



# லார்ஜிக லார்லால ஆண்டறிக்஑ை ANNUAL REPORT 2019

லார்ஜைர் லார்லா லாண் டீண்ட்  
லோலோஹார் ஸீமாட்டிக் ஑டன் நிதியம்  
Lady Lochore Loan Fund

- டீடல் ஑லாநாண்ட  
- நிதி அமைச்சு  
- Ministry of Finance

# Content

<b>Corporate Information</b>	<b>01</b>
<b>Message from President</b>	<b>02</b>
<b>Message of Managing Trustee</b>	<b>03</b>
<b>1. Background of the Fund</b>	<b>04</b>
<b>1.1 Board of Trustees</b>	<b>04</b>
• Cadre of the Fund in 2019	
<b>1.2 Organizational Structure</b>	<b>05</b>
<b>2. Performance of the Fund in 2019</b>	
<b>2.1 Beneficiaries in 2019</b>	<b>06 - 08</b>
<b>2.2 Loan Procedure and the Progress</b>	<b>09 - 10</b>
<b>2.3 Loan Categories Issued and the Value of Disbursed Loans</b>	<b>10</b>
<b>2.4 Progress of Loan Recovery</b>	<b>10</b>
<b>2.5 Office Complex of Lady Lochore Loan Fund</b>	<b>11</b>
<b>2.5.1 Rent Income</b>	<b>11</b>
<b>2.5.2 Sustainability of the Fund</b>	<b>12</b>
<b>2.5.3 Operational Income</b>	<b>12</b>
<b>3. General Administration and Human Resource Development</b>	
<b>3.1 Staff Training for uplifting Knowledge and Training Capacity -2019</b>	<b>13 - 16</b>
<b>3.2 Promotional and Recruitment Procedures of the Fund</b>	<b>17</b>
• Promotions and New Recruitments	
<b>3.3 Renovations in the Premises of Fund</b>	<b>17</b>
<b>3.4 Regularizing the Procedures of Office</b>	<b>17</b>
<b>3.5 Staff Loan</b>	<b>18</b>
<b>3.6 Land Deeds and Bonds</b>	<b>18</b>
<b>3.7 Meetings</b>	<b>18</b>
<b>3.8 Audit and Management Committee</b>	<b>18</b>
<b>4. Future Plans</b>	<b>19</b>
<b>5. Independent Auditor's Report</b>	<b>20</b>
<b>6. Income Statement</b>	<b>21</b>
<b>7. Statement of Financial Position</b>	<b>22</b>
<b>8. Statement of Changes in Net Assets / Equity</b>	<b>23</b>
<b>9. Statement of Cash Flow</b>	<b>24</b>
<b>10. Key Accounting Policies</b>	
• General	<b>25</b>
• Assets and Basis of Evaluation	<b>25 - 26</b>
• Obligations and Provisions	<b>26</b>
• Income Statements	<b>27</b>
<b>11. Notes to the Cash Flow Statement</b>	<b>28 - 33</b>



# Lady Lochore Loan Fund



## Vision

**To be a leading financial supporter for the employees of Government, Public Corporations, Statutory Institutions and Members of the three Forces.**

## Mission

**To contribute in creating a contented Public Service by releasing Employees of Government, Public Corporations, Statutory Institutions and Members of the three Forces from indebtedness.**

## Objective

**To relieve Indebtedness of Employees of the Government, Public Corporations, Statutory Institutions and Members of the three Force, by providing short term loans without delay on concessionary interest rates under easy terms.**

## Functions

- **Providing Loans to clients by maintaining the Fund sustainably.**
- **Improving institutional promotion and comparative capacity.**
- **Formulation and implementation of procedures for raising funds and maintaining the Fund.**
- **Developing best practices for loan management, efficiently lending and improving lending facilities.**
- **Acting as a facilitator of implementation of loan schemes for the employees of the other Government Institutions.**
- **Dealing with a proper financial control system in lending and maintaining loan affairs.**



## Corporate Information

### Name and the Address of the Institution:

- Lady Lochore Loan Fund
- 100/ 3/2, Sir Chiththampalam A Gardiner Mawatha, Colombo 02

### Establishment:

- Lady Lochore Loan Fund has been established under the Act No. 38 of 1951 (amended in 1953) and it is being operated under the purview of the Ministry of Finance.

### Board of Trustees :

- |                            |   |
|----------------------------|---|
| ➤ Mr. A.P. Kurumbalapitiya | - President (Director - Department of State Accounts), Ministry of Finance. |
| ➤ Mr. S. Winston Pathiraja | - Managing Trustee – Lady Lochore Loan Fund                                 |
| ➤ Mr. P.H.L.Perera         | - Trustee   |
| ➤ Mr. H.C.P.Withanage      | - Trustee   |
| ➤ Mr. A.H.Pemadasa         | - Trustee   |

### Audit Committee:

- |                     |  |
|---------------------|--|
| ➤ Mr. J.Jayasundara | - President, (Director – Department of National Budget) Ministry of Finance. |
| ➤ Mr. P.H.L.Perera  | - Member (Trustee,Lady Lochore Loan Fund)                                    |
| ➤ Mr. A.H.Pemadasa  | - Member (Trustee,Lady Lochore Loan Fund)                                    |

### Auditor:

Ranwatta and Company,  
Chartered Accountants,  
141/3, Vauxhall Street,  
Colomob 02.

### Official Banker:

People's Bank,  
Head Quarters,  
Colomob 02.

## PRESIDENT'S MESSAGE

The Lady Lochore Loan Fund which was established on 26<sup>th</sup> March 1927 with the primary objective of accomplishing the short-term financial needs of public sector employees, was converted into a statutory body by the Lady Lochore Loan Fund Act No. 38 of 1951.

Due to the various economic difficulties faced by public sector employees in the present complex society, they are motivated to apply for loans in order to meet various long-term loan requirements apart from short-term loan requirements. Therefore, the functions of the Fund have been expanded to cover a wide range of areas in order to suit the current requirements.

A separate loan scheme was implemented mainly for staff grade officials. Simple and effective measures have been introduced to suit the current requirements, through examine the operational performance of the Fund and, thereby the operational activities have been implemented in an efficient manner, with minimum time and cost.

In particular, testing and processing methods were introduced so that relevant procedures are independently tested for strengthening of internal audit department, and examine, approval and payment of loans during the loan approval process. Also, the introduction of crediting methods directly to their bank accounts instead of writing separate cheques for each borrower, led to the saving of time and cost for loan applicants who lives in distant areas, and the use of new technology methods also increased the efficiency of the Fund.

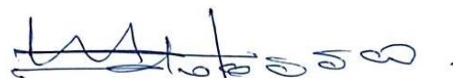
In addition, it is an achievement of Fund that the old building was completely repaired and completed in the year 2019, under the programme of improvement of physical assets of the Fund.

While examine the financial performance and financial situation of the Fund in the year 2019 in comparison with the previous year, the total income has increased by 09 million rupees compared to the previous year, while the operating expenses have increased by only 01 million rupees. Accordingly, the percentage of operating expenses against operating income has decreased from 50% to 48% compared to the previous year. The structural changes made especially in the administrative process were mainly affected for the same. Also, the income after tax has increased by 6 million rupees compared to the previous year, which is an increase of 2% against to the operating income.

The net asset of the Fund has increased by 42 million rupees and the financial assets have also increased by 49 million rupees, when examine the financial condition of the Fund.

Accordingly, it is convey my gratitude towards the staff for their contribution in achieving the performance of 2019 and achieving this performance would have been a difficult target without their direct contribution. The professionalism shown by all the members of the Board of Trustees especially in making policy decisions for the progress of the Fund was a great support for the future existence of the Fund.

Accordingly, I assure that in the year 2020, the functions of the Fund will be transformed into a more simple and efficient methodology using new technology, and committed to achieve high productivity at minimum cost.



A. P. Kurumbalapitiya  
President

## MESSAGE OF MANAGING TRUSTEE

The Lady Lochore Loan Fund which was established 92 years ago by Lady Jean Lochore, has been assisted in preserving the dignity and pride of monthly wage earners since then. She recognized the issues of the public/private sector workers who were in a very difficult situation at that time and she has initiated this hospitality towards Sri Lankan working community with her kind and humane qualities.

It is great pleasure that the objectives of the founder of the Fund have been achieved more strongly, in this year through providing loan facility of 466.2 million rupees to 3870 government employees of various ranks. It is significant that Fund has been achieved improvement of 32% in the issuance of loans, compared to the previous year.

474 million rupees have been recovered as differentiation during the last year, and this is also an improvement of 15.3% compared to the previous year.

The Fund has earned a total income of 111.6 million rupees in this year, and after incurring an operating cost of 53.5 million rupees, it has earned a tax amount of 15.9 million rupees to the government and a net profit after tax of 42.1 million rupees. Net profit after tax in this year has increased by 10.5% compared to previous year and it was a significant achievement for our institution.

