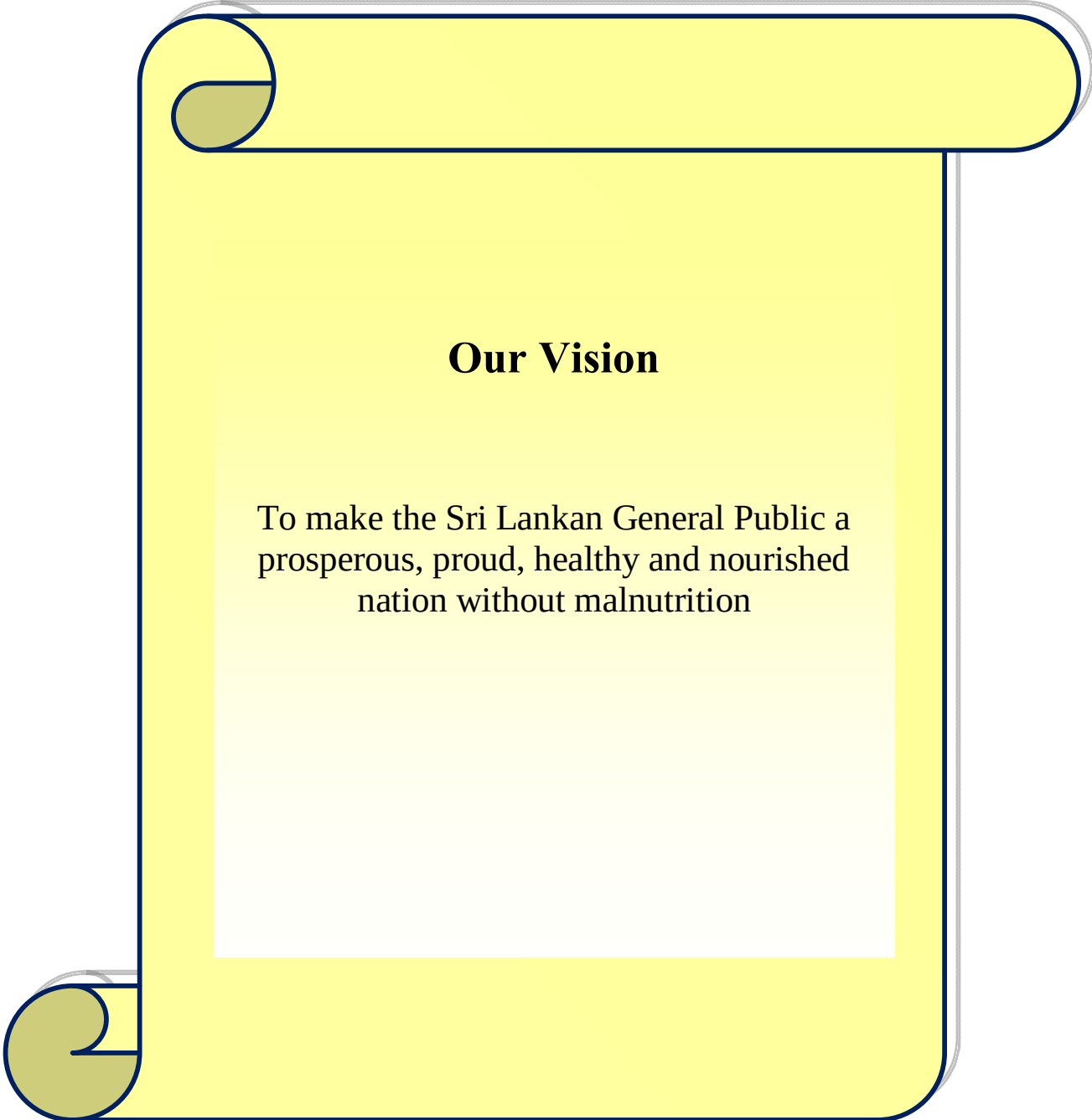


Sri Lanka Thriposha Ltd

Annual Report – 2014

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Our Vision

To make the Sri Lankan General Public a
prosperous, proud, healthy and nourished
nation without malnutrition

Our Mission

To empower the native farmer with the assistance filled with supervision of the Ministry of Health, on cognition of the General Treasury, for a Sri Lankan national future with prosperity, pride and goodness of our mother land, triumphing the world with wonders in future, to reinforce the supply forces, to manufacture, pack and finish the Thriposha supplementary of high standard and nutrition, in a duly hygienical manner, to grant same for the public benefit with great health expectations on continuous supply, to become a better Thriposha family, achieving victory in the land & universe in a giant mission and also to be the one & only local Company with the excellent dedication for the existence of a healthy Sri Lankan Nation, which fulfills the universal health indices goals.

Message of the Chairman of Sri Lanka Thriposha Limited



We could achieve a Record on the manufacturing of Thriposha in the year 2014. Breaking the production records up to now, it was a great achievement by us to improve the production of Thriposha.

Our attention has been made to enhance the production more and more by installing modern machinery required for the Thriposha factory and send the surplus production to the market. Then, there will be no barrier for the Thriposha Limited to become a profitable public institute.

We try our best to make necessary arrangements to bring forward the Sri Lanka Thriposha Limited, as a profitable and an exemplary Government Institution, while achieving the anticipatory goals for the upcoming years. I pay my gratitude to all persons and sectors, which provide the essential contribution for the growth of this institution. Especially, I pay my gratitude, filled with respect to Hon. Maithripala Sirisena, the Minister of Health for his advice and guidance. We all appreciate the immense assistance received from Hon. Lalith Dissanayake, Attorney - at - Law, the Deputy Minister of Health. We pay our respect to the entire staff of the Ministry of Health, including Mrs. Sudharma Karunaratne, Secretary of Health.

Our due respect should also be forwarded to the Board of Directors with the genuine intention at all times, while holding the Management level of the Sri Lanka Thriposha Limited. Ultimately, I thank to the entire staff of the Sri Lanka Thriposha Limited at all levels, for carrying out their duties effectively for the progress of the institution, with the major intention of maintaining the production activities in a proper manner.

Kiran Atapattu
Chairman
Sri Lanka Thriposha Limited

Director Board of Sri Lanka Thriposha Limited - 2014

- Mr. Kiran Atapattu, Chairman
- (Dr.) Mr. Palitha Gunaratne Mahipala
(Director General of Health Services)
- (Dr.) Mrs. Shanthi Gunawardane
(Directress, Nutrition Co-ordination Unit)
Ministry of Health
- Mrs. A. R. Ahamed, Directress
(Legal Officer) Ministry of Health
- (Dr.) Mrs. Janaki Gunaratne, Directress
(Head, Technical Institute)
- (Prof.) Mrs. Deepthi Samarage, Directress
(Specialist in Paediatrics)
- Mrs. Rose Mary Olga, Directress
(Directress -National Budget)
- Mr. D. A. W. Wanigasuriya
Supervisor
(Chief Accountant) - Ministry of Health
- Mrs. Thanuja Priyadarshani Alwis
(Secretary to the Board of Directors)

Recognition of Thriposha Limited in brief

- **Address** - Sri Lanka Thriposha Limited, P.O. Box 17, Negombo Road, Kapuwatta, Ja-Ela
- **Telephone** - **0112 - 236588**
0112 - 237418
0112 - 233451
- **Fax number** - **0112 - 237363**
- **E-mail address** - **thriposha@gmail.com**
- **Ministry** - Ministry of Health
- **Nature of the Institution** - Fully Government owned Institution under the Ministry of Health
- **Company Registration No.** - PB /3873
- **Main Product** - Thriposha supplementary food with good nutrition & health
- **Distribution centres** -
 - * Medical Centres islandwide
 - * Estates
 - * Probation & Child Protection Centres
- **Mode of distribution** - Train Wagons and Lorries
- **Beneficiaries** -
 - * All pregnant mothers
 - * Lactating mothers
 - * Children with nutrition requirements
 - * Certain patients
- **Total number of beneficiaries** - Nealy Ten Lakhs
- **Banker** - Bank of Ceylon
- **Auditor** - Kapila Rathnasinghe & Co.
(Chartered Accountants)
7/3 A, Sri Devananda Road,
Navinna, Maharagama

Audit & Management Committee of Sri Lanka Thriposha Limited - 2014

- **Mrs. K. D. R. Olga**
Chairman - Audit Management Committee
Directress - Sri Lanka Thriposha Limited
(Directress - Department of National Budget)
- **Prof. (Mrs.) Deepthi Kumudini Samarage**
Member - Audit Management Committee
Directress - Sri Lanka Thriposha Limited
- **Mr. D. A. W. Wanigasuriya**
Supervisor i Chief Accountant
Ministry of Health
- **Mrs. Rani Fernando**
Supervisor i Internal Auditor
Ministry of Health

- **Mrs. Thanuja P. Alwis,**
Attorney-at-Law
Secretary to the Board of Directors
Sri Lanka Thriposha Limited
- **Mr. Nishantha Hewagama**
Finance Manager
Sri Lanka Thriposha Limited
- **Mr. R. M. N. K. B. Rathnasinghe**
Kapila Rathnasinghe & Co
External Auditor
- **Mr. L. J. S. Premachandra**
Internal Auditor
Convenor - Sri Lanka Thriposha Limited

Main Procurement Committee (Up to Rs. 50 million)

- Chairman
Sri Lanka Thriposha Limited
- Director General of Health Services
Ministry of Health
- Chief Accountant
Ministry of Fisheries

Minor Procurement Committee (Up to Rs. 02 million)

- Chairman
Sri Lanka Thriposha Limited
- Senior Manager (Operations)
Sri Lanka Thriposha Limited
- Senior Manager (Human Resources & Legal)
Sri Lanka Thriposha Limited

History and present progress of Sri Lanka Thriposha Limited

The management activities of the Thriposha Limited were vested in the Ministry of Health in the year 1976. Tenders were called up on for the management activities and the Lanka Tobacco Company was selected for the purpose. From then onwards, controlling of the Institution was carried out by the Lanka Tobacco Company up until the year 2010. The reimbursement of the maintenance cost of the Thriposha factory was carried out since 1987, by approaching the contribution of the Ministry of Health for this project. The block of land, machinery and the other related resources belonging to the Thriposha Limited too were vested with the Ministry of Health.

The Government paid attention to confer the Thriposha Limited to the Government and improve its products, with a view to empowering the National Programme for the alleviation of malnutrition from the country. The Thriposha Limited was established as the “**Sri Lanka Thriposha Limited**” under the Ministry of Health, as a Fully Government owned Company with effect from 2010-09-17, after the Cabinet approval for a Cabinet Memorandum submitted by Hon. Maithripala Sirisena, the Minister of Health. The new Company was registered under the Registrar of Companies, as an affiliated institution to the Ministry of Health, under **P. B. No. / 3873**. The affairs of the Sri Lanka Thriposha Limited commenced thereafter under a new Board of Management, comprising of 07 members, with effect from 2011-01-07.

