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 யதவுஇற ஜபஉபந்கஹஆ நகஷகடப
 Ministry of Health
 Sri Lanka Thriposha Ltd.



துபோஷ
THRIPOSHA
திரிபோஷ



2020

வார்க்க வர்வை
ஆண்ட றிக்கை
Annual Report



Sri Lanka Thriposha Limited

Annual Report – 2020

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Our Vision

To make the Sri Lankan general
community
a prosperous, proud, healthy and
nourished nation
void of malnutrition.

Our Mission

Our objective is to contribute towards the national mission for bringing forth a healthy community of people by hygienically manufacturing the Thriposha supplementary meal with all quality nutrients making it available to the targeted beneficiaries and to introduce items of wholesome supplementary food to the market for fulfilling the nutritional need of the entire Sri Lankan community whilst empowering the indigenous farmer who is the main raw material supplier for all these products.

Message of the Chairman of Sri Lanka Thriposha Limited



The production and free of charge distribution of the Thriposha supplementary meal through the health clinics island-wide to all pregnant and lactating mothers and underweight infants below five years of age living in Sri Lanka towards the cause of the fulfilment 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 point of time as from the date of my assumption of duties in the year 2020.

Even in the face of the outbreak of corona pandemic which engulfed the entire world including Sri Lanka, the Company was in a position to distribute 234, 438 Master Bags of Thriposha among 837,021 needy beneficiaries during the year 2020 using only a very limited amount of resources that were available whilst at the same time, the sale of Suposha earning an income to the tune of Rs. 481 million to the Company.

It was possible to purchase and install a machinery system required to manufacture a brand of biscuit with the use of Thriposha flour at a cost of Rs. 185 million during the year under review. Furthermore, an air conditioning system too was set up after having purchased it incurring a cost of Rs. 18 million during the year.

I owe a debt of gratitude to His Excellency the President, Gotabaya Rajapaksa, Hon. Minister of Health, Nutrition and Indigenous Medicine, Mrs. Pavithra Wanniarachchi, Secretary of the Ministry of Health, Major General, Sanjeewa Munasingha, Hon. State Minister of Women and Child Development, Pre School and Primary Education, School Infrastructure and Education Services, Mr. Piyal Nisantha de Silva and the State Ministry Secretary, Mrs. K.M.S.D. Jayasekara following the Sri Lanka Thriposha Limited company was brought under the purview of the said State Ministry during the mid part of the year 2020, the Secretary of the Ministry of Finance and Secretary to the General Treasury, Mr. S.R. Attygalle, whole of the staff at Thirposha including the Board of Directors as well as our suppliers who provide us with raw materials on time for an uninterrupted production and all the others who assisted us in many ways.

Depthi Kularathna
Chairman
Sri Lanka Thriposha Limited

Board of Directors
of Sri Lanka Thriposha Limited - 2020

- Mr. Deepthi Kularathna, Chairman.

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

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

- Mr. Praneeth Mahalla, Attorney at Law, Director
Legal Adviser.

- Dr. Theja Herat, Director
Senior Research Officer
Industrial Technology Institute.

- Mrs. Lakmini N. Magodarathna Director
Nutrition Coordinating Unit
Ministry of Health, Nutrition and Indigenous Medicine.

- Mrs. Thanuja Priyadarshani Alwis
Secretary to the Board of Directors.

Let's know of Sri Lanka Thriposha Ltd. in brief

- Address - Sri Lanka Thriposha Ltd., P.O. Box 17, Colombo Road, Kapuwatta, Ja Ela.
- Telephone - 0112 - 236588
0112 - 237418
0112 - 233451
- Fax Number - 0112 - 237363
- E-mail address - thriposha@gmail.com
- Ministry - State Ministry of Women & Child Development, Pre-Schools & Primary Education Infrastructure Facilities and Education Services
- Nature of the Institution - Fully government owned company registered under the Companies Act No.07 of 2007
- Company Registration No. - PB /3873
- Main Product - Wholesome Thriposha supplementary meal replete with healthy nutrients offered free of charge by the Ministry of Health & the Suposha product for sale
- Distribution Centres of Thriposha - * Medical Centres island-wide
* Probation & Child Care Centres
- Distribution of Suposha - Suposha is distributed through 46 Sales Agents spread out across the island
- Mode of distribution - By railway wagons and lorries
- Beneficiaries - * All pregnant and lactating mothers
* Mothers
* Children with nutritional needs
* Certain types of patients
- Total number of beneficiaries - In excess of Eight Hundred Thirty Seven Thousand
- Banker - Bank of Ceylon
- Auditor - Auditor General
Auditor General's Department
No. 306/72, Polduwa Road,
Battaramulla.

Sri Lanka Thriposha Limited

Audit & Management Committee – 2020

- Mr. R.M.P.S. Abeyrathna
Chairman - Audit & Management Committee
Director - Sri Lanka Thriposha Limited
- Dr. (Mrs.) Chitramali de Silva
Member - Audit & Management Committee
Director - Sri Lanka Thriposha Limited
- Dr. Theja Herat
Member - Audit & Management Committee
Director - Sri Lanka Thriposha Limited
- Mrs. N.N.K. Divakara
Observer - Audit & Management Committee
Audit Superintendent - National Audit Office
- Mrs. Thanuja Priyadarshani Alwis
Senior Manager - Sri Lanka Thriposha Limited
- Mr. D.B. Tharindu Chamika
Finance Manager - Sri Lanka Thriposha Limited
- Mr. L.J. S. Premachandra
Convenor - Audit & Management Committee
Internal Auditor - Sri Lanka Thriposha Limited

Main Procurement Committee (Up to Rs. 200 million)

- Mr. Deepthi Kularathna
Chairman
Sri Lanka Thriposha Limited
- Mr. K.P. Yogachandra
Senior Asst. Secretary (Development)
Ministry of Health
- Mrs. C.B.S.I. Perera
Accountant (Expenditure II)
Ministry of Health

Small Procurement Committee (Up to Rs. 25 million)

- Mr. Champika Salgado
Senior Manager (Operations)
Sri Lanka Thriposha Limited
- Mrs. Thanuja Priyadarshani Alwis
Senior Manager (Human Resources & Legal)
Sri Lanka Thriposha Limited
- Mr. D.B. Tharindu Chamika
Manager (Finance)
Sri Lanka Thriposha Limited

History and Present Progress of Sri Lanka Thriposha Limited

History

The Thriposha Product was initially imported from the United States of America and thereafter packetted in Sri Lanka and given away to the hands of the beneficiaries concerned on an agreement entered into with the Ministry of Health and the CARE Organization during the year 1973.

The management of the Thriposha Programme was handed over to the Lanka Tobacco Company by calling for tenders in the year 1979 and the CARE Organization completely backed out from this Programme from the year 1987. The Lanka Tobacco Company under the direct supervision of the Ministry of Health undertook to run the management of the Thriposha Programme from the year 1987 up to 17.09.2010.

The Thriposha Programme was incorporated by a Cabinet Decision as a fully government owned company under the Companies Act, No. 7 of 2007 to take effect from 17.09.2010 with the objective of giving more impetus empowering the national programme for the eradication of malnutrition from the country.

