SRI LANKA CEMENT CORPORATION

FINANCIAL STATEMENTS

2019

Sri Lanka Cement Corporation
P.O.Box-1382,
27, Vauxhall Street,
Colombo-02.

15.03.2022

The Secretary,
Ministry of Industries,
73/1,Galle Road,
Colombo-03.

Dear Sir,

SRI LANKA CEMENT CORPORATION
FINANCIAL STATEMENTS FOR THE YEAR, 2019

In terms of Section 30 (1) of the State Industrial Corporation Act No.49 of 1957, I have pleasure in submitting the Report of the Board of Directors of the Corporation for the year, 2019 together with the following documents.

a). Financial Statement for the year, 2019
b). The Auditor General's Report and
c). Observations of the Board on (b) above.

Yours faithfully,

For and on behalf of the Board of Directors of the
SRI LANKA CEMENT CORPORATION

Signed,
GAMINI EKANAYAKE (Attorney-at-law),
CHAIRMAN,
SRI LANKA CEMENT CORPORATION

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SRI LANKA CEMENT CORPORATION

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2019

1.0 BACKGROUND

The Cement Factory at Kankesanthurai which was established in 1950 under the Department of Industries was converted to a Public Corporation in 1956 under the provisions of the Government Sponsored Corporations Act No.19 of 1955 and named Kankesan Cement Works.

On 1st January 1959 the Corporation was reconstituted as Ceylon Cement Corporation under the Industrial Corporations Act No. 49 of 1957.

In the year 1980 the name was changed to "Sri Lanka Cement Corporation" by a Gazette notification. This Corporation which functioned under the Ministry of Industries and Scientific affairs was brought under the purview of the Ministry of Local Government, Housing & Construction from 1st February 1985. After that, since 19th June 1997 the Corporation was again under the Ministry of Industrial Development and still continuing as same until 2010 and vested under the Ministry of State Resources & Enterprises Development up to February, 2015, the Ministry of Industry and Commerce, resettlement of protracted displaced persons and Corporative development up to 2019. Thereafter, Sri Lanka Cement Corporation functioned under the Ministry of Industries and Supply Chain Management and from November, 2019 functioned under the Ministry of Industries.

2.0 VISION AND MISSION STATEMENT

VISION

To provide Guidance and Leadership to Facilitate the Development of the Cement Industry in Sri Lanka.

MISSION

Ensure and adequate supply of Quality Cement and other cement based products to meet the country needs.

MAIN OBJECTIVES

The main objective of the Corporation is to ensure the recommencement of the Kankesan Cement Factory.

And, to process the development projects for Lands at Kollupitiya, Mannar , Palavi and Aruwakkalu belongings to the corporation and convert those assets as income generating ways.

MAIN FUNCTIONS

The functions and objectives of the Corporation as indicated in the Incorporation order published in Gazette Extraordinary No.11634 of 2nd January, 1959 are as follows;

- To manufacture and sell Cement.

- To manufacture and sell articles made of cement or cement concrete including telephone and telegraph posts, telephone booths, water carriage equipment, Hume pipes and tiling.

- To supply electrical energy in bulk to any person.

By the order published in Gazette Extraordinary No.14033 of 11th May, 1964 order with the approval of the Government amend the order under section 2 of that Act. Published in Gazette Extraordinary No.11634 of 2nd January, 1959 in the first schedule thereto, in paragraph 1, thereof, by substituting for the words *"The manufacture and sale of cement"* of the word *"The manufacture, importation and sale of cement"*.

The Corporation had invested Rs.1,083,618,910/= in the Lanka Cement PLC in 1981 and holds 62.45% of the Share Capital. The par value of the share is Rs.10/=. The market value was Rs.8.20 per share in October, 2015 and Rs.7.90 at the month of December, 2015. The Corporation has not been benefited on this investment up to now. Lanka Cement PLC is control and monitoring by same management from April, 2010 to 25th February, 2016.

Sri Lanka Cement Corporation also owns 320,000 ordinary shares of Rs.10/= each in the Lafarge Mahaweli Cement Company Limited, and benefited by a Bonus issue of one new ordinary share for every two shares held by the Corporation as at 31st December, 1995. The Corporation now owns 480,000 ordinary shares in LMCCL which is 10% of the total shareholding. The Corporation has been benefited by a very good return (dividend) on this investment up to 1999. In 2015, we received Rs.1,728,000/- as a dividend for the year 2014.

3.0 PRESENT POSITION

With the peoplization of Puttalam Cement Works and Ruhunu Cement Works and transfer of ownership of Paper Bags Unit at Mattakuliya to the General Treasury the Sri Lanka Cement Corporation is only left with the Kankesan Cement Works which is also not in operation since June 1990 due to security situation in the North. The factory premises are under the Sri Lanka Army supervision.

The several efforts have been made over the years to release the land and wherein possibilities to recommence production have been comprehensively studied. Necessary reports have been forwarded to the relevant authorities and found feasible for implementation provided the security clearance is assured.

The organization engaged with the import & distribute of Ordinary Portland Cement from 2008 and produce & sale of concrete base products from 1997.

The Government had introduced a Voluntary Retirement Scheme in 2016 and 36 employees have left their service from 31.07.2016 according to that Scheme.

a) Imports and Sales of Ordinary Portland Cement

In the year 2008, we started importation of cement for supply quality goods with lowest price to customers under the brand name of "Kankesan". The Corporation has imported 219,559 MT from 2008 to 2012.

In the year 2013 & 2014, the Corporation has imported 20,300 MT & 18,900MT respectively. We have imported 1,540 MT and 3,815MT of Ordinary Portland Cement in 2015 and 2016 respectively.

The Corporation imported 980MT of Ordinary Portland Cement in 2017 and temporary stop with the board decision to importation due to the lake of sales staff & financial arrangements.

Sales of Cement

Year	2018 and 2019	2017	2016	2015
Qty (MT)	-	980	4,002	2,780
Value (Rs.)	-	12.66Mn	60.15Mn	37.87Mn

b) Manufacturing & Selling of Concrete based Products

The Corporation also started a Concrete production Yard at Urumpirai in October 1997. The Unit has been mainly engaged in production of RC Poles for Ceylon Electricity Board and Telegraph poles for Sri Lanka Telecom.
In the year 2009 we produce Concrete blocks, beams, pavement slabs and fence posts were supplied to Building Department, Road Development Authority, University of Jaffna and the General Public in addition to the concrete poles production.

We produced 16,431 Nos Concrete based products during the year 2009 to 2012.

The corporation has produced 2,003 Nos. Concrete Poles in the year 2013 and 1,674 Nos. Concrete based products in 2014. During the year 2015 also produced 191Nos of Concrete Poles, 832 Nos of Panthal Post and 71,771 Nos of concrete blocks. In the year 2016 produced 168 Nos Concrete Poles, 224 Nos of Fence Post, 95 Nos of RC Colums and 30,122 Nos of Concrete blocks.

Sales of Concrete Products

Year	2019	2018	2017	2016	2015
Concrete poles (Qty)	-	-	-	304	-
Fence poles (Qty)	-	-	4	253	391
RC colums (Qty)	114	99	145	169	419
Concrete blocks	-	-	-	46,907	54,805
Total Value (Rs.)	**0.57Mn**	**0.56Mn**	**1.13Mn**	**4.07Mn**	**2.69Mn**

According to the circular no.02/2016, all K.C.W.employees except two left their service from 31.07.2016. Two employees were retained for sales of concrete products.

c) Rental income generating from assets of the corporation

The corporation was instructed by the Department of Public Enterprises to find out the persons or institutions that are need of lime stones and find the way to lease out those properties & updating lease agreements for such lands for rentals with a view of earning an income.

d) Medieval Procedures for attain efficiency of the organization

We are expecting to proceed suitable development projects regarding our lands at Kollupitiya, Mannar, Puttalam and Kankasanthurei and generate income from those lands. Then, we can achieve stability and efficiency situation to the organization.

The restructuring program for the organization and amalgamate with Lanka Cement PLC after converting to a company according to the Cabinet decision from 2015. At present, these two entities managed by separate board of directors from February, 2016.

4.0 PROFITABILITY

The Corporation had a surplus of Rs.2.6Mn in 2011. In 2012, 2013 & 2014 the corporation has continuously losses as 75Mn, 424Mn & 13Mn respectively. Subsequently, the Corporation had a surplus of Rs.4.34Mn, Rs.31.70Mn, Rs.15.61Mn and Rs.15.96Mn in 2015, 2016, 2017 and 2018 as profit after tax.

As per the financial statements for 2019, we earned the accounting profit before income tax of Rs.39.3Mn. It shows 100.62% increase with compared for the previous year figure. The main reason for this growth is amendment of lease rental received for the Aruwakkalu quarry land with effect from 01st January, 2019. With the other accounting adjustments the Corporation reported Rs.43Mn as a net profit for the year 2019.

5.0 FUTURE ROLE OF SRI LANKA CEMENT CORPORATION

The Sri Lanka Cement Corporation is not presently engaged in production of cement due to the temporary closure of the factory at Kankesanturaiin June 1990, which is the only factory owned by SLCC. However, prospects for recommencing the production of cement by KCW, in the immediate future are difficult to forecast. Necessary reports have been forwarded to the relevant authorities.

The Corporation has been requested to handover the Kankasanthurei factory premises from Sri Lanka Army, but they're not handover it to us. We can proceed the suitable development project if they handover it to us.

