Contents

Corporate Information

Name of the Company	-	BCC Lanka Limited
Company Registration No	-	PB 221
Registered Office	-	Hulsdorp Mills No-21 Meeraniya Street Colombo-12
Business Address	-	Hulsdorp Mills No-21 Meeraniya Street Colombo-12 Phone- 011-2422111-5 Email-bccl@asianet.lk

Details of Board of Directors 2011 to 2014

Name of the Directors	Date of Appointment	Date of Resignation
Brigadier Leslie Maithreepala Tennakoon	01/07/2011	
Siddihalu Wickramahewa Chandi Jayamini	28/09/2011	05/09/2012
Kiriwaththuduwage Don Susantha Ranjana Perera	05/09/2012	

Secretaries (Appointed Date)	- S S P'Corporate Services(private) limited - No-101, Inner Flower Road, Colombo -03
Auditors	- M/s Cater De Costa & Co Chartered Accounts

BCC Lanka Ltd
Chairman's Review
(For Financial Year ended on 31st March 2014)

Chairman's Statement

I am pleased to report another year of good performance and progress for BCC Lanka Ltd in which we have delivered improved business profit and cash flow generation while effectively managing our costs and cash flows.

Some of the productions were impacted during the year by shutdowns and delays due to the shifting of machinery to new factory at EPZ Wathupitiwala. Despite these setbacks, I am pleased to state that BCC Lanka Ltd has made a satisfactory progress by making a considerable profit for this financial year.

I would like to thank for all the support and guidance received from the Hon. Minister, Secretary and all the staff of the Ministry of State Resources and Enterprises Development. I would also like to thank each and every one of our executive staff and all other employees whose commitments, hard work and efforts made to make 2013 yet another successful year for the BCC Lanka Ltd.

We will continue to do the right thing and take a long term view of our obligations to our customers and the communities in which we operate.

With warm regards,

Brig (Eng) L M Tennakoon
Competent Authority
BCC LANKA LIMITED

B C C LANKA LIMITED – PB 221

Annual Report of the Board of Directors
On the Affairs of the Company

The Board of Directors of B C C Lanka Limited are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2014. The financial statements have been prepared according to the Sri Lanka Accounting Standards.

Results for the year

The Operating Profit during the financial year amounted to LKR 19.69 Mn. The Financial expenses incurred by the Company during the financial year under review was LKR 23.15 Mn. The Company has reported a Net Profit of LKR 1.89 Mn.

Stated Capital

The Stated Capital of the Company is LKR 100,000,000/- and 100% of the shareholding amounting to 10,000,000 ordinary shares of the Company are being held by the Secretary to the Treasury to the Government of Sri Lanka.

Board of Directors

The Board of Directors of BCC Lanka Limited as at 31 March 2014 were as follows;

- Brig. L M Tennakoon - Chairman
- Mr. K D S R Perera - Director

Directors' Interests in Contracts

Directors have complied with the provisions of Section 192 of the Companies Act No.07 of 2007.

Auditors

M/s Carter De Costa & Co.,. Chartered Accountants who have audited the Financial Statements of the Company for the year ended 31st March 2014 have expressed their willingness to continue in office and are being proposed for re-appointment at the forthcoming AGM.

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Cont'd.....2

Company Secretaries

S S P Corporate Services (Private) Limited was appointed as Secretaries effective from 01st October 2013.

Registered Office

The registered office of the Company is at Hulftsdorp Mills, Colombo 12.

BY ORDER OF THE BOARD OF DIRECTORS OF
B C C LANKA LIMITED
S S P CORPORATE SERVICES (PRIVATE) LIMITED
SECRETARIES

....	....	....
Brig. Mr. L M Tennakoon Chairman	Mr. K D S R Perera Director	S S P Corporate Services (Private) Limited Secretaries

21st October 2014

A:/d-rep-14

BCC LANKA LIMITED

The main production facilities of BCC Lanka Ltd. comprises a Soap Factory, Coconut Oil Refinery and a Drum Plant. A brief description of products manufactured by these plants are given below.

1. Soap Factory

The Soap Factory produces laundry soap, toilet soap and disinfectants and detergents. The products with their brand names are given below.

(1) Toilet Soap - Sandalwood
Suvendra Floral
Suvendra Herbal
Health Joy

(2) Laundry Soap - Sovereign Bar
Sno-wite

(3) Disinfectants - Pynol
Toilet Bowl Cleaner

(4) Detergents - Dish Wash Liquid
Dish Wash Powder
Hand Wash

(5) Air Fresheners

Refinery Products

The refinery produces Coconut Oil under the brand names of White Coconut Oil and Cooks Joy. These products are marketed in following Container.

Cooks Joy - 500 ml, 01 ltr, 05 ltr, 20 ltr

White Oil - 500 ml, 01 ltr, 05 ltr, 20 ltr

Drum Plant

The drum Plant has been manufacturing drums mainly for Ceylon Petroleum Corporation to pack bitumen (Asphalt). These Steel Drums can be manufactured in the capacitates of 200 ltr and 210 ltr Currently CPC imports the bitumen (Asphalt) with the drums. The Drum Plant is very old and need modification and repairs to produce drums to suit the specifications such as triple seaming etc. needed by the clients.

CARTER DE COSTA & CO.
CHARTERED ACCOUNTANTS

No. 18-1/7, State Bank of India Bldg.,
Sir Baron Jayathilaka Mawatha,
P.O. Box 232,
Colombo 01.