Production progress

The total number of monthly beneficiaries entitled to the grant of Thriposha in Sri Lanka was 928,000 at the time of acquisition to the Government in the year 2011. These beneficiaries are comprised of the following;

- All pregnant mothers
- All lactating mothers (until the infant reaches 06 months)
- Infants beyond 06 months and pre school children below 05 years of age with malnutrition
- The children below the 3rd growth line in Child Development Record, in terms of weight
- The hospitalized patients belonging to the above level

1,392 MT needs to be manufactured per month to supply the monthly Thriposha requirement, to the above mentioned beneficiaries in its entirety. Before the acquisition of the Thriposha Company, the monthly production up to September, 2010 was 1,000 MT. A huge increase occurred in the production with the acquisition of the Company to the Government, in September, 2010. This increase of production was caused by the installation of modern machinery and employee incentives. Accordingly, the monthly production could be enhanced up to 1,300 MT by November, 2011 and it was 94% in its percentage out of its entire requirement.

Only 92 MT was further required to reach 100% of the total beneficiary need islandwide, which was 928,000. It was calculated that the number of monthly beneficiaries in 2014 was 1.3 million and that the monthly production requirement for the purpose would be 1,950 MT, in pursuance of the calculation of the beneficiaries in the developing areas due to the end of war. The present target is to achieve these requirements. It will be an easier task to produce 1,950 MT of Thriposha required for the entire beneficiaries, amounting to 1.3 million by 2014, to reach the 100% of the requirement of the Thriposha production under the Government Programme, since the following further improvements in this regard are already at its completion.

Program launched to accomplish the goals

Granting concurrence to provide Rs. 141 million directly to the Thriposha Limited by the General Treasury to purchase the essential machinery to double the Thriposha production and Rs. 70 million has already been allocated for the purpose and commenced to make arrangements to purchase the said machinery.

It is expected to double the production of Thriposha, after the installation of the new machinery. Thereafter, it will be able to provide Thriposha to the total number of 1.3 million beneficiaries in the year 2015. The next victorious target of the Company will be to provide the required Thriposha to all Thriposha beneficiaries in the country and issue the surplus to the local market.

The number of cadre, posts and employees approved by the Deapartment of Management Services of the Ministry of Finance

01.	Senior Managers		
	• Senior Manager (Operations)	01	
	• Senior Manager (Legal and HR)	01	02
02.	Managers at medium level	01	
	• Manager (Engineering and Prodcution Services)	01	
	• Manager (Quality Control)	01	03
	• Manager (Finance)		
03.	Junior Managers		
	• Distribution Officer	01	
	• Internal Auditor	01	
	• Finance Officer	01	
	• Supply Officer	01	
	• Warehouse Officer	01	
	• Production Officer	01	
	• Administrative Officer	01	
	• Stores Officer	01	08
04.	Management Assistant (Technical)		03
05.	Management Assistant (Non Technical)		13
06.	Primary Services		
	Primary Services (Skilled)		
	• Driver	05	
	• Electrician	03	08
	Primary Services (Semi skilled)		
	• Boilers	03	
	• Fitters	03	
	• Lathemen	02	
	• Machine Operator	22	
	• Quality Controller	07	
	• Fireman	01	38
	Primary Services (Non skilled)		
	• Gardener	02	
	• Labourer/Peon	01	
	• Ordinary Labourer	111	
	• Lead Girl	01	115
Total			190

The spreading of our group on types of service

▪ **Factory**

(Group consists of 170)

<u>Posts</u>	<u>Number</u>
01. Senior Manager (Operations)	01
02. Manager (Engineering Services and Production)	01
03. Manager (Quality Assurance)	01
04. Manager (Production)	01
05. Production Officers	03
06. Stores Officers	02
07. Distribution Officers	01
08. Management Assistants	07
09. Electricians	03
10. Fireman	01
11. Quality Controllers	07
12. Machine Operators	22
13. Lathemen	02
14. Fitters	03
15. Boilers	03
16. Ordinary Labourers	112
	170

▪ **Administrative, Accounts and other sections**

(Group consists of 20)

<u>Posts</u>	<u>Number</u>
01. Senior Manager (Human Resources & Legal)	01
02. Manager (Finance)	01
03. Finance Officer	01
04. Internal Auditor	01
05. Administrative Officer	01
06. Supply Officer	01
07. Management Assistants	06
08. Drivers	05
09. Office Assistants	01
10. Gardener	02
	20
	190

Details of the suppliers registered in terms of the Tender Process in the year 2014

Soya beans and maize

- 1. Farmers' Centre, Meegalewa**
No. 367,
03rd floor, Dam Street
Colombo 12
- 2. People's Integrated Farmers Ltd.**
Anuradhapura
No. 17/10, Oliyamulla
Wattala
- 3. Integrated Farmers Organization**
Ampara
No. 169, Dutugemunu Mawatha
Peliyagoda

- 4. K. S. T. Evergreen (Pvt) Ltd.**
No. 583,
St. Jude Mawatha
Rilawulla
Kandana
- 5. C. I. C. Seeds (Pvt) Ltd.**
No. 205 1/1
D. R. Wijewardane Mawatha
Colombo 10

Milk powder
Milco (Pvt) Ltd.
No. 45
Nawala Road
Narahenpita

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

Minerals
Wickremarathne (Pvt) Ltd.
No. 231
Dam Street
Colombo 12

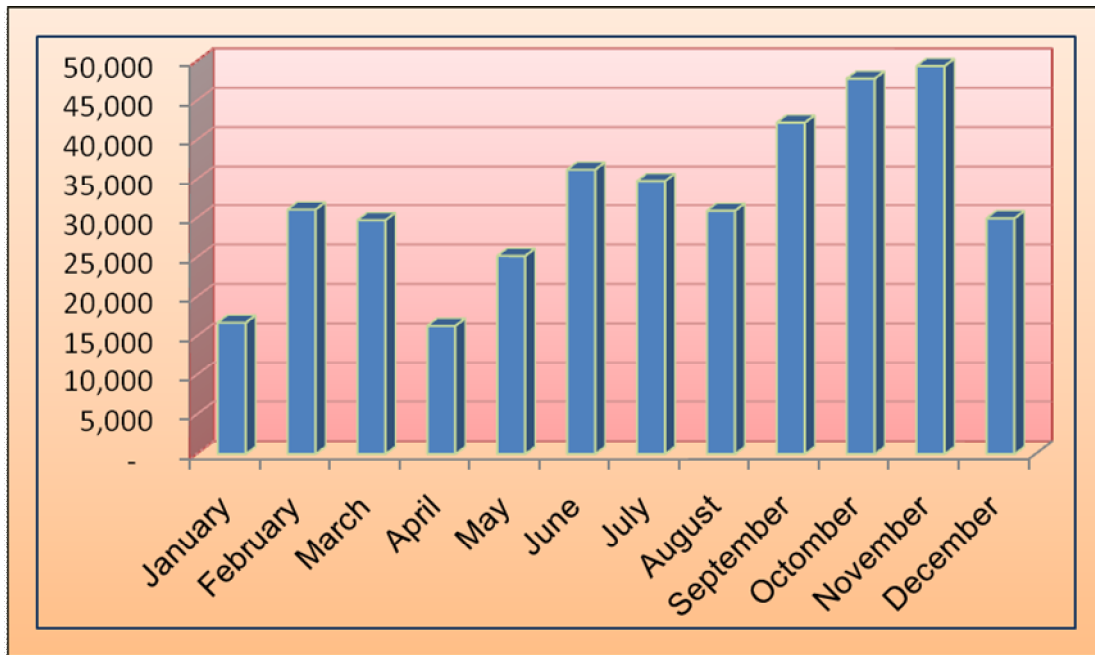
Kraft paper
Ceylon Paper Sacks
No. 257
Grandpass Road
Colombo 14

Polythene
Toughline Limited
No. 188
Highlevel Road
Meegoda

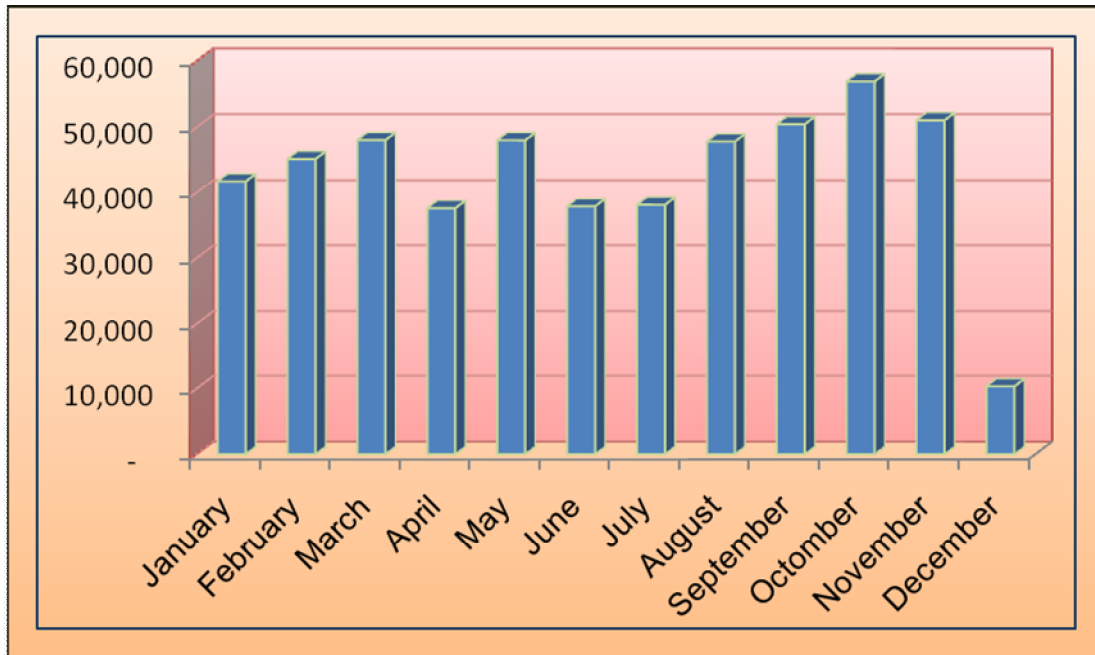
Production of Thripasha in Master bags from the year 2010 to year 2014