As per the instruction given by the Ministry of Industry and Commerce by the letter reference no. MIC/R/07/06/07, dated on 27.10.2016, as the Minutes of the meeting held on 20.10.2016 regarding the future activities to the organizations who was implementing the Voluntary Retirement Scheme on 31.07.2016. We have given considerable attention to proceed the development projects regarding our lands at Kollupitiya, Mannar, Puttalam and Kankasanthurei**.**

The discussions held with relevant parties to introduce development projects to our lands and other resources.

And we will manage the income generate from those projects and try to achieve the strong financial strength & continue the stability of the organization.

6.0 APPRECIATIONS

The Board of Directors sincerely thank to the Honorable Minister, Ministry of Industries for the directives given to the Sri Lanka Cement Corporation, Officials of the Line Ministry, General Treasury, State Banks and Other Government Institutions for their co-operation given to the SLCC in 2019.

The Board of Directors also wishes to record its appreciation for the services rendered by the employees of the Sri Lanka Cement Corporation.

INFORMATION ABOUT CORPORATION

<u>Registered Head Office</u>

Sri Lanka Cement Corporation
Vauxhall Mansion,
Vauxhall Street, Colombo 02.

Telephone Nos.: 011-2440201,2440203
Fax No. : 011-2448866

<u>Subsidiary Registered Head Office</u>

Lanka Cement LimitedNo.27,
No.27,VauxhallMansion,
Vauxhall Street, Colombo 02.

Telephone Nos. : 011-2447746, 254158

CONCRETE PROJECT, JAFFNA

Kankesan Cement Works,

Kankesanturai.

Telephone No. : 021 321 5340/41

BANKERS

People's Bank

Bank of Ceylon.

AUDITORS

National Audit Office,

Baththaramulla.

S R I   L A N K A   C E M E N T   C O R P O R A T I O N

Newly appointed Board of Directors consisted as follows for the year 2020.

01. Mr.Gamini Ekanayake	Chairman	-	Appointed on 01.01.2020
02. Mr. E.A.S.Suranga Silva	Director	-	Appointed on 01.01.2020
03. Mr.G.L.Chaminda Jayalal	Director	-	Appointed on 01.01.2020
04. Mr.U.L.R.Senarath Perera	Director	-	Appointed on 01.01.2020
05. Mr.S.P.Lokuhannadige	Director	-	Appointed on 01.01.2020
06. Mrs.W.G.D.C.D.S.Rajakaruna	Treasury rep.	-	Appointed on 01.01.2020

SRI LANKA CEMENT CORPORATION

HUMAN RESOURCES AS AT 31.12.2019

CATEGORY	Senior Mgt.	Middle Mgt.	Junior Mgt.	Primary Level	Total
Head Office	01	01	03	07	12
Kankesan Cement Works	--	--	--	01	01
-TOTAL	**01**	**01**	**03**	**08**	**13**

CHAIRMAN'S MESSAGE

The Sri Lanka Cement Corporation is one of the most prominent corporation of Sri Lanka and hails of as a landmark amongst the local industrial giants. Currently, the corporation strives to reorganize the affairs of the corporation and remobilize the idle assets and bring in new policies to render the corporation efficient and effective in its purpose of establishment. Not only will this mission develop the corporation but the nation as a whole would in no doubt would benefit from this venture.

As a chairman of Sri Lanka Cement Corporation I strongly believe that this venture should be a team effort. I have good faith in the Honorable Minister of Industries and supply chain management, officers of the ministry, Board of directors and the most dedicated team of employees of the Sri Lanka Cement Corporation. Implementations of no novel strategies scientifically and recognizing the technical advancements and market requirements would no doubt help us on this endeavor. After due analysis of the Annual Report of the year 2019 I have strong belief that we as a national corporation is within Financial and Physical capacity to enact such ventures.

It is my pleasure to present the Annual Report for the year under review and we are hopeful that the upcoming year would turn a new leaf for the corporation.

I would like to seize this opportunity to thank the Honorable Minister of Industries and Supply Chain Management, Secretary to the Ministry, staff of the Ministry for the generous and support extended to us.
I would also like to extend my gratitude to the board of directors and employees of the Sri Lanka Cement Corporation for the previous Financial Year.

Signed,
GAMINI EKANAYAKE (Attorney-at-law),
CHAIRMAN,
SRI LANKA CEMENT CORPORATION

S R I   L A N K A   C E M E N T   C O R P O R A T I O N

The Board of Directors for the year 2019, under review consisted of the following Directors.

01.	Mr.M. Reyyaz S. Salley	Chairman	- Appointed on 25.06.2018 to 10.04.2019
02.	Mr.S.Subairdeen	Chairman	- Appointed on 10.04.2019 to 25.11.2019
03.	Mr. S.Abdeen Ehiya	M.D.	-Appointed on 25.02.2016 to 25.11.2019
04.	Mr.M.S.M.Kabeer	Director	- Appointed on 18.03.2015 to 25.11.2019
05.	Mr.N.M.Munawar	Director	- Appointed on 31.03.2015 to 25.11.2019
06.	Mr.A.Rafeek	Director	- Appointed on 30.04.2015 to 25.11.2019
07.	Mrs.D.S.A.Costa	Treasury rep.	- Appointed on 30.10.2015 to 25.11.2019
08.	Mr.L.G.N.D.Somapala	Ministry observer	- Appointed on 25.07.2018 to 26.04.2019
09.	Mr.W.N.R.Wijekoon	Ministry observer	- Appointed on 26.04.2019 to 25.11.2019

S R I   L A N K A   C E M E N T   C O R P O R A T I O N

S E N I O R   M A N A G E M E N T   C O M M I T T E E

01. Mrs.M.G.A.T.R.Jayathilaka	Accountant	Head Office
02. Mrs.E.S.Chandani	Administrative Officer	Head Office

Sri Lanka Cement Corporation
Audit Committee Report

The Audit Committee of the Corporation consists of three Non-executive Directors, Chief Internal Auditor of the Ministry of Industry and Supply Chain Management and a representative from the National Audit Office were the observers of the Committee.

In 2019, Mrs.D.S.A.Costa was the Chairman of the Committee under review of Mr.M.S.M.Kabeer and Mr.N.M.Munawar were the other two Non-executive Directors.

Presently, Mrs.W.G.D.C.D.S.Rajakaruna appointed as a Chairman of the Committee under review of Mr.G.L.C.Jayalal and Mr.E.A.S.S.Silva were the other two Non-executive Directors.

The Main Role and the responsibilities of the Audit Committee includes,

a) Assist the Board in the task of overseeing to ensure that financial reporting is done in compliance with relevant Sri Lanka Accounting Standard and other applicable legal requirements.

b)Assist the board to ensure that all relevant rules and regulations and circulars issued by the government are complied with continuously reviewing and monitoring, making recommendations to the board on noncompliance.

c) Review the Internal / External Audit Reports and the recommendations of COPE. And help the board to take remedial actions.

d) Assist the board to introduce and implement adequate internal control system.

The Audit Committee inter alia engaged in the following activities during the financial year under review.

- Review of the unaudited monthly financial statement.
- Review of the audited financial statement for the year.
- Review of the audit reports issued by the Auditor General and monitoring and follow up action by the Management.
- Reviewing reports on compliance with statutory reporting and payment requirements.

Signed,
W.G.D.C.D.S.Rajakaruna,
Chairman,
Audit Committee

My No. TCM/A/SLCC/79/2019/FA 23rd September, 2020

The Chairman,
Sri Lanka Cement Corporation

Report of the Auditor General on the Financial Statements of Sri Lanka Cement Corporation for the year ended 31st December 2019 and necessities of other legal requirements & regulations in terms of section 12 of the National Audit Act, No.19 of 2018.

1. Financial Statement

1.1. Qualified Opinion

The Audit of the financial statements of the Sri Lanka Cement Corporation for the year ended 31st December 2019 comprising the statement of financial position as at 31st December 2019 and the statement of comprehensive income for the year ended in mentioned above, the statement of changes in equity, the statement of cash flow, the statements for the financial statements, a summary of significant accounting policies & other explanatory information on the financial statements for the year ended 31st December, 2019 was carried out under my direction in pursuance of the provisions in section 13(1) in Financial Act No.38 of 1971, section 29(1) in Industrial Corporation Act No.49 of 1957, Article 154(1) of constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the section 12 of National Audit Act No.19 of 2018. My report will be tabled in the parliament in accordance with the Article 154 (6) in the Democratic Socialist Republic.

In my opinion express, the financial statements reflect a true and fair view of the financial position of Sri Lanka Cement Corporation as at 31st December 2019 and financial performance, cash flow of the Sri Lanka Cement Corporation for the year ended in accordance with Sri Lanka Accounting standards except for the effects of the matters described in the paragraph of basis for qualified opinion in my report.