The Sri Lanka Thriposha Limited which was incorporated with the constitution of 07 members of the Board of Directors commenced its business with effect from 01.01.2011 following the complete taking over of its management.

Present Situation

In the year 2020, the Sri Lanka Thriposha Company was taken over by the State Ministry of Women and Child Development, Pre-Schools and Primary Education Infrastructure Facilities and Education Services through the Extraordinary Gazette Notice No. 2187/27 of 09.08.2020.

The total number of Thriposha beneficiaries in the current year was 837,021 which is a decrease of 22.30% over the previous year. And also, the overall production during the year 2020 fell from 15,429 metric tons to 7,927 metric tons. This was mainly due to the corona epidemic that affected the entire world including Sri Lanka, and the inability in purchasing raw materials regularly.

Overall income for the year 2020 has declined from Rs. 3,321 million to Rs. 2,034 million and as a result, the pre-tax profit has also seen a downfall from Rs. 178 million to Rs.100 million. The circumstances described above too were attributable to this situation. However, the amount paid out to the Ministry of Health as the cost of the production of Suposha this year amounted to Rs. 349 million.

**The number of Services, Posts and Cadre approved by the Department of
Management Services of the Ministry of Finance**

01. Senior Managers			
• Senior Manager (Operations)	01		
• Senior Manager (Human Resource and Legal)	01		02
02. Middle Level Managers			
• Manager (Engineering and Production Services)	01		
• Manager (Quality Control)	02		
• Manager (Finance)	01		
• Manager (Trade Promotion)	01		05
03. Junior Managers			
• Distribution Officer	01		
• Internal Auditor	01		
• Finance Officer	01		
• Supplies Officer	01		
• Stores Officer	01		
• Warehouse Officer	01		
• Production Officers	03		
• Administrative Officer	01		
• Accounts Officer	01		
• Engineering Service Officer	01		12
04. Management Assistant (Technical)			04
05. Management Assistant (Non-Technical)			18
06. Primary Services			
Primary Services (Skilled)			
• Driver	07		
• Electrician	04		11
Primary Services (Semi skilled)			
• Boilerman	03		
• Fitter	03		
• Latheman	02		
• Machine Operator	28		
• Quality Controller	07		
• Fireman	01		
• Fork Lift Operator	02		46
Primary Services (Non skilled)			
• Gardener	02		
• Labourer / Office Assistant	02		
• Ordinary Labourer	129		
• Overseer	01		134
Total			232

Details of Suppliers in 2020

- **Soya Beans**

S.D.K. United Agriventures (Pvt.) Ltd.
No. 1280/5,
Rajamalwatta Road,
Battaramulla.

- **Maize**

S.D.K. United Agriventures (Pvt.) Ltd.
No. 1280/5,
Rajamalwatta Road,
Battaramulla.

K.S.T. Evergreen (Pvt.) Ltd.
No. 71,
Negombo Road,
Kandana.

- **Milk Powder**

Milco (Pvt.) Ltd.
No. 48,
Nawala Road,
Narahenpita,
Colombo 08.

- **Kraft Paper Bags**

Abdullah Industries Packaging (Pvt.) Ltd.
No. 72, Maha Vidyala Road,
Colombo 13.

- **Corrugated Boxes**

Expac Corrugated Cartons (Pvt.) Ltd.
No. 78, Pattiwila Road,
Gonawala,
Kelaniya.

- **Polythene**

Selmo (Pvt.) Ltd.
No. 59/1,
Narampola Road,
Moragala,
Dekataana.

Toughline Ltd.
No. 188,
High Level Road,
Meegoda.

- **Vitamins Minerals**

J. K. Tradelink (Pvt.) Ltd.
No. 44,
Thalawathugoda Road,
Pitakotte.

D.P.O. Lanka (Pvt.) Ltd.
No. 235/2,
Hekiththa Road,
Wattala.

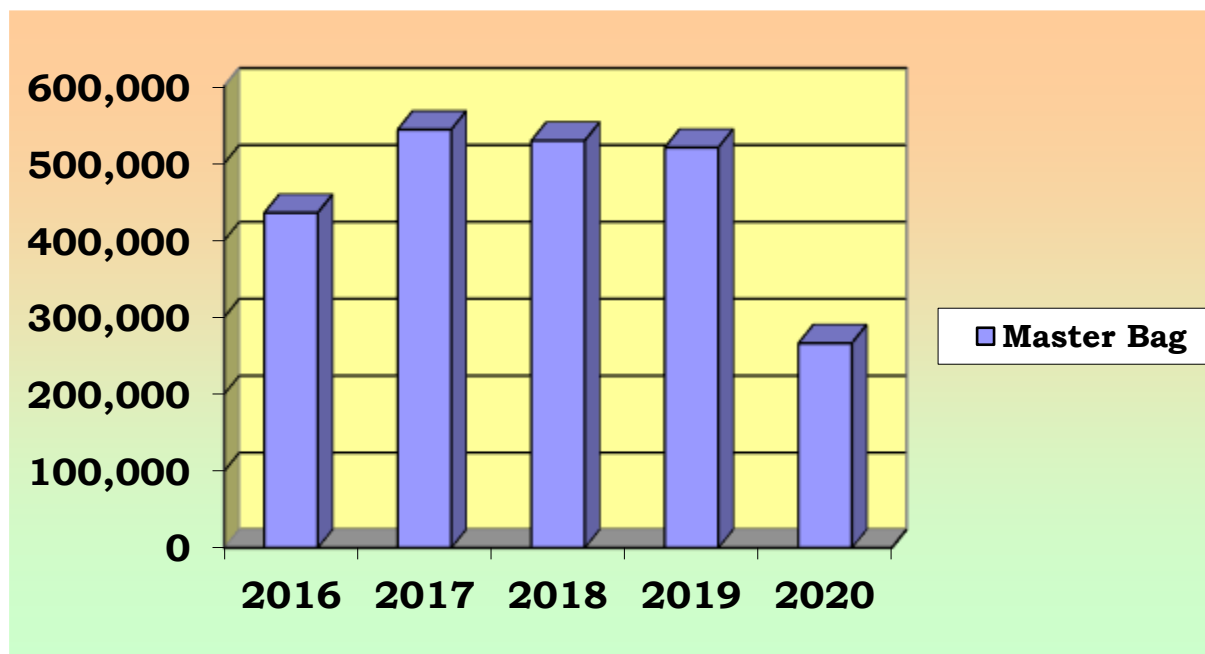
- **Minerals**

Wickramarathna (Pvt.) Ltd.
No. 231, Dam Street,
Colombo 12.