Month	2010	2011	2012	2013	2014
January	16,697	41,752	37,689	43,026	40,316
February	31,038	45,161	47,414	44,109	47,708
March	29,693	48,028	47,198	44,701	56,917
April	16,291	37,573	30,336	22,018	38,492
May	25,167	48,002	43,425	30,069	56,456
June	36,216	37,860	45,936	33,370	51,654
July	34,759	38,090	45,736	60,285	57,309
August	30,890	47,810	47,236	55,429	57,677
September	42,190	50,428	44,645	58,712	57,621
October	47,765	56,913	48,009	49,958	58,522
November	49,361	51,026	15,308	42,348	56,324
December	29,929	10,304	37,520	18,238	42,072
Master bags	389,996	512,947	490,452	502,263	621,068
Metric Tons	8,775	11,541	11,035	11,300	13,974

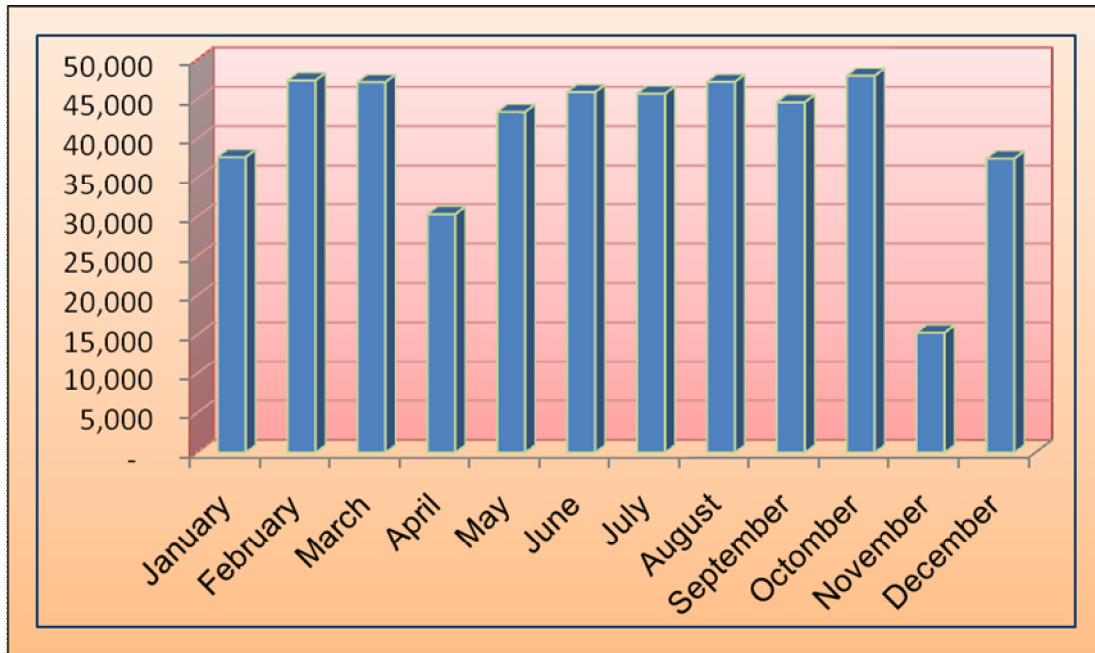
Production data of the year 2010 in chart (in Master Bags)



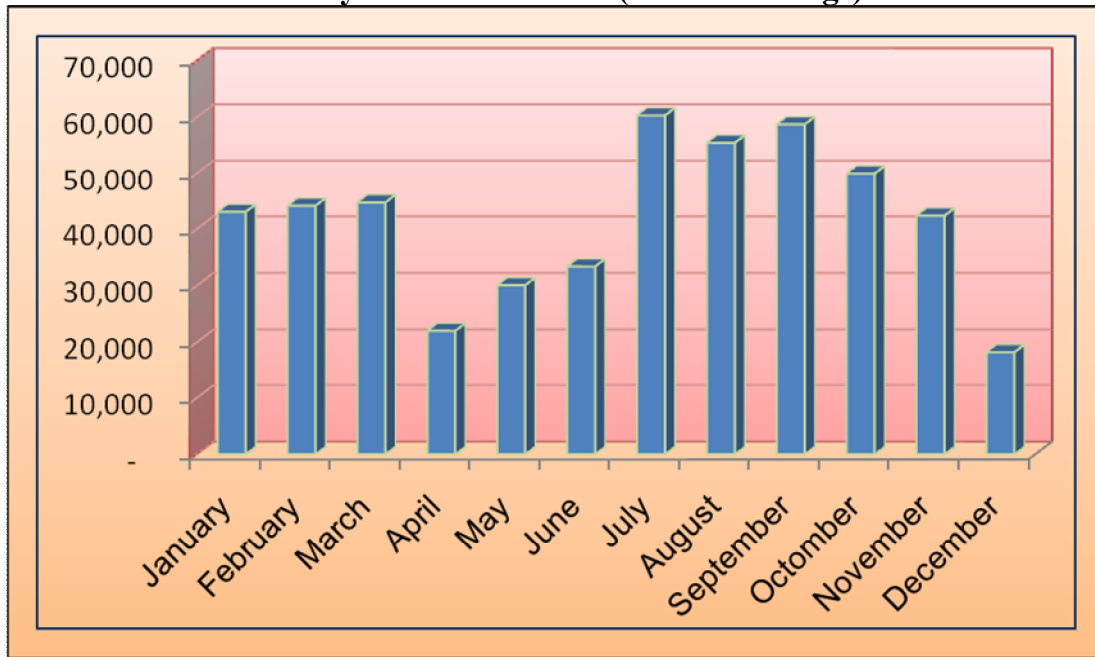
Production data of the year 2011 in chart (in Master Bags)



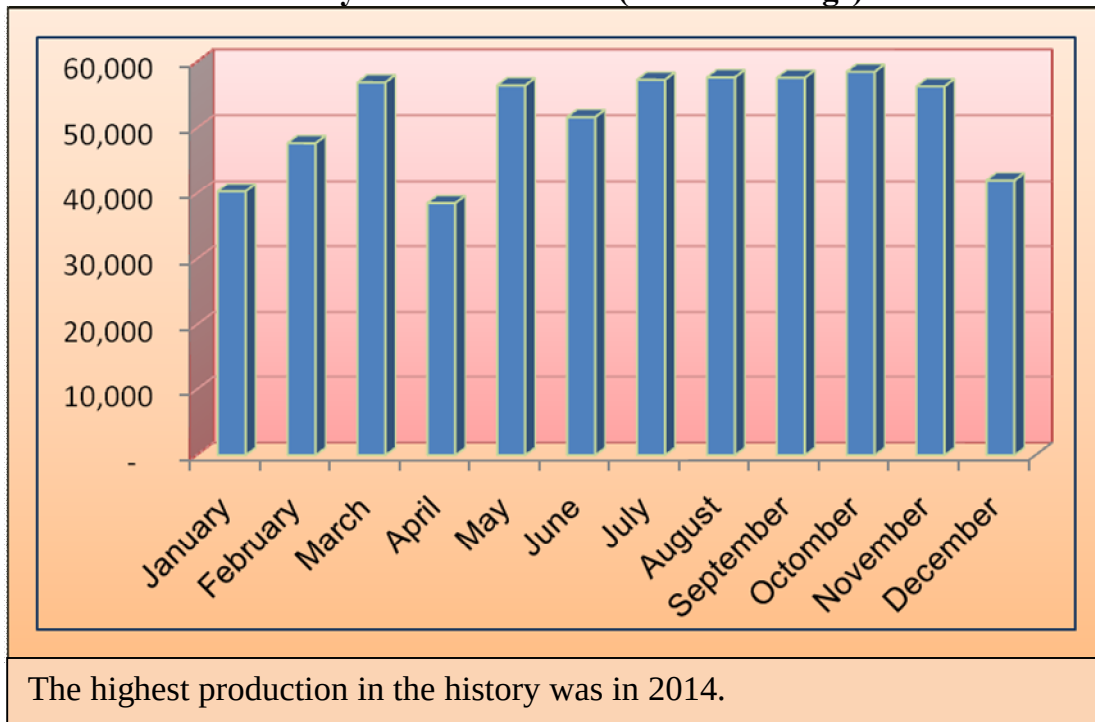
Production data of the year 2012 in chart (in Master Bags)



Production data of the year 2013 in chart (in Master Bags)



Production data of the year 2014 in chart (in Master Bags)



In accordance with the above information, the highest daily production within the history of around 40 years has been recorded in the year 2014 and the production was 621,068 Master Bags.

Expected targets - 2015

Installation of an Anderson machine in lieu of the Bade machine functioning at the moment will create a surplus production in future and it is the target of the Management and the staff of the Thriposha Limited to sell same in the market.

It was possible to improve the production up to 94% within a short period of one year, without making any change in the number of employees or machinery up to then, on the fidelity towards the new Management with the employment security and State protection, while maintaining the employee welfare in an upgraded level. It is much delightful to be able to make an example as features of an excellent progress by incorporating the Thriposha project into a Government owned Company.

The sole expectation of the Company is to enhance the promotion of the production within the years 2014 and 2015 as follows. Accordingly, it will acquire the capability of distribution on beneficiary requirements.

Month	2014		2015	
	Master bags	Packets	Master bags	Packets
January	60,756	1,822,680	57,012	1,710,360
February	60,756	1,822,680	51,972	1,559,160
March	66,156	1,984,680	60,036	1,801,080
April	57,876	1,736,280	57,348	1,720,440
May	61,116	1,833,480	63,060	1,891,800
June	61,476	1,844,280	60,036	1,801,080
July	66,516	1,995,480	60,036	1,801,080
August	61,476	1,844,280	60,372	1,811,160
September	57,876	1,736,280	60,036	1,801,080
October	61,116	1,833,480	62,724	1,881,720
November	66,516	1,995,480	60,372	1,811,160
December	59,676	1,790,280	57,348	1,720,440
Total	741,312	22,239,360	710,352	21,310,560

Data and Information

As it will be important to establish software, enabling to obtain data on the production and distribution of Thriposha instantly and easily, it is supposed to take place in future.

Use of new machinery and enhance the capacity of the factory

The World Food Program (WFP) has provided machinery worth of Rs. 72 million for the production of Thriposha and that machinery was used to maintain an uninterrupted production in the year 2012. The World Food Program has provided the financial provisions for a packeting machinery worth of Rs. 05 million and that machinery has been used since January, 2012.

Purchase of production raw materials more and more

Further action will be taken to have the production of the local farmers supplied via Farmers' Organization to the Thriposha Limited, in order to safeguard the local farmer more and more. Accordingly, the Mahaweli and traditional farming families affiliated to those Farmers' Organizations, amounting to about 8,000 families have been able to join hand in hand directly with the Company on purchase of the production of soya beans and maize from the Farmers' Organizations of Meegalewa, Anuradhapura, Ampara and Huruluwewa. The regional development banks, major commercial banks will provide the required financial facilities to the relevant Farmers' Organizations for the purpose.