The Ministry of Finance, that guides toward the success of the Fund and all its tasks, and the Board of Trustees, that guides the performance criteria, and the staff of the Fund, which accomplishes its role without compromising, can be identified as the pilots of this success.

We all expect to expand this service nationally and make it a more efficient people-friendly institution that fulfills loan requirements for various fields, in the future.

I wish that the Board of Trustees and staff would have strength, courage and fortune to make Lady Lochore Loan Fund a leading financial institution in Sri Lanka and achieve its goals in accordance with the vision and mission of the Fund.



Kamala Ranatunga  
Managing Trustee  
Lady Lochore Loan Fund

## BACKGROUND OF THE FUND

An initial capital of 300 Sterling Pounds for the establishment of the Loan Fund had been donated by Lady Jean Lochore, who was a Scott national and lived in Sri Lanka for a long period. Then the Commissioner of Charity, Reverend Father C. E. V. Nathanielz had taken initiatives to establish the Fund on 26<sup>th</sup> March 1927 and it was named as Lady Lochore Loan Fund. The Fund was transformed into a Statutory Body by the Lady Lochore Loan Fund Act No. 38 of 1951.

Since then by granting loans and recovering loans, the Fund has functioning as a revolving fund, as the existing banking system was not supportive of fulfilling short-term financial requirements of the employees of the Public and Private Sector Institutions, they were compelled to obtain loans at very high interest rates from outside lending organizations or from individuals. Due to this reason, the employees of the public sector as well as private sector were suffering from indebtedness immensely. The establishment of the Lady Lochore Loan Fund had brought a great relief to all these employees concerned. After the establishment of this Fund as a Statutory Body in 1951, a three storied building owned by this institution was constructed with the donations received from the government and other donors.



**Lady Jean Lochore**



### 1.1. Board of Trustees

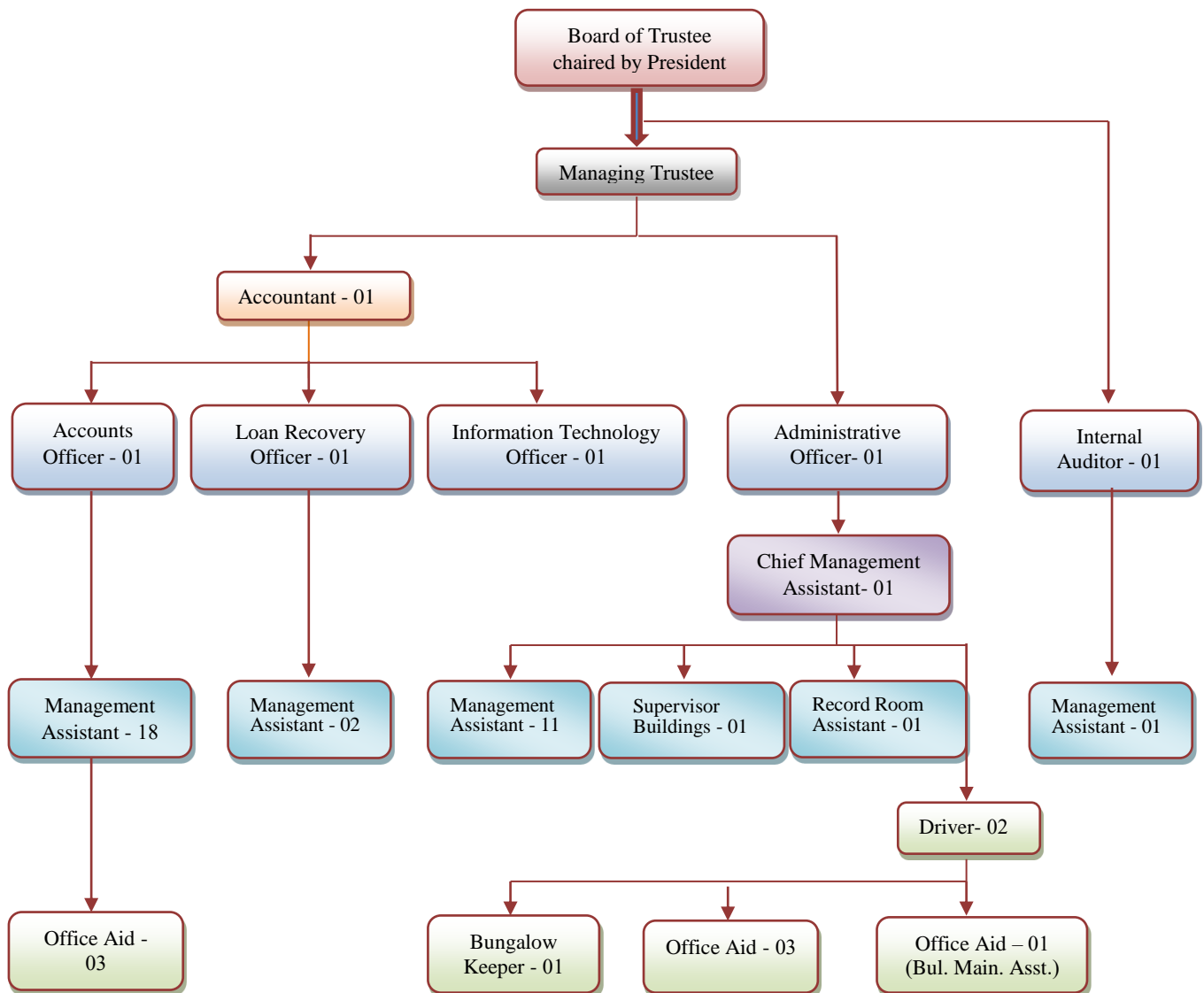
Board of Trustees consists of qualified representatives from the public and private sectors appointed by Hon. Minister of Finance. The patron of this institution is held by the Minister of Finance. The Managing Trustee for administration purposes of the Fund is appointed from the members appointed to the Board of Trustees, as per the section 10 and 11 of the Act of the Lady Lochore Loan Fund. As per the clause 5 of the said Act, the post of the President of the Fund is held by the Treasury Representative.



**Table 01 - Cadre of the Fund in Year 2019**

Approved Position	Approved Number	Existing Number
Accountant	01	01
Administrative Officer	01	01
Accounts Officer	01	01
Internal Audit Officer	01	01
Loan Recovery Officer	01	01
Information Technology Officer	01	01
Management Assistant (Non - Technical Grade) (Including Record Room Assistant)	34	29
Building Supervisor (MA - Technical Grade)	01	
Office Aid (Primary Non - Technical) (Including Bungalow Keeper)	07	06
Building Maintenance Assistant (Primary Semi Skilled)	01	01
Driver (Primary Skilled)	02	02
<b>Total</b>	<b>51</b>	<b>44</b>