Production of Thripasha in Master Bags from 2016 to 2020

Month	2016	2017	2018	2019	2020
January	57,542	56,236	51,069	43,003	46,805
February	53,416	48,288	40,351	35,715	30,492
March	55,410	58,150	47,969	47,125	30,118
April	44,501	46,956	25,720	28,954	30,583
May	52,757	49,432	55,122	38,109	30,745
June	15,757	40,134	50,268	43,372	21,959
July	-	48,128	49,042	38,534	16,995
August	3,060	53,179	40,374	52,835	4,850
September	38,071	36,295	48,670	47,082	13,147
October	38,806	27,311	50,036	71,004	11,877
November	47,392	49,829	47,152	57,490	16,645
December	28,898	30,017	23,703	17,329	11,910
Master bags	435,610	543,955	529,476	520,552	266,126
Metric Tons	9,801	12,239	11,913	11,712	5,988

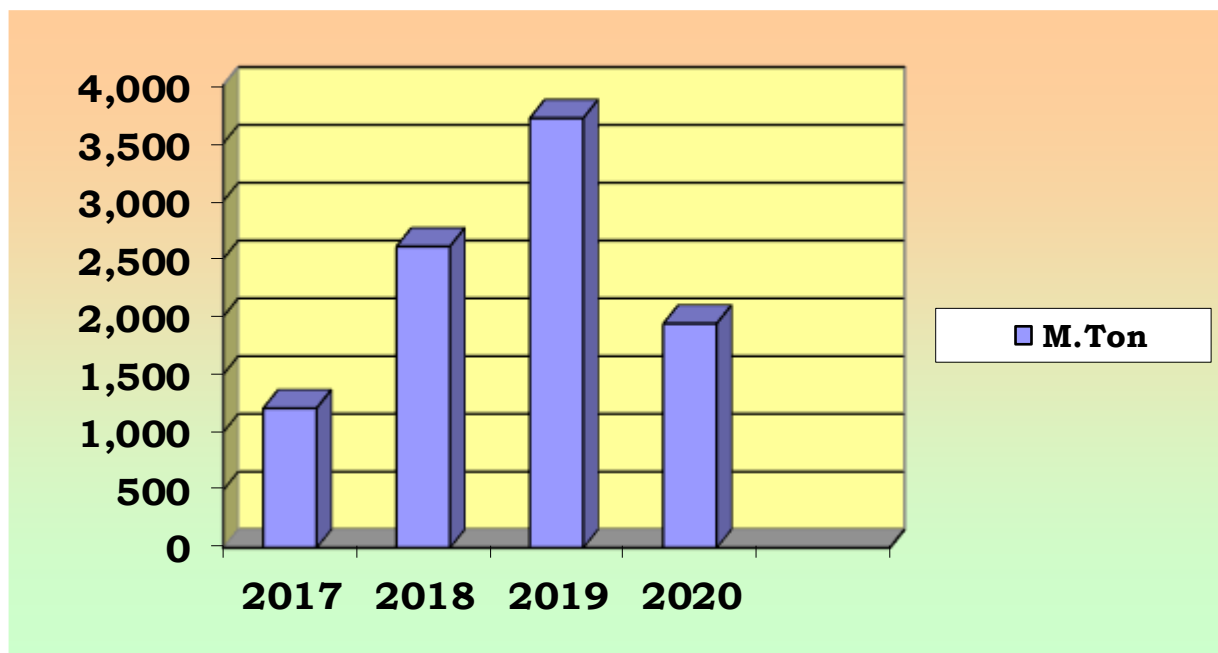
Production of Thripasha from 2016 to 2020 in a Chart (Master Bags)



Production of Suposha from April 2017 to 2020 (Metric Tons)

Year	Quantity (Met. Tons)
2017	1,207
2018	2,607
2019	3,717
2020	1,939
Total	9,470

Production of Suposha from April 2017 to 2020 in a Chart (Metric Tons)



Targets anticipated in 2021

- Achieving the 100% target of providing the Thriposha product that is made available to all the beneficiaries free of charge.
- Seeing to have the production of the farmer organizations supplied into Thriposha Ltd with a view to safeguarding the local farmer in a more secure way.
- Further expansion of the Sales Agent Network owned by us.
- Finding solutions for the shortage of raw materials by purchasing the main raw materials required to continue in production work, by way of Cabinet Decisions.
- Establishment of a silo system required for the storage of maize and soya beans after having them purchased direct from the farmer organizations and development of other infrastructure facilities.
- Completion of the construction work of the building put up for the purpose of establishing the machinery system that would be purchased for the manufacture of the brand of biscuit expected to be produced by the use of Thriposha flour.

The sole expectation of the Company is to increase the Thriposha production during the year 2021 in the following manner.

Month	Quantity (M.T.)
January	2,157
February	2,133
March	2,510
April	2,051
May	2,322
June	2,416
July	2,616
August	2,499
September	2,322
October	2,416
November	2,616
December	2,239
Total	28,297

Distribution Process of Thriposha

Thriposha Factory (Ja Ela)



Distribution activities (by lorries and railway wagons)



Regional Directors of Health Services



Medical Officer of Health



Health Centres (Clinics)



Family Health Service Officer (Midwife)



Children's Centres



Details of Distribution of Thripasha in 2020

Areas of Authority of the Regional Director of Health Services	Number of Beneficiaries 2020	No. of Thripasha Master Bags distributed in 2020
Ampara	14,658	4,870
Anuradhapura	43,703	10,620
Badulla	36,072	10,971
Batticaloa	23,876	6,791
Colombo	60,003	22,467
Galle	34,713	10,176
Gampaha	67,540	16,379
Hambantota	28,923	11,276
Jaffna	18,372	4,484
Kalmune	35,723	9,120
Kalutara	30,789	14,252
Kandy	59,303	13,035
Kegalle	30,047	9,027
Kilinochchi	4,955	2,175
Kurunegala	64,936	14,356
Mannar	4,568	3,258
Matale	20,533	5,893
Matara	41,782	11,945
Monaragala	26,490	6,058
Mullaitivu	4,636	2,016
Nuwara Eliya	33,383	15,677
Polonnaruwa	20,962	13,925
Puttalam	27,081	13,494
Ratnapura	49,588	19,751
Trincomalee	18,942	6,429
Vavuniya	7,184	3,308
Chest Clinic	4,410	1,673
Probation and Child Care Authority	23,849	1,012
Total	837,021	264,438

Sales Division

01. Inauguration of the Sales Division

One of the other objectives of the establishment of the Sri Lanka Thriposha Ltd was “Production and marketing of other approved nutritional substances in conformity to the policy of the Government”. Making this objective a reality measures were initiated during the year 2017 to introduce the surplus production of Thriposha under a brand name of “Suposha” as a result of the increased output through the new machinery installed in the year 2016.

02. Purpose of inauguration of the Sales Division

To become a state institution that generates profits relying on its independently earned income without being dependent upon the state by not being burden to the government challenging the false notion that the government institutions are supposed to be incurring losses.

