

Sri Lanka Thriposha Limited

Annual Report - 2015

Table of Contents	Page
1. Our vision / Mission	01 - 02
2. Message of the Chairman of Sri Lanka Thriposha Ltd.	03 - 04
3. Board of Directors of Sri Lanka Thriposha Ltd.	05
4. Let's know of Sri Lanka Thriposha Ltd. in brief	06
5. Audit and Management Committee and Procurement Committees of Sri Lanka Thriposha Ltd.	07
6. History and present progress of Sri Lanka Thriposha Ltd.	08 - 09
7. Analysis of human resources	10 - 11
8. Details of suppliers	12
9. Production information and targets envisaged	13 - 16
10. Distribution process of Thriposha and related information	17 ÷ 20
11. Ultimate Goal	21
12. Achievements realized and problems confronted in the year 2015	22 ÷ 23
13. Acknowledgement	24
14. Audit Report and Financial Statement	25 - 47
15. Management Letter	48 - 50

ur ision

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

ur mission

To continuously supply and make available the hygeinically manufactured, packed and finished product of Thriposha supplementary wholesome meal with quality nutrients of high standard for the wellbeing and the nourishment of the needy beneficiary members of the community whilst empowering the indigenous farmer with fortified supplier forces in cohesion with the General Treasury propelled by the assistance and supervision of the Ministry of Health towards the future of our motherland of Sri Lanka, the nation of prosperity, solemnity and virtue that conquers the world of tomorrow with wonders of acclaim...

To be a great Thriposha family winning over the nation and universe in an enormous mission of activity with a committed effort of pride in service excellence and...

To be the first and the sole local Company for the cause of the sustenance of a healthy Sri Lankan nation that meets with the goals of the global health indices.

Message of the Chairman of Sri Lanka Thriposha Ltd



The production and free of charge distribution of the Thriposha supplementary meal through the health clinics islandwide to all pregnant and lactating mothers and underweight infants below five years of age living in Sri Lanka towards the cause of the fulfilment of the national mission of bringing forth a healthy populace replete with nutrition is an uppermost national task carried out by Sri Lanka Thriposha Ltd.

The Thriposha programme was reconstituted as a fully owned government undertaking under the name and style of Sri Lanka Thriposha Ltd. on 17.09.2010 on a conception of His Excellency the President, Maithripala Sirisena when he was the then Hon. Minister of Health and the Company at that juncture was able to meet only a 60% - 70% of the entire requirement of the people of Sri Lanka.

The incumbent present Minister of Health, Hon. Rajitha Senaratne in order to achieve the objective of fulfilling the 100% beneficiary requirement with free of charge distribution has made necessary funds available through the budget. I wish to state with great pleasure that through setting in motion to full gear of the new system of machinery and equipment as a result of this move, we were able to witness most noteworthy feature during this year that enabled us to gradually venture into the basic foundation of achieving the goal of providing the entire annual requirement of Thriposha free of charge.

Apart from that, we have also drawn out plans to see to the fruition in the near future of the introduction of the surplus of the Thriposha production of about 800 – 900 metric tonnes to the market on the guidance of the Hon. Minister of Health following the distribution of those quantities of Thriposha that are given free of charge to the intended beneficiaries. Accordingly, as of now, the total monthly production of Thriposha is 2,700 metric tonnes. Of it, 1,800 metric tonnes are given free of charge and the surplus of 900 metric tonnes is expected to be introduced to the market. As the school children and working community in particular will be able to purchase this wholesome supplementary meal of high quality at a reasonable price, it will be an immense benefit to them.