## 1.2 Organizational Structure





## PERFORMANCE OF THE FUND IN 2019

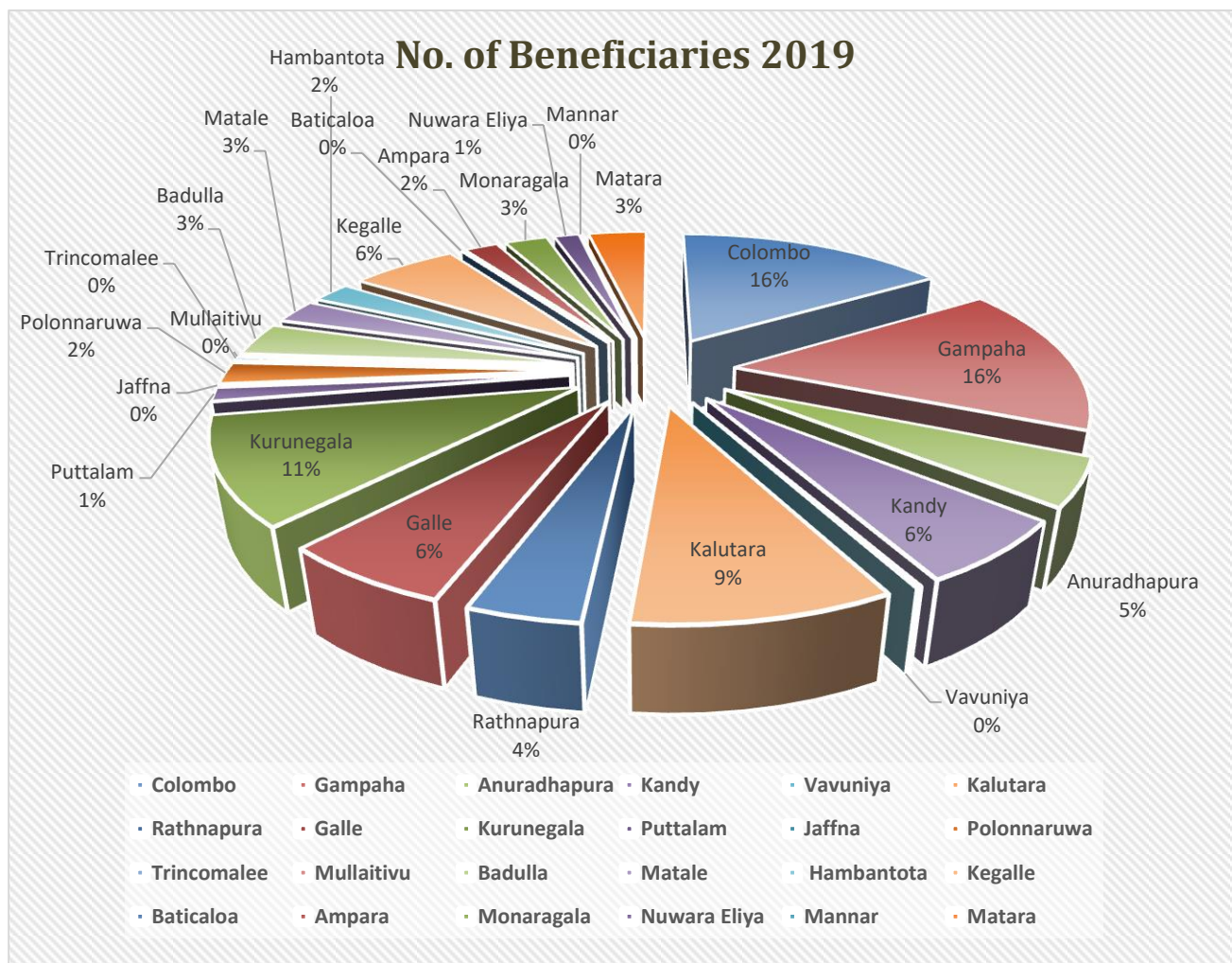
### 2.1 Beneficiaries in 2019

3,870 employees of the government and semi government sectors had benefited from this Fund in year 2019. District wise categorization of the beneficiaries shown in Table - 02 and when compared to the previous year, it is observed an increase of 6.43% in the number of loans issued in 2019, whereas an increase of 31.73% in loan amount issued. Following table indicates that the high number of beneficiaries represent Personnel from Defense Sector and percentage wise it is around 75% of beneficiaries.

**Table 02 - District wise Beneficiaries of Government and Semi Government Sector who have obtained Loans in Year 2018/2019**

No. of Beneficiaries				
District	2019	(%)	2018	(%)
Colombo	617	15.94	577	15.87
Gampaha	603	15.58	567	15.59
Anuradhapura	182	4.70	241	6.63
Kandy	236	6.10	201	5.53
Vavuniya	6	0.16	3	0.08
Kalutara	349	9.02	351	9.65
Rathnapura	153	3.95	140	3.85
Galle	239	6.18	211	5.80
Kurunegala	410	10.59	363	9.98
Puttalam	53	1.37	55	1.51
Jaffna	0	-	0	-
Polonnaruwa	87	2.25	73	2.01
Trincomalee	13	0.34	21	0.58
Mullaitivu	0	-	0	-
Badulla	134	3.46	128	3.52
Matale	98	2.53	96	2.64
Hambantota	85	2.20	73	2.01
Kegalle	239	6.18	210	5.78
Bataloa	0	-	3	0.08
Ampara	77	1.99	67	1.84
Monaragala	98	2.53	100	2.75
Nuwara Eliya	57	1.47	51	1.40
Mannar	0	-	1	0.03
Matara	134	3.46	104	2.86
<b>Total</b>	<b>3870</b>	<b>100</b>	<b>3636</b>	<b>100</b>

**Chart 01 - District Wise Government and Semi Government Sector Beneficiaries who have obtained Loans in Year 2018/2019**



**Table 03 - Progress of Public Sector Beneficiaries according to the Service Categories in Year 2018 ad 2019**

Designation	2019	2018
Corporal	1016	907
Army Soldier	328	411
Army Sergeant	146	103
Major	48	25
Lieutenant	31	9
Brigadier	2	-
Chef	20	17
Waiter	18	19
Police Constable	826	813
Police Sergeant	283	211
Police Inspector	46	39
Chief Police Inspector	9	-
Sub Police Inspector	60	47
Police Security Assistant	2	20
Civil Police Assistant	6	0
Firemen	10	20
Driver	86	90
Driver Assistant	5	-
Prison Guard	25	19

Assistant Survey Officer	14	24
Health Administrator	-	0
Attendant	4	1
Ordinary Laborer	206	226
Office Assistant	187	238
Management Assistant	184	156
Development Assistant	56	32
Ayurvedic Medical Assistant	1	-
Pharmacist	4	-
Watcher	6	5
Security Officer	3	-
Motor Mechanic	6	2
Technician	1	4
Carpenter	2	4
Human Resource Assistant	1	0
Administrative Officer	1	1
Mason	2	1
Accountant	6	7
Store Assistant	1	1
Technician	3	0
Overseer	3	0
Post Master	-	3
Assistant Director	10	0
Assistant Secretary	2	-
Rehabilitation Officer	1	-
Summoner	1	-
Wildlife Conservation Officer	1	-
Meteorological Officer	1	-
Book Binder	4	0
Grama Niladhari	3	0
Programme Assistant	3	0
Non-commissioned Officer	46	11
Accounting Officer	2	-
Authorized Officer	-	7
Survey Field Assistant	3	11
Laboratory Assistant	2	2
Industry Administrator	1	-
Nurse	3	7
Captain	52	44
Horse Driver	8	2
Helper	1	-
Electrical Lamp Lightener	-	2
Machine Operator	-	2
Agriculture Instructor	2	-
Painter	2	-
Technical Officer	4	6
Postman	5	5
Postal Officer	1	-
Translator	-	0
Registrar	2	-
Colonel	1	4
Pre-school Teacher	5	0
Commissioner	3	-
Librarian	1	2
Library Assistant	1	1
Director	-	6
Cameraman	-	69
Other	41	0
<b>Total</b>	<b>3870</b>	<b>3636</b>

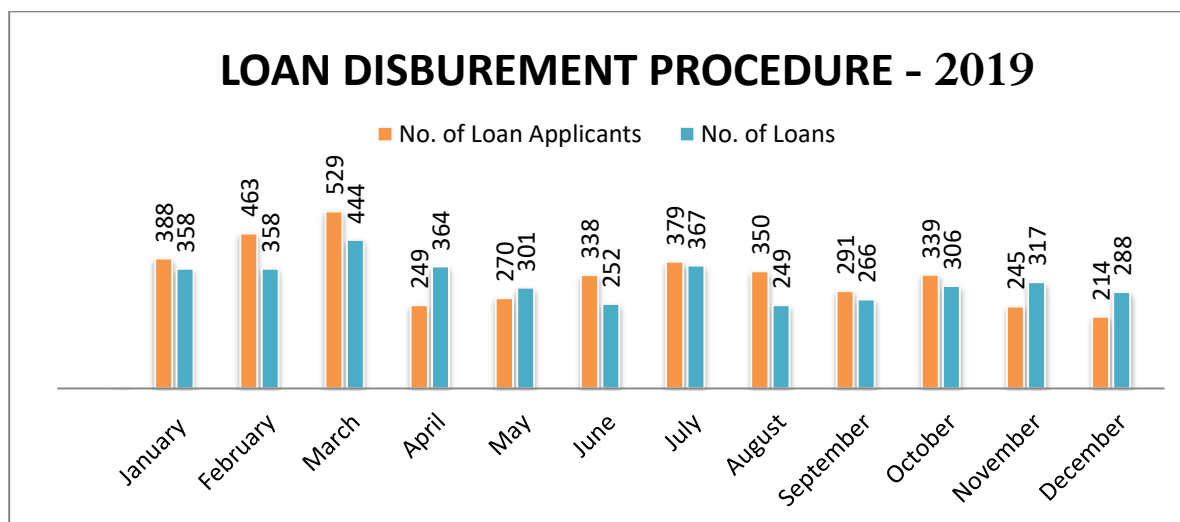
## 2.2 Loan Procedure and the Progress 2019

Employees in Government or Semi Government Sector, who have the following qualifications, could apply for loans from this Fund.

- Be a pensionable public officer who has completed minimum of 3 years permanent service in government sector.
- A semi government employee should complete minimum of 5 years of permanent service.
- Should have sufficient service period for recovering the loan amount prior to the retirement. (The age is considered as 59 years)
- Two guarantors for the applicant with qualifications maintained above.
- For an employee of a semi government sector, one of the two guarantors should be a public officer who has completed minimum of 03 years of permanent service in government sector.
- Ability to recover the loan installment within the 40% limit of loan applicant's monthly salary.