Tel: 94-11-2324513/2422526
Fax: 94-11-2472552.
E-Mail: carter@sltnet.lk.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of BCC Lanka Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of BCC Lanka Limited, which comprise the Statement of Financial Position as at 31st March 2014, and the related Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory notes.

Management's Responsibility for Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting standards (SLFRS and LKAS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting polices; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

1. Under a cabinet decision made by reference no PE/COM/78/CM/2011 dated 08th March 2011. 4 acre block of land will be utilized by UDA for a suitable investment and out of the funds raised UDA shall pay Rs.300 million to BCC Lanka Limited to be used for restructuring and resurrecting the company. Also the dues to Bank of Ceylon and other statutory creditors to be settled by UDA. If there is any balance funds, it should be given to the State Resource Management Company. BCC Lanka Limited to be shifted to an identified location in the Coconut Triangle. After the restructure program is carried out, the balance 8 acres also to be developed by UDA and funds generated by the investment should be given to the State Resources & Management Co. It will be utilized as a capital for enterprise development and their investment work. If there is further balance of money, it should be credited to the government treasury.

2. Investment Property of the company is not classified as a separate item in the Statement of Financial Position required under LKAS 40. A large extent of company property comprises rented out warehouses and oil storage tanks that generate rental income.

3. As per LKAS 36 impairment of Goodwill should be charged to the Income Statement. But, the impairment of Goodwill had been charged to Other Comprehensive Income.

4. Confirmations were not received with regards to following balances:

Trade Debtors	-	14,976,579
Trade Creditors	-	17,651,445

5. Following statutory creditors remain outstanding as at balance sheet date. These include items incurred prior to the year 2008. Statutory debts incurred after 2007 have been settled by the company.

Turnover Tax	141,280
Defense Levy	1,079,762
Goods and Services Tax	1,279,509
Rates and Taxes	21,768,670

6. Retirement Gratuity under employee benefits has not been actuarially valued as required under LKAS 19.

In our opinion, except for the effect on the Financial Statements, if any, that might have been determined to be necessary in respect of the matters referred to in the preceding paragraphs (1) to (6) above, so far as appears from our examination, the company maintained proper accounting records for the year ended 31st March, 2014 and to the best of our information and according to the explanations given to us, the said Financial Statements, which are in agreement with the said books have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the Companies Act no.7 of 2007 and give a true and fair view of the company's state of affairs as at 31st March, 2014.

Directors' Interest in Contracts with the Company

According to the information made available to us, the directors and the senior management of the company do not have any direct or indirect interest in the contracts of the company.

Carter De Costa & Co.
Chartered Accountants
21.10.2014

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Statement of Comprehensive Income
For the year ended 31st March 2014

	Notes	*2014* *Rs. Cts.*	*2013* *Rs.*
Revenue	1	127,803,236.60	131,447,564
Cost of Sales	2	(80,682,943.40)	(76,816,529)
Gross profit		**47,120,293.20**	**54,631,035**
Administration Expenses	4	(31,897,831.27)	(29,343,951)
Distribution Expenses	5	(21,553,109.03)	(3,929,648)
Other Income	3	26,024,223.72	772,189
Operating profit		**19,693,576.62**	**22,129,625**
Finance Income	6.1	5,358,281.22	4,963,680
Finance Cost	6.2	(23,155,626.97)	(25,457,982)
Finance Cost Net		*(17,797,345.75)*	*(20,494,302)*
Profit before income tax		**1,896,230.87**	**1,635,323**
Income Tax		-	-
Profit for the year		**1,896,230.87**	**1,635,323**
Other Comprehensive income			
Gain on Land Revaluation		8,193,775,600.00	-
Impairment of Goodwill		(252,001,153.00)	-
Gain on AFS share investment		(173,000.00)	101,000
Total Comprehensive income		7,943,497,677.87	1,736,323

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Statement of Financial Position
As at 31 March 2014

	Note	2014 Rs. Cts.	2013 Rs.
ASSETS			
NON CURRENT ASSETS			
Property Plant & Equipment	8	8,204,440,162.41	10,424,951
Work In Progress		507,492.48	-
		8,204,947,654.89	**10,424,951**
Intangible Assets	9	-	252,001,153
Investment	10	157,000.00	330,000
Deferred expenditures		-	2,274,528
		157,000.00	**254,605,681**
		8,205,104,654.89	**265,030,631**
CURRENT ASSETS			
Inventories	11	26,675,351.55	21,277,135
Trade & Other Receivables	12	38,048,372.05	52,941,579
Investment in Fixed Deposit	13.1	56,418,645.54	41,029,105
Cash in Hand & Balances at Bank	13.2	4,557,905.48	7,226,245
		125,700,274.62	**122,474,063**
TOTAL ASSETS		**8,330,804,929.51**	**387,504,695**
EQUITY AND LIABILITIES			
Stated Capital	14	100,000,000.00	100,000,000
Revaluation Reserve		8,193,775,600.00	-
Retained Earnings		(469,532,913.09)	(219,254,990)
		7,824,242,686.91	**(119,254,990)**
NON CURRENT LIABILITIES			
Retirement Benefit Obligation	15	2,952,957.75	2,503,168
Interest Bearing Loans & Borrowings	16.1	416,805,290.66	393,728,369
		419,758,248.41	**396,231,537**
CURRENT LIABILITIES			
Interest Bearing Loans & Borrowings	16.2	-	1,142,116
Trade & Other Payables	17	86,803,994.19	109,386,033
		86,803,994.19	**110,528,149**
TOTAL EQUITY & LIABILITIES		**8,330,804,929.51**	**387,504,695**

We Certify that the Financial Statements have been prepared in compliance with the requirements of the Company's Act no 7 of 2007.