I owe a debt of gratitude to His Excellency the President, Maithripala Sirisena, Hon. Minister of Health, Nutrition and Indigenous Medicine, whole of the staff at Thriposha including the Board of Directors for motivating me to achieve these stringent targets in a very short period of time. I also thank our suppliers who provide us with raw materials in time for an uninterrupted production and all the others who assisted us in many ways.

andusena

Chairman

Sri Lanka Thriposha Ltd

oard of Directors of Sri Lanka Thripasha Limited - 2015

- Mr. M.D. Bandusena, Chairman
- Dr. Palitha Gunaratne Mahipala, Director
Director General of Health Services
Ministry of Health, Nutrition and Indigenous Madicine
- Dr. (Mrs.) Shanthi Gunawardane, Director
Director, Nutrition Co-ordination Unit
Ministry of Health, Nutrition and Indigenous Madicine
- Mrs. A. R. Ahamed, Director
Legal Officer
Ministry of Health, Nutrition and Indigenous Madicine
- Mrs. Theja Herat, Director
Senior Research Officer
Industrial Technology Institute
- Dr. (Mrs.) Damayanthi Hapugoda, Director
Consultant Paediatrician
General Hospital, Panadura
- Mr. Chinthaka Kularatne, Director
Director
Department of National Budget
- Mr. S.R. Rajapaksa, Observer
Chief Accountant
Ministry of Health, Nutrition and Indigenous Madicine
- Mrs. Thanuja Priyadarshani Alwis
Secretary to the Board of Directors

Let's know of Sri Lanka Thriposha Ltd in brief

- **Address** - Sri Lanka Thriposha Ltd., P.O. Box 17, Negombo Road, Kapuwatta, Jaela.
- **Telephone** - **0112 - 2 5**
0112 - 2 1
0112 - 2 51
- **fax number** - **0112 - 2**
- **e-mail address** - **thriposha@gmail.com**
- **Ministry** - Ministry of Health, Nutrition and Indigenous Medicine
- **Nature of the institution** - Fully government owned company under Ministry of Health
- **Company Registration No** - PB /3873
- **Main Product** - Wholesome Thriposha supplementary meal replete with healthy nutrients
- **Distribution centres** - * Medical Centres islandwide
* Estates
* Probation & Child Care Centres
- **Mode of distribution** - Railway wagons and lorries
- **Beneficiaries** - * All pregnant mothers
* Lactating mothers
* Children with nutritional needs
* Certain patients
- **Total number of beneficiaries** - Nearly One Million
- **Banker** - Bank of Ceylon
- **Auditor** - Kapila Rathnasinghe & Co.
(Chartered Accountants)
83/1/2, Subaddarama Road,
Gangodawila, Nugegoda.

Sri Lanka Thriposha Limited

Audit and Management Committee - 2015

- **Mr Chinthaka Ularatne**
Chairman - Audit & Management Committee
Director - Sri Lanka Thriposha Limited
- **Mr Mrs Shanthi Une Ardena**
Member - Audit & Management Committee
Director - Sri Lanka Thriposha Limited
- **Mr A R Ahamed**
Member - Audit & Management Committee
Director - Sri Lanka Thriposha Limited
- **Mr S R Raapaksa**
Observer - Audit & Management Committee
Chief Accountant, Ministry of Health

- **Mr Ishantha de Agama**
Finance Manager
Sri Lanka Thriposha Limited
- **Mr R Rathnasinghe**
Kapila Rathnasinghe & Co.
External Auditor
Sri Lanka Thriposha Limited
- **Mr L S Prema Bandara**
Internal Auditor
Sri Lanka Thriposha Limited

Main Procurement Committee ***(Up to Rs. 60 million)***

- Chairman
Sri Lanka Thriposha Limited
- Chief Accountant
Ministry of Health, Nutrition and Indigenous Medicine
- Director
Nutrition and Coordination Unit
Ministry of Health, Nutrition and Indigenous Medicine

Small Procurement Committee ***(Up to Rs. 10 million)***

- Chairman
Sri Lanka Thriposha Limited
- Senior Manager (Operations)
Sri Lanka Thriposha Limited
- Manager (Quality Control)
Sri Lanka Thriposha Limited

istor and present progress of Sri Lanka Thriposha Limited

The activities involving the management of Sri Lanka Thriposha Limited were vested in the Ministry of Health in the year 1976. Tenders were invited for the tasks entailing management and the Lanka Tobacco Company was selected for the purpose. From then onwards, the matters concerning management of Thriposha was undertaken by the Lanka Tobacco Company up until the year 2010. Contribution of the Ministry of Health towards this project became a more closer affair as the reimbursement process of the maintenance cost of the Thriposha Factory was taken care of by the Ministry itself from the year 1987 onwards. Furthermore, the land, machinery and equipment and other resources belonging to the Thriposha Factory too were in the possession of the Ministry of Health.