**Table 04 - The progress of processing the loan applications submitted by the qualified loan applicants and issuing of loans in the year 2019 are as follows.**

Month	No. of Loan Applicants	No. of Loan Issued	Loan Value (Rs. 000)
January	388	358	44,515
February	463	358	45,095
March	529	444	57,745
April	249	364	40,300
May	270	301	35,275
June	338	252	33,935
July	379	367	44,355
August	350	249	28,975
September	291	266	30,015
October	339	306	35,490
November	245	317	39,450
December	214	288	31,070
<b>Total</b>	<b>4055</b>	<b>3870</b>	<b>466,220</b>

**Chart 02 - Loan Disbursement – 2019**

In the year 2019, 3870 loans had been issued against 4055 loan applications. The reason for this change could be attributed to the applicants who have applied for loans but not obtained the loans as per their requests.

### 2.3 Loan Categories Issued and Monetary Value of Loans

From the year 2019, a new credit segment system of Rs.175,000.00 was initiated to get higher interest income. There was a positive growth in loan demand in the year 2019, through the same. The amount of loans within this year has achieved a very positive growth of 6.43% and the amount of loans that compared to the previous year has also achieved a very positive growth of 31.73%.

**Table 05 - Progress according to the Limit of Loans**

Maximum Credit Limit (Rs.)	Number of Loans Issued	Loan Amount (Rs.)
300,000	101	30,300,000
250,000	169	42,250,000
175,000	820	143,500,000
100,000	2238	223,800,000
50,000	496	24,800,000
40,000	24	960,000
30,000	17	510,000
20,000	05	100,000
10,000	0	0
<b>Total</b>	<b>3870</b>	<b>466,220,000</b>

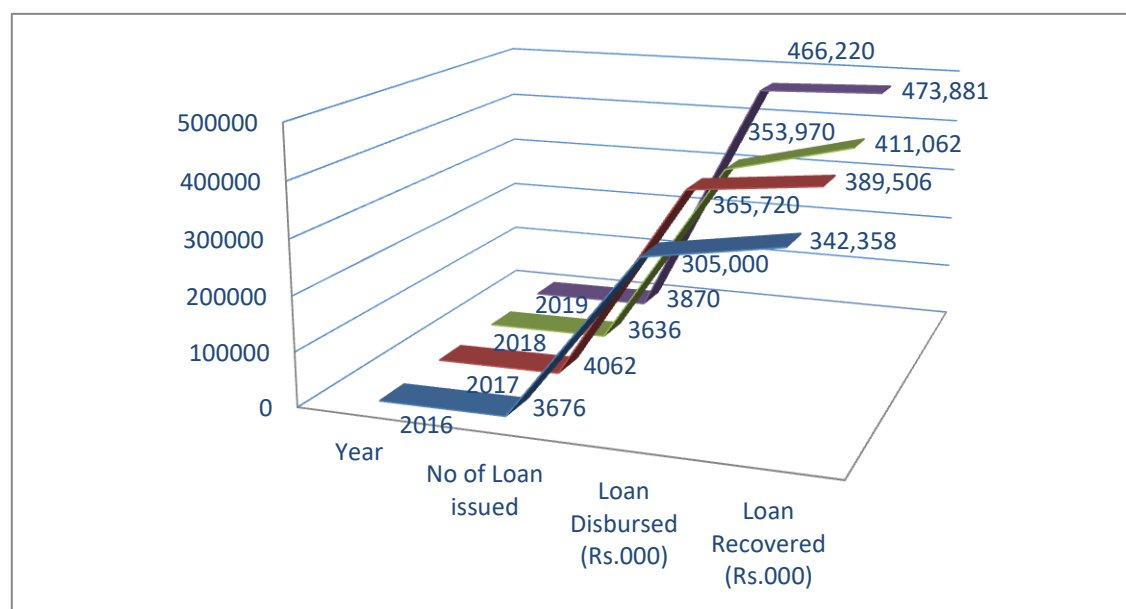
### 2.4 Progress of Loan Recovery

During the period from year 2016 to 2019, the progress of issuing loans and loan recoveries are shown in Table 06 and Chart 03.

- Issuing of Loan - Increase - 31.73%
- Loan Recovery - Progress - 15%

**Table 06 - Issuing of Loans and Recovery of Loans from Year 2016 to 2019**

Year	No. of Loan Issued	Loan Disbursed (Rs. 000)	Loan Recovered (Rs. 000)
2016	3676	305,000	342,358
2017	4062	365,720	389,506
2018	3636	353,970	411,062
2019	3870	466,220	473,881

**Chart 03 - Progress of Loan Disbursement and Loan Recovery**

## 2.5 Office Complex of Lady Lochore Loan Fund

### 2.5.1 Rent Income

While using 5,500 square feet of the Lady Lochore Loan fund building as the office premises of the Fund, the additional space had allocated to the following institutions on the basis of lease rent and thereby the Fund had earned Rs.16.5 million as the rent income in the year 2019.

**Table 07 - Building Rent Income in Year 2019**

Serial No	Institution	Rented Floor	Square Feet	Income (Rs.)
01	Lady Lochore Loan Fund	3 <sup>rd</sup> Floor	5500	-
02	Vehicle Park	Basement	5290	-
03	National Savings Bank	Ground Floor	5500	6,430,000
04	Co-operative Employees' Commission	1 <sup>st</sup> Floor	2415	2,398,081
05	Ceylon Electricity Board	1 <sup>st</sup> and 2 <sup>nd</sup> Floor	4700	4,750,000
06	Ceylon Electricity Board – Information Division	2 <sup>nd</sup> Floor	2750	2,805,096
07	Public Enterprise Reform Commission	2 <sup>nd</sup> Floor	840	-
08	A.J.S. Associates	No: 100/20	380	135,000
			<b>27,375</b>	<b>16,518,178</b>

### 2.5.2 Sustainability of the Fund

Special attention of the Board of Trustees had drawn on maintaining the operational and the financial sustainability of the Fund. This institution is not an institution depending on the grants of the Treasury or budgetary provisions, and all the expenses including salaries of the cadre and other operational costs are borne by the interest income of the Fund and the rental of the building. After covering all the operational expenses such as bad debts, administrative and other expenses for recovery of loans by this income, the surplus had invested at National Savings Bank and People's Bank ensuring the sustainability of the Fund.

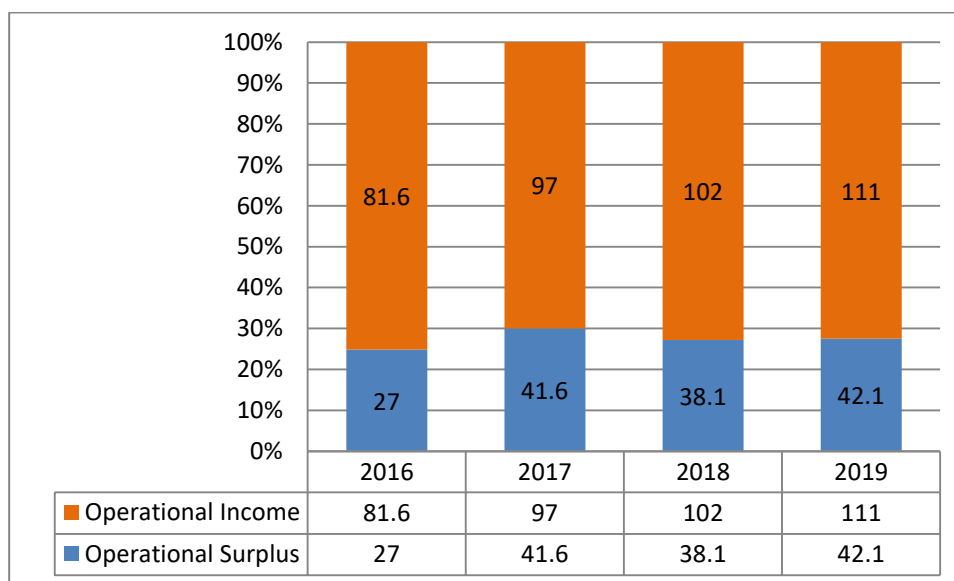
**Table 08 - Investments**

Type of Investments	Bank	31.12.2019 (Rs.)	31.12.2018 (Rs.)
Fixed Deposit	People's Bank	50,416,780.80	89,623,435
Fixed Deposit	National Savings Bank	20,579,816.20	18,713,176
<b>Total</b>		<b>70,996,597</b>	<b>108,336,611</b>

### 2.5.3 Operational Income

During the year 2019 the total operational income was Rs. 111 million while the net operational surplus was Rs. 42.1 million. Operational income and the net operational surplus of the year 2018 were 102 million and 38.1 million respectively. As a result of growth in the interest income on fixed deposits, increasement of other incomes and the amount indicated after made the payment and transferring of 2 Motor vehicles received from the Ministry of Finance in the year 2015 as donations of the Finance Ministry in the final accounts which should be accrued to the profit from the year 2016 to 2020 thus from the total value the portion which belongs to the year 2018 and 2019 when added to the annual income, caused a growth in operational income in the year 2019 by 10.5%, when compared to year 2018.