1.2. Basis for the Qualified Opinion

a. Gazette Notification No. 283/2 dated 20th September 1977 stated that the Aruwakkalu Limestone Depository of Puttalam which was 5423 Acres: 02 Rud: 36 Perches which had been transferred to the Corporation and it was recorded as 5164 Acres: 00 Rud: 25 Perches in the Financial Statements. The land extent of 5153 Acres: 03 Rud: 40 Perches of this land which had been leased to a company for a period of 50 years. The value of this land had not been assessed and accounted for.

b. The land extent of 241.56 acres at Kankesanthurai had been transferred to the Corporation on 08 July 1960 as per Gazette Notification No. 12156 dated 08 July 1960 and Plan No. A 2099. According to the plan for the transfer, it was observed that the corporation also had two fuel tanks and no action had been taken to assess and account that land and fuel tanks.

c. The amount of 28,750 cubic meters of limestone stockpiled by the Sri Lanka Air Force at Kankesanthurai land owned by the Corporation has been released to the Corporation by the letter No. SLAF / 1028/3/10 / WKS dated 06 December 2018. The steps have not yet been taken to value, protect and use this limestone stockpile, which has been safely piled up for about a year and a half, for a purpose that will bring economic benefits.

d. As at 31st December 2019, the Corporation had recorded the rent to be paid to the State Engineering Corporation as Rs. 3,822,724/- and according to the schedule submitted for the audit, the rent payable to the corporation was Rs. 1,302,462/-. The rent payable at Rs.2,520,262/- was overstated in the financial statements.

e. The corporation has stated that the amount due is Rs. 1,112,000/- from a case filed against a person, The audit observed that the amount due to the Corporation from that person Rs. 2,730,002/- less had been recorded in the financial statements.

f. The confirmation letters to confirm accuracy had not been submitted till 15th August 2020 for the trade and other receivables balance amounting to Rs.76,862,633/- and Rs. 28,433,713/- of trade and other payables balance as on 31st December 2019. There was uncertainty over the recovery of that debt balance.

g. The Corporation was informed to pay a penalty of Rs.678,794/- for non-payment of income tax for the assessment year 2017/2018 and Although the corporation requested that the fine be waived, no written permission was granted. The fine had not been paid or accounted for during the year under review.

h. The Total of Rs. 365,655/- of Short-Term Deposit Interest Income Receivable as at 31st December 2019 which was accounted as short-term deposit, due to that reason the Short-term deposit interest income and short-term deposit value recorded as less and higher from that amount respectively.

i. The total value of 03 fixed asset accounts as at 31 December 2019 was Rs. 9,598,396/- and according to the fixed asset register, the total value of those assets was Rs. 6,000,122/- then Rs. 3,598,274/- over-recorded in Property, Plant and Equipment account in Financial Statements.

j. The amount of Rs. 190,642/- of interest income due on Treasury bills as at 31 December 2019 was accounted in Treasury Bill Account. Which leads to decreased Interest income receivable account by the amount of Rs. 190,642/- and face value of Treasury bills account more in account by Rs. 190,642/-.

k. The Corporation had invested Rs. 10/- per share of 108,361 no of shares which amount was Rs.1,083,618,910/- in Lanka Cement PLC. Although the Corporation holds 62.45% of the share capital of the subsidiary of the Corporation of shares of Lanka Cement PLC, The Corporation had not prepared a consolidated financial statement for the year under review. By the year of review, the state-owned company had voluntarily retired and the company had closed.

l. Lanka Cement PLC has been suspended from the Colombo Stock Exchange for non-submission of annual reports with effect from 31 December 2017 and Based on investment made at the Colombo Stock Exchange, share value of Rs 5.70 per share in 2017; the total investment value has been accounted as Rs.617, 662,779/- in the 2019. Accordingly, the true market value of the investment could not be taken into account and the manner in which the investment was accounted for was not disclosed under the accounting principles.

m. The income earned on lease agreements cannot be identified as part of the revenue as per Accounting Standards No. 18 of Section 6 (a), the amount of Rs. 59,317,816/- was accounted as Lease income. The amount of Rs 4,668,200/- of rent income which not covered by scope of this standards and that amount has been accounted under the revenue in the financial statement.

n. According to the provisions in the paragraph no 90 (b) of Sri Lanka Financial Reporting Standards no.16 of lease, the leasing income has been recorded separately. Although that leasing income of Rs.37,934,300/- for the date of 31st December, 2019 has been accounted as revenue.

o. The action should be taken to expose and correct the errors of the previous years in the financial statements as per Section 49 (a) of the Standard No. 08 of the Sri Lanka Accounting Standards and action was taken during the year under review to rectify the error in keeping accounts as non-investment land from investment property, As at 31 December 2019, the total amount deducted from the revaluation reserve amounting to Rs. 238,700,000 had not been credited to the retained earnings account and credited to the revaluation reserve account.

p. In accordance with Section 73 (b) in the Sri Lanka Accounting Standard No. 16 of the Property Plant and Equipment, The financial statements did not disclosed sufficient information about the depreciation method used and Rs 4,851,521 of the total depreciated assets currently in use in terms of Section 79 (b) of above said standard.

q. In accordance with Section 104 of the Accounting Standards No. 01 of Sri Lanka and Sections 25 and 158 of the Standard No. 19 on Employee Benefits, its nature and additional information regarding short-term and long-term employee benefits should be disclosed in the financial statements, Adequate information regarding the total employee benefit expenditure of Rs. 1,781,738 was not disclosed in the financial statements.

r. The Cash Flow Statement should be prepared in accordance with the Sri Lanka Accounting Standards No. 07, Preparation of Cash Flow Statement, and the cash flow statement for the year was prepared contrary to the standard, regardless of the actual cash inflows and outflows. Further, sufficient written documents were not submitted to the audit to verify the cash flow statement submitted for audit along with the financial statements.

s. According to Sri Lanka Accounting Standards No. 01 the total was Rs. 3,684,059/- the previous year's adjustment value is in the cumulative retained earnings account and adjustments must be made to the opening balance of the statement of changes in equity, that value was accounted for as a profit for the year under review in the statement of comprehensive income. Therefore, the balances stated as at 31st December 2019, the profit for the year under review was Rs. 3,684,059/- more and the opening balance of the accumulated retained earnings account less by that amount.

t. The invoice No. 036980 of Rs. 335,249/- was issued as audit fees for the year 1990 to the Corporation. That value had not been accounted for as payable or pays that amount until 31 December 2019. The audit fee of the Corporation for the year 2004 was Rs.188,258/- and the invoice could not be issued due to non-agreement. No provision was made for the audit fees to be paid in the preparation of the Corporation's in the financial statements.

The audit carried out according to the provisions in Sri Lanka Auditing Standard (SLAS) by me. My responsibilities under those auditing standards, have been described under the Auditor's responsibility for audit this financial statement in this report. I believe that; I have obtained sufficient and appropriate audit evidence to provide a basis for my qualified opinion.

1.3. Responsibilities of Management and controlling parties for the financial statements

The management is responsible to determine such internal control methods to preparation of financial statement that are free from material misstatements whether due to the frauds or errors and to the preparation of fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards.

At the time of perpetration of financial statements; the management of the corporation responsible to decide the capability of going concern of the corporation, and further management responsible to continuous accounts base on going concern & disclose facts related to the going concern of the corporation other that the intention of the discontinue the company and discontinue the operations due to the position of non-availability of alternatives.

The controlling parties have been responsible for the process of financial reporting.

The corporation's books and records regarding including income, expenses, assets & liabilities should be maintain properly to prepare the annual & timely financial statements as per the guidelines in sub-paragraph no.16(1) in National Audit Act No.19 of 2018.

1.4. Auditor's responsibilities regarding the audit of financial statements.

My purposes are to issue audit report including my opinion and to give the fair confirmation regarding to that financial statements are free from material misstatements whether to fraud or errors over the financial statements.

The reasonable assurance is a high level assurance but it has not been confirmed to disclose material misstatements in each & every time when the audit has been carried out as per the Sri Lanka Auditing Standards. The material misstatements has been created the effect individually or collectively due to the fraud & errors and it will be effect to the users of economic decision makers based on those financial statements.

The audit carried out according to the Sri Lanka Auditing Standards concerning professional judgements & well-judged. And further,

- My opinion based on to obtain material and appropriate audit evidence through the proper plaining of audit procedures including identification of risk of material misstatements of the financial statements, whether due to frauds or errors and assess those risk appropriately. The effect due to fraud highly affected rather than the effect of material misstatements while the frauds will be occurred due to the illegal gathering, forgery, intentionally ignore or ignoring internal controls.
- The understanding of the corporation's internal controls has been considered to plain appropriate audit procedures but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal controls.

- The appropriateness of used accounting policies and the reasonableness of accounting estimates and disclosures of those things by the management has been evaluated.

- The relevance of using the basis of the continuity of the corporation for accounting was determined on the basis of the audit evidence obtained as to whether there was quantitative uncertainty about the continuity of the corporation due to events or circumstances. If I conclude that there is sufficient uncertainty, my audit report should focus on the disclosures made in the financial statements, and if those disclosures are not sufficient, my audit opinion should be modified. If those revelations are not enough, my audit opinion should be changed. However, continued existence may end on future events or circumstances.

- To evaluate the pertinently & reasonability of transactions and events based for the structure and content of the financial statements with presented disclosures.

The identified an audit research, main weakness in the internal controls & other facts in my audit had been informed to the controlling parties.

2. The report regarding the other legal & regulatory necessities

The special provisions have been included in the National Audit Act No.19 of 2018 regarding to the following necessities.

- According to the requirements in paragraph no.12 (a), National Audit Act No.19 of 2018; except the effects of facts described in the paragraph of basis for the qualified opinion in my report, the all information and descriptions for the audit had been taken by me. It is observed that the financial statements had been maintained properly by the corporation.

- The financial statements of the corporation have been comparable with last year as per the necessities of the paragraph no.6 (I) (d) (iii) of the National Audit Act no.19 of 2018.

- The recommendations issued in last year by me had been included in the financial statements for the year under reviewed other than the paragraphs no. 1.2 (a), (b), (f), (i), (l) and (t) in this report as per the necessities of the paragraph no.6 (I) (d) (iv) of the National Audit Act no.19 of 2018.

As per the followed procedures, founded evidences and limitations in the material impacts, there had not been taken my attention to published followings;

- The direct or otherwise relationship regarding the exclusion of general business situation by the contract with the corporation to the members of controlling panel of the corporation as per the necessities of the paragraph no.12 (d) of the National Audit Act no.19 of 2018.