Distribution Process of Thriposha

Thriposha Factory (Ja-Ela)



Distribution activities (by lorries and train wagons)



Regional Directors of
Health Services

Estates

Children's Centres



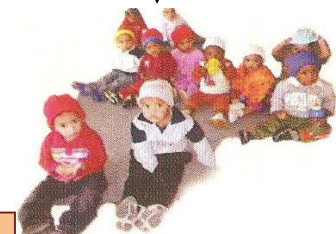
MOH



Health Centres
(Clinics)



Midwife



Thriposha
beneficiaries

The Sri Lanka Thripasha Limited produces Thripasha and carries out the distribution activities properly through the Ministry of Health.

Thripasha Distribution Centres

Provincial Health Services Directorates 1. Central Province 2. Eastern Province 3. North Central Province 4. North Western Province 5. Northern Province 6. Sabaragamuwa Province 7. Southern Province 8. Uva Province 9. Western Province	Estate Authorities 1. NuwaraEliya 2. Matara 3. Hatton 4. Matale 5. Rathnapura 6. Galle 7. Badulla 8. Kegalle 9. Kandy 10. Kalutara	Other 1. Military hospitals 2. Municipal Councils - Negombo - Colombo - Matale - Galle - Kandy
Probation and Child Protection Authorities 1. Anuradhapura 2. Battaramulla 3. Badulla 4. Galle 5. Jaffna 6. Trinncomalee 7. Kurunegala 8. Rathnapura 9. Kegalle 10. Kandy	Regional Directorates of Health Services 1. Ampara 2. Anuradhapura 3. Badulla 4. Batticaloa 5. Colombo 6. Galle 7. Gampaha 8. Hambanthota 9. Jaffna 10. Kalmune 11. Kalutara 12. Rathnapura 13. Trincomalee 14. Kandy 15. Kegalle 16. Kilinochchi 17. Kurunegala 18. Matale 19. Matara 20. Mannar 21. Monaragala 22. NuwaraEliya 23. Polonnaruwa 24. Puttalam 25. Vavuniya	
MOH Divisions 1. Ampara07 2. Anuradhapura18 3. Badulla15 4. Batticaloa13 5. Colombo11 6. Galle19 7. Gampaha16 8. Hambanthota12 9. Jaffna11 10. Kalmune13 11. Kalutara13 12. Kandy21 13. Kegalle11 14. Kilinochchi04 15. Kurunegala23 16. Matale12 17. Matara16 18. Mannar03 19. Monaragala11 20. NuwaraEliya11 21. Polonnaruwa07 22. Puttalam11 23. Rathnpura17 24. Trincomalee10 25. Vavuniya04		

Details of distribution of Thripasha in 2014

Regional Directorates of Health Services	Number of beneficiaries	Monthly allocations		
		Mothers	Children	Total
Ampara	26,542	574	1,190	1,764
Anuradhapura	56,505	1,256	2,521	3,777
Badulla	41,461	927	1,837	2,764
Batticaloa	43,405	960	1,932	2,892
Colombo Hospital	5,148	46	178	224
Colombo Municipal Council	9,240	330	630	960
Colombo (South)	42,553	819	1,571	2,390
Galle	47,365	1,048	2,109	3,157
Gampaha	51,159	962	1,976	2,938
Hambanthota	34,758	597	1,183	1,780
Jaffna	31,010	689	1,408	2,097
Kalmune	37,706	835	1,678	2,513
Kalutara	30,854	849	1,426	2,275
Kandy	59,458	1,317	2,641	3,958
Kegalle	30,288	718	1,062	1,780
Kilinochchi	7,719	172	514	686
Kurunegala	66,798	1,471	2,983	4,454
Mannar	7,398	163	330	493
Matale	31,233	546	1,308	1,854
Matara	50,795	1,122	2,266	3,388
Monaragala	29,517	707	1,410	2,117
NuwaraEliya	27,191	640	1,364	2,004
Polonnaruwa	32,367	625	1,534	2,159
Puttalam	27,857	522	921	1,443
Rathnapura	42,555	957	1,881	2,838
Trincomalee	40,884	905	1,817	2,722
Vavuniya	8,290	186	368	554
Mulaitivu	6,335	141	281	422
Total	944,047	20,084	40,319	60,403

Probation and Child Protection Centres	Number of beneficiaries	Monthly allocation for children
09	24,549	49,098
Total	24,549	49,098

Estates	Number of beneficiaries	Monthly allocation		
		Mothers	Children	Total
Hatton	10,470	710	1,438	2,148
Matale	2,873	180	401	581
Kegalle	4,287	262	634	896
Kandy	5,248	322	713	1,035
Kalutara	2,319	164	319	483
NuwaraEliya	11,495	743	1,539	2,282
Matara	1,042	70	145	215
Badulla	10,320	710	1,438	2,148
Galle	1,062	68	152	220
Rathnapura	4,586	304	621	925
Total	53,702	3,533	7,400	10,933

Number of Thriposha distribution centres and beneficiaries in 2014

	Number of Centres	Number of beneficiaries
For the 26 Regional Directorates of Health Services	740	926,391
Estates	447	53,702
Children's homes of the Department of Probation and Child Protection	09	24,549
Total	1,196	1,004,642

Ultimate Target

The necessary improvements will be completed in the short coming up period with the achievement of these requirements and it will be the ultimate goal to reach 100% target of providing Thriposha to the entire number of beneficiaries of nearly one million.

And, it is expected to have a surplus production and another desire is to introduce the surplus in a new facet and achieve victory in the market.

Accordingly, it is the expectation of the Sri Lanka Thriposha Limited to improve the production level, in appropriation with the beneficiary requirement of the country and maintain a better service status.

Achievements and challenges in the year 2014

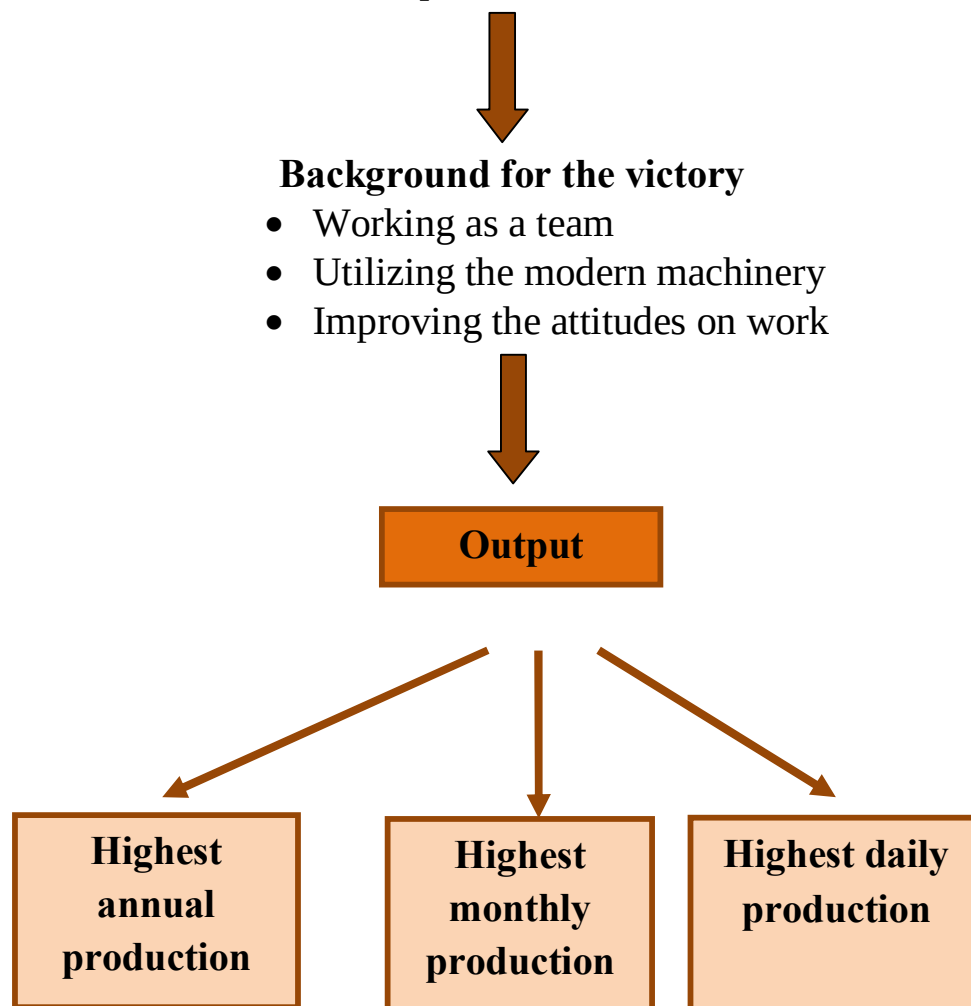
An achievement in the year 2014 was to succeed in our major expectation of alleviating malnutrition from the country viz the malnutrition status has gone down by the distribution of Thriposha, in comparison with the other years. For an instance, we were informed by the Deputy Directorate of Health that the malnutrition percentage has declined in the district of Monaragala.

Suggestions for success

1. a lorry for our institution for the ease of following a proper distribution process,
2. it is important to establish an observation committee to observe the Thriposha distribution institutions.

Our production achievements in the year 2014

We could achieve the highest production in the history of Thriposha production.



**Our next target is to win the market.
Let's win it!**

Thanks Giving

It is a satisfactory fact to witness a happy staff, serving in a hierarchy, flowing from up to down and vice versa at our Institution. Their contribution to this Company should be appreciated. We all pay our gratitude to Hon. Maithripala Sirisena, the Minister of Health and the Deputy Minister of Health, Hon. Lalith Dissanayake (Attorney-at-Law) to have made the arrangements required to establish this Company as a State Company under the Ministry of Health and encourage all and provide the necessary instructions, sponsorship etc: and Mrs. Sudharma Karunaratne, the Secretary of Health, for the proper guidance and for providing the due instructions and the required approvals without any delay.

It was indeed a blessing to all of us the collaboration provided by all the ladies and gentlemen of the Director Board, bearing the Management of the Company. Moreover, we remind with great respect our suppliers and those who serve us being outside.

Ultimately, we pay our gratitude to the entire staff of the Sri Lanka Thripasha Limited, who makes a great effort to achieve these targets.



Kapila Rathnasinghe & Co.
(Chartered Accountants)

83/1/2, Subadrarama Road,
Gangodawila, Nugegoda, Sri Lanka.
Tel. : +94 11 2822 164
Fax : +94 11 2372 317
Mobile : +94 71 6840 945
E-mail : krc@krathnasinghe.com
Web : www.krathnasinghe.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SRI LANKA THRIPOSHA LTD

We have audited the accompanying financial statement of Sri Lanka Thriposha Ltd, which comprise the Statement of Financial Position as at 31ST December 2014, Statement of Income and Expenditure, 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.