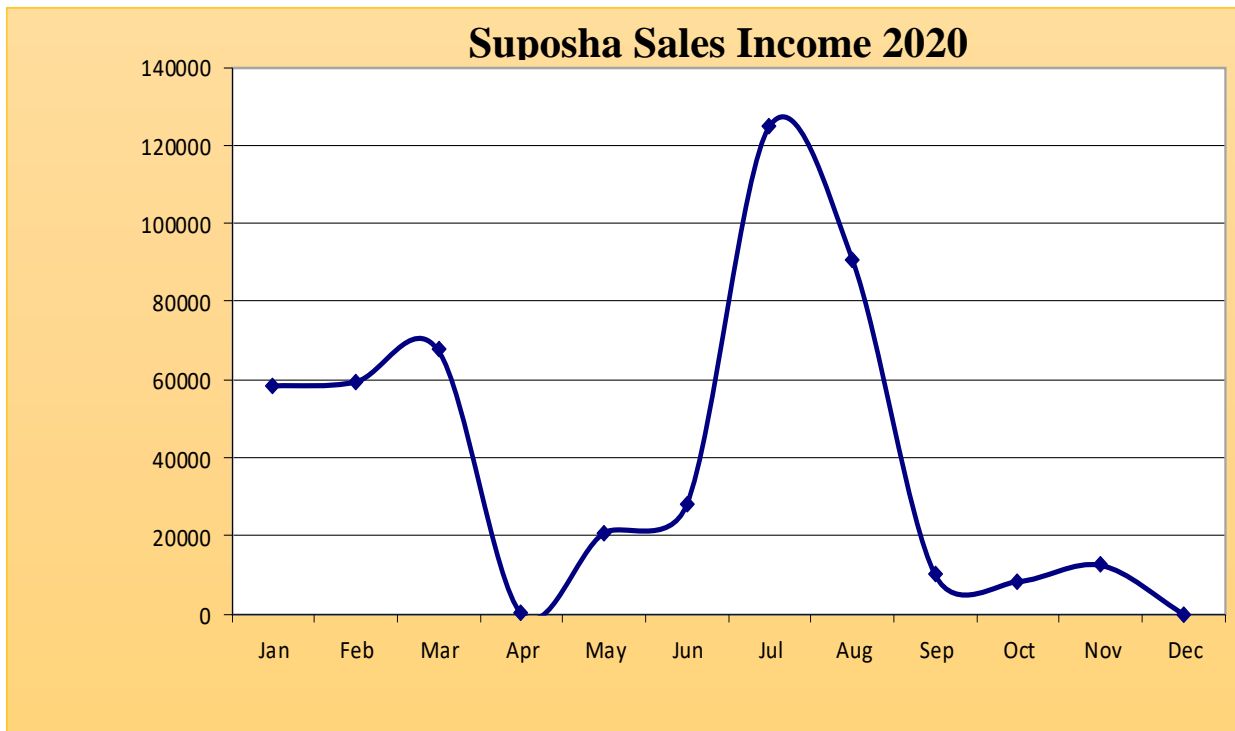
03. Expansion of the Sales Division

This Suposha product was initially introduced to the market under 04 categories of packs comprising 100 grammes, 250 grammes, 500 grammes and 750 grammes covering the districts of Kandy, Kalutara and Galle through 06 sales agents. By the end of the year 2020, coverage of 11 districts in the island was possible through a network of sales agents comprising 46 persons. Apart from this, a sales outlet to sell Suposha and Highland products was also kept open in the premises of the Company.

The income earned through the reimbursement of expenditure from the Ministry of Health and the sales of other products including Suposha during the year 2020 was Rs. 1,978 million whereas the net profit before tax was Rs. 101 million.

Suposha Sales Income in 2020

Month	Value (Rs. '000)
January	58,431
February	59,430
March	67,531
April	254
May	20,784
June	27,998
July	124,885
August	90,761
September	10,052
October	8,377
November	12,500
December	-
Total Sales Income	481,003



Achievements realized and challenges faced during the year 2020

Achievements realized by us during the year 2020

01. Installation of a machinery system from Soken Tech Co. Limited of Japan required for the purpose of manufacturing a brand of nutritional biscuit by the use of Thriposha flour, after having such machinery purchased from the said company at a cost of Rs. 185 million.
02. Purchasing and installation of an airconditioning system having incurred a sum amounting to Rs. 18 million.

Challenges faced during the year 2020

01. Not being able to carry on with the production activities owing to corona pandemic that engulfed the entire world including Sri Lanka.
02. Inability to meet the demand in tandem with the supply due to inhibitive factors (main raw materials).

Proposals for success during the year 2021

01. Continued purchase of raw materials necessary for the production in order to meet 100% requirement of the consumer.
02. Improvement of storage facilities required to store raw material necessary to continue in the production process even during the off seasons of raw materials and the construction of one silo in the capacity of 4000 metric tonnes for this purpose.
03. Increase in the financial provision allocated through the annual budget for Thriposha Ltd. in consequence of the price escalation in raw materials.
04. Giving increased publicity to the new product, 'Suposha Serial Bar' among consumers and introducing it to the market through the sales promotion programmes.
05. Streamlining the distribution activities of the end product and making them more efficient so as to enable it to reach out to the right beneficiary.

Ultimate Goal

Our ultimate goal is to be a state venture dependent upon the independently generated income without relying on the government by not being a burden on the state.

Acknowledgement...!!!

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

Likewise, it indeed was a blessing to all of us the cooperation extended by all ladies and gentlemen of the Board of Directors holding the Company's management together. I also gratefully wish to thank all 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 duly appreciated. Finally, we do owe a debt of gratitude to the entire members of such a staff of Sri Lanka Thripasha Limited, who strives to achieve the set targets at all times.



SRI LANKA THRIPOSHA LTD
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31st December 2020

	Notes	31/12/2020		31/12/2019
		Rs.	Cts.	Rs.
INCOME				
Revenue	02	1,995,602,711.77		3,271,379,657
Less : Cost of Ready to used product	03	(1,467,445,466.99)		(2,470,824,588)
: Cost of Sales	04	(357,336,047.81)		(546,683,677)
		170,821,196.97		253,871,392
Other Income	05	39,124,770.87		50,441,659
Less:Expenses				
Sales and Distribution Expenses	06	10,131,866.72		22,243,385
Administration Expenses	07	92,126,861.21		102,800,347
Financial and other Expenses	08	6,961,463.54		1,134,223
		109,220,191.47		126,177,955
Income over expenditure before Tax for the year		100,725,776.37		178,135,097
Income Tax for the year - 2020	09	(13,497,065.35)		-
Income over expenditure after Tax for the year		87,228,711.02		178,135,097

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 27 which form an integral part of these financial statements.




SRI LANKA THRIPOSHA LTD
STATEMENT OF FINANCIAL POSITION
As at 31st December 2020

	Notes	31/12/2020		31/12/2019
		Rs.	Cts.	Rs.
ASSETS				
Non Current Assets				
Property, Plant & Equipment	13	1,151,901,939.80		671,709,769
Differed Tax Assets		333,079.41		-
Current Assets				
Inventories	14	205,757,637.03		178,860,757
Trade & Other Receivables	15	138,384,633.00		186,986,742
Cash & Cash Equivalents	16	448,334,872.86		487,882,035
		792,477,142.89		853,729,534
Total Assets		1,944,712,162.10		1,525,439,303
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	17	304,600,000.00		304,600,000
Deferred Liability	18	199,356,451.03		250,562,776
Revaluation Reserves	19	462,899,383.36		131,176,703
Accumulated Income Over Expenditure		731,769,717.34		600,524,515
Total Equity		1,698,625,551.73		1,286,863,993
Non Current Liabilities				
Retirement Benefit Obligation	20	75,103,012.25		53,309,804
Medical Fund	21	318,622.82		246,837
LC Term Loan	22	23,437,500.00		-
		98,859,135.07		53,556,640
Current Liabilities				
Trade & Other Payables	23	147,227,475.30		185,018,670
Total Equity & Liabilities		1,944,712,162.10		1,525,439,303

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 27 which form an integral part of these financial statements.