- The action had not been taken against with the in-written laws , other general or specific command issued by the controlling panel of the corporation while the following observations as per the necessities of the paragraph no.12 (e) of the National Audit Act no.19 of 2018.

Reference to Laws, Rules / Directives	Description
.aFinancial Regulations 260 and 264 of the Democratic Socialist Republic of Sri Lanka	A cheque or cash receipt must be received at the time of payment using vouchers and a receipt must be obtained confirming the identity and receipt of the money from the cashier, with a total of Rs.3.559.008 using 72 payment vouchers, the payment was made without a signature on the voucher or receipt of payment .The relevant cheque were banked by the institution at the request of the recipient.
.bState Circular No. 02/2018 dated 14th November 2018	The Corporation had invested a total of Rs.19,261,864 as on 31st December 2019 and Rs. 51,500,000 in Fixed Deposits in a State Bank as at 31 January 2019 without obtaining approval as per this Circular.
c. Section 5 (2) of the Public Finance Circular No. 01/2014 dated 14th February 2014	An internal audit plan had not been prepared in accordance with this circular and an internal audit division had not been operational within the Corporation since 2016.

- The action has been taken as per the authorities, duties and functions other than following observations according to the necessities provide by the paragraph no.12 (g) of the National Audit Act no.19 of 2018.
- The corporation had not been used their resources parsimoniously, efficiently & effectively during the time line according to the laws & procurement other than following observation made according to the paragraph no. 12 (h) of the National Audit Act No.19 of 2018.

3. Other Audit observations

a. Conditions of the Lease Agreement No. 495 for Leasing the Land with Limestone Deposit in Aruwakkalu signed to 23rd August 1996 to a Company, amended by the Additional Lease Agreement No. 268 signed on November 07, 2019, accordingly, the Corporation had obtained Rs. 58,021,840/- in two installments during the year under review as the revised rent. The Corporation had lost the increase in the relevant tax amount due to the fact that this additional lease agreement entered into without the written approval of the Attorney General did not mention the rent to be increased for the period from 1993 to 2018. Further, through the percentage increase in rent is 12 percent and the revised tax rate for 2019 is US $ 319,318/-the former chairman of the corporation had signed an unfavorable agreement on November 7, 2019 without the approval of the Attorney General.

b. After the implementation of the Voluntary Retirement Compensation Scheme in the year 2016, the role of the staff of the corporation was to generate income by managing the assets of the corporation and investing in productive activities. However, the total value as on 31st December 2019 is Rs.14, 752,739 to be recovered from persons and thirteen (13) no of institutions. Although various legal actions have been taken to recover the money, the top management has failed to recover the money during under review year.

c. The total loan obtained by mortgaging the Kollupitiya land owned by the Corporation to a bank as at 31 December 2019 was Rs. 97,700,000/-. The loan was scheduled by the Bank on June 25, 2018 for a total of Rs. 24,000,000/- as loan installments and Rs.11,539,256/- as loan interest for the year 2019. A total of Rs.73, 700,000/- was due on 31st December 2019. Despite having to settle arrears, Rs 19,261,864/- as on 31st December 2019 and Rs.51,500,000/- as on January 2020 had been invested as fixed deposits in state banks to earn a lower interest income than the loan interest without written permission.

d. Two oil tanks and a pipeline system belonging to Corporation at Kankasanthurei had been handed over to a state company for use without entering into a written agreement. At a meeting held at the Line Ministry on September 09, 2019, it was decided that fees should be paid for this and the relevant parties were informed to pay the fees. However, it has been announced that this 2.4281 hectare land owned by the Corporation will be leased out to a State Company which is used for commercial purposes by Government Gazette Notification No. 2110 dated 08th February 2019. More than a year had elapsed since the publication of the gazette notification and the Corporation has to settle the issue of transfer of the land owned by the Corporation and provide the tanks and the land as per a written agreement for the use of the State Company and recover the amount of the fee amounting to Rs151, 320,000 for the period of use had not yet been acted upon the Management of the Corporation.

e. The Corporation had purchased a land of 2.3103 hectares in Unawatuna area, Galle on 22nd February 1989 for Rs. 1,200,000.This land which was not used for productive purpose but was a passive asset, The Habaraduwa Divisional Secretary had taken action to resettle the people affected by the tsunami. The management had not taken legal action regarding the use of the property owned by the corporation and had not received any compensation till the year under review.

f. The extent of 89.07 Perches Land in Kollupitiya owned by the Corporation was valued by the Valuation Department on 17th March 2017 at Rs.735, 000,000. During The year under review, this land with large financial and economic value without following a procurement process and seven companies were given parking facilities without entering into a formal written agreement. Accordingly, the total in the year 2019 is Rs. 5,077,401 in rental income and this land, which had been idle, had not been moved to a more viable investment.

g. As at 31 December 2019, the Corporation had invested a total of Rs. 6,400,000 in share capital of Mahaweli Marine Cement Pvt. In 2014, the Corporation did not receive a return on such investments. The financial statements for the year under review did not disclose sufficient information on how the investment value was accounted for and the shares involved in the investment.

Signed by,
W.P.C.Wickramarathna,
Auditor General

SRI LANKA CEMENT CORPORATION

Statement of financial position

As at 31st December, 2019

		2019	**2018**
ASSETS	**Notes**	**SLCC**	**SLCC**
Non-current assets		**Rs.**	**Rs.**
Property, plant and equipment	**03**	797,731,556	1,457,296
Investment properties	**04**	-	796,950,000
Assets held for sales	**05**	750,000	-
Long term receivables	**06**	-	-
Investments	**07**	630,769,134	630,226,056
		1,429,250,690	1,428,633,352
Current assets			
Inventories	**08**	238,256	925,486
Trade and other receivables	**09**	76,862,633	72,999,219
Cash & cash equivalents	**10**	26,944,605	19,867,979
		104,045,494	93,792,684
Total assets		**1,533,296,184**	**1,522,426,036**
EQUITY AND LIABILITIES			
Equity			
Stated capital		966,971,845	966,971,845
General reserves		9,996,952	9,996,952
Revaluation reserves		561,202,984	561,202,984
Retained earnings		(138,864,838)	(181,898,802)
Available for sales Reserves		(465,956,132)	(465,956,132)
Total equity attributable to equity holders of the SLCC		**933,350,811**	**874,629,812**
Non-controlling interest		-	-
Total equity		**933,350,811**	**890,316,847**
Non-current liabilities			
Interest bearing liabilities	**11**	67,700,000	93,700,000
Long term payables	**13**	492,426,190	492,426,190
Retirement benefit obligation	**14**	4,674,578	4,012,838
		564,800,768	**590,139,028**
Current liabilities			
Trade & other payables	**15**	28,433,713	36,823,993
Current portion of Inter. bear. lia.	**11**	6,000,000	4,000,000
Bank Loan interest payable	**12**	710,892	1,146,168
		35,144,605	**41,970,161**
Total liabilities		**599,945,373**	**632,109,189**
Total equity and liabilities		**1,533,296,184**	**1,522,426,036**

Figures in brackets indicate deductions.

The accounting policies on pages 23 to 27 and Notes on pages 28 to 31 form an integral part of these Financial Statements.

Signed,

Accountant - M.G.A.T.R.Jayathilaka

The Board of Directors are responsible for the fair preparation & presentation of these Financial Statements.
These Financial statements were approved by the Board of Directors and signed on behalf of the Board,

Signed,
Director
G.L.Chaminda Jayalal

Signed,
Chairman
Gamini Ekanayaka

16th June, 2020

SRI LANKA CEMENT CORPORATION

Statement of comprehensive income and retained earnings
For the year ended 31 December 2019

	Notes	2019 SLCC Rs.	2018 SLCC Rs.
Revenue	**16**	63,306,817	36,064,670
Cost of sales	**Sta. I**	(565,129)	(316,271)
Gross profit/(loss)		**62,741,688**	**35,748,399**
Other income	**17**	7,045,189	15,375,443
Distribution expenses	**Sta. II**	-	-
Administrative expenses	**Sta. III**	(18,897,716)	(16,882,861)
Finance costs	**18**	(11,539,256)	(14,652,301)
Profit/(loss) before tax	**19**	**39,349,905**	**19,588,680**
Income tax expense		-	(3,630,250)
Profit/(loss) for the year		**39,349,905**	**15,958,430**
Other comprehensive income/(expenses)		-	-
Prior years adjustments	**21**	(3,684,059	(271,396)
Total comprehensive income/(expenses)		**43,033,964**	**15,687,034**
Retained earnings & available held for sales reserves at start of year		(647,854,934)	(663,541,968)
Retained earnings at end of year		**(604,820,970)**	**(647,854,934)**

Figures in brackets indicate deductions.

The accounting policies on pages 23 to 27 and Notes on pages 28 to 31 form an integral part of these Financial Statements.

SRI LANKA CEMENT CORPORATION

Statement of changes in equity
For the year ended 31 December 2019

Sri Lanka Cement Corporation	**Balance as at 01.01.2018**	**The year (2018)**	**Restated Balance as at 31.12.2018**	**This year (2019)**	**Balance as at 31.12.2019**
Capital Contributed	966,971,845	-	966,971,845	-	966,971,845
Revaluation Reserves	561,202,984	-	561,202,984	-	561,202,984
General Reserves	9,996,952	-	9,996,952	-	9,996,952
Retained Profit	(197,585,836)	15,687,034	(181,898,802)	43,033,964	(138,864,838)
Investment variation Reserves(L.C.L.share investment)	(465,956,132)	-	(465,956,132)	-	(465,956,132)
Total	**874,629,813**	**15,687,034**	**890,316,847**	**43,033,964**	**933,350,811**

The accounting policies on pages 23 to 27 and Notes on pages 28 to 31 form an integral part of these Financial Statements.