The Government focused its attention to have the Thriposha Company vested in the possession of the state in order to increase its production with the objective of giving more impetus empowering the National Programme for eradication of malnutrition from the country. The Thriposha Company was reconstituted in the name and style of “**Sri Lanka Thriposha Limited**” as a fully fledged government undertaking under the Ministry of Health with effect from 17.09.2010 following the granting of the approval of the Cabinet of Ministers to a Cabinet Memorandum submitted for the purpose by His Excellency the President, Maithripala Sirisena as the then Hon. Minister of Health. The new Company was registered in the Registrar of Companies as an affiliated institution of the Ministry of Health under Ref. No. **P** . The businesss of Sri Lanka Thriposha Limited commenced thereafter under a new Board of Management constituting 07 members, as from 07.01.2011.

Progress in produ tion

The total number of beneficiaries for a month having entitlement to receive the Thriposha packs in Sri Lanka was 928,000 at the time of the takeover of the Company by the Government in the year 2011. Composition of these beneficiaries is as follows;

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

In order to supply the total monthly requirement of Thriposha for the aforesaid beneficiaries a quantity of 1,392 metric tonnes needs to be produced per month. The monthly production prior to the takeover of the Thriposha Company was 1,000 metric tonnes up to the month of September 2010. With the takeover of the Company by the Government in September 2010 the producton saw a rapid increase. This increase in

production was owing to the factors such as commissioning of modern machinery and incentives offered to employees. Accordingly, it was possible to have the monthly production increased up to 1,300 metric tonnes of Thriposha by the month of November registering a percentage of 94% in its total requirement.

Only a quantity of 92 metric tonnes was further required to meet the beneficiary needs, or else, reach the level of 100% of the total requirement of Thriposha in the island for its recipients numbering 928,000. It has been reckoned that the number of beneficiaries per month in the developing areas in the year 2015 was one million after accounting for the beneficiaries as well following the end of the war and the requirement in production per month would be 1,512 metric tonnes. The target as at present is to accomplish these exigencies. The production of 1,512 metric tonnes of Thriposha required per month for the total number of beneficiaries amounting to one million by the year 2015 in order to reach the level of 100% in the production requirement of Thriposha under the government programme will turn out to be a more facile task as further improvements in this connection are nearing their completion by now as stated below.

Programmes launched to meet targets

The General Treasury has agreed to grant Rs. 200 million direct to the Company for purchasing machinery including other assets in order to double the quantum of Thriposha production and a sum amounting to Rs. 44 million has already been set aside for the purpose whilst the Company has initiated necessary action to purchase the machinery so required.

It is expected to double the production of Thriposha upon commissioning of the new plants and machinery. Thereafter, during the year 2015, it will be able to provide the beneficiaries numbering one million in total with Thriposha. The next victorious target of the Company will be to issue the surplus of Thriposha to the local market having made the product available in necessary quantities to all Thriposha beneficiaries across the country.

The number of series posts and the cadre approved by the department of management Series of the Ministry of Finance

01	Senior Managers		
	• Senior Manager (Operations)	01	
	• Senior Manager (Human Resource and Legal)	01	02
02	Middle Level Managers	01	
	• Manager (Engineering and Production Services)	01	
	• Manager (Quality Control)	01	0
	• Manager (Finance)		
0	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	0
	• Accounts Officer		
0	Management Assistant Technical		0
05	Management Assistant Non Technical		1
0	Primary Series		
	Primary Services (Skilled)		
	• Driver	06	
	• Electrician	03	0
	Primary Series Semi skilled		
	• Boiler Makers	03	
	• Fitters	03	
	• Lathemen	02	
	• Machine Operator	22	
	• Quality Controller	07	
	• Fireman	01	
	Primary Series Non skilled		
	• Gardener	02	
	• Labourer / Office Assistant	02	
	• Ordinary Labourer	111	
	• Overseer	01	11
Total			1