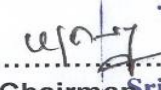
These financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.



Head of Finance
Sri Lanka Thriposha Limited
D B Tharindu Chemika
Finance Manager

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
Sri Lanka Thriposha Limited
Deepthi Kularathna
Chairman



Director
Sri Lanka Thriposha Limited
Jagara
Director

Ja-Ela, Kapuwatta
Date: 02/03/2021



SRI LANKA THRIPOSHA LTD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2020

	Notes	Stated Capital		Capital Reserves		Revaluation Reserves		Accumulated Income Over Expenditure		Total	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance as at 01/01/2019				390,085,608		306,378,658		422,306,485		1,118,770,750	
Adjustment		304,600,000		(129,574,368)		(175,025,632)		-		-	
Addition/Deduction-2019		-		49,916,075		(176,322)				49,739,753	
Depreciation - Capital Assets Grant by Ministry of Health				(59,864,539)		-		-		(59,864,539)	
Prior Adjustment		-		-		-		82,933		82,933	
Income over expenditure - 2019				-		-		178,135,097		178,135,097	
Balance as at 31/12/2019		304,600,000		250,562,776		131,176,703		600,524,515		1,286,863,993	
Balance as at 01/01/2020		304,600,000.00		250,562,775.52		131,176,703.11		600,524,514.63		1,286,863,993.26	
Addition/Deduction-2020		-		5,775,732.85		331,722,680.25		-		337,498,413.10	
Depreciation - Capital Assets Grant by Ministry of Health	18	-		(56,982,057.32)		-		-		(56,982,057.32)	
Prior Adjustment	24	-		-		-		44,016,491.69		44,016,491.69	
Income over expenditure after Tax 2020		-		-		-		87,228,711.02		87,228,711.02	
Balance as at 31/12/2020		304,600,000.00		199,356,451.05		462,899,383.36		731,769,717.34		1,698,625,551.75	

SRI LANKA THRIPOSHA LTD
CASH FLOW STATEMENTS
For the year ended 31st December 2020

	31/12/2020 Rs.	31/12/2019 Rs.
Cash Flow from Operating Activities		
Income over expenditure before Tax	100,725,776	178,135,097
Adjustments for		
Depreciation	61,575,852	61,971,983
With Holding Tax	-	277,251
Interest Income	(22,575,619)	(14,433,406)
Gratuity Provision for the year	26,568,298	14,827,855
Provision Medical Contribution	221,760	208,740
Prior year adjustment	44,016,492	(1,420,800)
	109,806,783	61,431,623
Operating Profit Before Changes in Working Capital	.210,532,559	239,566,719
Changes in Working Capital		
Increase / (Decrease) in Trade & Other Receivables	48,602,109	25,793,626
Increase / (Decrease) in Trade & Other Payables	(107,871,339)	(4,720,786)
Increase / (Decrease) in Inventories	(26,896,880)	(51,726,030)
	(86,166,110)	(30,653,190)
Cash Generated from Operating Activities	124,366,449	208,913,530
Less: Gratuity Paid	(4,775,090)	(6,416,584)
Medical Benefits Paid	(149,974)	(171,350)
Net Cash Flow from Operating Activities	119,441,386	202,325,596
Cash Flow from Investing Activities		
Acquisition of Property, Plant & Equipment	(210,045,343)	(77,758,585)
Investment in Short Term Investment	(163,022)	(125,000,000)
Capital Working Progress	-	22,513,629
LC Term Loan	79,687,500	-
Interest Received	5,384,276	7,642,613
Net Cash Flow from Investing Activities	(125,136,588)	(172,602,343)
Cash Flow from Financing Activities		
Capital Grant from Ministry of Health	(51,206,324)	(10,124,787)
Net Increased in Cash & Cash Equivalent	(56,901,527)	19,598,466
Cash & Cash Equivalent Brought Forward	202,940,940	183,342,473
Cash & Cash Equivalent Carried Forward	146,039,413	202,940,940
Analysis of the Cash & Cash Equivalent shown in the statement of financial position		
Bank of Ceylon Ja-Ela Ac No 71324617	101,983,383	16,524,816
Bank of Ceylon Ja-Ela Ac No 80306903	44,056,030	186,416,124
	146,039,413	202,940,940



SRI LANKA THRIPOSHA LTD
MANUFACTURING ACCOUNT
For the year ended 31st December 2020

	Notes	31/12/2020		31/12/2019
		Rs.	Cts.	Rs.
COST OF MANUFACTURING				
Raw Materials & Packing Material				
Balance as at 01/01/2020		117,286,466.32		88,411,099
Purchase	10	1,126,423,718.99		2,065,207,868
		1,243,710,185.31		2,153,618,967
Impairment of Inventory		-		(291,032)
Balance as at 31/12/2020	14	(143,338,764.90)		(117,286,466)
Cost of Raw Materials Consumed		1,100,371,420.41		2,036,041,469
Direct Labour and Management Cost	11	225,256,008.84		213,981,333
Factory Overheads	12	140,813,278.97		205,377,939
Prime Cost		1,466,440,708.22		2,455,400,741
Working Progress				
Balance as at 01/01/2020		2,192,397.76		12,605,573
Balance as at 31/12/2020	14	(1,187,638.99)		(2,192,398)
		1,004,758.77		10,413,175
Total Production Cost		1,467,445,466.99		2,465,813,916



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

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 reduce 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

Board Secretary

Mrs.Thanuja Priyadarshani Alwis

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 Thripasha Limited for the year ended 31st December 2020 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 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)



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

Nutribar manufacturing machinery cost is not depreciated due to installation process is to be completed in 2021.

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.

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 through 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.

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	12%
Future Salary Increment Rate	10%
Staff Turn Over	02%
Retirement Age	55 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.

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 No. 24 of 2017 and Subsequent amendments thereto.



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.



The impact of past years, 'Taxes' is still being assessed. It has to discuss in Audit and Management Committee (AMC) meeting and the Department of Inland Revenue and go through it. There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2020

	31/12/2020		31/12/2019
	Rs.	Cts.	Rs.
02. INCOME			
Revenue	1,447,012,627.73		2,441,399,695
Depreciation	56,982,057.32		59,864,539
Suposha Sales	481,012,991.72		746,933,176
Highland Product Sales	6,817,300.00		19,222,565
NFPB Product Sales	207,590.00		584,232
Cashew Sales Income	281,740.00		-
SDK Product Sales	857,805.00		880,860
Bakery Items	2,430,600.00		2,494,590
	1,995,602,711.77		3,271,379,657

Revenue

Above revenue is consisting with expenditure reimbursement and direct payment done by Ministry of Health

Depreciation

Above depreciation is considered as an income (Book Entry), Since all expenditures except depreciation are reimbursment from MOH.

