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Lady Lochore Loan Fund

Vision

To be a leading financial supporter for the Public Sector Employees

Mission

To contribute to build up a satisfactory Public Service through freeing its Employees from Indebtedness and providing relief in distress.

Objective

To relieve Indebtedness of Employees of the Public Sector, Corporations and Local Government Institutions by providing short term loans expeditiously on concessionary interest rates under easy terms.

Functions

- + Providing loans to beneficiaries by maintaining the Fund sustainably.**
- + Improving institutional promotion and capacity development.**
- + Policy formulation and implementation for raising funds and maintaining the Fund.**
- + Developing best practices for loan management and improving lending facilities.**

Corporate Information

Name and the Adress of the Institution:

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

Establishment:

- Lady Lahore 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 Public Finance)
- Mr. S. Winston Pathiraja - Managing Trustee
- Mr. W.D. Jayasinghe - Member
- Mr. Wasantha Perera - Member
- Ms. Merlin Dissananyake - Member

Committee :

- Mr. P.B.S.C. Nonis - President, (Director - Department of Public Finance)
- Mr. W.D. Jayasinghe - Member
- Ms. Merlin Dissananyake - Member

Auditor : Ranwatta and Company,
Chartered Accountants,
141/3, Voxuhall Street,
Colomob 02.

Bank receiving Services : People's Bank,
Head Quarters Bank,
Colomob 02.

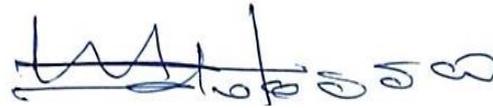
President's Message

In order to follow up the performance of Lady Lochore Loan Fund with its new vision of acting as the leading institution that provides financial facilities to the employees in the public sector, it would be supportive to operate functions of the Fund with proper vision as to identify strength and weaknesses for the same as well as reviewing further measures to be taken for the year 2017 considering the progress in the year 2016 compared to year 2015. Compared to the year 2015, even it could be observed an improvement of Rs. 14 million of interest income, which was the main source of income to the Fund, the deduction of 20% in providing loans could also be observed in the same year. Therefore, in order to increase the number of loan applicants in the year 2017, the Fund would be expected to specially consider the capacity of providing facilities to apply for loans through District Secretairats, examine the legal status of providing loans to the private sector employees and providing them such opportunity and also to take steps to improve the higher demand-driven loan scheme of Rs. 250,000.00 by collecting additional funds. Further agreements could be entered into with the reputed customers in the year 2016, under higher rental based on new valuations of the Government Valuer. Accordingly, an improvement of this income source in coming years could be expected.

The Fund has set an example to the institutions running with losses and pose as burden to the consolidated fund in the public sector by providing a large amount of tax annually to the government consolidated fund specially without gaining any direct financial benefit from the government. While observing the

contribution provided by the Fund to the Consolidated Fund in the past few years, it is clear that institutions could function without being a burden to the Treasury even with the limited resources available, by acting transparently with a proper plan and financial discipline.

Finally, I would like to convey special thanks to all Members of the Board of Trustees as well as to all the officials of the Fund who made their contributions directly and indirectly to the progress achieved by the Fund in the year 2016. In addition to the steps already taken, attention to be paid to draw up a programme that could benefit the staff in the future, since no progress could be achieved only by the effective functioning of the Board of Trustees with no commitment from the staff.



A. P. Kurumbalapitiya

President

Lady Lochore Loan Fund

Message from the Managing Trustee

As stated in the Annual Report 2015, according to the duties, functions and responsibilities of the Managing Trustee as head of Lady Lochore Loan Fund, number of activities had been performed to significantly improve the prevailing situation of the institution thereby enhancing its economic efficiency and developing the human resources under the restructuring process in 2016.

We have broadbased the loan providing procedures through the restructuring process by replacing the traditional loan providing scheme that prevailed over the years, by introducing modernized methods with new facilities which were published in all three languages in the official website of the institution. At present, loan applications can be downloaded from the website, ensuring that all public servants in all parts of the country from Point Pedro to Devundara have equal access to the Fund, which had been limited only to the employees in the District of Colombo for over a very long period of time.

Public Officers have now been able to meet their financial needs instantly as the loan applications are processed and payment made within three days from the date of submission of applications and their presence in the Fund Office is limited to two occasions. In the case of outstation employees who could bring along their two guarantors, could get their payment cheque in the same day as well. This achievement is due to the commitment of the staff and the Managing Trustee who perform their duties and functions as a team thereby the institution could achieve its objectives and goals. Further, with the aim of promoting loan process and providing broader service

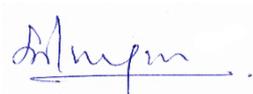


to public officers district-wise, discussions conducted with the District Secretaries had become very positive. As a result, a significant improvement could be seen in the demand for the loan schemes, i.e., Rs. 250,000/- for staff grade public servants and Rs. 100,000/- for others in the non-staff grade through this mechanism. to public officers district-wise, discussions conducted with the District Secretaries had become very positive. As a result, a significant improvement could be seen in the demand for the loan schemes, i.e., Rs. 250,000/- for staff grade public servants and Rs. 100,000/- for others in the non-staff grade through this mechanism.

With the measures taken for the benefit of the institution such as, eliminataing effectively the mismanagement and malpractices in the management of administrative and financial controls, we had been able to build the capacity and efficiency of the staff and employees of the Fund in multiple proportion to meet the needs of the customers thereby improving the delivery of services to the beneficiaries. Furthermore, the Fund building that was in a dilapidated condition for a long period of time was renovated and modernized to match the business and activities performed by the Fund.

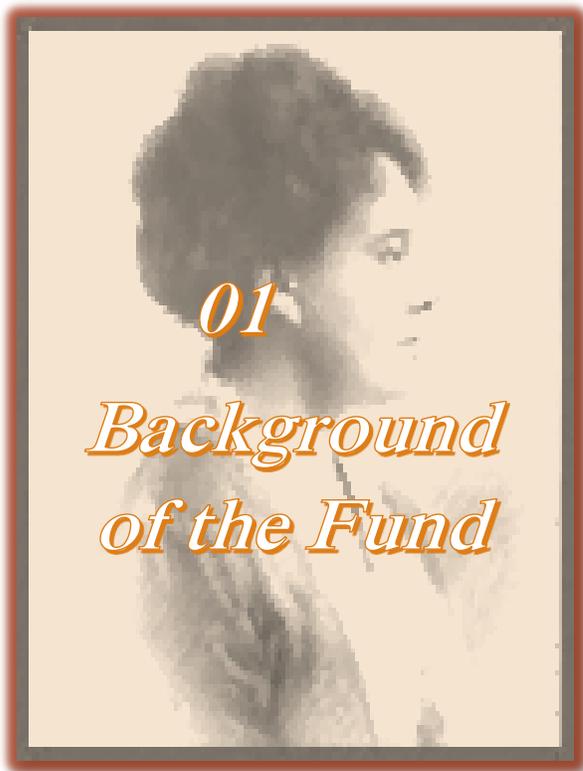
The need of the Fund was to find funds within the provisions of the LLLF Act and accordingly a study was undertaken to attract funds in form of investment, gifts, grants, etc., to improve the capital of the Fund and to extend the loan facilities to the private sector as well. Assistance was sought from the Treasury but due to lack of funds Treasury could not come forward to assist the Fund. However, we pursue action relentlessly to reach the correct contacts abroad to achieve this objective within the provision of the Act.

I would extend my sincere gratitude to the Hon. Minister, Deputy Minister and the Secretary of the Ministry of Finance and others who gave us the guidance and support and also to the Board of Trustees, officials of the Fund for their contribution for achieving the above tasks. I would continue my effort to strengthen the institutional Vision, Mission and the Objectives of the Lady Lochore Loan Fund in a positive and effective manner to meet the objectives for which the Fund was established..



Manging Trustee

Lady Lochore Loan Fund



The initial capital of 300 pounds for establishing Loan Fund had been donated by Lady Jean Lochore, who was a Scott nationality and lived in Sri Lanka for long period. Then the Commissioner of Charity, Reverent Father C.E.V.Nathaniel had taken initiatives to establish the fund on 26th March 1927 and it was named as Lady Lochore Loan Fund. This Fund converted in to a statutory body by the Lady Lochore Loan Fund Act No. 38 of 1951.

Since then ,this Fund has been functioning as a revolving fund by granting loans and recovering loan repayment thereon., As the existed banking system was not supportive to fulfill short-term financial requirements of the employees in the public and semi-governmental organizations, 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 and the private sector were suffering from indebtedness immensely. The establishment of this Lady Lochore Loan Fund has brought great relief to all these employees concerned. After the establishment of this Fund as a statutory body in 1951, a three storied building was constructed by the Fund with the donations received from the government and other donors.