SRI LANKA CEMENT CORPORATION

Statement of cash flow

For the year ended 31 December 2019

	Notes		2019 SLCC Rs.		2018 SLCC Rs.
Cash flows from operating activities					
Profit/(loss) before tax for the year			39,349,905		19,588,680
Adjustments for non-cash income and expenses:					
Depreciation	**Sta. D**	97,040		132,216	
Gratuity provision	**Sta. D**	661,740		322,533	
Bank loan interest	**Sta. D**	11,539,256		14,652,301	
Interest on employees loans	**16**	3,763,396		-	
Interest on deposits	**16**	(2,680,534)		(1,618,681)	
Interest on treasury bills	**16**	(543,079)		(473,744)	
Disposal Profit of fixed assets	**Sta. D**	-	12,837,819	(10,065,512)	2,949,113
			52,187,724		22,537,793
Changes in operating assets and liabilities					
Decrease (increase) in inventories			687,230		316,271
Decrease (increase) in trade and other receivables			(3,863,413)		1,444,458
Increase (decrease) in bank loan interest payable			-		(1,052,102)
Increase (decrease) in trade payables			(8,390,279)		(9,891,731)
			40,621,262		13,354,689
Less :					
Gratuity paid			-		-
Interest paid			(12,053,870)		(3,842,234)
Taxes paid			(2,595,701)		(247,480)
Net cash from operating activities			25,971,691		9,264,975
Cash flows from investing activities					
Invest in short term deposits			(46,700,000)		(35,000,000)
Withdrawals of short term deposits			48,510,055		19,741,164
Purchase of Property, plant & equipment			(171,300)		-
Sales of Property, plant & equipment			-		-
Invested into deposits/treasury bills			-		(1,271,367)
Withdrawal of deposit/treasury bills interest			-		1,271,367
Net cash used in investing activities			1,638,755		(15,258,836)
Cash flows from financing activities					
Repayments of bank loan			(24,000,000)		(93,352)
Net cash used in financing activities			(24,000,000)		(93,352)
Net increase (decrease) in cash and cash equivalents			3,610,446		(6,087,213)
Cash at bank at beginning of year			3,070,355		9,157,568
Cash at bank at end of year			6,680,801		3,070,355
Add : Short term deposits			20,263,804		16,797,624
cash and cash equivalents at end of year			**26,944,605**		**19,867,979**

The accounting policies on pages 23 to 27 and Notes on pages 28 to 31 form an integral part of these Financial Statements.

1. General information

The Cement factory at Kankasanthurei which was established in 29th July, 1945 and it named as "Kankasanthurei Cement Works".

This organization was converted as a Public Corporation in 1956 under the provisions of the Government Sponsored Corporation Act No.19 of 1955 and changed the name as Ceylon Cement Corporation. On 1st January, 1959 the corporation was reconstituted under the Industrial Corporation Act No.49 of 1957. In the year 1980 the name was changed again as "Sri Lanka Cement Corporation" by a Gazette notification.

The principal place of its head office of business is No:130,W.A.D.Ramanayaka Mawatha,Colombo 02 and it was changed as N0.27, Vauxhall Mansion, Vauxhall street, Colombo 02 since July, 2015.

The immediate and ultimate holding company of Sri Lanka Cement Corporation is Lanka Cement PLC.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

These financial statements have been prepared in accordance with the Sri Lanka Accounting Standard issued by the Institute of Chartered Accountants of Sri Lanka. These Financial Statements are presented in Sri Lankan Rupees Rs. and all financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee.

2.1.1.Going concern

The directors have made an assessment of the Corporation’s ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.2. Investments in associates

2.2.1.Subsidiaries

The Sri Lanka Cement Corporation had invested Rs.1,083,618,910/= in the Lanka Cement PLC in 1981 and holds 62.45% of the Share Capital. The par value of the share is Rs.10/=. The Investment has not paid and return since it's inception.

The market value was Rs.5.70 per share in 2017 and presently these shares not in trade as per the details disclosed by Colombo stock exchange.

The liquidation process of Lanka Cement PLC has been going on with the intervention of the Ministry of Industries and supplies chain.

2.2.2.Associates

The Sri Lanka Cement Corporation owns 320,000 ordinary shares of Rs.10/= each in the Lafarge Mahaweli Cement)Private) Limited, and benefited by a Bonus issue of one new ordinary share for every two shares held by the Corporation as at 31st December, 1995. Presently, the Corporation owns 480,000 ordinary shares in LMCCL which is 10% of the total shareholding.
The company name was changed as Mahaweli Mariane Cement (Private) Limited from the date of 15th September, 2016.

Investments in associates are accounted as available-for-sale financial assets. Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Dividend income from investments in associates is recognized when the Corporation's right to receive payment has been established. It is included in other income.

2.2.3.Related party transactions

According to Sri Lanka Accounting Standard-LKAS 24 (Related Party Disclosures), Key Management Personnel (KMP) is those having authority and responsibility for planning, directing and controlling the activities of the entity. According to the above definition a person cannot be considered as a KMP unless such person has both the authority and responsibility to carry out all of the three activities mentioned in the above definition.

2.3. Revenue recognition

Revenue from carrying on buying & selling of the cement bags and manufacturing & selling of concrete products are recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured at the end of the reporting period . Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

2.3.1.Sales of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

2.3.2.Interest income

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

2.3.3.Others

Other income is recognized on an accrual basis.

2.4. Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.5. Income tax

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year.

2.6. Property, plants and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Description	Rate	
Building	6.67	%
Plant & machinery	12.50	%
Earth moving & heavy equipment	25.00	%
Motor vehicles	25.00	%
Loose tools & movable equipment	25.00	%
Fixture fitting & furniture	25.00	%
Rail & roadways	10.00	%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

The values of the tools, fixture & fitting below Rs.10,000/= are not capitalized and instead charged as a expense in the year of purchase.

2.7. Exploration and evaluation of assets

By the gazette of the republic of Sri Lanka extra ordinary no.283/2 issued on 20th September, 1977, transfer the land with mineral quarry to the Ceylon Cement Corporation. Its extent is 5,164A:0R:25P.

The whole land leased out to Ms.Puttalam Cement (Private) Limited for the period of 50 years in 1993 for excavation of limestone to manufacture cement and the name was changed as Ms.Holcim Cement Lanka (Private) Limited & presently, they used Ms.Siam City Cement Lanka (Private) Limited.

The value of the said land has not been recorded in the financial statements. The value of that land will be recorded after receiving the report from the Department of Valuation.

2.8. Assets held for sales

The Sri Lanka Cement Corporation had been used this railway engine to the operations before war time. We recognized it at fire value as per the provisions of LKAS 16 and it transfer to the category of assets held for sales under non-current assets. Any resulting increase in fair value is reverses a previous impairment loss for that property, the increase is recognized in profit or loss. Any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity.

2.9. Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

2.9.1. Crushed lime stones at Kankasanthurei

The remaining stock of crushed lime stones used for the rehabilitation of the Palali Airport Runway had been handed over to us by the Sri Lanka Air Force. The evaluation process is ongoing. There are six nos. of aggregate sizes and total stock was 25,750.10m^3. The value of this stock has not been recorded in the financial statements.

2.10. Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sri Lankan Rupees (Rs.) using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

2.11. Bank loans and overdrafts

Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

2.12. Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the date of Statement of Financial Position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

Contingent assets are disclosed in the notes where inflow of economic benefit is probable.

Sri Lanka Cement Corporation filed thirteen nos. of court cases against to the trade receivables.

Case Number	Year of case filed	Respondent	Claim
Business			
47146/MR	2003	U.N.Abesekara	679,500.00
56783/MR	2003	R.M.P.D.M.Rajapaksha	1,656,000.00
47175/MR	2003	K.A.J.Jayanath Perera	110,500.00
000262/08 DC	2003	New Island Hardware	198,000.00
56780/MR	2003	Vinsara Distributors	195,400.00
56781/MR	2003	Prasanna Construction	92,250.00
000260/08	2003	Mayantha Traders	65,508.00
56782/MR	2003	R.A.S.K.Rajapaksha	810,683.60
IR 324/03/11	2011	Leka Perer	1,112,000.00
90302	2012	A.A.A.Maulana	663,800.00
CID	2003	P.M.K.Senaratne	6,000.00
CID	2003	I.D.T.Chandrasiri	5,000.00
CID	2015	R.C.C.Trading	6,655,795.00
Others			
13365 - Vehicle	2013	B.M.Sugathadasa	
BR 232 - Land	2012	Puttalam Cement land encroachment	
B/312/PC/2014	2014	Jaffna , State assets robbery	

2.12.1. Rent receivables for oil tanks complex

The oil tanks complex with 5 nos. of tanks constructed and used by the Sri Lanka Cement Corporation for the operations prior to the year 1990.

In the war time, Ms. Ceylon Petroleum Storages Terminals Limited used these thanks for their operations. As per the discussions hold with related parties, the decision taken to get rental for these tanks from 2010 and they have not been paid any amount as rental. The receivable was Rs.151,320,000/- as at 31st December, 2019 from that company but those parties have not been entered in to any agreement yet.

2.13. Employee benefits

2.13.1. Defined benefit plans

The liability of the defined benefit plan recognized in the statement of financial position in respect of it's present value of the define benefit obligation as at the reporting date.

Provision of the employees of the corporation is based on their salaries, allowances and the no. of service years at the reporting date. Any gain or loss arising from actuarial that arises in calculating the obligation in respect of employee benefits are recognized in other comprehensive income or expense.