**Chart 04 - Operational Revenue and Operational Surplus 2016 – 2019**





## General Administration and Human Resource Development

### 3.1 Staff Training to Increase Knowledge and Training Capacity -2019

Serial No	Date	Conducting Organization	Name of the Training Programme	Participants and their Positions
01	21.01.2019 22.01.2019	Skills Development Fund	Procurement Procedure	Accounting Officer - 01
02	24.01.2019 25.01.2019	Skills Development Fund	Disciplinary and Office Systems for Drivers	Driver 111 - 01
03	28.01.2019 29.01.2019	Skills Development Fund	Office Systems and Office Managements	Management Assistant 111 - 03
04	29.01.2019	Skills Development Fund	Maintaining of Fixed Assets on Property/Equipment	Management Assistant 111 - 01
05	25.02.2019 26.02.2019	Skills Development Fund	Control of Office Equipment	Management Assistant 111 - 01
06	14.03.2019 15.03.2019	Skills Development Fund	Basic Accounting Concepts and Accounting Standards affecting the Preparation of Final Accounts of Public Institutions	Accounting Officer - 01
07	04.04.2019	CETRAC Construction Equipment Training Centre	“ Scientific, Economical and safe driving for drivers	Driver 111 - 01
08	05.04.2019	CETRAC Construction Equipment Training Centre	Administrative Law and Human Resource Management	Administrative Officer - 01
09	30.05.2019 31.05.2019	Skills Development Fund	Current Office Systems and Office Management	Management Assistant 111- 01
10	06.06.2019 07.06.2019	Skills Development Fund	System of Public Accounting and Accounting of Treasury Transactions	Management Assistant 111- 01
11	17.06.2019	Skills Development Fund	Maintenance of Official Bank Account	Management Assistant 1- 01 (Shroff)
12	19.06.2019 26.06.2019 19.07.2019	Skills Development Fund	Three Day Workshop on Advanced Excel	Accounting Officer - 01
13	11.07.2019 12.07.2019	Skills Development Fund	Procurement and Evaluation of Goods related to Information Technology	Information Technology Officer - 01

14	18.07.2019 19.07.2019	Skills Development Fund	Discipline and Office Etiquette for Drivers and Office Assistants	KKS 111 - 02
15	23.09.2019 24.09.2019	Skills Development Fund	Customer care and Service Excellence	Management Assistant 1 - 01 Management Assistant 111 – 01
16	26.09.2019 27.09.2019	Skills Development Fund	Role and Responsibilities of Leave Clerks	Management Assistant 1 - 01
17	21.10.2019 22.10.2019	Skills Development Fund	Telephone skills and Etiquette training for secretaries, front office staff and customer care officers	Management Assistant 111 – 1
18	28.10.2019 29.10.2019	Skills Development Fund	„	Management Assistant 1 - 01
19	07.11.2019 (½ Day)	Skills Development Fund	Positive thinking and Work place etiquette	Management Assistant 1 - 01 Management Assistant 111 – 3
20	08.11.2019	Skills Development Fund	Communication skills for emerging leaders	Accountant - 01
21	28.11.2019 29.11.2019	School of Information Communication and Digital Management - MILODA - in the Training Division of the Ministry of Finance	Advanced MS Excel for government officers	Management Assistant 111 – 1
22	From 02.01.2019 to 22.02.2019 (Covering 07 hours of remaining study hours to complete 50 hours of contract period)	Ms. K. Thayanidi, Teacher, The pool of trained teachers indicated in Pub Ad Circular 4/2014 which recommended by the Department of Official Languages	Proficiency in Tamil language of the Management Assistant Grade 111	Conducting Tamil language classes for the Management Assistant Grade 111 officers served in the Lady Lochore Loan Fund who wish to sit for the Tamil Language Proficiency Exam – Trained under Ms. K. Thayanidi, Teacher, The pool of trained teachers indicated in Pub Ad Circular 4/2014 which recommended by the Department of Official Languages

Some of the significant features of the staff training procedure in this year are, introduction programme to introduce office systems for new officers, providing service-related knowledge, providing service-related knowledge to the junior managers and referring junior staff to training courses including perform the company's duties, adapt to the office culture, in order to perform the duties of the company efficiently and effectively and able to referring a target group for staff training according to a plan.

The main objective of the staff training process planned was attaching to the training programmes as appropriate for the workshops conducted under a subject base topic as well as according to the requirements of the employees, making the most of the allocations for staff training.

During this year, officers were directed to training workshops in more planned manner and the staff was able to carry out their duties regularly and systematically, in efficient and effective manner, applying the knowledge and skills acquired through the same. It should be emphasized that training plan of this year has supported to create their careers more effectively in accordance with the vision, mission and objectives of Lady Lochore Loan Fund.

Also, opportunity was also provided in the staff meeting held every month, for the staff who directed for the training programmes to share the knowledge gained from the workshops with the rest of the staff and to inform the other staff about the training programme they participated through Power-Point Presentation including its advantages and disadvantages.

It was also provided an opportunity for the junior staff as well as the entire staff to develop their ability to communicate directly and clearly in front of a small group through this opportunity. This was definitely a great opportunity to develop leadership and communication skills for his/her professional as well as personal life as well as for their personality development.

It could be updated their knowledge by providing them awareness on respective subject areas by directing the staff to various workshops held by a recognized standardized external organization, providing accurate understanding of office procedures, introducing accurate office practices and strategies and updating knowledge by granting knowledge of new conditions and standards. It is a unique situation observed in the staff training of the year.

### **Outdoor Training**

With the purpose of engaging the entire staff in outdoor training, recreation and relaxation, and recreation of the staff including their family members, one-day trip and outdoor training was organized on 07<sup>th</sup> December 2019 to Seethawaka Miracle Nature Resorts at Dumkolahena Road, Tunmodara, Avissawella, which is 30 kilometers away from Colombo.

A total of 47 members including 22 staff members and their family members participated in this one-day outdoor training and relaxation gathering.

The training conducted in the year 2019 is different from the trainings participated by the staff in previous years due to the fact that they are able to engage in training with their family members and it supports to shape their office life as well as their personal life.

It was possible to get away from the monotonous duties and have fun through being able to engage in some outdoor training activities at Seethaka Miracle Nature Resorts. Among these activities, there were target shooting, mountain climbing, river crossing, water sports, outdoor sports like cricket, badminton, volleyball and indoor sports like carrom. Also, in this one-day gathering, there was an opportunity to engage in fun activities such as fish spa massage, dancing to music, etc.

This made it possible to get training on how to face challenges together as a group and win together as a team, as well as how to move forward as an organization by building consciousness and self-confidence. Also, this was supported to get rid of the mental stress caused by continuous duties.



➤ **Highlights of outdoor activities organized to provide outdoor training and recreation**



## **3.2 Recruitment and Promotions of the Fund**

### **Promotions and New Recruitments**

**3.2.1** The Fund has granted two promotions to junior staff, in the year 2019. An officer holding the post of Office Assistant 111 has been promoted to the post of K.K.S. 11 on 21.03.2019 and one driver has been promoted to the Grade II with effect from 10.04.2019.

**3.2.2** In the year 2019, 05 Management Assistants were resigned and the appointment of Management Assistant was canceled, and therefore, applications have been invited for the vacant posts of Management Assistant (Non-Technical) in the approved staff of the Fund and advertised through the official website of the Fund and through newspaper advertisements and accordingly, 05 new officers were recruited to the Fund for the post of Management Assistant 111 through selecting appropriate applicants from the attracted applications, in transparent manner and conducting formal interviews.

As at 31.12.2019, total of 07 vacancies were created as 05 posts of Management Assistant (Non - Technical), 01 post of Management Assistant (Technical) and 01 Post of Office Assistant.

## **3.3 Modernization in the Premises of the Fund**

In the year 2019, all the repairs in the revised bill of quantities have been entirely completed.

## **3.4 Streamlining Staff Administration and Office Procedures**

### **➤ Training of Staff as per the Annual Training Plan approved**

Being able to achieve the facts of performing organizational activities in a regular and efficient manner, providing better quality service to clients and to bring staff satisfaction to a higher level, by training both new and permanent staff according to the annual training plan approved by the Board of Trustees.

### **➤ New Performance Appraisal System**

As per the approval of the 869<sup>th</sup> Board of Trustees, the performance appraisal of all the officers of the staff was initiated from May 2019 according to the new performance appraisal system. Accordingly, from May 2019, the staff performance appraisal system with several measures was successfully implemented by conducting interviews according to the new system.

### **➤ Conducting Efficiency Bar Examinations and Language Proficiency Examinations for the Promotions of Staff**

Opportunities have been granted to the staff to sit for the 02 different level efficiency bar examinations and language proficiency examinations conducted by the Department of Technical Education and Training on 25.04.2019. 11 officers who faced these efficiency bar examinations have passed those examinations successfully. 11 out of 16 officers who sat for the 1<sup>st</sup> and 11<sup>nd</sup> grade efficiency bar examinations and 5 out of 6 officers who sat for the 1st level Tamil language proficiency exam have passed.