1.1 Board of Trustees

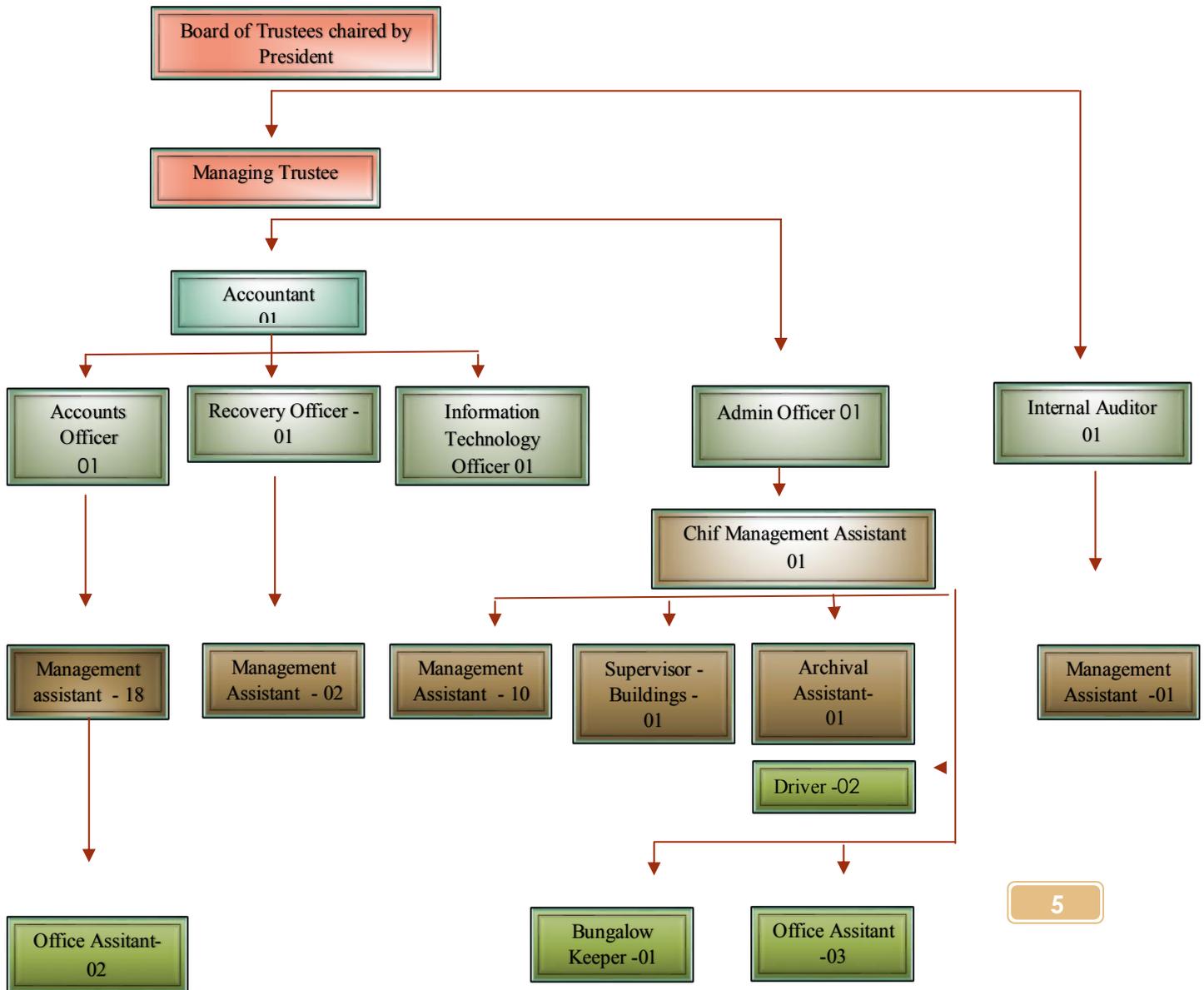
Board of Trustees consists of qualified representatives from the public and private sectors appointed by Hon. Minister. The patron of this institution is hold by the Minister of Finance. The Managing Trustee for administration purposes of the Fund would be appointed from the members appointed to the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



1.2 Table 01 – Cadre of the Fund in Year 2016

| 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 Archival Assistant) | } 33 | 33 |
| | } 01 | 01 |
| Supervisor -Buildings (Management Assistant - Technical Grade) Office Assitant | } 06 | 06 |
| Bungalow Keeper | | |
| Driver | 02 | 02 |
| Total | <u>48</u> | <u>48</u> |

1.3 Organizational Structure



Performance of the Fund in 2016

2.1 Beneficiaries in 2016

3,676 employees of the government and semi-government sectors have been benefited from this Fund in 2016. District-wise categorization of the beneficiaries has been shown in Table – 02. When compared to the previous year, it is observed that a reduction of 20.7% of the number of loans granted in 2016, while an increase of 7.07% loan amount is in the year under review. However, as a practice the defence personnel still lead the number of beneficiaries which amounts to over 75 % beneficiaries

Table 02 – Government and Semi-Government Sector Beneficiaries District-wise during 2015/2016 obtained Loans in Year 2015/2016

| District | 2016 | (%) | 2015 | (%) |
|--------------|-------------|------------|--------------|------------|
| Colombo | 531 | 14.44 | 664 | 14.32 |
| Gampaha | 561 | 15.26 | 541 | 11.67 |
| Anuradhapura | 257 | 6.99 | 334 | 7.20 |
| Kandy | 205 | 5.58 | 314 | 6.77 |
| Vavuniya | 04 | 0.11 | 07 | 0.15 |
| Kalutara | 338 | 9.19 | 367 | 7.92 |
| Rathnapura | 154 | 4.19 | 206 | 4.44 |
| Galle | 205 | 5.58 | 246 | 5.31 |
| Kurunegala | 368 | 10.01 | 498 | 10.74 |
| Puttalam | 52 | 1.41 | 83 | 1.79 |
| Jaffna | 01 | 0.03 | 01 | 0.02 |
| Polonnaruwa | 107 | 2.91 | 134 | 2.89 |
| Trincomalee | 15 | 0.41 | 26 | 0.56 |
| Mullaitivu | 03 | 0.08 | 09 | 0.19 |
| Mnnar | 0 | 0.00 | 11 | 0.24 |
| Badulla | 146 | 3.97 | 208 | 4.49 |
| Matale | 77 | 2.09 | 134 | 2.89 |
| Hambantota | 111 | 3.02 | 119 | 2.57 |
| Kegalle | 212 | 5.77 | 259 | 5.59 |
| Bataloa | 04 | 0.11 | 01 | 0.02 |
| Ampara | 68 | 1.85 | 84 | 1.81 |
| Monaragala | 93 | 2.53 | 164 | 3.54 |
| Nuwara Eliya | 58 | 1.58 | 62 | 1.34 |
| Matara | 107 | 2.91 | 164 | 3.54 |
| Total | 3676 | 100 | 4,636 | 100 |