03. COST OF READY TO USED PRODUCT

Finish Product as at 01/01/2020	-	5,010,672
Total Production Cost	1,467,445,466.99	2,465,813,916
Finish Product as at 31/12/2020	-	-
	1,467,445,466.99	2,470,824,588

04. COST OF SALES

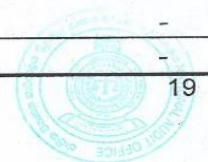
Balance as at 01/01/2020	17,715,888.87	7,047,000
Received - Suposha	349,122,184.88	539,945,170
Purchase - Highland Product	5,655,458.33	16,099,653
Purchase - NFPB Product	187,105.76	459,096
Purchase - SDK Product	622,576.00	848,648
Purchase - Bakery & Other	1,097,558.60	-
Purchase - Cashew	277,397.50	-
	374,678,169.94	564,399,566
Balance as at 31/12/2020	(17,342,122.13)	(17,715,889)
	357,336,047.81	546,683,677

05 OTHER INCOME

Sweeping Sales	12,614,476.57	23,849,965
Interest on Housing Loan	1,675,982.79	2,121,729
Interest Income	42,600.39	-
Interest on Trasury Bill	5,384,276.10	7,649,202
Interest on Fixed Deposit	17,191,343.01	6,784,204
Other	2,216,092.01	10,036,559
	39,124,770.87	50,441,659



	31/12/2020 Rs. Cts.	31/12/2019 Rs.
06 SALES AND DISTRIBUTION EXPENSES		
Trasport Charges	2,974,774.03	11,138,960
Out Let Expenses	855,214.44	2,049,939
Printing & Advertising	2,215,209.50	6,342,990
Sales Commission & Other Expenses	12,268.75	715,629
Depreciation	4,074,400.00	1,995,867
	10,131,866.72	22,243,385
07. ADMINISTRATIVE EXPENSES		
Salaries	12,213,552.78	10,798,531
EPF	2,396,334.25	2,231,261
ETF	479,266.85	476,736
Overtime	3,877,490.38	3,746,081
Allowances	3,595,381.50	3,408,984
Casual Wages	-	1,471,233
EPF on Casual Wages	-	319,833
ETF on Casual Wages	-	47,975
Management Allowances	5,420,133.27	7,363,082
Staff Welfare	3,340,146.80	3,560,591
Rate & Taxes	571,632.94	381,301
Office Equipment Maintenance	1,192,242.61	1,410,700
Security Charges	9,021,836.53	8,484,859
Fuel - Vehicles	2,025,177.84	3,706,757
Repairs & Maintenance - Vehicles	2,368,419.03	3,394,040
Other Services & Maintenance	581,205.84	13,500
Building Repair & Maintenance	7,057,822.95	597,345
Garden Maintenance	9,530.00	-
Tea & Others	35,043.00	21,455
Insurance	4,877,879.68	2,047,191
Event Mngement Service	-	33,078
Stationary	1,673,358.64	1,072,403
Postage Charges	135,000.00	155,000
Telephone Charges	437,588.40	521,407
Staff Training Charges	680,207.00	22,923,595
Legal and Professional Charges	7,101,689.60	2,082,192
Licence & Insurance Charges	1,098,938.16	1,159,792
Medical & Sanitary	522,351.16	518,455
Travelling Expenses	79,100.00	303,250
Donation	-	284,475
Uniforms - MKT	43,725.00	27,575
Incentive	13,874,338.49	14,717,471
Depreciation	7,417,468.51	5,520,199
	92,126,861.21	102,800,347
08 FINANCE AND OTHER EXPENSES		
Bank Charges	23,250.00	1,065,643
Other Expenses	47,428.01	68,580
Bank Loan Interest	6,890,785.53	-
	6,961,463.54	1,134,223
09. Income Tax Expenses		
Current Income Tax Expenses	13,830,144.76	-
Add:Differed Tax Assest	(333,079.41)	-
	13,497,065.35	-



	31/12/2020	31/12/2019
	Rs. Cts.	Rs.
10 PURCHASING		
Maize	449,569,591.44	779,898,384
Soya	303,677,640.00	757,894,661
Milk Powder	251,517,000.00	272,480,000
Mineral	36,018,950.00	70,035,225
Vitamins	38,550,600.00	75,700,763
Polythene Bags	-	1,258,560
Polythene Reel	36,295,815.93	67,634,040
Kraft Paper Bags	10,579,599.00	40,073,145
Twine	214,522.62	233,091
	1,126,423,718.99	2,065,207,868
11 DIRECT LABOUR AND MANAGEMENT COST		
Salary	82,476,075.86	70,984,548
EPF	15,215,186.56	11,995,861
ETF	3,051,879.49	2,699,369
Overtime	41,969,051.70	54,507,255
Allowance	21,190,637.70	24,509,247
Gratuity	26,568,297.92	14,827,855
Terminal Payment	417,641.12	599,263
Uniforms & Laundry	4,214,097.63	4,297,742
Tea & Others	3,529,836.59	4,043,283
Shift & Meals Allowance	1,734,616.00	2,777,829
Medical & Sanitary	3,739,141.86	1,031,413
Casual & Contract Salary	3,300,252.71	6,037,648
EPF on Casual & Contract Salary	571,439.39	1,036,935
ETF on Casual & Contract Salary	113,940.69	246,503
Welfare Expenses	229,299.00	233,895
Incentive	16,934,614.62	14,152,688
	225,256,008.84	213,981,333
12 FACTORY OVERHEAD COST		
Fuel for Generater	26,533,120.00	49,659,130
Factory Maintenance	1,934,250.00	1,908,747
Plant & Machinery Maintainance	23,631,338.45	43,292,342
Lab Expenses	1,886,260.56	3,664,360
Electricity	23,698,356.52	35,297,047
Building Repair & Maintenance	3,352,208.03	4,983,894
Other Services & Maintenance	9,592,306.25	11,624,958
Garden Maintainance	101,455.50	200,513
Impairment Loss	-	291,032
Depreciation	50,083,983.66	54,455,917
	140,813,278.97	205,377,939



SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2020

13. PROPERTY, PLANT AND EQUIPMENT

Cost/ Revaluation	Balance as at 31/12/2019	Adjustment of Revaluation 2019	Additions	Balance as at 31/12/2020
Land	220,000,000	210,000,000.00	-	430,000,000.00
Building	156,300,970	(750,970.45)	-	155,550,000.00
Plant and Machinery	472,084,345	(85,446,637.43)	207,160,327.21	593,798,034.92
Motor Vehicles	41,767,000	(4,395,000.00)	-	37,372,000.00
Tools & Equipment	8,656,504	(2,009,734.05)	-	6,646,770.00
Laboratory Equipment	9,646,402	(712,756.87)	46,631.00	8,980,276.54
Electrical Works	6,042,735	(1,382,734.76)	-	4,660,000.00
Office Equipment	10,852,850	(2,551,289.75)	447,557.69	8,749,117.86
Furniture and Fittings	9,279,201	(1,674,708.34)	1,713,345.69	9,317,838.10
Computer and Other Hardware	10,428,500	(2,803,638.88)	677,481.00	8,302,342.00
	945,058,507	108,272,529.47	210,045,342.59	1,263,376,379.42