Board's Responsibility for the Financial Statement

The Board of directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

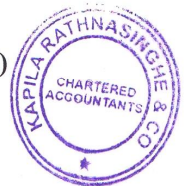
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31st December 2014, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

(Cont.)



-01-

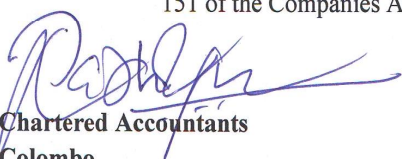
Kapila Rathnasinghe (ACA,MAAT)

(Cont.)

Report on other Legal and Regulatory Requirements

As required by section 163(2) of the Companies Act No. 07 of 2007 , we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.
 - The financial statements of the Company give a true and fair view of its financial position as at 31 December 2014, and of for the financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act No. 07 of 2007.


Chartered Accountants
Colombo

Date: 11th May 2016



Sri Lanka Thriposha Ltd

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31st December 2014

		31/12/2014 Rs. Cts.	31/12/2013 Rs.
Expenditure Reimbursement During the Year	02.	1,776,560,231.70	1,381,201,496
Less : Cost of Manufacturing	03.	(1,604,546,992.49) 172,013,239.21	(1,382,271,151) (1,069,655)
Add: Other Income	04.	21,087,871.63 193,101,110.84	24,622,143 23,552,488
Less: Expenses			
Administration expenses		(36,360,371.05)	(33,211,216)
Distribution cost		(7,232,959.00)	(8,986,705)
Financial and other expenses		(1,311,289.70) (44,904,619.75)	(1,209,922) (43,407,843)
Income over expenditure for the year	05.	148,196,491.09	(19,855,354)
Other Comprehensive Income			
Reversal of Retirement Benefit Obligation		411,927.50	-
Total Comprehensive Income for the year		148,608,418.59	(19,855,354)

The above statement of comprehensive income is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 6 to 21 which form an integral part of these financial statements.



Sri Lanka Thripasha Ltd

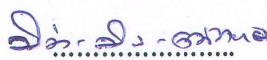
STATEMENT OF FINANCIAL POSITION

As at 31st December 2014

	Notes	31/12/2014 Rs. Cts.	31/12/2013 Rs.
ASSETS			
Non Current Assets			
Property, Plant & Equipment	06	423,481,344.54	439,453,144
		<u>423,481,344.54</u>	<u>439,453,144</u>
Current Assets			
Inventories	07	285,308,427.85	128,718,592
Trade & Other Receivables	08	43,877,617.16	33,467,322
Investment	09	60,200,274.72	60,456,528
Cash & Cash Equivalents	10	7,461,285.79	3,907,650
		<u>396,847,605.52</u>	<u>226,550,092</u>
Total Assets		<u>820,328,950.06</u>	<u>666,003,235</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital Reserves	12	136,873,127.45	152,382,927
Revaluation Reserves	13	307,170,027.56	307,170,028
Accumulated Income Over Expenditure		302,676,082.90	154,060,207
Total Equity		<u>746,719,237.91</u>	<u>613,613,162</u>
Non Current Liabilities			
Retirement Benefit Obligation	14	28,130,680.00	30,086,348
Medical Fund	15	141,163.96	62,795
		<u>28,271,843.96</u>	<u>30,149,142</u>
Current Liabilities			
Trade & Other Payables	16	45,337,868.19	22,240,932
		<u>45,337,868.19</u>	<u>22,240,932</u>
Total Equity & Liabilities		<u>820,328,950.06</u>	<u>666,003,235</u>

The above statement of financial position is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 6 to 20 which form an integral part of these financial statements.

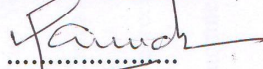
These financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

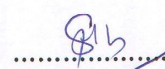

Head of Finance



The board of directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board


Chairman


Director

Ja-Ela, Kapuwatta
Date: 11th May 2016

Sri Lanka Thripasha Ltd

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2014

	Capital Reserves		Revaluation Reserves		Accumulated Income Over Expenditure		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance as at 01/01/2013	147,354,856.01		307,170,027.56		173,818,495.73		632,639,444.45	
Prior Year Adjustment		-		-	90,147.17		(4,205,917.98)	
Capital grant from Ministry of Health	27,425,002.45			-		-	27,425,002.45	
Depreciation - Capital Assets Grant by Ministry of Health	(22,396,931.80)			-		-	(22,396,931.80)	
Income over expenditure 2013		-		-	(19,848,435.60)		(19,848,435.60)	
Balance as at 31/12/2013	<u>152,382,926.66</u>		<u>307,170,027.56</u>		<u>154,060,207.30</u>		<u>613,613,161.52</u>	
Balance as at 01/01/2014	152,382,926.66		307,170,027.56		154,060,207.30		613,613,161.52	
Capital grant from Ministry of Health	7,913,121.28			-		-	7,913,121.28	
Transfer to Capital Reserve	462,000.00			-		-	462,000.00	
Depreciation - Capital Assets Grant by Ministry of Health	(23,884,920.47)			-		-	-23,884,920.47	
Prior Year Adjustment		-		-	7,457.01		7,457.01	
Income over expenditure 2014					148,196,491.09		148,196,491.09	
Other Comprehensive Income 2014		-		-	411,927.50		411,927.50	
Balance as at 31/12/2014	<u>136,873,127.47</u>		<u>307,170,027.56</u>		<u>302,676,082.90</u>		<u>746,719,237.93</u>	



Sri Lanka Thriposha Ltd

CASH FLOW STATEMENTS

For the year ended 31st December 2014

	31/12/2014 Rs. Cts.	31/12/2013 Rs.
<u>Cash Flow from Operating Activities</u>		
Income over expenditure for the year	148,608,419	(19,848,436)
<u>Adjustments for</u>		
Gratuity Provision for the year	(411,928)	3,661,583
Provision for Medical Contribution	190,158	103,600
	<u>(221,770)</u>	<u>3,765,183</u>
Operating Profit Before Changes in Working Capital	148,386,649	(16,083,253)
<u>Changes in Working Capital</u>		
Increase / (Decrease) in Debtors & Other Receivables	(10,146,585)	(5,669,989)
Increase / (Decrease) in Trade & Other Payables	23,096,936	1,014,275
Increase / (Decrease) in Inventories	<u>(156,589,836)</u>	<u>26,589,005</u>
	<u>(143,639,484)</u>	<u>21,933,291</u>
Net Cash Flow from Operating Activities Before Gratuity Payment	4,747,165	5,850,039
Less: Gratuity Paid	(1,543,740)	(1,776,360)
Payment of medical benefits	<u>(111,789)</u>	<u>(105,462)</u>
Net Cash Flow from Operating Activities After Taxation	<u>3,091,636</u>	<u>3,968,217</u>
<u>Cash Flow from Investing Activities</u>		
Acquisition of Property, Plant & Equipment	(7,913,121)	(27,425,002)
Acquisition of Treasury Bills	-	(60,456,528)
Net Cash Flow from Investing Activities	<u>(7,913,121)</u>	<u>(87,881,530)</u>
<u>Cash Flow from Financing Activities</u>		
Capital Grant from Ministry of Health	8,375,121	27,425,002
Net Cash Flow from Financing Activities	<u>8,375,121</u>	<u>27,425,002</u>
Changes in Cash & Cash Equivalent	3,553,636	(60,694,229)
Cash & Cash Equivalent Brought Forward	3,907,650	64,601,879
Cash & Cash Equivalent Carried Forward	<u>7,461,286</u>	<u>3,907,650</u>
<u>Analysis of the Cash & Cash Equivalent shown in the statement of financial position</u>		
Bank Of Ceylon Ja-Ela 71324617	7,461,286	3,633,719
Bank Of Ceylon Ja-Ela 72059803	-	273,931
	<u>7,461,286</u>	<u>3,907,650</u>



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

1. Significant Accounting Policies

1.1.1 Reporting Entity

Sri Lanka Thriposha Ltd. is a limited liability company incorporated and domiciled in Sri Lanka as a fully Government owned company under the supervision of Ministry of Health. The registered office of the Company and the principal place of business is located at P O Box 17, Kapuwatta, Ja-Ela, Sri Lanka.

1.1.2 Principal Activities and Nature of Operations

The Company is the sole company for manufacturing “Thriposha”; for “Thriposha distribution program” of Ministry of Health.

The other principal activities of the company were:

- To facilitate to development, production and distribution of “Thriposha” – a Sri Lanka fortified supplementary food product in order to reduce maternal and child malnutrition in Sri Lanka.
- To encourage the income generation path for local farmers who supply the raw material for Thriposha Production as far as possible.
- To reduce and market any other form of fortified blended food items based on Government policy.
- To assess the annual requirement of Thriposha and take necessary action to supply.

1.1.3 Board of Directors

1. Mr.M.D. Bandusena (Chairman)
2. Dr.PalithaGunarathnaMaheepala
3. Dr.ShanthiGunawardana
4. Mrs. H.M. ThejaHerath
5. Mrs.A.R. Ahamed
6. Dr.DamayanthiHapugoda
7. Mr. B.P. ChinthakaKularathna
8. Mr.S.R.Rajapaksha (Observer)

Board Secretary

Mrs.ThanujaPriyadharshaniAlwis

1.1.4 Auditors

KapilaRathnasinghe & Co,
(Chartered Accountants)
83/1/2, Subaddarama Road, Gangodawila, Nugegoda.

1.1.5 Bankers

Bank of Ceylon

1.1.6 Date of Authorization for Issue

The Financial Statements of Sri Lanka Thriposha Limited for the year ended 31st December 2014 was authorized for issue in accordance with the resolution of the Board of Directors on 11th May 2016.



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

1.1.7 Basis of Preparation

a. Statement of Compliance

The financial statements which comprise the income statement, statement of comprehensive income & expenditure, statement of financial position, statement of changes in equity and the cash flow statement, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

b. Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

c. Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

d. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Company.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stated otherwise.

e. Use of Key Estimates and Critical Judgments

The preparation and presentation of financial statements in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

1.2 Assets and the Bases of their Valuation

1.2.1 Property, Plant & Equipment

a. Recognition and Measurement

Items of property, plant & equipment are stated at cost or at fair value less accumulated depreciation and any impairment losses.

All items of property, plant & equipment are initially recorded at cost less accumulated depreciation and any impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant & equipment are required to be replaced at intervals, the entity derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

b. Cost

The cost of property, plant & equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant & equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

c. Depreciation

Depreciation is charged to the capital reserve on the straight-line basis at the following rates per annum in order to write-off the cost of such assets over their estimated useful lives.