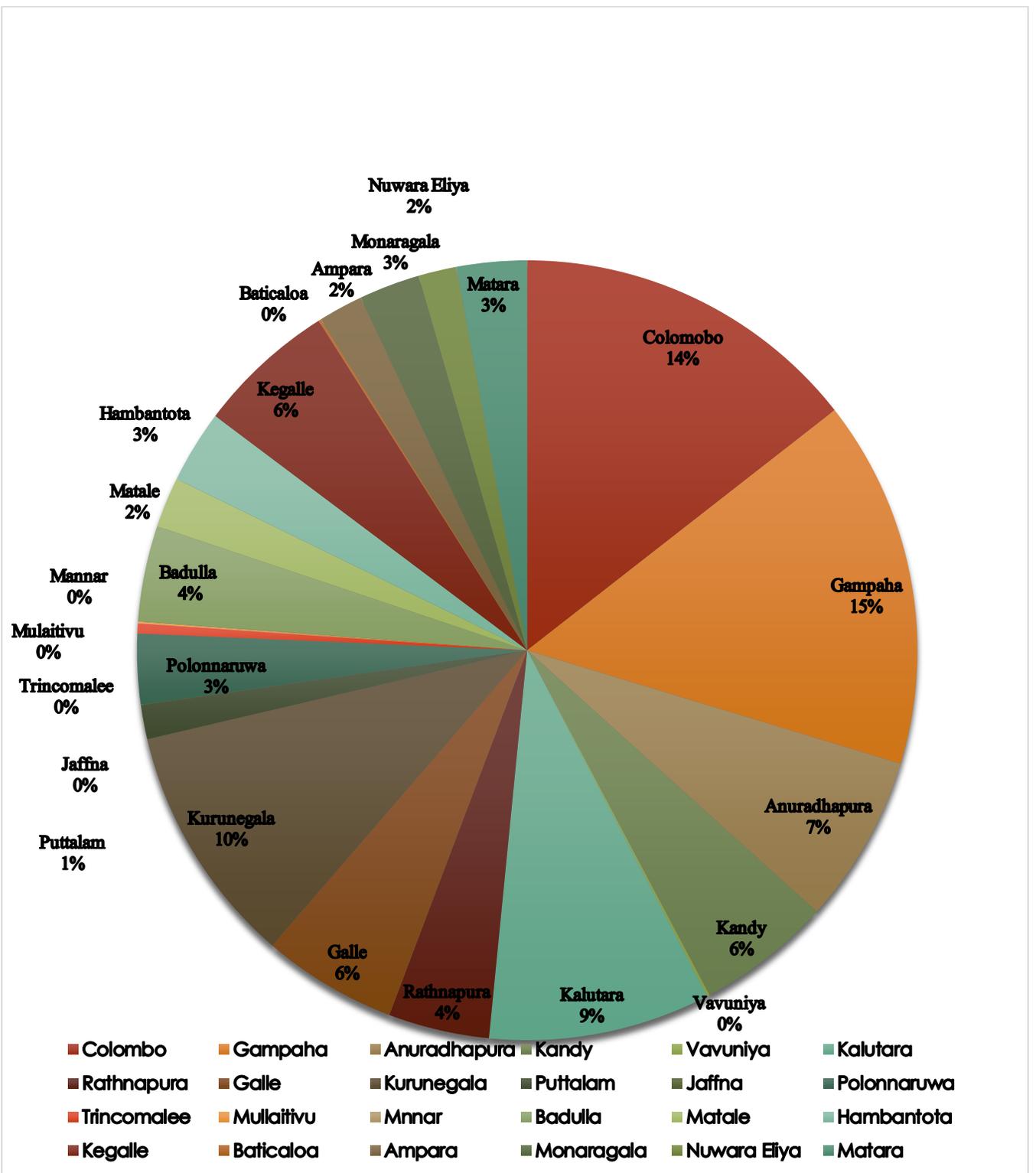


Chart - 01 Loans obtained by Government and Semi-Government Sector Beneficiaries District-wise during the year 2015/2016

Table 03 - Progress of Public Sector Beneficiaries according to the Service Categories

| Designation | Number of Beneficiaries | |
|---------------------------|-------------------------|-------|
| | 2016 | 2015 |
| Corporal | 1117 | 1,723 |
| Army Soldier | 699 | 1,054 |
| Army Sergeant | 121 | 281 |
| Major | 16 | 27 |
| Lieutenant | 8 | 37 |
| Chef | 28 | 22 |
| Waiter | 32 | 20 |
| Police Constable | 496 | 344 |
| Police Sergeant | 120 | 106 |
| Police Inspector | 31 | 15 |
| Sub Police Inspector | 28 | 14 |
| Police Security Assistant | 23 | 08 |
| Civil Police Assistant | 0 | 22 |
| Firemen | 15 | 18 |
| Driver | 105 | 99 |
| Jailor | 26 | 56 |
| Assistant Survey Officer | 26 | 28 |
| Health Administrator | 0 | 04 |
| Attendant | 3 | 07 |
| Ordinary Laborer | 232 | 261 |
| Office Assistant | 226 | 209 |
| Management Assistant | 116 | 137 |
| Development Assistant | 9 | 06 |
| Watcher | 11 | 08 |
| Motor Mechanic | 4 | 09 |
| Technician | 0 | 04 |
| Carpenter | 4 | 04 |
| Human Resource Assistant | 0 | 10 |
| Administrative Officer | 1 | 04 |
| Mason | 3 | 04 |
| Accountant | 5 | 04 |
| Store Assistant | 1 | 06 |
| Technician | 1 | 03 |
| Overseer | 1 | 05 |
| Post Master | 4 | 22 |
| Assistant Director | 2 | 06 |
| Receptionist | 1 | 02 |
| Book Binder | 3 | 10 |
| Grama Niladari | 0 | 05 |
| Programmer Assistant | 3 | 05 |
| Non-commissioned Officer | 4 | 0 |
| Authorized Officer | 9 | 0 |
| Survey Field Assistant | 6 | 0 |
| Nurse | 9 | 0 |
| Captain | 23 | 0 |
| Horse Driver | 5 | 0 |
| Electrical Lamp Lightner | 1 | 0 |
| Machine Operator | 1 | 0 |
| Technical Officer | 1 | 0 |
| Postman | 3 | 0 |
| Translator | 1 | 0 |
| Colonel | 5 | 0 |
| Pre-school Teacher | 2 | 0 |
| Librarian | 1 | 0 |
| Director | 4 | 0 |
| Other | 81 | 27 |
| Total | 3676 | 4636 |

2.2 Loan Procedure and the Progress

Employees in government or semi-government sector, the following terms and conditions apply to obtain loan from this Fund:

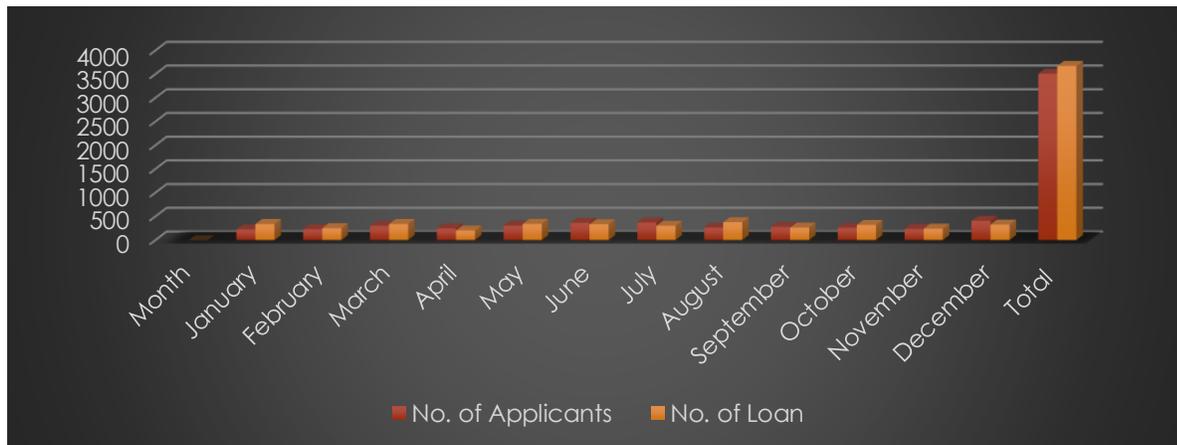
- Be a pensionable public officer who completed minimum of 03 years permanent service in government service.
- In the case of a semi-government employee, he/she should complete minimum of 05 years in the permanent service;
- Should have sufficient service period for recovering the loan amount prior to the retirement. (The retirement age is considered as 55 years.)
- Two guarantees for the applicant with above terms and conditions.
- For an employee of a semi government sector, one of the two guarantees should be a public officer who has completed a minimum of 03 years in the permanent service;
- Ability to recover the loan amount within the 40 % limit of loan applicant's monthly salary.