The significant Accounting Policies & Notes from 09 to 29 from an integral part of these Financial Statements.

The Board of Directors is responsible for the preparation & presentation of these Financial Statements.
Signed for & on behalf of the Board.

Chairman
21st October 2014,Colombo

Director

Accountant

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Statement of Changes in Equity
For the year ended 31st March 2014

	Stated Capital	Revaluation Reserve	Accumulated Profit/ (Loss)	Total
Balance as at 01st April 2012	100,000,000.00	-	(220,991,313.97)	(120,991,313.97)
Net Profit For the Year	-	-	1,736,323.01	1,736,323.01
Balance as at 31st March 2013	**100,000,000.00**	**-**	**(219,254,990.96)**	**(119,254,990.96)**
Balance as at 01st April 2013	100,000,000.00	-	(219,254,990.96)	(119,254,990.96)
Net Profit For the Year	-	-	1,896,230.87	1,896,230.87
OCI Components	-	-	(252,174,153.00)	(252,174,153.00)
Revaluation of Land	-	8,193,775,600.00	-	8,193,775,600.00
Balance as at 01st April 2014	**100,000,000.00**	**8,193,775,600.00**	**(469,532,913.09)**	**7,824,242,686.91**

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC LANKA LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2014

	2013/ 2014 Rs. Cts.	2013 / 2012 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Taxation	(250,277,923.09)	1,736,323
ADJUSTMENTS FOR :		
Gratuity Provision	646,058.62	741,208
Lease Interest	44,348.33	316,774
Depreciation	1,268,619.85	4,030,938
FD Interest	(5,358,281.22)	(4,963,680)
Impairment	252,174,153.00	(101,000)
Discount	1,476,265.65	741,738
Loan Interest	23,076,922.04	25,095,678
Write off Creditors	(22,525,959.73)	-
Disposal Assets	(3,108,153.86)	-
Investment in Fixed Deposit	2,274,527.66	-
Bad & Doubtful debts	15,660,153.84	-
Operating Profit / (Loss) Before Working Capital Changes	**15,350,731.09**	**27,597,978**
Operating Profit Before Working Capital Changes		
(Increase) / Decrease in Prepayments & Receivables	14,861,947.32	(4,300,791)
Increase / (Decrease)Other Payable	(22,582,039.06)	(943,296)
Decrease/ (Increase) Inventory	(5,398,216.90)	(6,307,726)
(Increase) / Decrease in Loan & Advances	-	
	(13,118,308.64)	(11,551,813)
Gratuity Paid	(196,268.75)	(319,620)
Interest Received	5,389,541.03	4,565,225
Net Cash Flows from Operating Activities	**7,425,694.73**	**20,291,771**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,508,231.57)	(1,669,405)
Disposal of Fixed Assets	3,108,153.86	-
Investment on Fixed Deposits	(10,000,000.00)	(14,564,088)
Deferred Expenditures	-	(2,274,528)
Work In Progress	(507,492.48)	-
Net Cash Flow from Investing Activities	**(8,907,570.19)**	**(18,508,021)**
Cash Flow from Financing Activities		
Lease Installments Paid	(1,142,115.68)	(1,111,793)
Interest paid	(44,348.33)	(362,304)
Net Cash used in Financing Activities	**(1,186,464.01)**	**(1,474,097)**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(2,668,339.47)**	**309,652**
Cash & Cash Equivalents at the Beginning of the Year		
Cash at Bank	7,078,584.34	6,769,293
Cash at Hand	147,660.61	147,299
Cash & Cash Equivalents at the Beginning of the Year	7,226,244.95	6,916,592
Cash & Cash Equivalents at the End of the Year	**4,557,905.48**	**7,226,245**
Analysis of Cash & Cash Equivalents at the End of the Year		
Cash at Bank/Cash	4,557,905.48	7,226,245
	4,557,905.48	**7,226,245**

The principal accounting policies adopted in the preparation of these financial statements are set out below :

1. Corporate Information

1.1 Domicile and Legal Forms

BCC Lanka Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business is situated at Hultsdorf Mills, Meeraniya Street, Colombo 12.

1.2 Principal Activities and Nature of Operations

The Principal activities of the Company during the year under review include.

- Trading of coconut oil.
- Manufacturing and trading of toilet soap, washing soap, detergent and toilet requisites.
- Fabricating drums and trading of asphalt.

2. General Accounting Policies

2.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Changes in Equity and Cash Flows, together with accounting policies and notes, ("Financial Statements") of the Company as at 31st March 2014 and for the year then ended, comply with the Sri Lanka Accounting Standards other than the followings :

- LKAS 40 requires Investment property to be separately classified under Property Plant and Equipment.
- LKAS 39 requires fair value presentation of Financial assets comprising debtors and creditors.
- LKAS 19 requires employee retirement benefit obligations to be actuarial valued.

2.2 Basis of Preparation

The financial statements, presented in Sri Lankan rupees, have been prepared on an accrual basis and under the historical cost convention unless stated otherwise.

2.3 Comparative Information

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

2.4 Events occurring after the date of Statement of Financial Position

All material events have been considered and appropriate adjustments or disclosures have been made in these financial statements.

3. **Assets and Bases of Their Valuation**

3.1 **Property, Plant & Equipment**

Property, Plant & Equipment are stated at cost less accumulated depreciation. The cost of Property, Plant & Equipment is their purchase cost or construction cost together with any incidental expenses of acquisition.