Accumulated Depreciation	Balance as at 31/12/2019	Adjustment of Revaluation 2019	Charge for the Year	Balance as at 31/12/2020
Building	32,253,330	(26,447,194.26)	7,777,500.00	13,583,635.95
Plant and Machinery	188,085,587	(153,298,247.60)	39,520,399.49	74,307,738.47
Motor Vehicles	24,204,367	(20,406,500.00)	7,474,400.00	11,272,266.67
Tools & Equipment	6,356,903	(5,735,662.34)	1,329,354.00	1,950,594.91
Laboratory Equipment	3,663,635	(2,980,262.87)	894,530.33	1,577,902.76
Electrical Works	4,530,459	(3,540,461.30)	932,000.00	1,921,997.66
Office Equipment	4,342,494	(3,405,290.73)	856,919.48	1,794,122.77
Furniture and Fittings	3,894,442	(3,255,779.48)	862,189.23	1,500,851.76
Computer and Other Hardware	6,017,521	(4,380,752.19)	1,928,559.64	3,565,328.67
	273,348,738	(223,450,150.77)	61,575,852.17	111,474,439.62

Written Down Value	Balance as at 31/12/2019	Balance as at 31/12/2020
	Rs	Rs. Cts
Land	220,000,000	430,000,000.00
Building	124,047,640	141,966,364.05
Plant and Machinery	283,998,759	519,490,296.45
Motor Vehicles	17,562,633	26,099,733.33
Tools & Equipment	2,299,601	4,696,175.09
Laboratory Equipment	5,982,767	7,402,373.78
Electrical Works	1,512,276	2,738,002.34
Office Equipment	6,510,356	6,954,995.09
Furniture and Fittings	5,384,759	7,816,986.34
Computer and Other Hardware	4,410,979	4,737,013.33
	671,709,769	1,151,901,939.80



SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2020

14 INVENTORIES	31/12/2020	31/12/2019
	Rs. Cts.	Rs.
Raw Materials		
Maize	4,788,440.80	10,541,193
Soya	71,486,301.60	71,270,388
Milk Powder	26,841,000.00	4,260,000
Mineral	10,808,050.00	10,193,150
Vitamins	19,734,408.00	8,769,469
	133,658,200.40	105,034,199
Packing Materials		
Polythene Reel	6,159,315.22	2,826,592
Kraft Paper Bags	3,321,000.00	9,425,675
	9,680,564.50	12,252,267
Other		
Diesel	2,342,080.00	2,747,160
Engineering Stores	41,547,031.01	38,918,844
	43,889,111.01	41,666,004
Work In Progress		
Raw Materials		
Maize	-	1,207,400
Soya	-	60,480
Milk Powder	736,000.00	260,000
Mineral	184,943.00	65,038
Vitamins	196,408.80	528,281
Packing Materials		
Polythene Bags	-	12,026
Polythene Reel	62,754.85	55,382
Kraft Paper Bags	1,771.20	3,543
Twine	5,761.14	248
	1,187,638.99	2,192,398
Finished Goods		
Children	-	-
Mother	-	-
	-	-
Marketing Section		
Suposha	581,283.20	274,572
Packing Material	16,246,546.88	16,782,678
Highland Product	514,292.05	381,960
Working Progress	-	276,679
	17,342,122.13	17,715,889
Total	205,757,637.03	178,860,757



	31/12/2020 Rs. Cts.	31/12/2019 Rs.
15 TRADE AND OTHER RECEIVABLES		
Debtors	15,525,527.07	27,625,102
Debtors - Marketing	40,909,482.12	45,371,885
Advance and Prepayments	9,150,989.08	52,564,654
Insurance Receivable	424,658.28	541,161
Deposits	2,001,000.00	2,026,000
Housing Loan - Asset	38,160,679.36	35,416,951
Housing Loan - Distres	27,034,145.05	22,627,038
Housing Loan - 02	6,152.04	-
Housing Loan - 03	4,100,000.00	-
Festival Advance	156,000.00	173,750
Picnic Advance	916,000.00	640,200
	138,384,633.00	186,986,742

15.1 Advance and Prepayments

Nutribar manufacturing Machine Instalation Building (Kumara Construction)	5,183,833.17
Installation of New Server For Office (Sri Lanka Telecom PLC)	1,027,620.00
Medical Insurance (Sri Lanka Insurance Corporation)	2,816,535.91
Other	123,000.00
	9,150,989.08

16 CASH AND CASH EQUIVALENTS

Cash In Hand	-	-
BOC-Ja Ela- AC No. 71324617	101,983,382.71	16,524,816
BOC-Ja Ela- AC No. 80306903	44,056,029.80	186,416,124
Investment on Trasury Bill	92,750,236.27	92,587,214
Investment on Fixed Deposit	209,545,224.08	192,353,881
	448,334,872.86	487,882,035

16.1 Investment on Trasury Bill-Repurchase Agreement

CDS Account	Carrying Amount as at 31/12/2020	Carrying Amount as at 31/12/2019
RET-Y107471000 - 01	71,525,928.57	71,587,214
RET-Y107471000 - 02	21,224,307.70	21,000,000
	92,750,236.27	92,587,214

16.2 Investment on Fixed Deposit

Account Number	Carrying Amount as at 31/12/2020	Carrying Amount as at 31/12/2019
83258807	6,456,912.65	6,038,877
82420963	5,057,483.10	4,724,583
81508819	19,340,672.16	18,062,417
81048092	5,300,881.20	4,955,762
80940675	13,388,026.80	12,521,968
80871912	14,776,216.07	13,811,639
80586829	6,870,455.12	6,416,376
82932526	50,000.00	50,000
85235518	138,304,576.98	125,772,260
	209,545,224.08	192,353,881

* Above deposits are invested in the Bank of Ceylon

	31/12/2020 Rs. Cts.	31/12/2019 Rs.
17 STATED CAPITAL		
Capital Reserves	129,574,367.55	129,574,368
Revaluation Reserves	175,025,632.45	175,025,632
	304,600,000.00	304,600,000

As a consequence of decision made by Cabinet of Ministers, Management of the Thripasha Program has been vested on fully own Government Limited Liability Company incorporated under the companies Act No.07 of 2007. Accordingly Sri Lanka Thripasha 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)

18 DEFERRED LIABILITY

Balance as at beginning of the year	250,562,775.50	390,085,608
Capital grant from Ministry of Health	5,775,732.85	37,125,391
Stated Capital	-	(129,574,368)
Capital Grant Advance from MOH	-	12,790,683
Less :- Depreciation charge for the year	(56,982,057.32)	(59,864,539)
Balance as at end of the year	199,356,451.03	250,562,776