Provision has been made in the financial statements for retiring gratuities payable under the Payment of Gratuity Act No.12 of 1983 to all employees including those who have less than 5 years of continued service with the corporation.

However, under the payment of Gratuity Act, the liability to an employee arises only on completion on 5 years of continuous services. The Sri Lanka Cement Corporation has been made an investment in treasury bills to meet the retiring gratuity payments to the employees.

2.13.2. Employees' provident fund and trust fund

All employees of the corporation are contributes 10% as EPF and corporation contributes 12% as EPF and 3% as ETF based on of such employee's EPF salary.

2.13.3. Medical scheme

The corporation continues the reimbursement process of medical bills to the employees as a benefit within the approved limitations decided by the board of directors. The fixed amount of contribution for this scheme deduct from employees' monthly salary.

Accounting policies and explanatory notes to the financial statements

As at 31 December 2019

03. Property, plant & equipment

03.1 Sri Lanka Cement Corporation

	Balance as at 01.01.2019	Transfers	Additions during the year	Disposals during the year	Balance as at 31.12.2019
Cost					
Land & Building	1,595,981	796,200,000	-	-	797,795,981
Motor Vehicles	4,562,891	-	-	-	4,562,891
Furniture, fixture & fit.	4,575,575	-	171,300	-	4,746,875
Tools & Mobile equip.	288,630	-	-	-	288,630
	11,023,077	**-**	**-**	**-**	**807,394,377**
Accumulated Depreciation					
Land & Building	395,981	-	-	-	395,981
Motor Vehicles	4,562,891	-	-	-	4,562,891
Furniture, fixture & fit.	4,318,279	-	97,040	-	4,415,319
Tools & Mobile equip.	288,630	-	-	-	288,630
	9,565,781	**-**	**97,040**	**-**	**9,662,821**
Net book value	**1,457,296**				**797,731,556**

Motor vehicles and tools & mobile equipment are fully depreciated and still in use.
Sri Lanka Cement Corporation has totally 751 acres land available at Kankesanturai but not recorded in our Financial Statements.

Out of the land mentioned above, there is 241 acres land under the Plan No. A 2099 as state land. It vested by the Government gazette no.12,156 issued on 8th July, 1960. The factory & administrative buildings and oil complex included in that land. The balance land content with the Plan No. A1557, A 1487, A1464, A 1562 & A 2438. The Ceylon Government Gazette No 14,012 in 1964 issued for the Preliminary Plan No. A 2438 under the Land Acquisition Act (Chapter 460) by Government.

The meeting being under the subject of northern provision development projects with the supervision of Presidential task Forces. The requested portion of lands and acquires portions by the certain institutions , persons under correct legal procedures and illegally encroachments as follows ;

Name of organization	Extent	Remarks
Sri Lanka Army	50 acres	We informed to the secretary, Ministry of Industry and Commerce regarding the approvals to release the lands subject to the payment of compensation from those institutions on 29th February, 2018.
Sri Lanka Port Authority	50 acres	
Ceylon Petroleum Storage terminals ltd(Lease Agreements)	06 acres	
Internally displaced persons as per the Gazette notification	45 acres	
Acquired by the encroachments	50 acres	
Eco friendly Industrial Estate	330 acres	The cabinet paper presented to the cabinet on 10th September, 2018.

We have the ownership of land situated at Talpe Pattu of Galle District, Southern Province, and Containing in extent of six acres under the deed no.2354. But, the Divisional Secretary has constructed the T-tsunami houses in this land. We made a request to getting compensation for this land & it will be take in future.

The land with extent of 87.9P at Colpitiya own to the corporation by the Ceylon Government Gazette No.14,756/7 in 12th July, 1967. We have taken action to revalue this land in 2013 & 2017 and recorded the value of Rs.712,500,000/- & Rs.735,000,000/- respectively in the Financial Statement. Under the mortgage bond no.2426, the land at 287, Galle Road, Colombo 03 has been mortgage to get series of loan facility of Rs.172,000,000/- on 25th February, 2008. This land value include in investment property up to 2018 and that value transfer to the category of Lands in Property, Plants and Equipment from 2019.

Accounting policies and explanatory notes to the financial statements
As at 31 December 2019

The Sri Lanka Cement Corporation lease out the land at palavi to M/s.Siam City Cement Lanka (Pvt) Ltd with extent of 12A: 3R: 30P according to the agreement no.26 signed on 6th June, 2003.
In 2013, the forest land of 221 acres situtated at Palavi, Puttalam is identified as a land belongs to us and the value only for 170A: 3R: 28.3P included in the financial statement, 2013. Fifty one acres land extent out of that has not valued.

		2019	2018
04.	**Investment properties**	**Rs.**	**Rs.**
	Land at Colombo 03	-	735,000,000
	Land at Palavi	-	61,200,000
	Railway Engines	-	750,000
		-	**796,950,000**

Above mentioned investments properties transfer to lands and assets held for sales accounts in 2019.

05.	**Assets held for sales**		
	Railway Engines	750,000	-
		750,000	**-**
06.	**Long term receivables**		
	Short term & Long term loan for formation of L.C.L	360,311,323	360,311,323
	Internal transaction between L.C.L. and SLCC until the closure of the both	396,912,560	396,912,560
	Provision for doubtful receivables	(757,223,883)	(757,223,883)
		-	-
07.	**Investments**		
	Treasury bills	6,706,355	6,163,277
	Investment in subsidiary & others		
	Subsidiary - Lanka Cement PLC	617,662,779	617,662,779
	Mahaweli Marine Cement (Pvt) Ltd	6,400,000	6,400,000
		630,769,134	**630,226,056**

Lanka Cement PLC is control and monitoring by separate management and the subsidiary company's board content with three board directors of parent company.

The chairman of the Sri Lanka Cement Corporation has directorship of Mahaweli Marine Cement (Pvt) Ltd.

08.	**Inventories**		
	Stock of Raw material and WIP for concr. production	238,256	238,256
	Stock of finished goods of concrete poles etc.	-	687,230
		238,256	**925,486**
09.	**Trade and other receivables**		
	Trade debtors	49,072,035	49,425,414
	Provision for Doubtful Debtors	(977,166)	(977,166)
	Rent receivable	2,376,670	2,515,440
	Advance payment - local orders	1,131,622	1,131,622
	Deposit receivables	1,624,626	1,624,626
	Deposit on Purchase of Cement	976,971	976,971
	Distress Loan/Motor cycle loan & Sep.Loan	3,692,332	2,061,696
	Pre-paid expenses	403,203	278,601
	Lanka Cement receivables	1,253,580	1,253,580
	Sundry advance	240,948	240,947
	Receivables from treasury bills	48,000	48,000
	VAT receivables	9,935,654	10,414,117
	ESC receivables	126,758	126,758
	Withholding tax receivables	5,523,571	2,748,462
	Income tax receivable	761,123	-
	NHDA receivable	672,706	672,706
		76,862,633	**72,999,219**

09.1 Receivables from related parties

The amount of Rs.1,253,580/- included in trade and other receivables from related party of Lanka Cement PLC.

Accounting policies and explanatory notes to the financial statements
As at 31 December 2019

			2019	2018
10.	**Cash & cash equivalents**		**Rs.**	**Rs.**
	Cash at bank			
	- BOC, Lake view branch		1,698,236	1,332,786
	- BOC, Corporate branch		2,375,937	19,594
	- People's bank Liberty Plaza branch		2,606,628	1,717,975
	Short term deposits		20,263,804	16,797,624
			26,944,605	**19,867,979**
11.	**Interest bearing liabilities - Bank loan**			
	Loan-BOC 83124176			
		Current liabilities	6,000,000	6,000,000
		Non-current liabilities	67,700,000	93,700,000
			73,700,000	**97,700,000**

As per the request made by the Corporation with the letter dated 10.10.2017, all outstanding banking facilities in the Bank of Ceylon reschedule under the loan no.83124176 for the value of Rs.97,7000,000/- with 120 months repayment period.

		2019	2018
		Rs.	**Rs.**
12.	**Bank loan interest payable**		
	Bank loan interest payable	710,892	1,146,168
		710,892	**1,146,168**
13.	**Long term payables**		
	Treasury advance	492,426,190	492,426,190
		492,426,190	**492,426,190**
14.	**Retirement benefit obligation**		
	Opening Balance of Provision for Retirement Gratuity	4,012,838	3,795,861
	Deduction of loan made during the year	-	(105,556)
	Balance provision available as at end of the year	4,012,838	3,690,305
	Provision for the year	661,740	322,533
	Provision entitlement as at end of the year	**4,674,578**	**4,012,838**
15.	**Trade & other payables**		
	Trade creditors	3,090,311	3,090,311
	Advance for cements	1,079,410	1,079,410
	Accrued expenses	3,008,221	3,816,615
	Rent payables to B.C.C.	766,150	766,150
	Rent payables to S.E.C.	3,822,724	6,322,724
	Deposit refundable	1,253,126	1,329,176
	ESC payable	126,756	126,756
	NBT payable	1,984,046	1,946,818
	Payroll control account	185,755	140,754
	Unpaid Salaries	51,645	51,645
	Retained Coins	468	468
	EPF payable	129,103	104,484
	ETF payable	17,711	14,354
	Director remuneration payable	2,287	31,631
	Income tax payable	-	5,217,349
	PAYE tax payables	-	3,445
	VAT payable	12,907,750	12,773,488
	WHT payable	8,250	8,415
		28,433,713	**36,823,993**

Accounting policies and explanatory notes to the financial statements

For the year ended 31 December 2019

	2019	2018
16. Revenue	**Rs.**	**Rs.**
Sales of cement	-	-
Sales of concrete poles	576,431	579,569
Lease of lime stone quarry land	59,182,276	31,703,734
Income from Premises	4,803,740	4,503,870
(-) NBT	(1,255,630)	(722,503)
	63,306,817	**36,064,670**
17. Other income		
Interest on employees loans	169,035	143,481
Interest on deposits	2,680,534	1,618,681
Interest on treasury bills	543,079	473,744
Profit for the disposed fixed assets	-	-
Sundry income	25	25
Land access fees	3,652,516	3,074,000
Bank loan interest waiver of (over provision)	-	10,065,512
	7,045,189	**15,375,443**
18. Finance costs		
Bank Overdraft interest	-	6,559
Bank loan interest	11,539,256	14,645,742
	11,539,256	**14,652,301**

19. Profit before tax

The following items have been recognized as expenses (income) in determining profit before tax:

	2019	2018
Staff costs	9,203,294	8,860,320
Directors remunerations	3,531,187	3,463,365
Depreciation	97,040	132,216
Audit Fees	520,000	520,000
Loss in stock	122,101	-
Gratuity provision	661,740	322,533

20. Loss in stock

The amount of Rs.122,101/- identified as loss in stock relating to the damaged concrete poles of 6.0m & 6.7m RC poles and boundary stones.