Depreciation is provided on the cost of Property, Plant & Equipment on straight line basis over the expected useful life of the assets concerned.

Building	5%
Furniture & Fittings	25%
Plant & Machinery	10%
Motor Vehicles	25%
Tools & Equipment	25%
Office Equipment	25%

The Company does not provide depreciation for non-current assets in the purchased year and in the year of disposal depreciation is charged fully.

3.2 **Investments**

Investments are of a long - term nature and are stated at Fair Value through Profit Loss.

3.4 **Inventories**

Inventories are stated at cost or net realizable value whichever is lower. Company adopts the first in first out basis for valuation of inventory. Defective inventory whereas significant amount included in the inventory consist of obsolete items which need a provision.

3.5 **Trade and Other Receivables**

Trade receivable are stated at the amounts they are estimated to realized net of provisions for bad and doubtful receivables.

3.6 **Cash and Cash Equivalents**

Cash and Cash Equivalents comprise cash at bank and in hand. Bank overdrafts that are repayable on demand and form an integral part of the company's Cash Management are included as a component of cash & cash equivalents for the purpose of the statement of cash flows.

4. **Liabilities & Provisions**

4.1 **Trade & Other Payables**

Trade and other payables are stated at their cost.

4.2 **Capital Commitments & Contingencies**

Capital expenditure commitments and contingent liabilities as at the date of the Statement of Financial Position have been disclosed in the respective notes to the financial statements.

4.3 Retirement Benefit Cost

4.3.1 Defined Benefit Plan - Gratuity

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the payment of Gratuity Act. No. 12 of 1983. In order to meet this liability a provision is carried forward in the Statement of Financial Position equivalent to an amount calculated based on a half months salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting differences between brought forward provision at the beginning of a year and the carried forward provision at the end of a year dealt within the income statement. The Gratuity liability is not funded nor actuarially valued. This item is grouped under retirement benefit obligations in the Statement of Financial Position.

4.3.2 Defined Contribution Plan - Employees' Provident Fund and Employees' Trust Fund

All executive staff and the office staff are members of BCC Staff Provident Fund and other employees who are eligible for Employees Provident Fund and Employees Trust fund to which the Company contributes 15% and 3% respectively of such employees' gross emoluments.

Obligations for contributions to provident and trust funds covering all employees are recognized as an expenses in profit or loss when incurred.

4.3.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

5. Income Statement

5.1 Revenue

The turnover of the Company represents the invoiced value of goods net of trade discounts and sales returns.

5.2 Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

5.3 Expenditure Recognition

Expenditure incurred in the running of the business and in maintaining the capital assets in state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

For the purpose of presentation of the Income Statement, the Directors are of the view that the function of expense method fairly presents the elements of the company's performance; hence such presentation method is adopted.

6. Capital Commitments

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business, or for the purpose of increasing the earning capacity of the business, has been treated as capital expenditure.

7. **Borrowing Cost**
Borrowing Cost is recognized as an expense in the period in which they are incurred, unless they are incurred in respect of Qualifying Assets in which case it is capitalized.

8. **Cash Flow Statement**
The cash flow statement has been prepared using the 'indirect method'.

For the purpose of the Cash flow Statement, cash and cash equivalents comprise of cash in hand and deposit with banks, net of outstanding bank overdrafts.

Interest paid is classified as operating cash flows, interest received is classified as investing cash flows while dividend paid is classified as financing cash flows for the purpose of presentation of the cash flow statement reported based on indirect method.

9. **Taxation**

9.1 **Current Taxes**
Provision has been made in the accounts in respect of income tax.

9.2 **Deferred Taxation**
No provision has been made by the Company in this respect due to the tax losses incurred by the company.

10. **Related Party Transactions**
Transactions with related parties are disclosed in the Notes to the Financial Statements.

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2013 / 2014	2012 / 2013
01	**Revenue**		
	Soap Department	28,406,247.55	35,478,710
	Refinery Department	51,184,586.70	41,983,643
	Drum Plant	2,648,973.08	1,506,697
	Marketing Department	1,884,200.00	5,506,650
		84,124,007.33	**84,475,699**
1.1	Rent Income	43,679,229.27	46,971,865
		127,803,236.60	**131,447,564**
02	**Cost of Goods Sold**		
02.1	**Inventory as at 01st April 2013**		
	Soap Department	14,280,855.72	7,594,831
	Drum Department	1,453,411.15	2,241,808
	Refinery Department	5,618,697.78	5,006,999
	Asphalt	-	201,600
	Sub Total	**21,352,964.65**	**15,045,238**
02.2	**Purchases**		
	Soap Department	20,543,531.10	36,284,077
	Refinery Department	49,036,674.75	31,416,971
	Asphalt	2,470,500.00	4,941,000
	Drum Department	2,674,689.32	-
	Sub Total	**74,725,395.17**	**72,642,049**
02.3	**Direct Expenses**		
	Wages	5,078,959.43	5,906,288
	EPF	370,001.04	490,579
	ETF	74,000.22	98,116
	Power	2,281,617.27	1,446,724
	Chemicals	44,600.00	22,300
	Sub Total	**7,849,177.96**	**7,964,007**
02.4	**Production Overheads**		
	Salary	1,849,030.46	1,336,751
	EPF	214,627.03	139,873
	ETF	42,925.42	27,975
	Upkeep of Equipment	367,454.89	59,807
	Upkeep of Machinery	1,615,546.05	953,794
	Sub Total	**4,089,583.85**	**2,518,200**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014
(All amounts in Sri Lanka Rupees unless otherwise stated)