19 REVALUATION RESERVES

Balance as at beginning of the year	131,176,703.11	306,378,658
Stated Capital	-	(175,025,632)
Revaluation	2,087,094.22	-
Revaluation Gain/Loss on Disposal Assets	329,635,586.03	(176,322)
Balance end of the year	462,899,383.36	131,176,703

20 RETIREMENT BENEFIT OBLIGATION

Balance as at beginning of the year	53,309,803.83	44,898,532
Less: Payments during the year	(4,775,089.50)	(6,416,584)
Provision for the year - 2020	26,568,297.92	14,827,855
Balance as at end of the year	75,103,012.25	53,309,804

Discounted Rate	12%	12%
Future Salary Increment Rate	10%	10%
Staff Ture Over	2%	2%
Retirement Age	55 Year	55 Year

21 MEDICAL FUND

Balance as at beginning of the year	246,836.57	209,447
Contributions During the year	221,760.00	208,740
Payment During the year	(149,973.75)	(171,350)
Balance as at end of the year	318,622.82	246,837



22 Non Current Liability
LC Term Loan

23,437,500.00	-
23,437,500.00	-

INTEREST BEARING LOANS AND BORROWINGS

	2020		2019		
	Payable within one year	Payable after 1 year less than 5 years	Total payable	Payable within one year	Payable after 1 year less than 5 years
Term loan facilities - Bank of Ceylon	56,250,000.00	23,437,500.00	79,687,500.00	-	-
	56,250,000.00	23,437,500.00	79,687,500.00	-	-

Term loan facilities

	Facility details - 01		Facility details - 01	
	Repayable within 01 Year	Repayable after 1 year less than 5 years	Total As At 31.12.2020	Total As At 31.12.2019
	Rs.	Rs.	Rs.	Rs.
Long Term Loans - Bank of Ceylon	56,250,000.00	23,437,500.00	79,687,500.00	-
	56,250,000.00	23,437,500.00	79,687,500.00	-

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 85235518)
03. Based on the FD opened on 09.12.2019 Board have granted with Loan Facility from the Bank of Ceylon for the LC repayment
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)

	31/12/2020 Rs. Cts.	31/12/2019 Rs.
23 TRADE AND OTHER PAYABLES		
Creditors	18,632,161.08	69,466,432
Salary Control Account	493,440.95	401,670
VAT Payable	1,009,158.13	-
Income Tax Payable	13,830,144.76	-
LC Term Loan	56,250,000.00	-
Deposit Payable	56,903,737.50	57,203,238
Ministry of Health	108,832.88	57,947,331
	147,227,475.30	185,018,670
24 PRIOR ADJUSTMENT		
Expenses	-	(1,420,800)
Insurance Receivable	725.98	-
Interest income on Fixed Deposit	-	1,503,733
Interest income on Trasury Bill	369,695.05	-
Receivable -Capacity Building	11,521,287.39	-
Creditors	32,029,936.79	-
VAT 15% to 8%	94,846.48	-
	44,016,491.69	82,933

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. Sitting allowances and Transport allowances are paid respectively Rs. 402,000 and Rs.76,400 for the Board of Directors and members of Audit and management committee during the year - 2020

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.

	12/31/2020	12/31/2019
Trade and other Receivables	122,859,105.93	159,361,639
Amount due from related parties	15,525,527.07	27,625,102
Cash and cash Equivalents	448,334,872.86	487,882,035
Total credit risk exposure	<u>586,719,505.86</u>	<u>674,868,777</u>

(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





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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

VTY/C/SLTL/FA/2020

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Your No. }

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திகதி }
Date }

03 December 2021

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 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Thriposha Limited (“Company”) for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income and expenditure, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.





1.2 Basis for Qualified Opinion

- (a) In terms of paragraph 68 of Sri Lanka Accounting Standards 01, assets that are not expected to be realized within the twelve months should be stated in the financial statements under the non-current assets. However, the fixed deposits amounting to Rs.138,304,576 had invested for over one year had been stated under the current assets in the financial statements of the year under review.
- (b) In terms of paragraph 36 of Sri Lanka Accounting Standards 16, the entire class of property plant & equipment to which that asset belongs shall be revalued. However, carrying value of two buildings amounting to Rs.6,757,881 had not been accounted due to omission. As a result, buildings had been under stated by that amount in the financial statements of the year under review.
- (c) Revaluation gain amounting to Rs. 331,722,680 had been credited to the revaluation reserve account instead of being crediting the actual gain of Rs. 383,845,970. As a result, revaluation reserve had been understated by Rs. 51,123,290 in the year under review.
- (d) Cost of Sales of “Suposha” production for the year under review had been under stated by Rs. 21,946,829 in the financial statements due to calculation error.
- (e) Tax liability for the year under review had been under stated by Rs. 42,254,661 in the financial statements.
- (f) Fully amortized grant assets amounted to Rs.16,286,540 had been re-amortized erroneously during the year under review. As a result, revenue had been over stated and capital grant had been under stated by that amount in the year under review.
- (g) An expenditure amounted to Rs.7,057,822 incurred for improvement of the factory building had been written off against the income as recurrent expenditure instead of being capitalized.



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

1.3 Other information included in the Company's 2020 Annual Report.

The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2020 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No.19 of 2018 and Companies Act, No.7 of 2007 include specific provisions for following requirements.
- 2.1.1 Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company's per the requirement of section 163 (2) (d) of the Companies Act, No.7 of 2007 and section 12 (a) of the National Audit Act, No.19 of 2018.
- 2.1.2 The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No.07 of 2007.

2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No.19 of 2018.

2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No.19 of 2018.

2.2 Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest 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 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No.19 of 2018, except for;

Reference to law/direction

Description

Reference to law/direction	Description
Public Enterprises Circular No.PED/12 of 02 June 2003 paragraph 8.2.2	Concurrence of the Minister of Finance should be obtained before investing temporary surplus funds. However, without obtaining the concurrence, the Company had invested a sum of Rs.302 Million in a state bank.

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

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



2.3 Other Matters

- (a) Even though the sales income from the waste of the production process should be credited to the Consolidated Fund, the income of Rs. 12.6 Million from the sale of waste in the year under review had retained without been credited. As such total income of Rs.152.5 Million for the period of 10 years from 2011 to the year under review had not been credited to the consolidated fund.
- (b) Production of Thriposha in the years 2018, 2019 and 2020 were 11,913 metric tons, 11,712 metric tons and 5,987 metric tons respectively. Accordingly, as compared with the preceding year the production of Thriposha had declined by 1.68 percent and 48.88 percent in the year 2019 and 2020 respectively.
- (b) Even though estimated Thriposha production requirement for the supply of Thriposha supplementary food free of charge for the year under review was 18,854 metric tons, only 5987 metric tons or 32 percent to were produced. Further, 2051 metric tons of “Suposha” were produced on commercial purposes in the year 2020 using the limited raw materials such as Maize and Soybeans where the main objective could not be fully achieved.


W.P.C. Wickramaratne

Auditor General