Buildings	Over 20 Years
Plant and Machinery	Over 20 Years
Motor Vehicles	Over 05 Years
Equipment and Tools	Over 05 Years
Laboratory Equipment	Over 05 Years
Agricultural equipment	Over 10 Years
Electrical Works	Over 05 Years
Office Equipment	Over 10 Years
Furniture and Fittings	Over 10 Years

d. De recognition

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on De recognition of the assets is included in the statement of comprehensive income in the year the asset is derecognized.



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

1.2.2 Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset category in property, plant & equipment when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Company. Capital work-in-progress is stated at cost, including borrowing costs, less any accumulated impairment losses.

1.2.3 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 - Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5 years on the straight-line method.
Curriculum development cost is written-off on the straight-line method over a period of 5 years.

1.2.4 Inventories

Inventories are valued at average cost, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following formulae:-

Raw Materials	- At cost
Finished Goods and Work -in- Progress	- At the cost of direct materials, direct labor an appropriate proportion of fixed Production overheads based on normal operating capacity.
Goods in Transit	- At actual cost

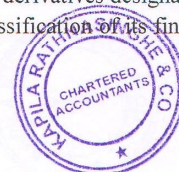
Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make sale.

1.2.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1.2.6 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable to transaction costs.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets of the Company include cash and short-term investments and trade and other receivables.

a. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

The Company has not designated any financial asset upon initial recognition at fair value through profit or loss.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

c. Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in Government Securities and fixed deposits have been classified under HTM investments.



Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

e. Available-for-Sale Financial Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The Company has not designated any financial asset upon initial recognition as available-for-sale investment.

1.2.7.1 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

1.2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits at bank and repurchase agreements.

Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the 'indirect method'.

1.3 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the Reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.3.1 Employee Benefits

a. Provision for Retiring Gratuity

The Company has adopted the benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The benefit plan is not externally funded.

The key assumptions used for calculating the provision include the following:

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

That the Company will continue as a going concern



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

b. Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plan are recognized as an expense in the statement of comprehensive income as and when they are due.

c. Employees' Provident Fund

The Company and employees, contribute 12% and 08% respectively, on the salary of each employee to the approved provident fund.

d. Employees' Trust Fund

The Sri Lanka Thriposha Ltd. contributes 3% on the salary of each employee to the Employees' Trust Fund.

1.3.2 Trade and Other Payables

Trade and other payables are stated at cost.

1.3.3 Taxation

The surplus and income of the Company other than the surplus and income from dividends or interest is exempt from income tax under Section 7 (ixiv) of the Inland Revenue Act No. 10 of 2006.

1.3.4 Deferred Taxation

Provision has not been made for deferred tax, as surplus and income of the Company since exempt from income tax under Section 7 (ixiv) of the Inland Revenue Act No. 10 of 2006.

1.3.5 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

1.4 Statement of Comprehensive Income

Capital Reserve – (Related to Capital Grants)

Funds spend on fixed assets since year 2000 provided by the Ministry of Health, CARE, and Ceylon Tabaco Ltd have been treated as capital grant and as such the depreciation in respect of these items has been charged to the relevant capital grant accounts while setting off same against the total depreciation charge for the year

1.4.1 Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

Grants that compensate the Company for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in the statement of financial position.

1.4.3 Expenditure

- a. Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Company and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

1.4.4 Finance Expense/Income

Finance income comprises interest received on accrual basis on funds invested.

1.5 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with LKAS 7.

Interest paid is classified under operating cash flows and interest received is classified under investing cash flows.

1.6 Events after the Reporting Period

The materiality of events occurring after the reporting period has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

1.7 Standards Issued but not yet Effective

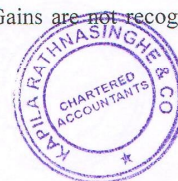
Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

- a. SLFRS 9 - Financial Instruments:

Classification and Measurement SLFRS 9 replaces LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The mandatory effective date of this Standard has been deferred. The adoption of the first phase of SLFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurement of financial liabilities. The Company will quantify the effect in conjunction with other phases, when issued, to present a comprehensive picture.

1.8 Non-Current Assets Held For Sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are re-measured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the profit or loss. Gains are not recognized in excess of any cumulative impairment loss.



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	2014		2013
	Rs.	Cts.	Rs.
02. EXPENDITURE REIMBUSMENT DURING THE YEAR			
Reimbursement of expenses from Ministry of Health	1,776,560,231.70		1,376,678,445
Income from supply of Thriposha to World Food Program		-	4,529,970
	<u>1,776,560,231.70</u>		<u>1,381,208,415</u>
03. COST OF MANUFACTURING			
Material Consumption	1,558,995,388.01		1,190,839,956
Direct Labour	109,605,729.30		101,811,367
Factory Overheads	89,129,409.50		85,610,450
Prime Cost	<u>1,757,730,526.81</u>		<u>1,378,261,773</u>
Add: Finished Products at the Beginning of the year	16,192,484.30		20,730,175
Sundry Products at the Beginning of the year	86,007.73		101,939
Less: Finished Products at the End of the year	(25,956,190.88)		-16,192,484
Sundry Products at the End of the year	-		-86,008
Re Processing Loss	-		-544,244
	<u>1,748,052,827.97</u>		<u>1,382,271,151</u>
04. OTHER INCOME			
Sweeping Sales	11,651,848.70		10,175,630
Other Income	145,610.33		2,337,678
Interest income on Treasury Bills	5,443,746.72		6,787,847
Gunnies Sales	2,068,769.50		3,955,398
Sundry income miscellaneous	308,837.10		291,917
Housing Loan interest	1,469,059.28		814,674
Donation from Mr. Kiran Athapaththu	145,610.33		259,000
	<u>21,233,481.96</u>		<u>24,622,143</u>
05. INCOME OVER EXPENDITURE FOR THE YEAR			
The following items have been charged in arriving at Income Over Expenditure for the year			
	2014		2013
	Rs.	Cts.	Rs.
Basic Salaries & Incentive	6,939,396.19		6,537,733
Security Charges	7,098,930.40		5,261,942
Building Repair & Maintenance	7,791,699.96		7,535,071
Management Salaries	4,545,572.77		3,589,420
Audit fees	99,825.00		90,750
Other Administration Expenses	9,884,946.73		10,196,299
Distribution expenses	7,232,959.00		8,986,705
Finance and other expenses	1,311,289.70		1,209,922
	<u>44,904,619.75</u>		<u>43,407,843</u>



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

06. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	Balance as at 01/01/2014	Additions	Balance as at 31/12/2014
Land	220,000,000.00	-	220,000,000.00
Building	69,325,599.28	3,986,360.00	73,311,959.28
Plant and Machinery	136,762,036.39	1,018,594.40	137,780,630.79
Motor Vehicles	13,258,750.00	-	13,258,750.00
Equipment and Tools	9,832,321.38	364,868.00	10,197,189.38
Laboratory Equipment	4,921,850.00	270,480.00	5,192,330.00
Agricultural Equipment	138,650.00	-	138,650.00
Electrical Works	1,092,746.45	35,000.00	1,127,746.45
Office Equipment	8,213,062.74	2,228,568.88	10,441,631.62
Furniture and Fittings	3,543,598.70	9,250.00	3,552,848.70
	<u>467,088,614.94</u>	<u>7,913,121.28</u>	<u>475,001,736.22</u>

<u>Accumulated Depreciation</u>	Balance as at 01/01/2014	Additions	Balance as at 31/12/2014
Building	4,220,616.60	3,600,055.80	7,820,672.40
Plant and Machinery	16,004,599.73	13,683,060.52	29,687,660.25
Motor Vehicles	2,087,042.17	2,651,750.00	4,738,792.17
Equipment and Tools	2,692,731.13	1,983,156.68	4,675,887.81
Laboratory Equipment	553,729.50	501,201.00	1,054,930.50
Agricultural Equipment	16,175.83	13,865.00	30,040.83
Electrical Works	523,755.59	216,721.37	740,476.96
Office Equipment	1,105,776.44	879,979.40	1,985,755.84
Furniture and Fittings	431,044.22	355,130.70	786,174.92
	<u>27,635,471.21</u>	<u>23,884,920.47</u>	<u>51,520,391.68</u>

<u>Written Down Value</u>	31/12/2014 Rs. Cts.	31/12/2013 Rs.
Land	220,000,000.00	220,000,000.00
Building	65,491,286.88	65,104,982.68
Plant and Machinery	108,092,970.54	120,757,436.66
Motor Vehicles	8,519,957.83	11,171,707.83
Equipment and Tools	5,521,301.57	7,139,590.25
Laboratory Equipment	4,137,399.50	4,368,120.50
Agricultural Equipment	108,609.17	122,474.17
Electrical Works	387,269.49	568,990.86
Office Equipment	8,455,875.78	7,107,286.30
Furniture and Fittings	2,766,673.78	3,112,554.48
	<u>423,481,344.54</u>	<u>439,453,143.73</u>

Note:

Title deed for the Land not available at the company level.



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

07. INVENTORIES

	31/12/2014	31/12/2013
	Rs. Cts.	Rs.
<u>Raw Materials</u>		
Soya	104,928,119.74	56,235,686
Milk Powder	61,476,874.79	7,729,828
Maize	29,615,650.10	4,289,328
Vitamins	13,359,958.12	3,958,320
Mineral	3,573,050.11	13,254,810
Kraft Paper Bags	2,197,440.00	5,316,860
Multy Layer Film- Children	1,348,984.00	2,870,097
Polythene Bags - Red	1,184,963.25	2,013,634
Polythene Bags - Yellow	250,804.76	1,166,295
Twine	68,742.94	147,504
Multy Layer Film- Mother	-	1,776,946
Engineering Stores	9,231,382.66	5,711,490
Diesel	3,865,251.40	3,538,040
Used Poly Bags	78,292.00	78,292
Used Milk Powder Bags	6,171.00	6,171
PP Wooven Bags	2,911.01	-
Empty Containers	166.73	167
Sweepings	1,378.00	1,378
Work In Progress	14,567,809.27	4,431,264
Finished Goods	39,550,477.97	16,192,484
Total	285,308,427.85	128,718,592

08. TRADE AND OTHER RECEIVABLES

	31/12/2014	31/12/2013
	Rs. Cts.	Rs.
Housing Loan - Asset Loan AccII	24,472,838.95	17,688,014
Debtors	10,963,841.92	4,011,700
Housing Loan - DistresLoan AccII	5,959,544.24	6,051,337
Refundable Deposit CEB	987,500.00	987,500
Sundry Deposits & Prepayments	831,314.33	3,608,800
Picnic Advance	198,000.00	244,000
Festival Advance	159,000.00	151,200
Unexpired Expenses	154,901.72	189,982
Deposits	150,676.00	152,041
Housing Loan 5%	-	382,749
	43,877,617.16	33,467,322



Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	31/12/2014	31/12/2013
	Rs. Cts.	Rs.
09. INVESTMENTS		
Treasury Bills - Face Value	60,000,000.00	60,000,000
Treasury Bill Interest Income receivable	200,274.72	456,528
	<u>60,200,274.72</u>	<u>60,000,000</u>
10. CASH AND CASH EQUIVALENTS		
BOC-Ja Ela-71324617	7,461,285.79	3,633,719
BOC - Ja Ela -72059803	-	273,931
	<u>7,461,285.79</u>	<u>3,907,650</u>
11. STATED CAPITAL		
As a consequence of decision made by Cabinet of Ministers on 23rd June 2010, Management of the Thripasha Program has been vested on fully own government Limited Liability Company incorporated under the companies Act No: 07 of 2007. Accordingly Sri Lanka Thripasha Limited was incorporated on 17th September 2010 with the stated capital of Rs. 304,600,000/= (Three hundred million and six hundred thousand Rupees)		
12. CAPITAL RESERVES		
Balance as at beginning of the year	152,382,926.64	147,354,856
Capital grant from Ministry of Health	7,913,121.28	27,425,002
Mr Kiran Athapaththu (Welfare Fund)	462,000.00	-
Less :- Depreciation charge for the year	<u>(23,884,920.47)</u>	<u>(22,396,932)</u>
Balance as at end of the year	<u>136,873,127.45</u>	<u>152,382,927</u>
13. REVALUATION RESERVES		
Balance as at beginning of the year	307,170,027.56	307,170,028
Revaluation during the year	-	-
Balance as at end of the year	<u>307,170,027.56</u>	<u>307,170,028</u>
14. RETIREMENT BENEFIT OBLIGATION		
Balance as at beginning of the year	30,086,347.50	28,201,125
Less: Payments during the year	<u>(1,543,740.00)</u>	<u>(1,776,360)</u>
Provision for the year - 2014	<u>(411,927.50)</u>	<u>3,661,583</u>
Balance as at end of the year	<u>28,130,680.00</u>	<u>30,086,348</u>
Discounted Rate	12%	12%
Future Salary Increment Rate	10%	10%
Staff Turn Over	2%	2%
Retirement Age	55 Year	55 Year



Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	31/12/2014	31/12/2013
	Rs. Cts.	Rs.
15. <u>MEDICAL FUND</u>		
Balance as at beginning of the year	62,794.50	64,657
Contributions During the year	190,158.00	103,600
Payment During the year	(111,788.54)	(105,462)
Balance as at end of the year	<u>141,163.96</u>	<u>62,795</u>
16. <u>TRADE AND OTHER PAYABLES</u>		
Creditors	44,465,678.75	21,903,672
Salary Control	494,288.45	-
Auditors Remuneration payable	190,575.00	90,750
Refundable Deposit	153,237.50	153,238
Provision for expenses	34,088.49	93,272
	<u>45,337,868.19</u>	<u>22,240,932</u>
17. <u>DEPRECIATION RELATED TO CAPITAL GRANTS</u>		
Depreciations in respect of the fixed assets granted by the Ministry of Health have been charged to the relevant Capital Grant account while setting off same against the total depreciation charge for the year.		
18. <u>COMMITMENT AND CONTINGENCIES</u>		
There are no significant commitment or contingencies as at the reporting date.		
19. <u>RELATED PARTED DISCLOSURES</u>		
<u>Transaction with key management personnel</u>		
The key management personnel of the company are the members of its Board of Directors.		
20. <u>EVENTS OCCURRING AFTER THE REPORTING DATE</u>		
There have been no material events occurring after the reporting date which require adjustment to or disclosure in the financial statements.		



Sri Lanka Thripsha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

21. BLEND COMPOSITION

The blend composition used during the year is as follows as recommended by the ministry of health

	Recommended	Actual	Variation
Maize	66.00%	67.21%	1.21%
Soya	30.00%	29.11%	-0.89%
Milk	3.00%	2.78%	-0.22%
Vitamin	0.10%	0.82%	0.72%
Mineral	0.90%	0.09%	-0.81%

22. STANDARD WASTAGE

	Moisture	Process	Total
Maize	14.00%	6.50%	20.50%
Soya	12.00%	9.50%	21.50%
Milk	4.00%	0.00%	4.00%
Vitamin	3.00%	0.00%	3.00%
Mineral	3.00%	0.00%	3.00%

23. RAW MATERIAL CONSUMPTION (IN VALUE)

	Quantity	Value	Average Per kg Value (Actual)	Per kg Value (Budgeted)	Variance against budget
		Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Maize (Kg)	10,275,266	482,187,019.90	46.93	51.52	4.59
Soya (Kg)	4,449,607	460,648,860.06	103.53	137.76	34.23
Milk (Kg)	424,450	328,838,319.74	774.74	509.00	(265.74)
Mineral (Pkt)	124,650	32,046,102.71	257.09	327.00	69.91
Vitamin (Pkt)	13,550	35,321,011.49	2606.72	3,600.00	993.28
Kraft Paper (Bags)	623,900	21,968,095.97	35.21	25.85	(9.36)
Polythene (Bag)	9,728,050	42,268,867.31	4.35	4.00	(0.35)
Twine	1,416	269,869.73	190.59	228.00	37.41

24. PRODUCTION

	Budgeted	Actual	Variation
Produced Master Bags in Qty	710,346.00	621,068.00	(89,278.00)
Production Cost including			
Distribution and other exp (Rs)	2,782,373,853.00	1,672,809,605.89	1,109,564,247.11
Cost Per Master Bag (Rs)	3,916.93	2,693.44	1,223.49



Sri Lanka Thripsha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

		31/12/2014	31/12/2013
		Rs. Cts.	Rs.
01. EXPENDITURE REIMBURSEMENT DURING THE YEAR			
Reimbursement of expenses from Ministry of Health		1,776,560,231.70	1,376,671,526
Income from supply of Thripsha to World Food Program		-	4,529,970
		<u>1,776,560,231.70</u>	<u>1,381,201,496</u>
02. COST OF MANUFACTURING			
Material Consumption	02.1	1,429,613,560.69	1,190,839,956
Direct Labour	02.2	109,605,729.30	101,811,367
Factory Overheads	02.3	89,129,409.50	85,610,450
Prime Cost		<u>1,628,348,699.49</u>	<u>1,378,261,773</u>
Add: Finished Products at the Beginning of the year		16,192,484.30	20,730,175
Sundry Products at the Beginning of the year		86,007.73	101,939
Less: Finished Products at the End of the year		(39,550,477.97)	-16,192,484
Sundry Products at the End of the year		(86,007.73)	-86,008
Re Processing Loss		(443,713.33)	-544,244
		<u>1,604,546,992.49</u>	<u>1,382,271,151</u>
02.1 RAW MATERIAL CONSUMPTION			
Opening Stock		98,759,306.0	120,232,592
Add: Purchases			
Maize		507,513,342.5	373,048,208
Soya		509,341,294.3	425,762,448
Milk Powder		382,585,366.7	207,828,125
Mineral Premix		22,364,343.2	36,461,740
Vitamin		44,722,650.1	41,970,600
Kraft Paper Bags		18,848,676.0	21,339,472
Polythene Bags (Red and Yellow)		40,524,706.4	57,819,423
Multi Layer Film (Mother and Children)		32,903,900.2	4,228,320
Twine		191,108.6	191,109
Closing Stock		(218,004,587.81)	(98,759,306)
		<u>1,439,750,106.2</u>	<u>1,190,122,730</u>
Add: Work in Progress Beginning of the year		4,431,263.70	5,148,490
Less: Work in Progress End of the year		(14,567,809.23)	(4,431,264)
		<u>1,429,613,560.69</u>	<u>1,190,839,956</u>



Sri Lanka Thripasha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	31/12/2014	31/12/2013
	Rs. Cts.	Rs.
02.2 DIRECT LABOUR AND MANAGEMENT COST		
<u>Salaries & Wages Factory</u>		
Basic Salary	39,763,615.87	41,957,206
Overtime	16,919,512.41	15,343,231
Cost of Living	16,762,296.45	13,790,836
EPF	6,531,660.19	4,340,089
Incentive	5,527,310.82	6,182,386
Target	3,433,290.86	3,386,822
Leave Pay	3,318,386.37	2,372,372
ETF	1,642,073.07	1,089,129
Meal Allowance	887,534.72	761,641
Special Allowance	619,857.67	100,500
Shift Allowance	592,165.00	501,945
Medical Retainer	222,212.50	194,772
Management Fees	96,443.50	122,750
Contingencies	9,506.00	5,151
Gratuity	-	2,929,270
Terminal Payment	-	29,341
<u>Contractual Wages</u>		
Factory Stores Out pool	2,453,380.25	813,934
Overtime	1,516,291.07	595,067
EPF	616,232.17	162,491
ETF	154,057.96	40,623
Other Contracts/CL	1,067,579.54	663,524
<u>Welfare and Medical</u>		
Uniforms, Head gear & Laundry	3,729,457.33	3,055,506
Tea Expenses	2,527,712.00	2,157,690
Staff Welfare	37,655.90	92,000
Gas & Other Canteen Expenses	455,422.90	511,401
Medical / Other Consultation	323,963.25	243,573
Medical Reimburesment	385,649.00	337,891
Papers & Periodicals	12,462.50	30,225
	109,605,729.30	101,811,367



Sri Lanka Thripsha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	31/12/2014	31/12/2013
	Rs. Cts.	Rs.
02.3 DIRECT OVERHEAD COST		
Electricity Boiler & Generator Fuel	61,746,548.41	54,873,202
Plant & Machinery Maintenance	22,351,262.34	24,996,750
Indirect production materials	343,376.40	196,763
Insurance	921,464.41	827,060
Vehicle repair charges	323,375.17	1,152,493
Factory Maintenance Charges	690,107.01	718,689
Fuel - Motor vehicles	699,473.20	931,219
Rate & Taxes	296,849.74	8,500
Pest control	616,666.51	384,523
Chemicals fogging	443,175.60	100,423
Other factory overheads	162,603.51	559,923
Telephone	302,120.99	257,949
Other Laboratory expenses	111,414.00	494,907
Licence and Insurance	113,696.71	107,605
Medical Centre Maintenance	7,275.5	445
	89,129,409.50	85,610,450
03. OTHER INCOME		
Sweeping Sales	11,651,848.70	10,175,630
Interest Income on Treasury Bills	5,443,746.72	6,787,847
Gunnies Sales	2,068,769.50	3,955,398
Housing loan interest	1,469,059.28	814,674
Other Income	145,610.33	2,337,678
Sundry income miscellaneous	308,837.10	291,917
Donaion from Mr. Kiran Athapaththu	-	259,000
	21,087,871.63	24,622,143