		2013 / 2014	2012 / 2013
02.5 Inventory as at 31st March 2014			
Soap Factory		14,036,600.45	14,280,856
Refinery		9,430,435.66	5,618,698
Asphalt		724,680.00	-
Drum Plant		2,483,635.44	1,453,411
Sub Total		**26,675,351.55**	**21,352,965**
Cost of Sale Summary			
Inventory as at 01st April	*(Note 02.1)*	21,352,964.65	15,045,238
Purchases	*(Note 02.2)*	74,725,395.17	72,642,049
Direct Expenses	*(Note 02.3)*	7,849,177.96	7,964,007
Production Overhead	*(Note 02.4)*	4,089,583.85	2,518,200
Inventory as at 31st March	*(Note 02.5)*	(26,675,351.55)	(21,352,965)
Free Issues		(658,826.68)	-
Total		**80,682,943.40**	**76,816,529**

	2013 / 2014	2012 / 2013
03 Other Income		
Sundry Income	24,188,855.86	772,189
Profit On Disposal of Office Equipment	97,486.61	-
Profit On Disposal of Motor Vehicle	938,000.00	-
Profit On Disposal of Furniture & fittings	49,900.00	-
Profit On Disposal of Tools & equipment	24,991.07	-
Profit On Disposal of Plant & Machinery	724,990.18	-
	26,024,223.72	**772,189**

	2013 / 2014	2012 / 2013
04 Administrative Expenses		
Salary & Wages	11,396,296.97	10,533,137
Salary & Wages - E.P.F.	1,160,426.02	1,028,521
Salary & Wages - E.T.F.	232,085.57	205,704
Directors' Remuneration	15,000.00	15,000
Bonus	323,000.00	102,900
Staff Training	-	17,000
Staff Welfare	689,956.84	408,728
Telephone Charges	487,702.29	475,771
Postage	57,670.35	25,107
Printing & Stationery Expenses	348,397.42	172,684
Auditors' Remuneration	75,000.00	46,000
Professional Fees	346,863.43	392,571
License & Registration	122,098.77	50,533
Rent	2,400.00	1,920
Electricity	824,936.50	1,378,136
Water	560,408.82	203,174
Insurance	323,325.10	363,339
Security	3,768,441.00	3,791,442
Rate & Taxes	1,416,800.00	1,416,800
Vehicle Maintenance	590,472.81	695,499
Maintenance	-	29,860
Traveling & Subsistence	156,720.24	80,678
Drum Fabricate charges	416,000.00	295,399
Under Provision for Gratuity	646,058.62	741,208
Balance C/F	**23,960,060.75**	**22,471,112**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2013 / 2014	2012 / 2013
04	**Administrative Expenses**		
	Balance B/F	**23,960,060.75**	**22,471,112**
	Dis-allowable Input Tax	60,491.80	116,112
	Upkeep of Equipment	135,649.36	316,817
	Subscription & Periodicals	158,110.00	142,529
	Laboratory Expenses	127,192.40	81,319
	Depreciation	1,268,619.85	4,030,938
	Annual Service Agreement	31,612.67	28,622
	Upkeep of Premises	913,537.59	382,757
	Donation	929,799.93	150,000
	Transport Charges	33,782.66	27,645
	Fuel	1,433,095.16	1,473,373
	Refreshment	30,524.00	27,748
	Vehicle Rent	-	84,667
	Tender Fees	700.00	7,590
	Weighing Charges	1,550.00	2,721
	Priliminary Expenses	2,813,105.10	-
		31,897,831.27	**29,343,951**
05	**Selling & Distribution Expenses**		
	Advertisement	433,616.00	128,600
	National Building Tax	2,499,129.55	2,566,769
	Sales Promotions	1,058,526.78	357,281
	Discounts	1,686,432.86	741,738
	Trade Fair Fees	215,250.00	135,260
	Bad & Doubtful debts	15,660,153.84	-
		21,553,109.03	**3,929,648**
6.1	**Finance Income**		
	FD Interest	5,358,281.22	4,962,544
	1940 Interest	-	1,136
		5,358,281.22	**4,963,680**
6.2	**Financial Expenses**		
	Overdraft Interest - BOC	2,763,474.65	2,758,056
	Purchase Loan Interest - BOC	3,090,847.41	3,039,938
	Long Term Loan Interest - BOC	10,475,080.64	12,550,162
	C.D.A. Loan Interest	4,011,606.88	4,011,610
	Interest on Kalubowitiyana Loan	2,735,912.46	2,735,912
	Lease Interest	44,348.33	316,774
	Bank Charges	34,356.60	45,530
		23,155,626.97	**25,457,982**

07 **Taxation**

Provision has been made in the accounts in respect of Income Tax.