Service composition of our group

▪ **Factor**

(Group consists of 170 personnel)

<u>Posts</u>	<u>Number</u>
01. Senior Manager (Operations)	01
02. Manager (Engineering Services and Production)	01
03. Manager (Quality Assurance)	01
04. Warehouse Officer	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. Boiler Makers	03
16. Ordinary Labourers	112
	170

▪ **Administration Accounts and other sections**

(Group consists of 24 personnel)

<u>Posts</u>	<u>Number</u>
01. Senior Manager (Human Resources & Legal)	01
02. Manager (Finance)	01
03. Finance Officer	01
04. Accounts Officer	01
05. Internal Auditor	01
06. Administrative Officer	01
07. Supply Officer	01
08. Management Assistants	07
09. Drivers	06
10. Office Assistants	02
11. Gardener	02
	24
Total	194

etails of suppliers in 2015

So a beans and mai e

1 Farmers Centre eegale a
No. 367,
03rd Floor, Dam Street
Colombo 12

2 S nited Agri entures
P t Ltd
Pandulagama
Anuradhapura

Consolidated
armer rgani ation
Ampara
No. 169, Dutugemunu Mawatha
Peliyagoda

S T ergreen P t Ltd
No. 583,
St. Jude Mawatha
Rilawulla
Kandana

5 C C Seeds P t Ltd
No. 205 1/1
D. R. Wijewardane Mawatha
Colombo 10

01 ilk po der
Milco (Pvt) Ltd.
No. 45
Nawala Road
Narahenpita

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

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

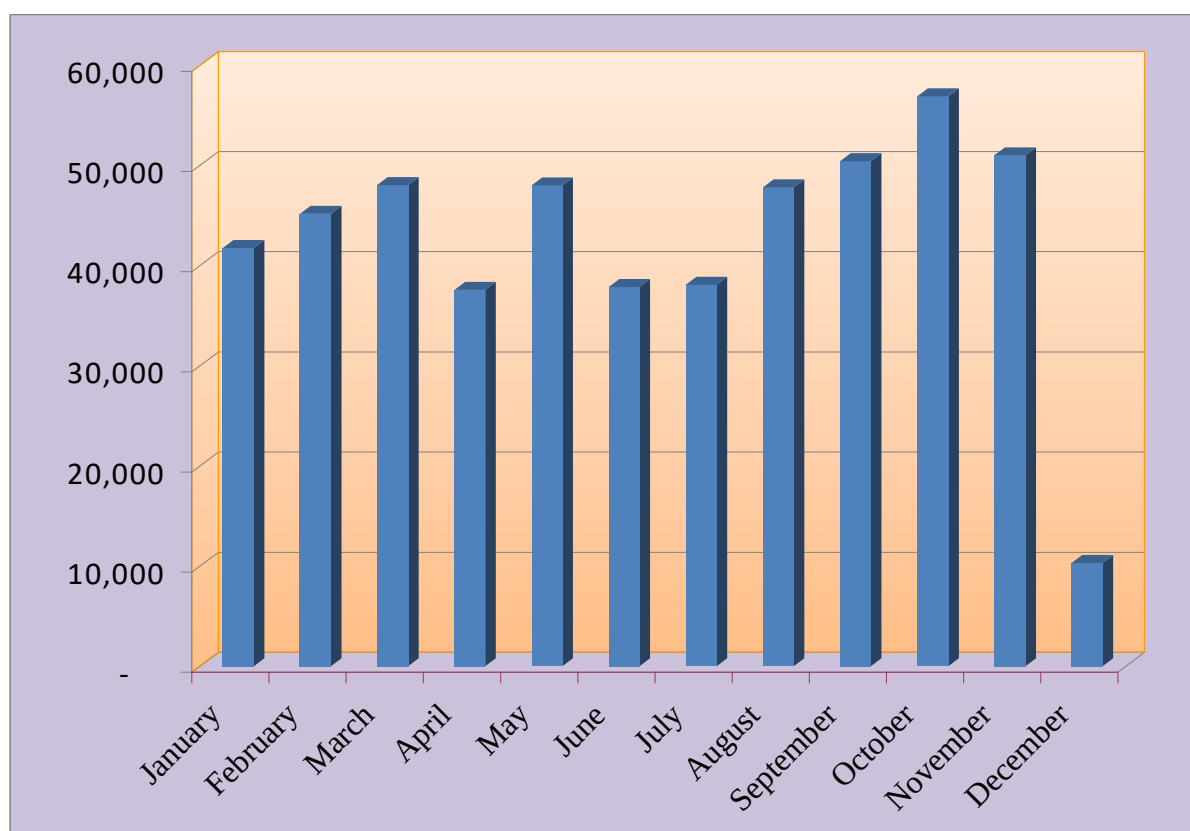
0 Craft papers
Abdullah Industries Packaging
(Pvt) Ltd.
No. 72
Maha Vidyala Mawatha
Colombo 13