Sri Lanka Thripsha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	31/12/2014	31/12/2013
	Rs. Cts.	Rs.
04. ADMINISTRATIVE EXPENSES		
Building Repair & Maintenance	7,791,699.96	7,535,071
Security Charges	7,098,930.40	5,261,942
Basic Salaries	6,095,071.49	5,662,495
Management Fees	4,545,572.77	3,589,420
Staff Welfare	1,550,191.00	1,897,658
Cost of Living	1,432,550.00	1,155,000
EPF	1,004,287.74	502,568
Overtime	963,300.51	966,800
Stationary	880,016.68	1,132,571
Advertising	747,852.00	445,088
Allowances	464,720.00	384,250
Postage Charges	391,233.00	264,671
Leave Pay	351,646.35	371,941
ETF	241,911.42	121,535
Telephone Charges	196,560.58	215,234
Insurance Charges	195,432.41	281,062
Stationary - Admin	178,627.27	132,268
General Expenses	164,339.57	271,227
Drivers Subsistence	161,375.00	170,475
Printing	129,240.00	3,500
Garden Maintenance	128,483.98	125,897
Office Equipment Maintenance	125,052.00	138,523
Uniform Allowance	125,000.00	-
Sanitary	106,219.17	160,738
Audit fees	99,825.00	90,750
Staff Training Charges	73,500.00	122,160
Tea Expenses	70,226.00	185,941
Other Expenses	54,940.05	140,228
Legal Expenses	54,600.00	-
Repairs - Motor Vehicles	46,440.00	71,084
Fuel - Motor Vehicles	31,810.00	135,399
Printing Materials	15,392.00	53,575
Incentive	844,324.70	875,239
Gratuity	-	732,317
Books & Periodicals	-	14,590
	36,360,371.05	33,211,216
05. DISTRIBUTION COST		
Transport Charges	7,232,959.00	8,975,470
Distribution Charges	-	11,235
	7,232,959.00	8,986,705
06. FINANCE AND OTHER EXPENSES		
Bank Charges	867,576.37	55,303
Re - Processing loss	443,713.33	135,148
Cost of Staff Loans	-	544,244
Stamp Duty	-	475,227
	1,311,289.70	1,209,922





Kapila Rathnasinghe & Co.
(Chartered Accountants)

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11th May 2016

The Board of Directors
Sri Lanka Thripasha Ltd
P O Box 17, Kapuwatta,
Ja-Ela.

Dear Sir,

Sri Lanka Thripasha Ltd (PB 3873)
Audit for the year ended 31st December 2014

As the Auditors of Sri Lanka Thripasha Ltd (the Company) for the year ended 31st December 2014, our primary responsibility was to express an opinion on your financial statements for the said period. However, in keeping with the tradition of our firm in providing maximum value to our clients, we strive to provide you a service, which we extend beyond our statutory duty, by providing with you value-added ideas, information and solutions to your accounting problems. The purpose of this document is to set out the key points arising from our Audit of the financial statements for the year ended 31st December 2014.

1. We observed that company has not used the budget as effective control mechanism and realistic budgetary control has not implement by the company in order to meet the annual projected production and controlling of cost.

1.1.1. Statistics on Company Performance-Compared with 2013

<u>Item</u>	<u>2012</u> (a)	<u>2013</u> (b)	<u>2014</u> (c)	<u>Variance</u> (c-b)	<u>Result</u>
Production (Master Bags)	490,452	502,263	621,068	118,805	Increased
Production Cost (Rs)	1,320,424,700	1,425,678,994	1,649,451,612	223,772,618	Cost Increased
Cost per master bag (Rs)	2,692.26	2,838.51	2,655.83	(182.68)	Cost Decreased by 6.44%
Direct Labor & Management Cost(Rs)	100,770,309	101,811,367	109,605,729	7,794,362	Cost Increased by 7.66%
Administration Cost (Rs)	25,083,563	33,211,216	36,360,371	3,149,155	Cost Increased by 9.48%



2. Documentary Evidence for – Land

Observation

We observed that company has not submitted any acceptable document to verify the Land in the accounts amounting to Rs: 220,000,000/-

Recommendation

We recommend to obtain title deed for company's premises.

Management Comments

Audit & Management Committee recommended taking actions to prepare a new Deed for above land.

3. Physical Verification of Inventories

Observation

We have observed that company has not invited auditors to observe physical verification of inventories as at 31st December 2014.

Recommendation

We recommend to invite to Auditors to observe the counting of Inventories at the end of the year.

Management Comments

Audit & Management Committee recommend inviting to External Auditors for stock verifications since 2015 year.

4. Electricity Deposit – Colombo

Observation

We have observed that company has not submitted any document to verify Electricity deposit – Colombo amounting Rs.200,000/-

Recommendation

We recommend keeping proper documents regarding this deposit which enable the company to claim this balance in the future dates.

Management Comments

Audit & Management Committee decided to write off this balance from books of accounts, after getting approval from the board of Directors.

5. Advance and Prepayment

Observation

We observed that following advances paid for various procurement activities of the company for year 2014 are still lying in the advance account due to the absence of the supporting documents to charge the relevant expense accounts. Details are follows:

No	Date of payment	Description of Advance	Amount Rs.	No of dates in the advance account
01.	04-04-14	Gayathri Madhushani - National Qualification Certificate	8,000.00	271
02.	30-04-14	Elcardo Industries (Pvt) Ltd	50,105.38	245



Implication

- Understatement of Expense
- Overstatement of Asset

Recommendation

We recommended to follow up these advances and to pass relevant entries to the ledger.

Management Comments

1. The advance has taken on 04th April 2014 amounting Rs.8,000/- and it has settled on 11/05/2015 through receipt no11724.
2. The advance taken on 30th April 2014 amounting Rs. 50,105/38 has been adjusted in 2015 accounts.

6. Inland Revenue Act No 06 of 2006 and its subsequent amendments o Interest Income.

Observation

According to the section 7 b (ixvi) Profits and income, other than profits and income from dividends or interest of any Public Corporation to the extent of provision of services on behalf of the Government of Sri Lanka, free of charge out of the funds voted by Parliament from the Consolidated Fund or out of any loan arranged through the Government. Accordingly Interest income from the treasury bills amounting to Rs. 5,443,746.72 Liable for income tax and company have not provided for Income Tax liability on interest income.

Management Comments

Audit & Management Committee decided to get details about tax liability of The Sri Lanka Thriposha Limited as a non-profitable fully government owned company.

7. Cash & Cash Equivalents

7.1. Bank of Ceylon – Ja Ela – 71324617

Observation

We observed that company not checked its bank reconciliation periodically. As an example there was a cheque which was cleared after 06 months from the cheque writing date.

Eg: Cheque no 382093 dated on 19th February 2014 but cleared on 17th March 2015

Implication

- None performing of implemented internal controls of the company.
- It could lead to un-reconciled balance in the bank reconciliation.
- There could be unidentified errors in the bank reconciliations.
- There could be misappropriation of assets.

Recommendation

Appoint the person to check the prepared bank reconciliation on monthly basis.

Management Comments

Audit & Management Committee informed that there should be a person to prepare the bank reconciliation on monthly basis.



7.2. Security of Cash in Transits

Observation

We observed that company has not taken any action regarding security of cash in transits.

Implication

In event of theft or loss of such cash the company would suffer huge loss in the absence of adequate insurance cover over the cash in transits.

Recommendation

We recommended to obtain adequate insurance cover to minimize risk.

Management Comments

Audit & Management Committee in the opinion that no need any insurance coverage for cash in transits, due to all salary transactions done through the bank and no any significant cash transactions in the company.

8. Stated Capital

Observation

We observed that company not submitted latest Annul Return (Form 15) to auditors. According to the auditors file search carried out, we observed that company stated capital is Rs. 304,600,000/- And the stated capital amount is not reflating in the financial statement.

Recommendation

We recommended that submit the annual return to Registrar of companies periodically and to incorporate the stated capital balance in financial statement.

Management Comments

Audit & Management Committee recommended to disclosing above fact as note to the financial statement.

9. Increase of expenses compared with last year (2013)

Observation

We observed that following expenses have been increased considerably when comparing with the last year.

	2014	2013	Variation %
ADMINISTRATIVE EXPENSES			
Security Charges	7,098,930.40	5,261,941.61	34.91
Management Fees	4,545,572.77	3,589,420.26	26.64
Cost of Living	1,432,550.00	1,155,000.00	24.03
EPF	1,004,287.74	502,567.90	99.83
Advertising	747,852.00	445,088.00	68.02
Allowances	464,720.00	384,250.00	20.94
Postage Charges	391,233.00	264,671.00	47.82
FINANCE AND OTHER EXPENSES			
Re - Processing loss	800,159.37	135,147.95	492.06



DIRECT LABOUR AND MANAGEMENT COST			
Cost of Living	16,762,296.45	13,790,836.43	21.55
Factory Stores Out pool	2,453,380.25	813,933.71	201.42
Overtime	1,516,291.07	595,066.96	154.81
Special Allowance	619,857.67	100,500.00	516.77
ETF	154,057.96	40,622.78	279.24
FACTORY OVERHEAD COST			
Pest control	616,666.51	384,522.50	60.37
Chemicals fogging	443,175.60	100,423.07	341.31

Implication

- Exceed the budget
- Face cash flow problem

Recommendation

Management should have a formal policy to prepare & review management accounts periodically.

10. Lack of Procedures manual

Currently, the Company does not have Procedures Manual. As the Company expects to expand its operations in the coming years, a Procedures Manual will be a critical necessity to ensure accurate and consistent accounting treatment for complex and recurring transactions.

We suggest that an appropriate manual be developed to deal with the more important financial and accounting aspects of the day-to-day operations of the Company. This manual does not need be unduly complex nor does it need to be time consuming in preparation. This manual can serve as a useful reference for all employees. It will provide a guide to establish uniformity and consistency throughout the organization and aid in evaluating present procedures, formulating new ones and should prove helpful in training new Personnel.

To be most effective, we believe the manual should include in the minimum the following elements:

- Statement of responsibility and chart of the accounting function
- Description of positions, duties, and responsibilities
- Description of methods, procedures, and controls to be followed, including explanations and illustrations of principal transactions such as standard and recurring journal entries
- Chart of accounts
- Description of any other standard documents or forms that should be used in the processing and rapid keying of data.

Management Comments

Company has taken actions to prepare the Procedures Manual and now it's in work in progress level.