The progress of processing the loan applications submitted by the eligible applicants as stated above and loans provided during the year 2016 is as follows:

Table - 04 - Loans disbursed following the above Procedure during the year 2016

| Month | No. of Loan Applicants | No. of Loan Issued | Loan Value (Rs. 000) |
|--------------|------------------------|--------------------|----------------------|
| January | 228 | 343 | 28,060 |
| February | 233 | 255 | 20,100 |
| March | 302 | 343 | 26,350 |
| April | 249 | 206 | 16,500 |
| May | 307 | 345 | 29,830 |
| June | 366 | 338 | 28,520 |
| July | 372 | 304 | 25,000 |
| August | 265 | 380 | 32,470 |
| September | 280 | 266 | 22,570 |
| October | 262 | 323 | 26,340 |
| November | 239 | 244 | 20,790 |
| December | 409 | 329 | 28,470 |
| Total | 3512 | 3676 | 305,000 |

Table - 04 - Loan disbursed following the above Procedure during the year 2016



In the year 2016, 3,676 loans had been issued against 3,512 loan applications. The reasons for this reduction could be observed as a result of the non-compliance of guarantors' signature during the latter part of 2015. and the CL certification which was required to issue loan for the loan applications received from Army for the last months of the year 2015 had reached only in the year 2016

2.3 Loan Limit Issued and the Value of Disbursed Loans

Eventhough there were reduction of 20.7 % in the number of loans issued in the year 2016 compared to the previous year, 7.07 % progress in the loan amount has been achieved. Compared to the year 2015, there could be an improvement by 33.33 % of the loan amount under the category of Rs. 250,000.00 loan, whilst 118 % increase under the cataeagory of the Rs. 100,000.00 loan respectively, by utilizing major portion of the capital fund towards these loans in order to obtain higher interest income in the year 2016. However, it could be noted that there was

Table 05 – Progress according to Loan Limits

| Maximum loan Limit | No. of Loans Issued | Loan Value (Rs. 000) |
|--------------------|---------------------|-----------------------|
| 250,000 | 36 | 9,000,000.00 |
| 100,000 | 2347 | 234,700,000.00 |
| 50,000 | 1103 | 55,150,000.00 |
| 40,000 | 82 | 3,280,000.00 |
| 30,000 | 71 | 2,130,000.00 |
| 20,000 | 37 | 740,000.00 |
| 10,000 | 0 | 0 |
| Total | 3676 | 305,000,000.00 |

a backward trend in the quantum of loan due to the limitations in the loan capital of the Fund.

2.4 Progress of Loan Recovery

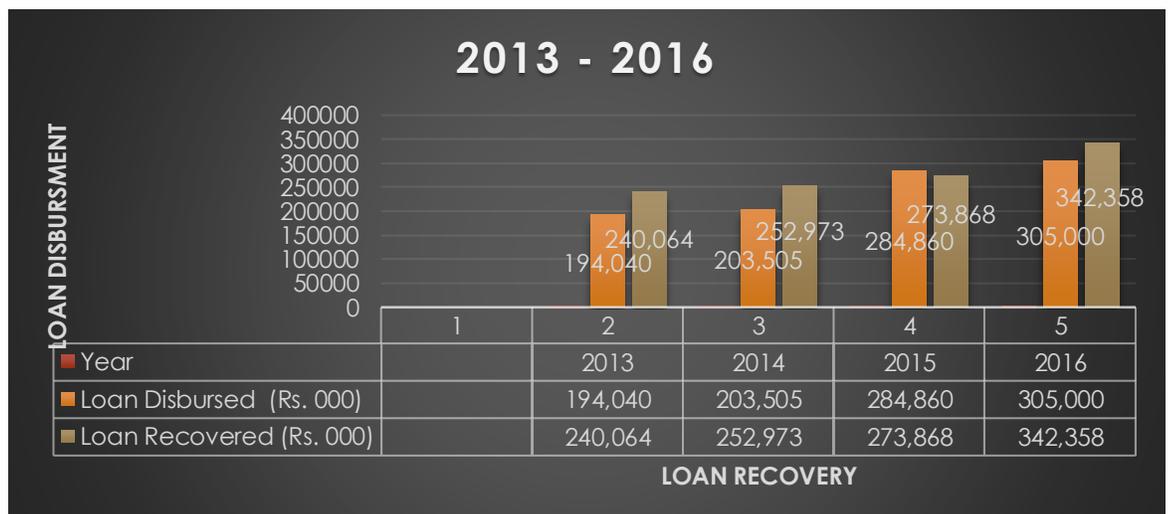
During the period from year 2013 to 2016, the progress of issuing loans and loan recoveries are shown in Table 06 and Chart 03. Compared to the progress of loan recoveries in 2015, an attractive progress has been shown in 2016

- Issuing of Loant- Progress - 7.07 %
- Loan Recovery - Progress - 25 %

| Year | No. of Loan Issued | Loan Disbursed (Rs. 000) | Loan Recovered (Rs. 000) |
|------|--------------------|--------------------------|--------------------------|
| 2013 | 5005 | 194,040 | 240,064 |
| 2014 | 5122 | 203,505 | 252,973 |
| 2015 | 4636 | 284,860 | 273,868 |
| 2016 | 3676 | 305,000 | 342,358 |

Table 06 – Issuing of Loans and Recovery of Loans from Year 2013 to 2016

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 Building for the office premises of the fund and allocating the additional space to the following institutions, the Fund has been able to earn Rs. 13.4 million as income in the year 2016.

Table 07 – Building Rent Income in Year 2016

| Serial No. | Institution | Rented Floor | Square Feet | Income (Rs.) |
|--------------|--|---|---------------|----------------------|
| 01 | Lady Lochore Loan Fund | 3 rd Floor | 5,500 | - |
| 02 | Vehicle Park | Basement | 5,290 | - |
| 03 | Lake House Book Shop (01.2016 – 10.2016) | Ground Floor | 5,500 | 1217,366 |
| 04 | National Savings Bank (From 11-2016) Co-operative Employee's Commission | 1 st Floor | 2,415 | 1050,000 2462,790 |
| 05 | Ceylon Electricity Board | 1 st , 2 nd Floor | 4700 | 4393,412 |
| 06 | Ceylon Electricity Board – Information Division | 2 nd Floor | 2750 | 2805,000 |
| 07 | Public Enterprises Reform Commission | 2 nd Floor | 840 | 960,000 |
| 08 | A.J.S. Associates | No :100/20 | 380 | 480,000 |
| Total | | | 27,375 | 13,368,568 |

2.5.2 Sustainability of the Fund

Special attention of the Board of Trustees has been paid in relation to maintaining the operational and financial sustainability of the Fund. This institution does not depend on the Treasury grants or budgetary provisions and all the expenses including salaries and other operational costs are met by the interest income of the fund and the building rent. After meeting all the operational expenses such as, bad debt, administrative and other expenses for recovery

Table 08 - Investments

of loans the surplus has been invested at People's Bank ensuring the sustainability of the Fund.

| Type of Investment | Bank | 31/12/2016 (Rs.) | 31/12/2015 (Rs.) |
|--------------------|-----------------------|-------------------|-------------------|
| Fixed Deposit | People's Bank | 76,201,532 | 90,792,272 |
| Fixed Deposit | National Savings Bank | 15,513,431 | - |
| Total | | 91,714,964 | 90,792,272 |

2.5.3 Operational Income

The total operational income in 2015 was Rs. 72 Million and net operational surplus was Rs. 17 Million during the same period. Compared to the achievement in 2016, there was an income

increase of Rs. 21 Million considering the Rs 17 Million income of the previous year. Eventhough the income has been increased, the operational surplus has been recorded at low

level compared with the increase of revenue, due to remaining Rs. 300,000/- balance of non-performing Loan Provision Accounts have been adjusted in 2016 after completion of the process of collecting long term non-performing loans in the year 2016. While there was a relative increase in the interest income, the expenses on salaries and allowances have been significantly increased. Furthermore, continuation of renovations of the building of the Lady Lochore Loan Fund which was not renovated for long period of time and settlement of the variations of tax during the year have been the reasons for substantive deficit. Loan Fund which was not renovated for long period of time and settlement of the variations of tax during the year have been the reasons for substantive deficit.

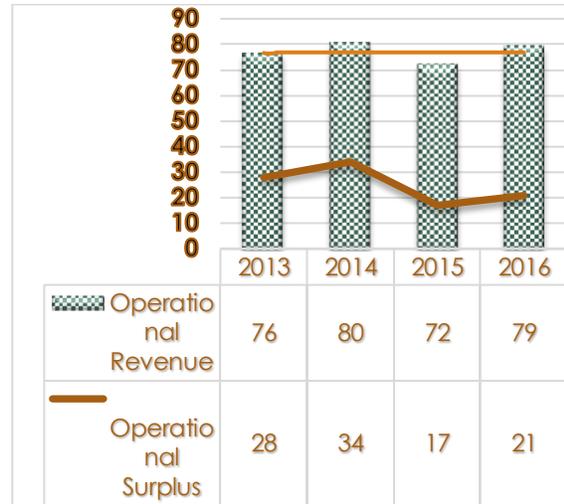


Chart 04 - Operational Revenue and Operational Surplus 2013-2016

General Administration and Human Resource Development

3.1 Improvement of Employee Motivation

Training programmes covering various fields were conducted in the year 2016, to improve the efficiency, productivity, satisfactory and team work of the staff through improving their motivation in order to achieve institutional objectives and targets through providing effective service. Higher amount of financial provisions were allocated for this purpose