### **➤ Staff meetings**

By conducting regular staff meetings of the Heads of the Department on a monthly basis and by conducting meetings for the entire staff on quarterly basis, it could formally examine and resolve the grievances of the staff, reviewed and established new proposals and fulfilled improvement of the staff.



➤ **T-shirt issued by the Fund to the Staff**

Action has been taken to issue the T-shirt with the name and the logo of the Fund to the staff annually as the official uniform that should be worn by the staff when reporting to the office only on Fridays, in the year 2019.

### **3.5 Staff Loan**

No change was made in the system of corporate staff loans.

### **3.6 Land Deeds and Bonds**

At the time of initiations of the Fund; granting of loans on the surety of deeds of land was conducted. Since 1960, the Fund is responsible for 267 surety bonds taken in under this method. As this method of granting loans is no longer in operation, the Audit Committee has recommended to release the surety bonds according to the relevant office of District Land Registrar and complete the release by registering the cancellation of surety under the names mentioned in the bonds. Meeting of 831<sup>st</sup> Board of Trustees has approved to release the said bonds accordingly. Thus 191 bonds had been released as at 31.12.2016.

### **3.7 Meetings**

10 Meetings of Board of Trustees and 09 Staff Meetings had been conducted monthly in the year 2019. In addition, 03 quarterly meetings for the entire staff had been held. The important matters discussed in the staff meetings had been implemented with the approval of the Board of Trustees.

### **3.8 Audit and Management Committee**

Four Audit and Management Committee meetings had been conducted in the year 2019 as follows. Action had been taken to update the audit queries related documents and submitted for the consultation of the Board of Trustees.

Serial No	Date of Committee Held
1	07.05.2019
2	21.05.2019
3	11.07.2019
4	08.10.2019

## Future Plan

- ❖ Amend the terms of Lady Lochore Loan Fund Act in order to generate fund with the purpose of providing financial facilities to the private sector employees in future which is currently limited only to public sector employees.
- ❖ Convert the Fund to a service level lending institution and change its scope and activities in order to support the beneficiaries.



## INDEPENDENT AUDITOR'S REPORT

To the Members of Lady Lochore Loan Fund Report on the  
Audit of the Financial Statements

### **Opinion**

We have audited the financial statements of Lady Lochore Loan Fund, which comprise the statement of financial position as at December 31, 2019 and the statement of comprehensive income, statement of changes in equity and statement of each cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Fund as at December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS).

### **Basis for Opinion**

We conducted our audit in accordance with the Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

The charged with governance are responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole includes are free from material misstatement whether due to fraud error and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards committee website at:

<http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

**Chartered Accountants**

**Date : 27/08/2020**

**Colombo 02.**

**LADY LOCHORE LOAN FUND****STATEMENT OF COMPREHENSIVE INCOME DECEMBER 31, 2019**

	Note	31/12/2019 Rs.	31/12/2018 Rs.
Interest Income	5	108,730,354	98,727,034
Other Income	6	2,950,113	3,547,090
		111,680,467	102,274,124
<b><u>Operating Expenses</u></b>			
Personnel Salary Expenses	7	(31,550,905)	(31,139,837)
Premises, Equipment and Establishment Expenses	8	(20,648,233)	(20,870,099)
Fees and Commission	9	( 1,394,005)	(610,401)
		(53,593,143)	(52,620,337)
Surplus Before Taxation		58,087,324	49,653,787
Tax Expense	10	(15,940,799)	(11,548,464)
Surplus for the Year		42,146,525	38,105,323

The above Financial Position is to be read in conjunction with the accounting policies and notes to the financial statements which form an Integral part of these financial statements.

**LADY LOCHORE LOAN FUND**  
**STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2019**

	Note	31/12/2019 Rs.	31/12/2018 Rs.
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash & Short Term Assets	11	28,335,925	21,897,378
Loan and Advances	12	454,619,719	365,865,895
Inventory		252,330	236,796
Other Assets	13	1,818,761	3,840,074
		<b>485,026,735</b>	<b>391,840,143</b>
<b><u>Non Current Assets</u></b>			
Investment in Fixed Deposit	14	73,060,699	114,623,905
Property Plant & Equipment	15	85,183,310	91,305,486
Investment (Property)	16	27,238,094	28,228,570
		<b>185,482,103</b>	<b>234,157,961</b>
<b>Total Assets</b>		<b>670,508,838</b>	<b>625,998,104</b>
<b><u>Current Liabilities</u></b>			
Other Liabilities	17	11,660,192	11,914,584
Income Tax	18	7,284,797	5,212,534
		<b>18,944,989</b>	<b>17,127,118</b>
<b><u>Non Current Liabilities</u></b>			
Grant from Ministry of Finance	19	2,093,230	4,186,455
Retirement Benefit Obligation	20	17,295,208	14,669,757
		<b>19,388,438</b>	<b>18,856,212</b>
<b>Total Liabilities</b>		<b>38,333,427</b>	<b>35,983,329</b>
<b>Net Assets</b>		<b>632,175,411</b>	<b>590,014,775</b>
<b><u>Net Assets / Equity</u></b>			
Accumulated Fund		485,525,825	443,365,189
Revaluation Reserves		146,649,586	146,649,586
<b>Total Net Assets / Equity</b>		<b>632,175,411</b>	<b>590,014,775</b>

The above Financial Position is to be read in conjunction with the accounting policies and notes to the financial statements which form an Integral part of these financial statements.

I certify that the above Financial Statements have been prepared in compliance with relevant regulatory requirements.



.....  
**Accountant**

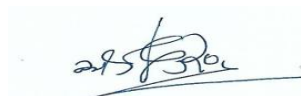
**The Board of Directors is responsible for the preparation and presentation of these Financial Statements.**

Approved and signed for and on behalf of the Board by



.....  
**President**

**Date : 10.09.2020**



.....  
**Managing Trustee**

**Date : 10.09.2020**

**LADY LOCHORE LOAN FUND****STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE YEAR ENDED  
DECEMBER 31, 2019**

	<b>Revaluation Reserves</b>	<b>Accumulated Surpluses Rs.</b>	<b>Total Net Asset Rs.</b>
Balance as at 31.12.2017	146,649,586	405,244,938	<b>551,894,524</b>
Prior Year Adjustments	-	14,928	<b>14,928</b>
Surplus for the Year	-	38,105,323	<b>38,105,323</b>
<b>Balance as at 31.12.2018</b>	<b>146,649,586</b>	<b>443,365,189</b>	<b>590,014,775</b>
Prior Year Adjustments	-	14,111	<b>14,111</b>
Surplus for the Year	-	42,146,525	<b>42,146,525</b>
<b>Balance as at 31.12.2019</b>	<b>146,649,586</b>	<b>485,525,825</b>	<b>632,175,411</b>

**LADY LOCHORE LOAN FUND**

**STATEMENT OF CASH FLOW AS AT DECEMBER 31, 2019**

	<b>2019</b> Rs.	<b>2018</b> Rs.
<b><u>Cash Flow from Operating Activities</u></b>		
Net Surplus for the Year	58,087,324	49,653,787
<b><u>Adjustments</u></b>		
Depreciations	8,200,315	8,308,649
Gratuity Provision	2,625,451	2,993,545
Prior Year Adjustments	14,111	14,928
Government Grant	(2,093,227)	(2,093,228)
Interest Income on Fix Deposits	(7,721,536)	(11,391,223)
Operating Surplus Before Changes in Operating Assets	<b>59,112,438</b>	<b>47,486,458</b>
<b><u>Cash Flow in Operating Activities</u></b>		
(Increase) / (Decrease) in Inventory	(15,534)	39,459
(Increase) / (Decrease) in Loan & Advances	(88,753,820)	(20,947,985)
(Decrease) / (Increase) in Other Assets	2,021,313	583,373
Increase in Other Liabilities	(254,392)	(1,133,335)
	<b>(87,002,433)</b>	<b>(21,458,488)</b>
<b>Net Cash Flow from Operating Activities</b>	<b>(27,889,995)</b>	<b>26,027,970</b>
Gratuity Paid	-	(638,254)
Tax Paid	(13,868,537)	(7,756,381)
	<b>(13,868,537)</b>	<b>(8,394,634)</b>
<b>Net Cash Flow Generated / (Used in) Operating Activities</b>	<b>(41,758,532)</b>	<b>17,633,336</b>
<b><u>Cash Flow from Investing Activities</u></b>		
Acquisition of Property, Plant & Equipment	(1,087,663)	(937,347)
(Increase) / (Decrease) in Investments	41,563,206	(20,637,094)
Interest received	7,721,536	11,391,223
<b>Net Cash Flow Generated from Investing Activities</b>	<b>48,197,079</b>	<b>(10,183,219)</b>
<b><u>Cash Flow from Financing Activities</u></b>	-	-
Net (Increase/Decrease) in Cash & Cash Equivalents	6,438,547	7,450,116
Cash & Cash Equivalents at the Beginning of the Year	21,897,378	14,447,262
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>28,335,925</b>	<b>21,897,378</b>
<b><u>Analysis of the Cash and Cash Equivalents shown in Balance Sheet</u></b>		
Cash at Bank	28,315,925	21,877,378
Bank Overdraft	-	-
Cash in Hand	20,000	20,000
	<b>28,335,925</b>	<b>21,897,378</b>

**Principal Accounting Policies**

**01. General Information**

The Lady Lochore Loan Fund is established by Lady Lochore Loan Fund (Board of Trustees) Act No 38 of 1951 (Revised 1956) and the fund is domiciled in Sri Lanka. The registered office of the Fund is located at 100, 3/2, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

**1.1 Statement of Compliance**

The Financial Statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS).