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

08 Property, Plant & Equipment

Cost

Free Hold Assets	As at 31.03.2013	Addition / Revaluation	Disposals	As at 31.03.2014
Land	1,424,400.00	8,193,775,600.00	-	8,195,200,000.00
Building	13,669,365.64	1,124,527.64	-	14,793,893.28
Furniture & Fittings	4,957,111.00	27,300.00	78,814.00	4,905,597.00
Tools & Equipment	1,290,951.18	85,915.75	252,588.00	1,124,278.93
Office Equipment	6,019,678.75	213,534.00	3,467,536.06	2,765,676.69
Plant & Machinery	52,507,248.00	56,954.18	730,000.00	51,834,202.18
Motor Vehicle	6,146,348.12	-	2,000,000.00	4,146,348.12
	86,015,102.69	8,195,283,831.57	6,528,938.06	8,274,769,996.20
Leased Vehicles	8,487,500.00	-	-	8,487,500.00
TOTAL	**94,502,602.99**	**8,195,283,831.57**	**6,528,938.06**	**8,283,257,496.50**

Depreciation

Free Hold Assets	As at 31.03.2013	Charge for the Year	Disposals	As at 31.03.2014
Land	-	-	-	-
Building	7,528,441.89	587,222.50	-	8,115,664.39
Furniture & Fittings	4,957,110.00	-	78,814.00	4,878,296.00
Tools & Equipment	989,161.11	84,501.55	252,588.00	821,074.66
Office Equipment	5,470,814.68	193,833.19	3,467,536.14	2,197,111.73
Plant & Machinery	50,575,216.02	326,122.87	730,000.00	50,171,338.89
Motor Vehicle	14,556,908.67	76,939.75	2,000,000.00	12,633,848.42
TOTAL	**84,077,652.37**	**1,268,619.86**	**6,528,938.14**	**78,817,334.09**
W D V	**10,424,950.62**			**8,204,440,162.41**

Revaluation of Land

Land comprising 3 blocks totaling an extent of 12 acres, 2 roods 48.77 purchase owned by the company at Miraniya Street, Colombo 12 was revalued on 24th October 2013 by the Valuation Department, Colombo at Rs. 8,193,775,699/=

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

09 **Intangible Assets**

The excess of the issued share capital of the Company over the book value of net assets of the business vested in the Company, in terms of the Conversion of public Corporation or Government Owned Business Undertakings into public Companies Act No. 23 of 1987 is included in the Balance sheet as Goodwill arising on conversion.

Goodwill has fully impaired during the current accounting period

		2013 / 2014	2012 / 2013
10	**Investments**		
	Ordinary Shares in Ceylon Hotels Corporation - Fair Value	157,000.00	330,000
		157,000.00	**330,000**

The share price of 10,000 Shares of Ceylon Hotels Corporation on the Balance Sheet date was Rs. 15.70 (Last Traded Price) Market value Rs. 157,000.00

(The number of shares have been confirmed by the Secretary of BCC Lanka Ltd to the Manager Personal & Administration)

			2013 / 2014	2012 / 2013
11	**Inventories**			
11.1	**Raw Materials and Consumables**			
	Soap		11,167,686.10	6,593,908
	Refinery		8,030,099.79	5,277,432
	Drum Plant		2,257,363.20	1,139,214
			21,455,149.09	13,010,555
	Less : Provision for Obsolete and Slow Moving Stock		-	(75,830)
	Sub Total		**21,455,149.09**	**12,934,725**
11.2	**Finished Goods**			
	Soap		2,868,914.35	7,686,947
	Refinery		1,400,335.87	341,265
	Asphalt		724,680.00	-
	Drum Plant		226,272.24	314,197
	Sub Total		**5,220,202.46**	**8,342,409**
	Raw Materials and Consumables	*(11.1)*	21,455,149.09	12,934,725
	Finished Goods	*(11.2)*	5,220,202.46	8,342,409
	Total		**26,675,351.55**	**21,277,135**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

09 **Intangible Assets**

The excess of the issued share capital of the Company over the book value of net assets of the business vested in the Company, in terms of the Conversion of public Corporation or Government Owned Business Undertakings into public Companies Act No. 23 of 1987 is included in the Balance sheet as Goodwill arising on conversion.

Goodwill has been fully written off during the current financial year due to impairment.

		2013 / 2014	2012 / 2013
10	**Investments**		
	Ordinary Shares in Ceylon Hotels Corporation - Fair Value	157,000.00	330,000
		157,000.00	**330,000**

The share price of 10,000 Shares of Ceylon Hotels Corporation on the Balance Sheet date was Rs. 15.70 (Last Traded Price) Market value Rs. 157,000.00

(The number of shares have been confirmed by the Secretary of BCC Lanka Ltd to the Manager Personal & Administration)

			2013 / 2014	2012 / 2013
11	**Inventories**			
11.1	**Raw Materials and Consumables**			
	Soap		11,167,686.10	6,593,908
	Refinery		8,030,099.79	5,277,432
	Drum Plant		2,257,363.20	1,139,214
			21,455,149.09	13,010,555
	Less : Provision for Obsolete and Slow Moving Stock		-	(75,830)
	Sub Total		**21,455,149.09**	**12,934,725**
11.2	**Finished Goods**			
	Soap		2,868,914.35	7,686,947
	Refinery		1,400,335.87	341,265
	Asphalt		724,680.00	-
	Drum Plant		226,272.24	314,197
	Sub Total		**5,220,202.46**	**8,342,409**
	Raw Materials and Consumables	*(11.1)*	21,455,149.09	12,934,725
	Finished Goods	*(11.2)*	5,220,202.46	8,342,409
	Total		**26,675,351.55**	**21,277,135**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2013 / 2014	2012 / 2013
12	**Trade & Other Receivables**		
12.1	**Trade Debtors**		
	Distributor Debtors	5,064,321.60	15,197,555
	Direct Buyers	2,431,086.08	7,248,573
	Corporation Debtors	5,321,168.71	6,015,413
	Provender Debtors	-	1,425,743
	Asphalt Debtors	100,105.00	100,105
	Government Debtors	2,059,897.76	5,551,111
		14,976,579.15	35,538,501
	Less : Provision for Doubtful Debtors	-	(13,897,557)
	Sub Total	**14,976,579.15**	**21,640,944**
12.2	**Deposits, Advances and Prepayments**		
	Purchase Advance	2,637,180.84	4,182,234
	Car Lease Prepayment	-	92,725
	WHT Receivable	699,596.72	699,597
	ESC Claimable	5,812,070.44	5,812,070
	Annual Service Prepayment	11,001.00	7,858
	Insurance Prepayment	122,430.62	182,702
	Sundry Deposit	439,347.00	345,147
	Bid Bond Deposit	205,774.00	732,000
	Welfare Shop	96,180.48	48,460
	VAT Receivable	(1,077.26)	120,143
	NBT Receivable	14,075.44	(4,051)
	License & Registration Prepayment	31,433.33	28,147
	Interest Receivable	367,195.46	398,455
	Motor Vehicle Advance	500,000.00	-
	Sub Total	**10,935,208.07**	**12,645,487**
12.3	**Other Debtors**		
	Rental Debtors	11,599,334.83	18,229,149
	Sub Total	**11,599,334.83**	**18,229,149**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