| Date | Conducting Organization | Training Programme | Employees Participated |
|------------|--|--|-------------------------------|
| 2016.02.20 | Skills Development Centre | Office Management and Office Systems | Archival Assistant |
| 2016.06.22 | Soft Key Institution | Computer General Ledger | 4 (Management Assistant 111) |
| 2016.07.02 | R.H. Training Center | Building Maintenance | Supervisor Buildings |
| 2016.08.22 | R.H. Training Center | Skills Development Work Supervision | 1 (Management Assistant 111) |
| 2016.09.06 | Construction Equipment Training Centre | Safe Driving | 1 (Driver) |
| 2016.09.19 | Skills Development Centre | Office Management and Office Systems | Archival Assistant |
| 2016.09.27 | Adams Skills Development Centre | Excel Software | 1 (Management Assistant 111) |
| | | | 2 (Management Assistant 111) |
| 2016.10.13 | Skills Development Centre | Efficient Internal Audit | Internal Auditor |
| 2016.10.20 | Skills Development Centre | Warehouse Management | 1 (Management Assistant 1) |
| 2016.10.09 | Skills Development Centre | Communication Skills Development | Accounts Officer11 |
| 2016.11.24 | | | Administrative Officer11 |
| 2016.11.30 | Skills Development Centre | Warehouse Management | 1 (Management Assistant 1) |
| 2016.09.06 | Skills Development Centre | Efficient Communication and Personal Relationships | 1 (Management Assistant 111) |
| 2016.09.19 | Construction Equipment Training Centre | Safe Driving | 1 (Driver) |
| 2016.09.27 | Skills Development Centre | Office Management and Office Systems | Archival Assistant |
| 2016.10.13 | Adams Skills Development Centre | Excel Software | 2 (Management Assistant 111) |
| 2016.10.20 | Skills Development Centre | Efficient Internal Audit | Internal Audit |
| 2016.10.09 | Skills Development Centre | Warehouse Management | 1 (Management Assistant 1) |
| 2016.11.24 | Skills Development Centre | Communication Skills Development | Accounts Officer11 |
| 2016.09.06 | Skills Development Centre | Warehouse Management | 1 (Management Assistant 1) |

Further it could be observed that there was considerable change and efficiency of the duties and functions of the officers after they were provided with facilities such as, individual office cubicles to the key staff-grade officials such as, Accounting Officer, Internal Auditor, Credit Recovery Officer, Shroff, Junior Manager II, Store Keeper, the Accountant and the Administrative Officer.

The Official Ceremony held for the visit of Hon. Minister of Finance Ravi Karunanayake to the Fund Premises

The Minister of Finance, Hon. Ravi Karunanayake visited the Fund premises on the invitation of the Managing Trustee for the observation of the functions of the fund and was held an official reception as he was coming to the Institution for the first time. The function

distinguished guests and the Board of Trustees of the Fund.

Photographs of the event are highlighted with special occasions



Hon. Minister of Finance is addressing the audience



The distinguished guests lit the oil lamp



Hon. Minister Finance having tea with the Managing Trustee and Board Members.



The Hon. Minister interacted with the Board of Directors during the banquet held on that day

3.2 Promotion Schemes.

The most senior officer (Junior Manager II) of the institution was promoted to the new post of Loan Recovery Officer with effect from 01.11.2016 in order to intensify the process of recovery of loan repayment dues with a view to minimizing dormant files. The other new post created in the year under review was the Information Technology Officer in order to improve the information technology area in the institution to simplify the mechanism in the issue and recovery of loans and to minimize the paper work. These two posts were approved by the Department of Management Services on a request made by the Management Trustee in the 2015.

Internal promotions were made to the post of Banglow Keeper, Building Supervisor and

3.3 New Recruitments

Applications have been called through paper advertisements and official website of the Fund to fill the vacancies of the approved cadre of the Fund. Accordingly, qualified applicants have been selected in transparent manner to fill the post of Account Officer II and Management

3.4 Development of Fund Premises

The renovation of the building of Lady Lochore Loan Fund which was in a dilapidated condition for a long period of time has been refurbished from November 2015. Civil Security Department which was the lowest bidder was awarded the contract with the approval of the Board of Trustees at a cost of Rs. 23 M. Further, the State Development and Construction Cooperation (SD & CC) was appointed the Consultant to supervise, monitor the work and recommend payments of bills for the work done.

Record Keeper with the approval of the Department of Management Services in the year under review. The officer served as the Building Assistant was appointed to the post of Buildings Supervisor (Acting) and an employee served as Office Assistant III was appointed to the post of Record Keeper (Acting) whilst one of the Office Assistants III was also appointed to the post of Banglow Keeper.

A senior officer of the post of Management Assistant II was promoted to the post of Management Assistant I, with effect from 01.11.2016 based on merit.

Assistant II after by an appointed Interview Panel after conducting a written test. An employee of the Fund who served as a casual Office Assistant III from 01.12.2015 was confirmed in the vacant post of Office Assistant III with effect from 27.07.2016. New personnel were recruited to the vacant post of Driver with effect from 01.07.2016.

Table 09 - Cost of the Renovation of Building of Lady Lochore Loan Fund

| | | |
|--|------------------|-------------------------|
| Total Estimated Value | | 23,462,043.69 |
| 20 % Advance Payment paid in 2015 | | <u>(4,692,408.73)</u> |
| Balance Amount at the beginning of the year 2016 | | 18,769,634.96 |
| Specification Value on 27.06.2016 | 542,683.45 | |
| Specification Value on 22.07.2016 2016.07.22 | 2,152,120.47 | |
| The value of raw materials provided to them by our institution for the event held on 20.12.2016. | <u>91,165.00</u> | <u>(2,785,968.92)</u> |
| Balance Amount at the end of the year 2016 | | 15,983,666.04 |
| Total Estimated Value | | 23,462,043.69 |

Accordingly, the percentage of work completed in the year 2016 was 32 %.

3.5 Modification of Office Affairs

The ability of continuing institutional affairs efficiently without any interruption had been improved through providing training on the subject and duties of the staff, as it was felt

imperative that every officer/employees should be familiar with the activities of other besides their duties.

Safeguarding the Backup Files of the Fund

The Loan Fund's Debenture Accounts System is fully computerized and backup files of the said computer system are taken monthly. In addition, the Audit and Management Committee has recommended that it should be possible to obtain a backup file once a month and retain it in the vault of the Ministry of Finance.

Accordingly, the above backup file was taken in a DVD on 31.10.2016 on the advice of the Director General (Administration and Human Resources) of the Ministry of Finance and sent to the Network Operational Center (NOC) of the Ministry of Finance.

3.6 Staff Loan

The scheme of staff loan has been implemented by considering the period of permennat service of five years and the 40% of salary limits of both loan applicants and guarantors. In the year 2016, changes had been brought in the loan amonts Rs.

100,000.00 which was provided under 8 % interest rate and accordingly one applicant could apply only under one loan scheme within that process.

3.7 Removal of Lake House Bookshop

The agreement between the Lake House bookshop and the Fund which was maintained for a long period of time on lease basis was terminated on 29.02.2016 due to non-payment of rentals falling into arrears.

Owing to their non-compliance of the provisions of the Agreement and non-payment of rentals that were running into arrears, action had been taken to deduct all dues from their deposit with the Fund with the approval of the Board of Trustees. The details are as follows.

Table 10 - Settlement of Deposits

| Details | Rs. | Rs. |
|--|---------------------|-----------------------|
| Deposit Amount 2016.01.01 | | 2,531,750.00 |
| Arreas Tax Rent | | |
| 2015 | | |
| September | 240,031.00 | |
| October | 422,875.00 | |
| November | 422,875.00 | |
| December | 422,875.00 | |
| 2016 | | |
| January | 422,875.00 | |
| February | 422,875.00 | |
| Arreas Tax Rent as at 29.02.2016 | <u>2,354,406.00</u> | <u>(2,354,406.00)</u> |
| Balance after deducting arreas tax rent | | 177,344.00 |
| March | 185,808.13 | |
| April | 185,808.13 | <u>(371,616.26)</u> |
| Arreas available | | 194,272.26 |
| Received Amount under receipt No. 169427 | | <u>(194,272.26)</u> |
| Balance | | 0 |

The vacant premises has been given to the National Savings Bank with effect from 01.11.2016 for a period of ten years lease with provision for payment of lease rent for every three years with six months advance and renewable every three years with the rental being based on the Government Valuer's valuation.

3.8 Land Deeds and Bonds

At the time of Fund was initiated, procedure to obtain loans by beneficiaries was on the basis of coletteral such as deeds of land/buildings. Under this process, the institution was responsible for 267 surety bonds issued since 1960. Since the lending is no longer operating under this system, a audit committee recommendation has been issued and consequently the 831st Board of

Trustees Meeting has approved to release those bonds through following the process of registering the said bonds under the parties mentioned in the Land Registries after releasing the bond to the relevant district Registrar offices, considering the located areas of the said properties. Accordingly, 171 bonds could be released up to 31.12.2015.