**1.2 Responsibility of Financial Statements**

The board of Trustees is responsible for the preparation and presentation of the Financial Statements.

**1.3 Basis of Preparation**

The Financial Statement of the Fund presented in Sri Lanka Rupees, have been prepared on a historical cost basis.

**1.4 Events occurring after the Balance Sheet Date**

All material post Balance Sheet events have been considered and where appropriate adjustments to or disclosures have been made in the respective Notes to the Financial Statements.

**1.5 Taxes**

**Current tax**

The provision for income tax is based on the elements of the income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue (Amendment) Act No 24 of 2017.

**1.6 Comparative Information**

The accounting policies applied by the Loan Fund are unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged where necessary, to confirm to the current year's presentation.

**02. ASSETS AND BASES OF THEIR VALUATION**

**2.1 Provision for Loan Losses**

Provision for Bad and Doubtful Loans are made on the basis of a review made by the Trustees. Loans from customers are stated at the outstanding carried forward balances less provision made as at the end of the Reporting period.

**2.2 Fixed Deposits**

Fixed deposits and other interest bearing securities held for resale in the near future to benefit from short term market movement are accounted for at cost plus the relevant proportion of the discount or premium.

### **2.3 Property, Plant & Equipment**

Property Plant & Equipment is stated at cost of purchase together with any incidental expenses thereon. The assets are stated at cost less accumulated depreciation, which is provided for on the basis specified below.

Building	4%
Furniture and Fittings	10%
Computer Equipment	25%
Office Equipment	10%
Electrical Fixtures and Fittings	10%
Motor Vehicle	25%

From the year 2008/09, the Loan Fund has changed its accounting policy to provide depreciation from the month of purchase to the month of disposal.

Up to the year 2007/08, depreciation was not provided on the assets purchased and used during the year also no depreciation was provided in the year of disposal.

#### **Other Receivables**

Other receivables are stated at the amounts they are estimated to realize.

### **2.4 Cash & Cash Equivalents**

Cash and Cash Equivalents are defined as cash in hand and demand deposit and short term liquid investment readily convertible to identified amounts of cash and subject to insignificant risks of changes in value. The cash Flow Statement has been prepared using the indirect Method.

## **03. LIABILITIES AND PROVISIONS**

All known liabilities have been provided in preparing the financial Statements.

### **3.1 Capital Commitments**

Capital commitments of the Loan Fund are disclosed in the respective notes to the Financial Statements.

### **3.2 Pensions and Retirement Benefits**

A provision has been made for Retiring Gratuity Payable under the payment of Gratuity Act No.12 of 1983. This provision has been computed in accordance with the gratuity formula adopted by the board of Trustees.

### **3.3 Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund**

All employees are eligible for Lady Lochore staff provident Fund contributions and Employees’ Trust Fund contributions in line with respective statutes and regulations. The loan Fund contributes 16% of gross emoluments of employees to Lady Lochore staff provident Fund and 3% of gross emoluments of employees to the Employees’ Trust Fund which are externally funded.



## **04. INCOME STATEMENT**

### **4.1 Revenue Recognition**

#### **4.1.1 Interest Income**

Interest Income recognized on an accrual basis. The Fund considers Loans granted to Government employees from whom recoveries have ceased for 03 months as “Non Performing Loans”. Thereafter the interest is recognized on such loans on cash basis.

#### **4.1.2 Rental Income**

Rent income is recognized on an accrual basis.

#### **4.1.3 Expenditure Recognition**

All expenditure incurred in the running of the Loan Fund and in maintaining the capital assets in a state of efficiency have been charge to revenue in arriving at the profit for the year.

All expenditure incurred in the acquisition, extension or improvement of assets of a permanent nature in order to carry on or increase the earning capacity of the Loan Fund has been treated as capital expenditure.

**LADY LOCHORE LOAN FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2019**

	<b>31/12/2019 Rs.</b>	<b>31/12/2018 Rs.</b>
<b>5 <u>Revenue</u></b>		
Interest on & Firms & Corporations	<b>83,768,339</b>	<b>70,072,948</b>
Rent Income	<b>16,518,177</b>	<b>16,592,790</b>
Interest Income on Fixed Deposit	<b>7,721,536</b>	<b>11,391,223</b>
Interest Income - 11.50%	<b>393,861</b>	<b>386,221</b>
Interest on New Staff Loan	<b>245,857</b>	<b>227,246</b>
Interest Income – 11.5%	<b>77,443</b>	<b>53,340</b>
Interest on Special Advance	<b>4,110</b>	<b>2,496</b>
Interest on Cycle Loan	<b>1,031</b>	<b>771</b>
	<b>108,730,354</b>	<b>98,727,034</b>
<b>6 <u>Other Income</u></b>		
Grant from Ministry of Finance	<b>2,093,228</b>	<b>2,093,228</b>
Special Income	<b>110,320</b>	<b>931,631</b>
Income received from Application	<b>446,700</b>	<b>444,450</b>
Other Income	<b>299,866</b>	<b>77,780</b>
	<b>2,950,113</b>	<b>3,547,090</b>
<b>7 <u>Personnel Cost</u></b>		
Salaries	<b>16,816,527</b>	<b>14,546,052</b>
Allowances for Staff	<b>4,529,180</b>	<b>6,047,654</b>
Staff Provident Fund Board Share	<b>3,338,666</b>	<b>3,019,279</b>
Gratuity	<b>2,625,451</b>	<b>2,993,545</b>
Allowances - Managing Trustee	<b>1,160,221</b>	<b>1,278,417</b>
Annual Bonus	<b>680,625</b>	<b>594,422</b>
Employee Trust Fund Board Share	<b>625,381</b>	<b>556,613</b>
Special Allowance	<b>404,129</b>	<b>668,339</b>
Employee Trust Fund Board Share	<b>385,898</b>	<b>510,824</b>
Chairman Allowance	<b>374,356</b>	<b>324,284</b>
Fuel Allowances - Managing Trustee	<b>250,580</b>	<b>273,870</b>
Overtime	<b>220,353</b>	<b>206,673</b>
Audit Committee	<b>101,920</b>	<b>87,320</b>
Uniforms	<b>32,000</b>	<b>32,000</b>
Salary Arrears	<b>5,618</b>	<b>545</b>
	<b>31,550,905</b>	<b>31,139,837</b>

**LADY LOCHORE LOAN FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2019**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>8 <u>Premises, Equipment and Establishment Expenses</u></b>		
Depreciation	8,200,313	8,308,650
Building Maintenance	2,167,483	2,347,106
Print, Stat. & Office Requires	2,147,338	2,035,809
Municipal Rates	1,897,728	1,894,342
Security	1,798,841	1,617,047
Electricity	1,043,803	1,059,625
Office Computers Maintenance	538,110	547,365
Fuel & Motor Vehicle Charges	519,536	352,840
Staff Training	427,464	306,500
Telephone	357,409	389,515
Office Equipment Maintenance	338,227	208,453
Postage & Telegrams	281,043	194,011
Lift Maintenance	248,639	554,245
Vehicle Insurance	238,708	238,575
Water	186,819	137,907
Stamp Duty	74,950	69,600
Building Insurance	74,618	140,797
Advertisement	60,760	121,050
News Paper & Periodicals	21,044	20,984
Donation	18,000	16,500
Crown Land Tax	5,000	5,000
Transportation	2,400	3,266
Staff Welfare	-	245,000
Maintenance – Water Pumps	-	19,000
Inspection Charges	-	36,915
	<b>20,648,233</b>	<b>20,870,099</b>
<b>9 <u>Fees and Commission</u></b>		
Professional Fees	468,350	14,750
Nation Building Tax	301,946	331,856
Audit Fees	75,000	120,997
Bank Charges	124,626	117,948
Legal Fees	252,768	18,850
Financial Expense	19,521	6,000
Provision for loan losses	151,794	-
	<b>1,394,005</b>	<b>610,401</b>