			2013 / 2014	2012 / 2013
12.4	**Staff Loans**			
	Festival Advance - Salaries		271,250.00	202,000
	Festival Advance - Wages		266,000.00	224,000
	Sub Total		**537,250.00**	**426,000**
	Trade Debtors	*(12.1)*	14,976,579.15	21,640,944
	Deposits, Advances and Prepayments	*(12.2)*	10,935,208.07	12,645,487
	Other Debtors	*(12.3)*	11,599,334.83	18,229,149
	Staff Loans	*(12.4)*	537,250.00	426,000
	Total		**38,048,372.05**	**52,941,579**
13.1	**Investment**			
	People's Bank FD		**56,418,645.54**	**41,029,105**
13.2	**Cash & Cash Equivalents**			
	Bank of Ceylon - 1940		2,400.94	2,401
	NDB		1,277,921.09	691,543
	People's Bank		3,125,583.45	6,384,641
	Cash in Hand		152,000.00	147,661
			4,557,905.48	**7,226,245**

14 Ordinary Share Capital

The Company was incorporated with an issued share capital of Rs. 100 Million by gazette notification dated 04th November 1988.

The entirety of issued share capital has been allotted to secretary to the Treasury for and on behalf of the State.

		2013 / 2014	2012 / 2013
15	**Retirement Benefit Obligation (Gratuity)**		
	Balance at the Beginning of the Year	2,503,167.88	2,081,580
	Provision for the Year	646,058.62	741,208
		3,149,226.50	2,822,788
	Payments for the Year	(196,268.75)	(319,620)
	Balance at the End of the Year	**2,952,957.75**	**2,503,168**

This is neither externally funded nor actuarially valued.
This contravenes the requirements under LKAS 19.

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

16 Interest Bearing Loans & Borrowings

			2013 / 2014	2012 / 2013
16.1.1	**Bank Of Ceylon**			
	Bank of Ceylon	*(16.2.3)*	193,400,835.35	182,925,755
	Pledged Loan - Bank of Ceylon	*(16.2.3)*	52,964,406.23	49,873,559
	Bank of Ceylon 1935		86,810.07	86,088
	Bank of Ceylon 1938		47,784,603.19	45,021,851
	Sub Total		**294,236,654.84**	**277,907,252**
16.1.2	**Other Loans**			
	The Coconut Development Authority	*(16.2.2)*	83,337,593.46	79,325,987
	Kalubowitiyana Tea Company Ltd		39,231,042.36	36,495,130
	Sub Total		**122,568,635.82**	**115,821,116**
	Bank of Ceylon	*(16.1.4)*	294,236,654.84	277,907,252
	Other Borrowings	*(16.1.5)*	122,568,635.82	115,821,116
	Total		**416,805,290.66**	**393,728,369**

Note :

The Loans under 16.1.4 and 16.1.5 are payable immediately and therefore current liabilities. However, since the company does not have sufficient funds to settle these loans and do not foresee the possibility of settlement within next 12 months, they have been classified under non current liabilities. Under proposed restructure program initiated by the cabinet, these loans will be settled out of funds to be received from Urban Development Authority on take over of land belonging to BCC Lanka Limited. Please refer note (21) for details.

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2013 / 2014	2012 / 2013
16.2.1.1	**Vehicle Lease - PB - 7368 (Cab)**		
	Vehicle Lease Gross Liability	-	786,991
	Less : Lease Interest & VAT in Suspense	-	(111,009)
	Sub Total	-	**675,983**
16.2.1.2	**Vehicle Lease - KH - 5374 (Car)**		
	Vehicle Lease Gross Liability	-	541,836
	Less : Lease Interest & VAT in Suspense	-	(75,703)
	Sub Total	-	**466,133**
16.2.1.3	Vehicle Lease Total Gross Liability	-	1,328,827
	Less : Total Lease Interest & VAT in Suspense	-	(186,712)
	Sub Total	-	**1,142,116**

16.2.2 Coconut Development Authority

The Coconut Development Authority advanced funds to the Company to enable the latter to purchase copra to process oil. The agreement pursuant to the loan which is granted, stipulated that the entire loan should have been settled by 1986. Another Rs. 25 Mn interest free loan was given in 2002 for the purpose of importation of coconut oil which should be settled in 6 months.

Further Rs. 6,599,000/- was given in the year 2004 / 2005 from cess fund of the Coconut Development Authority for the payment of salaries for the month of November 2004. This loan was agreed to be settled on or before 31st December 2004.