21. Prior years adjustments to Retained earning		**Rs.**
Retained earnings balance as at 31/12/2018		(647,854,934)
Cash & cash equivalents – short term deposits	208,516	
Trade payables – Director remuneration	(9,180)	
Trade payables – Accrued expenses	(22,355)	
Trade payables –ETF payable	(33,635)	
Trade payables – Income tax payable	3,630,250	
Trade payable – Legal fees payable	(10,200)	
Bank loan interest payable	(79,338)	
		3,684,058
		(644,170,876)

These financial statements were approved by the board of directors and authorized for issue on 16th June, 2020.

SRI LANKA CEMENT CORPORATION

Statement of detailed comprehensive income

For the year ended 31 December 2019

	Ref.	2019 Rs.	2018 Rs.
Revenue		63,306,817	36,064,670
Cost of sales	**A**	(565,129)	(316,271)
Gross profit		**62,741,688**	**35,748,399**
Other income	**B**	7,045,189	15,375,443
Distribution expenses	**C**	-	-
Administrative expenses	**D**	(18,897,716)	(16,882,861)
Profit before finance costs		**50,889,161**	**34,240,981**

SRI LANKA CEMENT CORPORATION

Statements to the detailed comprehensive income

For the year ended 31 December 2019

	2019	2018
A. Cost of sales	**Rs.**	**Rs.**
Sales of cement bags		
Opening stock	-	-
Purchase & other direct costs	-	-
Less : Closing stock	-	-
	-	-
Sales of concrete products		
Opening stock	687,230	1,003,501
Purchase & Direct expenses	-	-
Less : Closing stock	(122,101)	(687,230)
	565,129	316,271
	565,129	**316,271**
B. Other income		
Interest on employees loans	169,035	143,481
Interest on deposits	2,680,534	1,618,681
Interest on treasury bill	543,079	473,744
Sundry income	25	25
Gate Access fees	3,652,516	3,074,000
Bank loan interest waiver of	-	10,065,512
	7,045,189	**15,375,443**
C. Distribution expenses		
Depreciation for Motor Vehicle	-	-
Advertising & Exhibitions	-	-
	-	**-**
D. Administrative Expenses		
Salary & wages	6,766,499	6,376,038
Overtimes	331,916	225,133
E.P.F.	822,378	709,680
E.T.F	205,595	177,420
Encashment of Medical Leave	401,751	362,611
Directors ruminations	3,531,187	3,463,365
Audit committee meeting fees	119,000	196,000
Annual Bonus	147,150	189,900
Medical Scheme	42,556	72,082
Free Tea	234,950	157,838
	12,602,982	11,930,067

SRI LANKA CEMENT CORPORATION

Statements to the detailed comprehensive income

For the year ended 31 December 2019

	2019	2018
	Rs.	**Rs.**
Conti……………	**12,602,982**	**11,930,067**
Food Substitute	457,100	366,300
Welfare Expenses	570,854	404,233
Housing Loan Interest	61,745	8,985
Depreciation -Office Furniture &Equipment	97,040	129,346
Depreciation-Tools &Mobile Equipment	-	2,870
Rent	1,008,150	1,009,800
Electricity Expenses	250,778	176,872
Postage & Telephone Charges	168,303	227,296
Printing &Stationery	212,551	285,882
Rate & Taxes	6,930	7,700
General Expenses	758,907	378,567
Travelling Expenses	38,853	89,979
Land visit & other expenses	176,206	-
Motor Vehicle Expenses	268,921	266,686
Secretarial fees	63,680	90,204
Repair of Office Furniture	50,426	80,360
Periodical &Publications	9,330	10,730
Audit Fees	520,000	520,000
Valuation charges		-
Gratuity provision	661,740	322,533
Water	58,252	52,469
Bank charges	88,674	63,298
Loss in stock	122,101	-
Loose tool expenses	2,495	-
Office renovation	1,650	39,000
Legal & Professional Expenses	-	5,000
Temporary Staff Allowances	640,048	414,684
	18,897,716	**16,882,861**

Computation of Income Tax

Year of Assessment 2019

	Reference		+Rs.	-Rs.
Profit for the year 2019	**P & L**		39,349,905	
Interest on deposits	**P & L**			2,680,534
Interest on treasury bills	**P & L**			543,079
Capital Allowance	**Sch. I**			104,115
Depreciation	**P & L**		97,040	
Gratuity provision	**P & L**		661,740	
Gratuity payment	**P & L**			-
			40,108,685	**3,327,728**
Adjusted loss for the year				**36,780,957**
Interest income				3,223,613
Total statutory income				**40,004,570**
Assessable income				**40,004,570**
Less :				
Loss b/f from 2017		77,086,528		
Loss for this year (2018)		-		
35% of Total Statutory income		(40,004,570)		**(40,004,570)**
Loss c/f to 2019		**37,081,958**		
Taxable income				**-**
Total Tax Payable		-	28%	-
WHT B/F from 2018	206,595			
WHT 2019	4,734,053			
	4,940,648			
Income tax overpayment (2018)	761,123			
Total tax credit C/F to 2020	**5,701,771**			

Computation of Income Tax

Year of Assessment - 2019

Schedule I - Capital allowance

		Rate %	Cost	Allowance Claimed 2019
Prior Years up to 2012				
Buildings		6.67%	395,981	26,412
Motor Vehicles	Leased Veh.	20%	6,650,714	-
Furniture, fixture & fitting		20%	546,564	-
Tools & Mobile equipment		12.5%	47,330	5,916
				32,328
Current year - 2019				
Furniture, fixture & fittings		20%	171,300	34,260
				34,260
Year - 2018				Nil
Year - 2017				
Furniture, fixture & fitting		20%	140,561	9,375
Tools & Mobile equipment		12.5%	7,750	517
				9,892
Year - 2016				
Furniture, fixture & fitting		20%	91,497	18,299
Tools & Mobile equipment		12.5%	30,255	3,782
				22,081
Year - 2015				
Tools & Mobile equipment		12.5%	18,180	2,273
				2,273
Year - 2014				
Furniture, fixture & fitting		20%	135,727	-
Tools & Mobile equipment		12.5%	26,245	3,281
				3,281
Capital allowance for 2019				**104,115**

The comments of the board of directors regarding the Financial statements for the year ended 31st December, 2019 and requirements of other legal & regulatory in paragraph no.12 of the National Audit Act No.19 of 2018 of the Sri Lanka Cement Corporation

1. Financial statements

1.2. Basis for the Qualified Opinion

a. In 2017, the Valuation Department replied for the application submitted by us as sum of Rs.22,985,800 for valuation of Land with limestone deposit in Puttalam but at that time the corporation did not have the financial strength to pay that amount. Again on 30.06.2020 the Valuation Department has taken action to send a letter inquiring how the valuation fee payable can be paid in installments for aforesaid land.

b. the factory production halted due to war situation in June 1990 and the lands and buildings have been used by the security forces to date. Although the security forces have announced that the lands will be released, they have not been released those lands & buildings yet. Therefore, practically it is difficult to assess this land.

c. As per the instructions given by the Technical Evaluation Committee appointed on 26.09.2019, the Excavated limestone was to be sold to tender and this limestone stock was to be valued.

However, the new Chairman and members of the Board of Directors of the Sri Lanka Cement Corporation visited to the place where the limestone deposit has been excavated and piled up on 09.03.2020 and observed that a large portion of the stock had been removed by any group.

Therefore the income from the sale of the remaining limestone may be practically reduced and appointing a technical evaluation committee for auctioning limestone is to be currently small. It was decided at the Board of Directors meeting held on 16.06.2020 to abolish that committee.

The new management of the Sri Lanka Cement Corporation has also discussed the possibility of using excavated remaining limestone more effectively in the future and implementing a new project for gain economic profits.
Also, a fence was erected to protect the limestone.

d. We have made the provision of rent up to June 2015, in the balance of lager account Rs. 3,822,724 payable to the State Engineering Corporation under the accounts payables of the Sri Lanka Cement Corporation as at 31.12.2019.
But a letter was sent to us from the State Engineering Corporation confirming the rent to be paid and it included, only up to 2012.12.31 rent has to be paid (Annexure 01)

We submitted to the audit the document prepared for payment of Rs. 250,000.00 per month based on the letter sent by the State Engineering Corporation.

e. That revelation has been made based on a complaint No.IR 160/11 lodged with the Fraud Investigation Bureau on 24.03.2011.