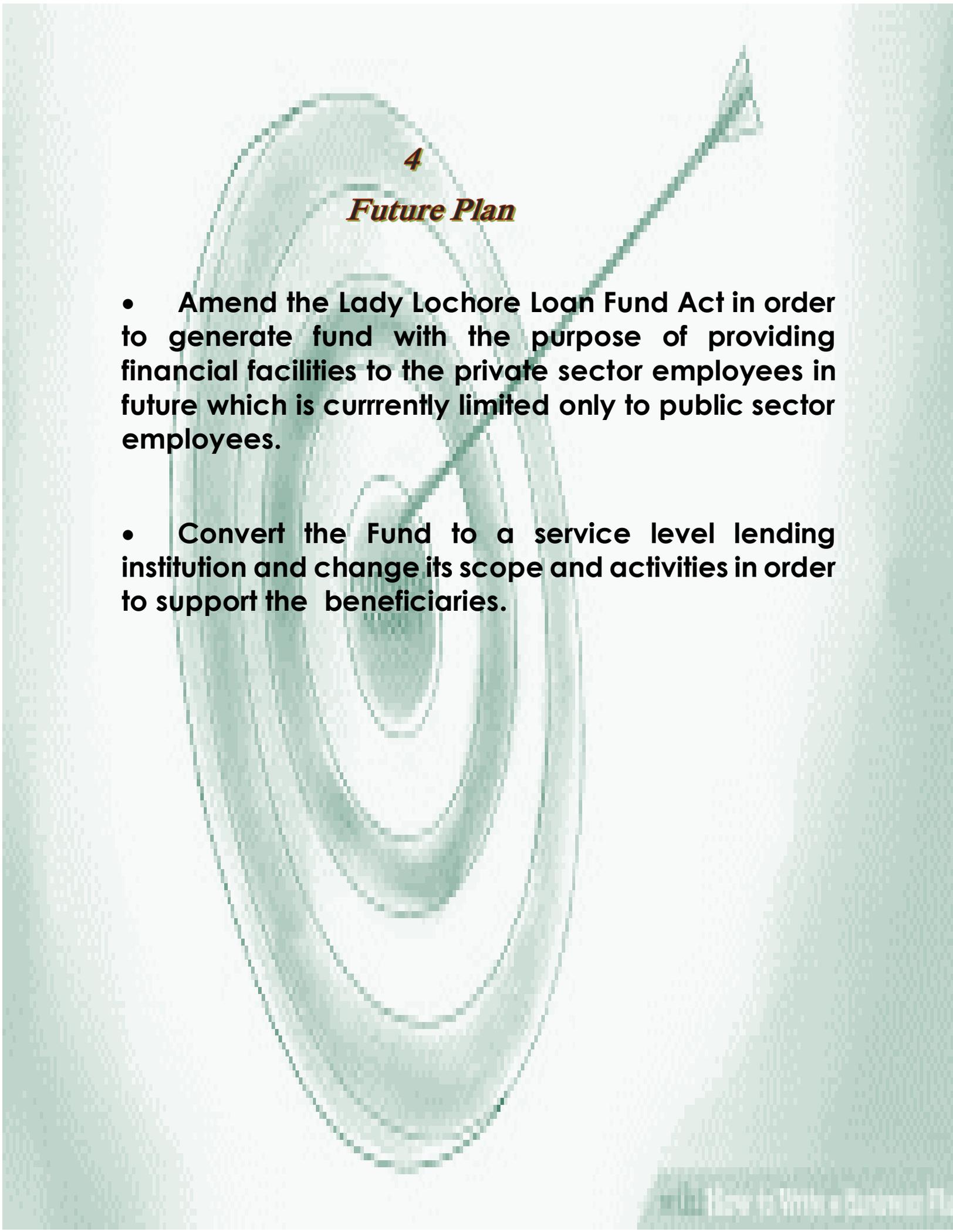
3.9 Meetings

12 Board of Trustees Meetings and 12 Staff Meetings have been conducted monthly in the year 2016. The important matters discussed in the staff meetings have been implemented with the covering approval of the Board of Trustees.

3.10 Audit and Management Committee

Four Audit and Management Committee meetings have been conducted in the year 2016 as follows. Further action has been taken to update the audit query related documents and submit for the instructions of Board of Trustees.

| Serial No. | Date of Committee Held |
|-------------------|-------------------------------|
| 1 | 2016.03.16 |
| 2 | 2016.06.20 |
| 3 | 2016.09.26 |
| 4 | 2016.12.08 |



4

Future Plan

- **Amend the 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 Financial Statement

We have audited the accompanying financial statements of **Lady Lochore Loan Fund**, which comprise the statement of Financial Position as at December 31, 2016, and the statement of Comprehensive income and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board (Board Of Trustee) is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control 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 policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

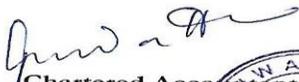
Our responsibility is to express an opinion on these financial statements based on our Audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan perform the audit to obtain reasonable assurance about whether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

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depend on the auditor's judgment including the assessment of the risk of material misstatement of the financial statements, whether due to error. In making those risk assessment, the auditor considers internal control relevant to the entity's presentation and fair presentation of the financial statement in order to design audit procedures that are appropriate in circumstances, but not the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion so far as appears from our examination, the Fund maintained proper accounting records for the year ended 31st December 2016, and the financial statements give a true and fair view of the company's state of affairs as at 31 December 2016 and its profits and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.


Chartered Accountants
Date: 20/07/2017
Colombo 02


LADY LOCHORE LOAN FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016

| | Note | 2016 Rs. | 2015 Rs. |
|--|------|---------------------|---------------------|
| Interest Income | 1 | 57,551,634 | 43,305,298 |
| Other Income | 2 | 22,000,844 | 29,385,441 |
| | | <u>79,552,477</u> | <u>72,690,739</u> |
| <u>Operating Expenses</u> | | | |
| Personnel Cost | 3 | (28,822,924) | (26,331,906) |
| Premises, Equipment and Establishment Expenses | 4 | (21,725,443) | (21,840,480) |
| Fees and Commission | 5 | (760,711) | (715,882) |
| | | <u>(51,309,078)</u> | <u>(48,888,268)</u> |
| Profit Before Loan Loss Provision | | 28,243,399 | 23,802,471 |
| Bad Debts Written Off | | - | (274,132) |
| Profit Before Taxation | | <u>28,243,399</u> | <u>23,528,339</u> |
| Provision for Taxation | 6 | (5,742,959) | (6,331,685) |
| Profit for the year | | <u>22,500,440</u> | <u>17,196,654</u> |

**LADY LOCHORE LOAN FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016**

| | Note | 2016 Rs. | 2015 Rs. |
|---------------------------------------|------|--------------------|--------------------|
| <u>Assets</u> | | | |
| <u>Non Current Assets</u> | | | |
| Property Plant & Equipment | 7 | 134,890,996 | 142,360,222 |
| Investment | 8 | 91,714,964 | 90,792,272 |
| | | 226,605,960 | 233,152,494 |
| <u>Current Assets</u> | | | |
| Cash & Short Term Fund | 9 | 19,563,959 | 17,007,819 |
| Loan and Advances | 10 | 291,290,515 | 262,013,085 |
| Inventories | | 249,489 | 317,743 |
| Other Assets | 11 | 5,138,442 | 5,753,319 |
| | | 361,242,405 | 285,091,965 |
| Total Assets | | 542,848,365 | 518,244,460 |
| <u>Fund & Liabilities</u> | | | |
| <u>Accumulated Fund</u> | | | |
| Balance as at Beginning of the year | | 336,507,940 | 319,311,286 |
| Surplus for the year | | 22,500,440 | 17,196,654 |
| Balance as at End of the year | | 359,008,380 | 336,507,940 |
| Grant From Ministry of Finance | | 10,466,140 | 10,466,140 |
| | | 369,474,520 | 346,974,080 |
| <u>Reserves</u> | | | |
| Revaluation Reserve | | 146,649,586 | 146,649,586 |
| <u>Non Current Liabilities</u> | | | |
| Long Term Loans | 12 | 750,000 | 1,500,000 |
| Retirement Benefit Obligation | 13 | 10,285,593 | 7,774,870 |
| | | 11,035,593 | 9,274,870 |
| <u>Current Liabilities</u> | | | |
| Other Liabilities | 14 | 13,146,063 | 10,942,174 |
| Income Tax | 15 | 2,542,603 | 4,403,750 |
| | | 15,688,666 | 15,345,924 |
| Total Fund & Liabilities | | 542,848,365 | 518,244,460 |

The above Financial Position is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 6 to 12 which form an Integral part of these financial statements.

I certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

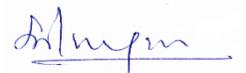


.....
Accountant

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;



.....
Chairman
Date: 20/07/2017



.....
Managing Trustee
Date: 20/07/2017

**LADY LOCHORE LOAN FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER 2016**

| | 2016 Rs. | 2015 Rs. |
|--|---------------------|---------------------|
| <u>Cash Flow from Operating Activities</u> | | |
| Net surplus for the year | 28,243,399 | 23,528,338 |
| <u>Adjustment for</u> | | |
| Depreciations | 9,099,784 | 7,762,430 |
| Gratuity Provision | 3,293,620 | 997,609 |
| Loan Loss Provision | - | 274,132 |
| Profit Of Disposal of Vehicle | - | (4,908,860) |
| Finance Costs | - | 144,872 |
| Interest Income | (7,057,766) | (9,023,169) |
| Operating Surplus Before Changes In Operating Assets | <u>33,579,036</u> | <u>18,775,352</u> |
| <u>(Increase)/Decrease in operating Activities</u> | | |
| Decrease in Inventory | 68,254 | 60,300 |
| (Increase) / Decrease in Loan & Advances | (29,277,430) | (58,819,322) |
| Decrease / (Increase) in Other Assets | 614,877 | (1,086,197) |
| Increase in Other Liabilities | 2,203,889 | 1,831,440 |
| | <u>(26,390,410)</u> | <u>(58,013,779)</u> |
| Net Cash Flow from Operating Activities | 7,188,627 | (39,238,427) |
| Gratuity Paid | (782,897) | (543,469) |
| Tax paid | (7,604,106) | (7,175,357) |
| | <u>(8,387,003)</u> | <u>(7,718,826)</u> |
| Net Cash Flow Generated/ (Used in) Operating Activities | (1,198,376) | (46,957,253) |
| <u>Cash Flow from Investing Activities</u> | | |
| Acquisition of Property, Plant & Equipment | (1,630,557) | (714,654) |
| Investments in Fixed Deposit | (922,692) | 46,336,015 |
| Interest Received | 7,057,766 | 8,472,671 |
| Net Cash Flow Generated from Investing Activities | 4,504,517 | 54,094,033 |
| <u>Cash Flow from Financing Activities</u> | | |
| Repayment of Long Term Loan | (750,000) | (1,086,709) |
| Interest Paid | - | (144,872) |
| Net Cash Flow (Used in) Investing Activities | (750,000) | (1,231,580) |
| Net Increase in Cash & Cash Equivalents | 2,556,141 | 5,905,200 |
| Cash & Cash Equivalents at the Beginning of the Year | 17,007,819 | 11,102,619 |
| Cash & Cash Equivalents at the End of the Year | <u>19,563,959</u> | <u>17,007,819</u> |
| <u>Analysis of the Cash and Cash Equivalents shown in balance sheet</u> | | |
| Cash at Bank | 19,543,959 | 16,987,819 |
| Cash in Hand | 20,000 | 20,000 |
| | <u>19,563,959</u> | <u>17,007,819</u> |

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016**

01. General

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/, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

1.1 Statement of Compliance

The financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLAS)

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 Act No 10 of 2006 and amendments thereto.

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 conform 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 Treasury Bills

Treasury Bills 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 and also no depreciation was provided in the year of disposal.

2.4 Other Receivables

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

2.5 Cash & Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand and demand deposit and short term liquid investments 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 statues and regulations. The loan Fund contributes 16% of gross emoluments or 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 3 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.

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016**

| | 2016 Rs. | 2015 Rs. |
|---|---------------------|---------------------|
| 1 Interest Income | | |
| Interest Income - 8.00% | 49,296 | 8,667 |
| Interest Income - 11.50% | 374,829 | 79,062 |
| Interest On Special Advance | 2,349 | 3,150 |
| Interest On New Staff Loan | 155,819 | 228,355 |
| Interest On Loan Firm & Corpara | 56,968,259 | 42,981,478 |
| Interest On Staff Loan - 4 1/2% | 751 | 3,496 |
| Interest On Cycle Loan | 331 | 1,090 |
| | 57,582,710 | 43,305,298 |
| 2 Other Income | | |
| Rent Income | 13,368,568 | 15,286,990 |
| Received From Application | 329,940 | - |
| Interest Income on Fixed Deposit | 7,057,766 | 8,351,094 |
| Special Income | 728,054 | - |
| Sundry Income | 35,306 | 35,954 |
| Profits on Disposal of Motor vehicle | - | 4,908,860 |
| Interest on Treasury Bills | - | 322,226 |
| Interest on Repo | - | 349,849 |
| Service Charges | - | 1,883 |
| Deeds Release Income | - | 42,000 |
| Unclaimed Refunds of Over Recovered Loans | 88,498 | 86,583 |
| Over Provision of Bad Debts | 392,713 | - |
| | 22,000,844 | 29,385,441 |
| 3 Personnel Cost | | |
| Salaries | 9,675,599 | 9,478,133 |
| Allowances for Staff | 9,970,957 | 10,560,525 |
| Allowances - Managing Trustee | 1,229,808 | 1,049,817 |
| Chairman Allowance | - | 335,500 |
| Special Allowance | 236,310 | - |
| Overtime | 166,364 | 197,013 |
| Salary Arrears | 217,787 | - |
| Board Members | 325,665 | 301,495 |
| Audit Committee | 85,800 | 67,620 |
| S.P.F.Board Share | 2,160,894 | 2,150,866 |
| E.P.F.Board Share | 38,771 | 26,266 |
| E.T.F. Board Share | 414,860 | 409,854 |
| Annual Bonus | 662,250 | 647,209 |
| Gratuity | 3,293,620 | 997,609 |
| Exgratia Payment | 154,290 | - |
| Fuel Allowances - MT | 157,950 | 110,000 |
| Uniforms | 32,000 | - |
| | 28,822,924 | 26,331,906 |

LADY LOCHORE LOAN FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

| | 2016 | 2015 |
|--|-------------------|-------------------|
| | Rs. | Rs. |
| 4 <u>Premises, Equipment and Establishment Expenses</u> | | |
| Building Insurance A/C | 80,958 | 78,142 |
| Depreciation | 9,099,784 | 7,762,430 |
| Donation | 15,000 | 18,300 |
| Fuel & Motor Vehicle Maintenance | 463,484 | 578,407 |
| Lift Maintenance | 182,273 | 298,967 |
| Electricity Bill | 1,251,810 | 1,027,201 |
| Building Maintenance | 3,239,659 | 5,770,033 |
| Office Computers Maintenance | 615,048 | 655,926 |
| Office Equipment Maintenance | 112,322 | 324,927 |
| Municipal Rates | 1,933,106 | 1,721,091 |
| News Paper & periodicals | 52,292 | 16,824 |
| Postage & Telegrams | 295,244 | 335,242 |
| Print,Stat. & Office Requires | 1,602,789 | 810,339 |
| Security Bill | 1,334,227 | 1,111,649 |
| Uniform | - | 64,000 |
| Staff Training | 116,800 | - |
| Staff Welfare | 145,405 | 226,877 |
| Stamp Duty | 59,100 | 40,150 |
| VAT Expense | 193,791 | 294,665 |
| Telephone Bill | 364,368 | 388,788 |
| Travelling Expenses | 201,020 | 164,631 |
| Water Bill | 366,963 | 151,891 |
| | 21,725,443 | 21,840,480 |
| 5 <u>Fees and Commission</u> | | |
| Audit Fees | 80,000 | 60,000 |
| Bank Charges | 128,185 | 144,872 |
| Legal Fees | 300,100 | 203,006 |
| Nation Building Tax | 252,426 | 308,004 |
| | 760,711 | 715,882 |
| 6 <u>Provision for Taxation</u> | | |
| Provision for the year | 3,979,916 | 6,331,685 |
| Over-provision for the Y/A 2015/2016 | (1,730,650) | - |
| Under provision for 2010 to 2014 | 3,493,693 | - |
| | 5,742,959 | 6,331,685 |

