means the financial statements included in the 2021 Annual Report of the Company that is expected to be given to me after the date of this audit other than the information that is not included in the financial statements and in my audit report. The management is responsible for such other information.

My opinion on the financial statements does not cover the other information and I, in any manner, do not give any assurance or make any opinion on them.

My responsibility on the audit of the financial statements is to read the above mentioned other information identified, when they are made available to me and to consider if such other information is significantly inconsistent with the financial statements or according to my knowledge I obtained during the course of the audit or otherwise.

When reading the 2021 Annual Report of the Company, if I conclude that there are significant misrepresentations, such matters should be communicated to the governing parties for correction. If there are any more uncorrected misrepresentation, they will be included in the report I will be tabling in Parliament in due course, in terms of Article 154 (6) of the Constitution.

1.4 Responsibilities of the Management and those parties charged with the governance on the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those parties charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users made on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional sceptism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I keep those parties charged with the governance informed of the significant audit findings, major internal control deficiencies and other related matters identified by me during the course of my audit.

2. Report on other legal and regulatory requirements

2.1 Special provisions with regard to requirements stated below are incorporated in the National Audit Act, No. 19 of 2018 and the Companies Act, No. 07 of 2007.

2.1.1 I have, in accordance with the requirements specified in Section 163 (2) of the Companies Act, No. 07 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018, obtained all the information and explanations that were required for the audit, and the Company, as it is apparent from my examination, has kept proper accounting records.

2.1.2 The financial statements presented by the Company as per the requirement specified in Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018 are consistent with the preceding year.

2.1.3 The recommendations made by me during the previous year as per the requirement specified in Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 have been embodied in the financial statements presented.

2.2 Based on the procedures adhered to and evidence obtained and in the context of being limited to matters that are material, nothing has met with my attention as to make following statements.

2.2.1 That any member of the governing body of the Company has any direct interest or otherwise in any contract entered into by the Company which are out of the normal course of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 That the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of Section 12 (f) of the National Audit Act, No 19 of 2018.

Reference to Laws, Rules and Regulations	Observations
(a) Public Enterprises Circular No. PED /12 dated 02 June 2003	
(i) Para 6.5.3	Even though the Annual Report should be tabled in Parliament within 150 days of the completion of the Financial year, the annual reports for the years 2018, 2019 and 2020 had not been tabled even as at 20 May 2021.
(ii) Para 7.2	Even though an operating manual should be prepared so as to cover the major elements of the control environment of the Company, it had not been so done.
(iii) Para 8.2.2	Even though the concurrence of the Minister of Finance and Mass Media should be obtained for investing surplus funds, the Company had invested Rs. 313 million in a state bank without obtaining such concurrence.
(b) Public Finance Circular No. 05 /2016 dated 31 March 2016	Even though the report of the board of survey of the previous year should be submitted before the 31 of March of every financial year, the reports of the board of survey in respect of the years 2020 and 2021 had not been presented to the Auditor General.

2.2.3 that the Company has performed inconsistently as per its powers, functions and duties in terms of the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the prescribed timeframes and in compliance with the applicable laws in terms of the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018.

03. Other Matters

(a) Approval of the Cabinet of Ministers had been received for purchasing a machine manufactured in Japan required to produce a kind of a nutritional biscuit in August 2019 and an expenditure of Rs. 5,348,946 has been incurred for 4 officers in September 2019 for sending them to Japan for training purposes prior to the import of the said machine to Sri Lanka. Moreover, the machine to the value of Rs. 209,274,588 has been received in the Company in the month of June 2020 and a building to the value of Rs. 18,979,438 has also been constructed for the purpose of installing the said machine. However, the failure to bring the said machine and the building concerned into utilization up until April 2022, the date of audit had resulted in an unproductive expenditure amounting to Rs. 233,602,972 that was so incurred.

(b) 6225 kg of Vitamin Permix purchased at a cost of Rs. 23,288,472 in the month of March 2021 for production activities had gone past its expiry date on 10 January 2022.

(c) Action to settle a creditor balance totaling up to Rs. 12,796,471 carried down from the year 2017 as per the time analysis of the creditors had not been taken during the year under review either.

Sgd. / **W.P.C. Wickramaratna**

Auditor General

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SUPOSHA
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