A letter has been received on 2014.10.27 confirming the complaint value for Rs 3,842,002.00 dated 2011.06.13. Action will be taken in the future to present the revised correct value in the financial statements.

f. We have sent the balance confirmation letters for items that we can identify separately.
We have not received a reply to those letters from the relevant parties till 04.09.2020.

g. The penalty has been requested to be deducted. Therefore, no action has been taken to pay or account for the amount.

h. Henceforth the interest on the deposit will not be shown under the Deposit Value from the last date of maturity in the relevant accounting year to 31st December of the current accounting year and that value will be identified under the interest income receivable account.

i.. The fixed asset register containing the details of the corporation's property, plant and equipment was prepared in the year 2016 and only the identifiable items and their cost are included in it. It does not mention the cost which cannot be identified separately. This fixed asset register has been prepared based on the details available to the corporation as far as possible and proper maintenance has been carried out since 2016.

j. The last maturity of Treasury Bills for the year 2019 was on 10.08.2019 and from that date up to 31.12.2019 the interest we have identified as Rs.190, 642.00.
From now on, for deposits which do not mature on the last day of the financial year, we will take action to identify as interest receivable as on 31st December from the last date of maturity.

k.. The relevant disclosure will be made taking into account the present value of the investment accounts of Lanka Cement PLC in the Financial Statements for the year 2020.

l. Although the Sri Lanka Cement Corporation was required to submit Consolidate financial statements, the subsidiary of Lanka Cement PLC could not submit the Consolidate financial statements for the year 2019 as it has not yet submitted the relevant financial statements for the year 2019 (04.092020).
At the meeting held by the Line Ministry of the corporation on 27.08.2019, it was decided to liquidate Lanka Cement PLC.

m. We were informed the Decisions taken at the meeting held on 20.10.2016 at the Ministry of Industry and Commerce which was then our Line Ministry on “Future Activities of the Institutions that implemented the Voluntary Compensation Scheme on 31.07.2016” dated 27.10.2016 No. MIN / R / 07/06/07

Accordingly, as the Corporation is in charge of the clinker deposits in the country, only the remaining 14 employees of the Corporation have been deployed to determine the rent, find tenants for the remaining lands including Kankesanthurai, update the lease agreements and make employee payments from that income.
Based on the above facts, the income received under the lease agreements related to Nos. 495, 26 and 268 under the proceeds of the income declaration for the year 2019 and the income received from the car park maintained on the Kollupitiya land are shown.

n. The above (m) answer is applicable.

o. The action will be taken to rectify this error in the submission of accounts for the year 2020.

p. This is explained in detail on pages 17, 18 and 21 of the Financial Statement. A detailed disclosure will be made of the assets currently in use that have been fully depreciated in the future account preparation.

q. The short-term employee benefits are listed separately under Note D on page 26.

r. The action will be taken to prepare the Cash Flow Statement in future in accordance with the Sri Lanka Accounting Standards No. 07.

s. In the preparation of future accounts, the adjustment value of the previous year will be adjusted to the opening balance of the accumulated retained earnings account and the declaration of change of title.

t. There were also Puttalam, Ruhuna, Kankesanthurai and Mattakkuliya bag factories belonging to the Sri Lanka Cement Corporation in the year 1990. All those corporations were audited at the same time and we alone could not bear the audit fee for that. Also, it has been very difficult to find the relevant documents for those years.
It is difficult for us, the Sri Lanka Cement Corporation, to confirm that the audit fees for the year 2004 were not approved by the then Ministry .The Payments or identify the audit fee to the accounts cannot be made without an invoice.

u. The relevant disclosures will be made in future account preparation. The letter sent by Mahaweli Marine Cement (Pvt) Ltd regarding the payment of dividends is attached hereby (Annex 01).

2. **<u>Reference to Laws, Rules / Directives</u>**

a. As per the request of the contributor, the deposit slip is attached to the voucher at the time of banking by the corporation itself. Arrangements have also been made to attach a receipt to the voucher of the acceptance of that cheque or cash and to obtain a signature as acknowledgment.

b. The money saved from the income for the year 2019 and the total income received for the year 2020 will be deposited as a fixed deposit in a state bank and it use for monthly expenses. The approval for that requirements have been made by letter No: HO / 1/5 dated 09.01.2020.

c. Annual final statements of the Corporation for the year 2019 have been prepared and submitted to the Board of Directors meeting held on 27.02.2020. The Chairman briefed the Board on the Submission of Annual Final Statements for the year 2019 before 28.02.2020 at the first meeting of the new Board of Directors. However, approval of these accounts was postponed until the next Board of Directors meeting as further study was required. But due to the corona epidemic in the country, board meetings could not be held. Action has been taken to submit the financial statements for the year 2019 to the Auditor General after obtaining the approval of the Board of Directors on 16.06.2020.

d. After the implementation of the voluntary compensation scheme, an internal audit division of the corporation has not been established and an internal audit plan has not been prepared.
The line ministry has been informed on several occasions and requests have been made in this regard. In the future, an audit division will be established and related activities will be carried out.

3 Other audit observations

a. The new Chairman has taken steps to hand over the complaint regarding the Supplementary Lease Agreement No. 268 signed on November 07, 2019 to the Police Headquarters on the instructions of the Minister of the Line Ministry.

b. The new management of the company will focus on these cases and will re-examine all the files and take possible action to recover the arrears.

c. An agreement has been reached with the Bank of Ceylon to settle these debts at the Corporate Branch of the Bank of Ceylon.

d. We also maintain a fixed deposit and use the proceeds to pay for the company's expenses and payments.

e. Government valuation for oil tanks has been given. There were several meetings in this regard and at the meeting held on 22.05.2020 in the line ministry the relevant rent was not received till 04.09.2019 even though the meeting ended on the promise of paying the relevant rent within the next 14 days.

f. On several occasions the Proclamation has applied to take the case by motion. During my telephone conversation with the Attorney-at-Law on 24.07.2020, she requested that the preamble be sent to her with my signature. Accordingly, it was informed that further proceedings in the case would be taken up by a motion after the advance notice was sent.

g. Discussions are underway to use this land for a productive project. Until then, a temporary car park will be maintained on the land.

SRI LANKA CEMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

As at year ended 31 December, 2014-2018

	2018	2017	Restated 2016	2015	2014
ASSETS	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Non-current assets					
Property, plant & equipment	1457	1,590	3,887	4,173	779,317
Investment properties	796,950	796,950	773,700	773,700	-
Long term receivables	-	-	-	757,224	757,224
Investments	624,063	624,063	624,063	862,458	721,589
Financial assets	5,689	5,689	5,162	35,469	33,428
	1,428,633	**1,428,292**	**1,406,812**	**2,433,024**	**2,291,558**
Current assets					
Inventories	925	1,241	3,099	8,594	18,933
Trade & other receivables	72,999	74,469	89,212	80,551	96,247
Pre-payments	-	-	-	-	-
Cash & cash equivalents	19,867	9,158	13,687	8,743	2,076
	93,793	**84,868**	**105,998**	**97,838**	**117,256**
TOTAL ASSETS	**1,522,426**	**1,513,160**	**1,512,810**	**2,530,863**	**2,408,814**
EQUITY & LIABILITIES					
Equity					
Stated capital	966,971	966,971	966,971	966,971	966,971
General reserves	9,997	9,997	9,997	9,997	9,997
Revaluation reserves	561,203	561,203	536,119	536,119	713,619
Retained earing	(181,899)	(197,585)	(210,289)	515,234	333,315
Available for sales reserves	(465,956)	(465,956)	(465,956)	(227,560)	(368,430)
	890,317	**874,630**	**836,842**	**1,800,761**	**1,655,474**
Non-current liabilities					
Long term liabilities	586,126	492,426	492,426	500,426	519,303
Retirement benefit obligation	4,013	3,796	3,298	18,697	19,394
	590,139	**496,222**	**495,724**	**519,123**	**538,698**
Current liabilities					
Trade & other payables	36,824	42,317	46,502	81,305	93,227
Current position of interest bearing liabilities	4,000	97,794	97,793	101,020	68,515
Bank loan interest payable	1,146	2,198	21,768		
Cash & cash equivalents	-	-	14,181	28,653	52,900
	41,970	**142,308**	**180,244**	**210,978**	**214,642**
TOTAL EQUITY & LIABILITIES	**1,522,426**	**1,513,160**	**1,512,810**	**2,530,863**	**2,408,814**

Figures in brackets indicate deductions.

SRI LANKA CEMENT CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December, 2014-2018

	2018 Rs.'000	2017 Rs.'000	Restated 2016 Rs.'000	2015 Rs.'000	2014 Rs.'000
Income	36,065	15,130	64,221	40,571	285,657
Costs of sales	(316)	(16,215)	(66,525)	(50,781)	(280,878)
Gross profit/(loss)	**35,748**	**(1,084)**	**(2,304)**	**(10,211)**	**4,779**
Other income	15,375	56,555	91,542	60,043	34,233
Distribution costs	-	(272)	(292)	(1,198)	(2,951)
Administrative costs	(16,883)	(20,524)	(41,172)	(30,461)	(29,211)
Financial costs	(14,652)	(16,501)	(15,704)	(15,334)	(20,642)
Profit/(loss) before taxation	**19,589**	**18,174**	**32,070**	**2,839**	**(13,793)**
Taxation	(3,630)	(2,877)	(369)	(255)	-
Other comprehensive income/(expense)	-	586	(995,620)	140,870	43,345
Prior years adjustments	(271)	(3,180)	-	-	-
Profit/(loss) after tax	**15,687**	**12,703**	**(963,181)**	**143,454**	**(29,552)**

Figures in brackets indicate deductions.