LADY LOCHORE LOAN FUND
NOTES TO THE FINANCIAL STATEMENT
AS AT 31ST DECEMBER 2016

7 Property, Plant & Equipment

| <u>Cost</u> | <u>Balance</u> <u>as at</u> <u>01/01/2016</u> | <u>Additions</u> <u>During the</u> <u>Year</u> | <u>Disposal</u> <u>During the</u> <u>Year</u> | <u>Balance</u> <u>as at</u> <u>31/12/2016</u> |
|---------------------------------|---|--|---|---|
| <u>Free Hold</u> | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> |
| Investment Property | 41,600,000 | - | - | 41,600,000 |
| Land - Leased Hold | 98,000,000 | - | - | 98,000,000 |
| Building | 10,400,000 | - | - | 10,400,000 |
| Motor Vehicles | 15,375,000 | 565,000 | - | 15,940,000 |
| Electrical Fixture & Fittings | 3,266,089 | 54,018 | - | 3,320,107 |
| Computer Equipment | 3,726,817 | 621,419 | - | 4,348,236 |
| Furniture & Fittings | 1,163,549 | 44,173 | - | 1,207,721 |
| Office Equipment | 1,206,698 | 345,949 | - | 1,552,647 |
| | 174,738,153 | 1,630,557 | - | 176,368,710 |
| | | | | |
| <u>Accumulated Depreciation</u> | <u>Balance</u> <u>as at</u> <u>01/01/2016</u> | <u>Charge for</u> <u>the Year</u> | <u>Disposal</u> <u>During the</u> <u>Year</u> | <u>Balance</u> <u>as at</u> <u>31/12/2016</u> |
| <u>Free Hold</u> | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> | <u>Rs.</u> |
| Investment Property | 10,400,000 | 990,477 | - | 11,390,476 |
| Land | 9,333,333 | 2,333,333 | - | 11,666,667 |
| Building | 6,933,333 | 247,619 | - | 7,180,951 |
| Motor Vehicles | - | 3,950,171 | - | 3,950,171 |
| Electrical Fixture & Fittings | 2,648,201 | 329,321 | - | 2,977,522 |
| Computer Equipment | 1,872,663 | 991,004 | - | 2,863,667 |
| Furniture & Fittings | 402,123 | 119,245 | - | 521,368 |
| Office Equipment | 788,278 | 138,614 | - | 926,892 |
| | 32,377,931 | 9,099,784 | - | 41,477,714 |
| | | | | |
| Written Down Value | 142,360,222 | | | 134,890,996 |

LADY LOCHORE LOAN FUND
NOTES TO THE FINANCIAL STATEMENT
AS AT 31ST DECEMBER 2016

| | Note | 2016 Rs. | 2015 Rs. |
|--|------|--------------------|--------------------|
| 8 <u>Investment</u> | | | |
| Fixed Deposit | | 91,714,964 | 90,792,272 |
| | | 91,714,964 | 90,792,272 |
| 9 <u>Cash & Short Term Fund</u> | | | |
| Peoples Bank 204100 1000 85387 | | - | 13,903,680 |
| Peoples Bank 204100 1600 85389 | | 17,112,351 | 10,597 |
| Peoples Bank 204100 1800 85388 | | 2,170,745 | 2,677,947 |
| Peoples Bank 204100 2500 85389 | | 260,863 | 395,595 |
| Cash in Hand | | 20,000 | 20,000 |
| | | 19,563,959 | 17,007,819 |
| 10 <u>Loan & Advances</u> | | | |
| Loans to Employees of Government Institutions | 10.1 | 285,033,697 | 253,878,771 |
| Staff Loans and Advances | 10.2 | 6,256,818 | 8,134,314 |
| | | 291,290,515 | 262,013,085 |
| 10.1 <u>Loans to Employees of Government Institutions</u> | | | |
| Government Corporations & Firms | | | |
| Performing Loans | | 284,141,770 | 249,370,278 |
| Non-Performing Loans | | 2,107,086 | 6,586,250 |
| | | 286,248,856 | 255,956,528 |
| Interest in suspense - Non Performing | | (106,916) | (427,954) |
| Interest in suspense - Performing | | - | - |
| Provision of Loan Loss | | (1,108,243) | (1,649,804) |
| | | 285,033,697 | 253,878,771 |
| 10.2 <u>Staff Loans and Advances</u> | | | |
| Staff Loans - New Scheme - 10 Month | | 3,542,661 | 3,533,955 |
| Staff Loans - 4.50% | | - | 50,069 |
| Staff Loans - 11.50% | | 2,257,056 | 3,855,091 |
| Staff Loans - 8.00% | | 445,195 | 673,443 |
| Festival Advance | | 9,250 | 8,000 |
| Cycles Loans | | 3,071 | 13,756 |
| Special Advance | | (415) | - |
| | | 6,256,818 | 8,134,314 |
| 11 <u>Other Assets</u> | | | |
| Rent Receivable | | 759,267 | 2,548,663 |
| Interest on Fixed Deposit | | 4,378,854 | 3,204,656 |
| Other receivables | | 320 | - |
| | | 5,138,442 | 5,753,319 |

LADY LOCHORE LOAN FUND
NOTES TO THE FINANCIAL STATEMENT
AS AT 31ST DECEMBER 2016

| | Note | 2016 Rs. | 2015 Rs. |
|--|------|-------------------|-------------------|
| 12 Long Term Loans | | | |
| Treasury Loan | | 750,000 | 1,500,000 |
| | | 750,000 | 1,500,000 |
| 13 Retirement Benefit Obligation | | | |
| Balance as at 01/01/2016 | | 7,774,870 | 7,320,730 |
| During the year provision | | 3,293,620 | 997,609 |
| During the year paid | | (782,897) | (543,469) |
| Balance as at 31/12/2016 | | 10,285,593 | 7,774,870 |
| 14 Other Liabilities | | | |
| Over Recoveries on Loans to Government Employees | | 3,572,743 | 2,368,254 |
| Creditors | | 366,712 | 244,447 |
| Rent Deposit | 14.1 | 8,193,895 | 7,595,645 |
| Accrued Expenses | 14.2 | 912,713 | 633,828 |
| Other Deposit - Security | | 100,000 | 100,000 |
| | | 13,146,063 | 10,942,174 |
| 14.1 Rent Deposit | | | |
| NSB | | 3,150,000 | - |
| CEB -IT | | 1,402,500 | 1,402,500 |
| Co- Operative | | 1,231,395 | 1,231,395 |
| Lake House Book Shop | | - | 2,531,750 |
| A.J.S. Associates | | 240,000 | 240,000 |
| P.E.R.C | | 240,000 | 240,000 |
| CEB | | 1,930,000 | 1,930,000 |
| Refundable Security Deposits | | - | 20,000 |
| | | 8,193,895 | 7,595,645 |

**LADY LOCHORE LOAN FUND
NOTES TO THE FINANCIAL STATEMENT
AS AT 31ST DECEMBER 2016**

| Note | 2016 Rs. | 2015 Rs. |
|---|--------------------|------------------|
| 14.2 <u>Accrued Expenses</u> | | |
| VAT | 262,261 | 239,605 |
| Security Charges | 130,077 | 105,106 |
| Board Members | 1,200 | - |
| Managing Trustee | 45,662 | - |
| Audit Fees | 80,000 | 60,000 |
| Building Insurance | 80,958 | - |
| Special Allowances | 1,000 | - |
| Stamp Duty | 13,625 | 7,675 |
| Annual Bonus | 12,500 | 10,000 |
| NBT | 94,544 | 138,470 |
| Water Bill | 28,504 | - |
| Telephone | 33,525 | 32,322 |
| Postage | - | 40,650 |
| Electricity | 128,857 | - |
| | 912,713 | 633,828 |
| 15 <u>Income Tax Liability</u> | | |
| Balance as at 01/01/2016 | 4,403,750 | 5,247,422 |
| During the year provision | 3,979,916 | 6,331,685 |
| Additional Adjustment for the year of assessment | (1,730,650) | - |
| Additional Adjustment for 2010-2014 | 3,493,693 | |
| Tax Paid | (7,133,420) | (6,578,308) |
| Withholding Tax | (470,685) | (529,842) |
| National Tax | - | (67,208) |
| | 2,542,603 | 4,403,750 |

**LADY LOCHORE LOAN FUND YEAR OF
ASSESSMENT 2016/2017**

**COMPUTATION OF ADJUSTED PROFIT FOR THE INCOME TAX PURPOSES Based on the financial
statements for the year ended 31st December 2016**

| | |
|--|-------------------|
| Profit as per the Financial Statements | Rs. 28,243,399 |
| Less: <u>Items Considered as Separate sources of income</u> | |
| Rent Income | (13,368,568) |
| Interest Income - FD | (7,057,766) |
| Staff Loan | (583,374) |
| Received From Application | (329,940) |
| Sundry Income | (35,306) |