**LADY LOCHORE LOAN FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2019**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>10 <u>Tax Expenses</u></b>		
<i>Adjusted Profit from Business Income on Finance Service</i>		
Surplus before Tax	58,087,324	49,653,787
Exempted Profit	-	(12,413,447)
Other Income	(26,994,124)	(23,821,211)
Aggregate Expenses disallowed for Tax	15,161,743	11,670,107
Aggregate Deductible Expenses for Tax	(670,635)	(1,236,557)
Adjusted Profit from Business Income on Finance Service	45,584,308	23,852,679
<i>Adjusted Profit from Interest Effectively Connected with Business (Sec. 6 (2)(g))</i>		
Interest Income - FD	7,721,536	11,391,223
<u>Investment Income</u>		
Rent Income	12,452,966	12,351,342
<i>Other Income</i>		
Interest on New Staff Loan	245,857	227,246
Interest on Special Advance	4,110	2,496
Interest on Cycle Loan	1,030	771
Received from Application	-	444,450
Sundry Income	299,866	77,780
Special Income	110,320	931,631
<b>Total Taxable Income</b>	<b>66,419,994</b>	<b>49,279,618</b>
Income Tax Expense @ 24 %	15,940,799	11,827,108
	<b>15,940,799</b>	<b>11,827,108</b>

# LADY LOCHORE LOAN FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	31/12/2019 Rs.	31/12/2018 Rs.
<b>11. <u>Cash &amp; Short Term Funds</u></b>			
Peoples Bank A/c No - 204100 1600 85389		26,458,932	17,666,480
Peoples Bank A/c No - 204100 2500 85389		471,226	1,110,489
Peoples Bank A/c No - 204100 1800 85388		1,385,767	3,100,408
Cash in Hand		20,000	20,000
		<b>28,335,925</b>	<b>21,897,378</b>
<b>12. <u>Loan &amp; Advances</u></b>			
Loans to Employees of Government Institutions	12.1	445,058,258	358,294,109
Staff Loans and Advances	12.2	9,561,461	7,571,786
		<b>454,619,719</b>	<b>365,865,895</b>
<b>12.1 <u>Loans to Employees of Government Institutions</u></b>			
Government Corporations & Firms			
Performing Loans		437,498,482	350,220,846
Non Performing Loans		8,077,402	8,311,584
		<b>445,575,884</b>	<b>358,532,430</b>
Interest in Suspense - Non Performing Interest		(394,829)	(231,038)
Interest in Suspense - Performing			
Provision of Loan Loss		(122,797)	(7,284)
		<b>445,058,258</b>	<b>358,294,109</b>
<b>12.2 <u>Staff Loans and Advances</u></b>			
Staff Loans - 10 Month		5,561,449	4,250,756
Staff Loans - 11.5%		3,974,949	2,573,532
Cycles Loans		17,063	30,063
Festival Advance		8,000	11,750
Staff Loans – 11.5%		-	705,685
		<b>9,561,461</b>	<b>7,571,786</b>
<b>13. <u>Other Assets</u></b>			
Receivable Advanced		-	2,645,575
Building Rent Receivable		1,818,761	1,190,438
Other Receivables		-	4,062
		<b>1,818,761</b>	<b>3,840,074</b>
<b>14. <u>Investment in Fixed Deposit</u></b>			
Fixed Deposit		70,996,597	108,336,612
Interest on Fixed Deposit		2,064,102	6,287,294
		<b>73,060,699</b>	<b>114,623,905</b>

**LADY LOCHORE LOAN FUND**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>15</b>	<b>Property, Plant &amp; Equipment</b>	<b>Balance as at</b>	<b>Adjustments</b>	<b>Removals</b>	<b>Balance as at</b>
	<b>Cost / Valuation</b>	<b>31.12.2019</b>	<b>during the</b>	<b>during the Year</b>	<b>31.12.2019</b>
		<b>Rs.</b>	<b>Year</b>	<b>Rs.</b>	<b>Rs.</b>
			<b>Rs.</b>		
	<b>Free Hold</b>				
	Land - Leased Hold	98,000,000	-	-	98,000,000
	Building	10,400,000	-	-	10,400,000
	Motor Vehicles	16,008,750	-	-	16,008,750
	Electrical Fixture & Fittings	3,379,294	304,646	(1,300)	3,682,639
	Computer Equipment	4,696,336	517,414	(4,950)	5,208,800
	Furniture & Fittings	1,348,004	77,760	(35,422)	1,390,342
	Office Equipment	1,817,676	187,843	(17,752)	1,987,767
		<b>135,650,059</b>	<b>1,087,663</b>	<b>(59,424)</b>	<b>136,678,298</b>
	<b>Accumulated Depreciation</b>	<b>Balance as</b>	<b>Charges for</b>	<b>Removals</b>	<b>Balance as at</b>
		<b>at</b>	<b>the Year</b>	<b>during the</b>	<b>31.12.2019</b>
		<b>31.12.2019</b>	<b>Rs.</b>	<b>Year</b>	<b>Rs.</b>
		<b>Rs.</b>		<b>Rs.</b>	
	<b>Free Hold</b>				
	Land	16,333,333	2,333,334	-	18,666,667
	Building	7,676,189	247,619	-	7,923,808
	Motor Vehicles	11,928,781	4,002,188	-	15,930,969
	Electrical Fixture & Fittings	3,231,786	140,652	(1,300)	3,371,138
	Computer Equipment	3,393,808	338,575	(4,950)	3,727,433
	Furniture & Fittings	707,103	102,023	(35,422)	773,704
	Office Equipment	1,073,573	45,448	(17,752)	1,101,269
		<b>44,344,574</b>	<b>7,209,838</b>	<b>(59,424)</b>	<b>51,494,988</b>
	<b>Written Down Value</b>	<b>91,305,486</b>			<b>85,183,310</b>
<b>16</b>	<b>Investment Property</b>	<b>Balance as at</b>	<b>Adjustments</b>	<b>Balance as at</b>	
	<b>Cost / Valuation</b>	<b>31.12.2019</b>	<b>during the</b>	<b>31.12.2019</b>	
		<b>Rs.</b>	<b>Year</b>	<b>Rs.</b>	
			<b>Rs.</b>		
	Investment Property	41,600,000	-	<b>41,600,000</b>	
		41,600,000	-	<b>41,600,000</b>	
	<b>Accumulated Depreciation</b>	<b>Balance as at</b>	<b>Charges for the</b>	<b>Balance as at</b>	
		<b>31.12.2019</b>	<b>Year</b>	<b>31.12.2019</b>	
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
	Investment Property	13,371,430	990,476	<b>14,361,906</b>	
		13,371,430	990,476	<b>14,361,906</b>	
	<b>Written Down Value</b>	<b>28,228,570</b>		<b>27,238,094</b>	

**LADY LOCHORE LOAN FUND**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

17	<b><u>Other Liabilities</u></b>			
	Building Rent Deposit	17.1	8,183,895	8,303,895
	Accrued Expenses	17.2	1,295,252	2,019,363
	Over Recoveries on Loans to Government Employees Creditors		1,707,891	1,201,576
	Other Deposit – Security		373,154	289,750
			100,000	100,000
			<b>11,660,192</b>	<b>11,914,584</b>
17.1	<b><u>Building Rent Deposit</u></b>			
	National Savings Bank		3,150,000	3,150,000
	Ceylon Electricity Board		2,400,000	2,250,000
	Ceylon Electricity Board – IT Division		1,402,500	1,402,500
	Co-operative Employees Commission		1,231,395	1,231,395
	A. J. S. Associates		-	270,000
			<b>8,183,895</b>	<b>8,303,895</b>
17.2	<b><u>Accrued Expenses</u></b>			
	Building Maintenance		614,341	1,265,666
	Security Charges		145,880	147,737
	Professional Charges		99,513	-
	Electricity		88,624	81,826
	Audit Fees		75,000	70,000
	Building Insurance		74,618	70,399
	Value Added Tax		51,405	69,302
	Printing & Stationary		46,592	218,467
	Annual Bonus Allowances		37,813	3,750
	Telephone		26,574	29,061
	Stamp Duty		17,975	18,625
	Special Allowances		8,297	2,294
	Water		7,913	8,005
	Salary		707	-
	Nations Building Tax		-	27,680
	Allowances - Managing Trustee		-	6,551
			<b>1,295,252</b>	<b>2,019,363</b>
18	<b><u>Income Tax Payable</u></b>			
	Balance at the Beginning of the Year		5,212,534	1,420,451
	Allocation for the Year		15,940,799	11,827,108
	Tax paid		(11,872,791)	(6,448,294)
	Withholding Tax		(1,995,746)	(1,308,087)
	Last Year Over Provision		-	(278,644)
	Balance at the End of the Year		<b>7,284,797</b>	<b>5,212,534</b>
19	<b><u>Grant from Ministry of Finance</u></b>			
	Balance at the Beginning of the Year		4,186,455	6,279,684
	Transactions during the Year		(2,093,229)	(2,093,229)
	Balance as at End of the Year		<b>2,093,230</b>	<b>4,186,455</b>
20	<b><u>Retirement Benefit Obligation</u></b>			
	Balance at the Beginning of the Year		14,669,757	12,314,465
	Provisions during the Year		2,625,451	2,993,545
	Payments during the Year		-	(638,254)
	Balance at the End of the Year		<b>17,295,208</b>	<b>14,669,757</b>