However, Company has not settled these obligations as per the agreement and as a result an overdue interest at 24% per annum was charged. Interest at this rate is being recognized in the accounts.

16.2.3 Bank of Ceylon

The Bank of Ceylon Loans (both short term and long term) and Bank Overdraft have been secured by way of a primary mortgage over property bearing Assessment No. 21, Hulftsdorf Mills, Meeraniya Street, Colombo 12 depicted in plan No. 1743 containing in extent 12A-3R-8.77P.

BCC Lanka Limited

Notes to the Financial Statements

For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2013 / 2014	2012 / 2013
17	**Trade & Other Payables**		
17.1	**Trade Creditors**		
	Oil	4,486,786.00	5,253,414
	Soap	5,575,159.80	10,055,012
	Refinery	3,073,232.89	5,582,696
	Provender	-	34,750
	Tea	-	2,395,820
	Asphalt Sales Advance	-	1,019,857
	Vinegar	-	203,215
	Palmolive	-	1,425,265
	Candles	-	271,350
	Blue Soap	-	41,554
	Sundry	-	1,297,360
	Razor & Blade	-	222,095
	Kings Super	-	144,672
	Detergent	-	14,852
	Rice Flour	-	(142,155)
	J.E.D.B. Loan	4,508,696.00	4,508,696
	Other Creditors *(Note 17.1.1)*	7,569.89	8,040,112
	Sub Total	**17,651,444.58**	**40,368,565**

17.1.1	**Other Creditors**		
	Distribution Creditors OLD	-	3,179,226
	Direct Buyers Creditors OLD	-	484,365
	Corporation Creditors OLD	-	2,427,105
	Government Creditors OLD	-	1,111,217
	Rental Creditors OLD	7,569.89	838,199
	Sub Total	**7,569.89**	**8,040,112**
17.2	**Accrued Expenses**		
	Security Charges	316,200.00	316,200
	Professional Fees	4,591.80	4,500
	Water Charges	63,317.28	9,417
	Telephone Charges	37,962.95	36,913
	Staff Welfare	19,500.00	19,500
	Audit Fees	75,000.00	60,000
	Wages Soap Sundry	324,504.52	201,745
	Electricity	248,015.53	206,764
	Sub Total	**1,089,092.08**	**855,039**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014

(All amounts in Sri Lanka Rupees unless otherwise stated)

			2013 / 2014	2012 / 2013
17.3	**Other Payables**			
	Turnover Tax		141,280.11	141,280
	Defense Levy - (NSL)		1,079,761.95	1,079,762
	V.AT.		34,706,643.89	34,406,660
	N.B.T.		293,454.50	197,103
	G.S.T.		1,279,509.00	1,279,509
	E.S.C. Payable		-	298,252
	Rates and Taxes		21,414,470.00	21,414,470
	Salary-Outside Loan		-	(4,263)
	PAYEE Tax		534.47	134
	Salary Payable		28,525.00	15,600
	Wages-Outside Loan		404.10	404
	Unclaimed Wages		26,046.50	3,547
	Sub Total		**58,970,629.52**	**58,832,459**
17.4	**Deposits Payable**			
	Supplies Deposits		105,523.00	1,105,523
	Employee Deposits		5,597.00	5,597
	Rental Deposits		8,584,208.01	7,936,350
	Tender Deposits		397,500.00	282,500
	Sub Total		**9,092,828.01**	**9,329,970**
	Trade Creditors	*(17.1)*	17,651,444.58	-
	Accrued Expenses	*(17.2)*	1,089,092.08	855,039
	Other Payables	*(17.3)*	58,970,629.52	58,832,459
	Deposits Payable	*(17.4)*	9,092,828.01	9,329,970
	Total		**86,803,994.19**	**69,017,468**

18 Contingencies

The company has filed a case against Kekunawalage Dharmasiri Ratnapala to reclaim the following property (Flat No. L2/3, Gunasinghepura Housing Scheme) which belongs to the company. The case is still underway in Magistrate Court - Colombo. Case No : 93529/1. BCC Lanka Ltd is unable to confirm whether any legal proceedings are pending against the Company.

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2014
(All amounts in Sri Lanka Rupees unless otherwise stated)

19 Capital Commitments

There were no material capital commitments outstanding as at the balance sheet date.

20 Post Balance Sheet Events

Re-Structure Program yet to be implemented: During the year ended 31st March 2011, the Urban Development Authority of the government of Sri Lanka took over, part of the land consisting four acres, owned by BCC Lanka Limited at Meeraniya Street, Colombo 12 under a cabinet decision made to carryout the proposal of the Minister of Finance and Planning under reference no PE/COM/78/CM/2011 dated 08th March 2011. According to this proposal, this land will be utilized by UDA for a suitable investment and out of the funds raised, UDA shall pay Rs. 300 million to BCC Lanka Limited to be used for restructuring and resurrecting the company and also provide funds to settle the dues to Bank of Ceylon and other statutory creditors of BCC Lanka Limited. If there is any balance funds, it will be paid to the State Resource Management Company. BCC Lanka Limited to be shifted to an identified location in the Coconut Triangle.
After the restructure program is carried out, the balance eight acres are proposed to be handed over to the UDA and funds raised from investments to be paid to State Resource Management Company.

As of the reporting date of these financial statements, the above proposals were being implemented but not completed.

21 Directors' Interest in Contracts with the Company

No director is directly or indirectly interested in contracts with the company.

22 Related Party Transactions

There were no related party transactions during the year under review.