05 Pol thene
New Jeewa Industry (Pvt) Ltd.
Polwatta
Kundasale
Kandy

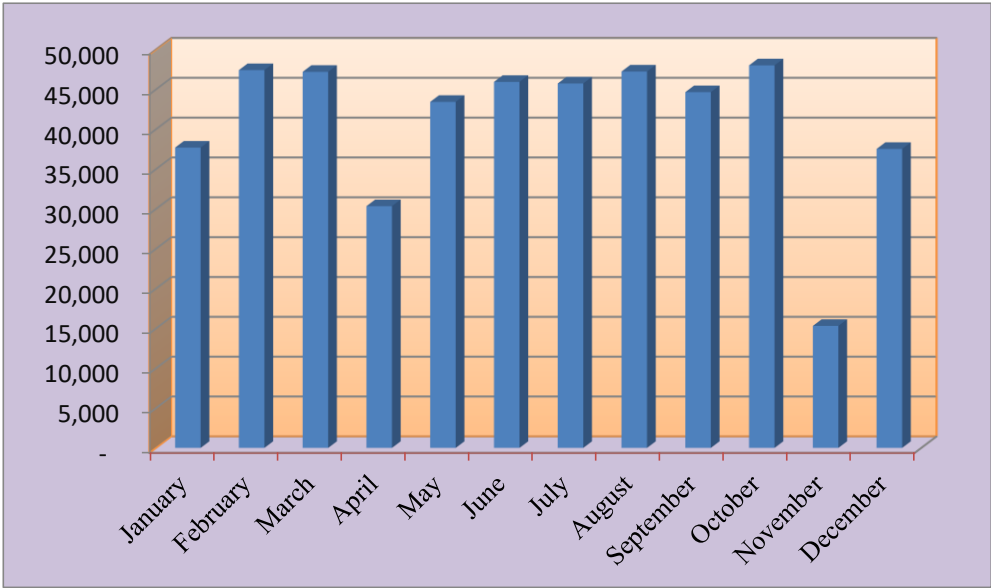
Production of Thripasha in aster bags from 2011 to 2015

Month	2011	2012	2013	2014	2015
January	41,752	37,689	43,026	40,316	47,901
February	45,161	47,414	44,109	47,708	43,679
March	48,028	47,198	44,701	56,917	53,206
April	37,573	30,336	22,018	38,492	42,176
May	48,002	43,425	30,069	56,456	57,367
June	37,860	45,936	33,370	51,654	53,393
July	38,090	45,736	60,285	57,309	61,000
August	47,810	47,236	55,429	57,677	57,719
September	50,428	44,645	58,712	57,621	60,182
October	56,913	48,009	49,958	58,522	62,381
November	51,026	15,308	42,348	56,324	60,908
December	10,304	37,520	18,238	42,072	48,633
aster bags	512	0 52	502 2	21 0	,5 5
etri tonnes	11 5 1	11 0 5	11 00	1	1 5 2

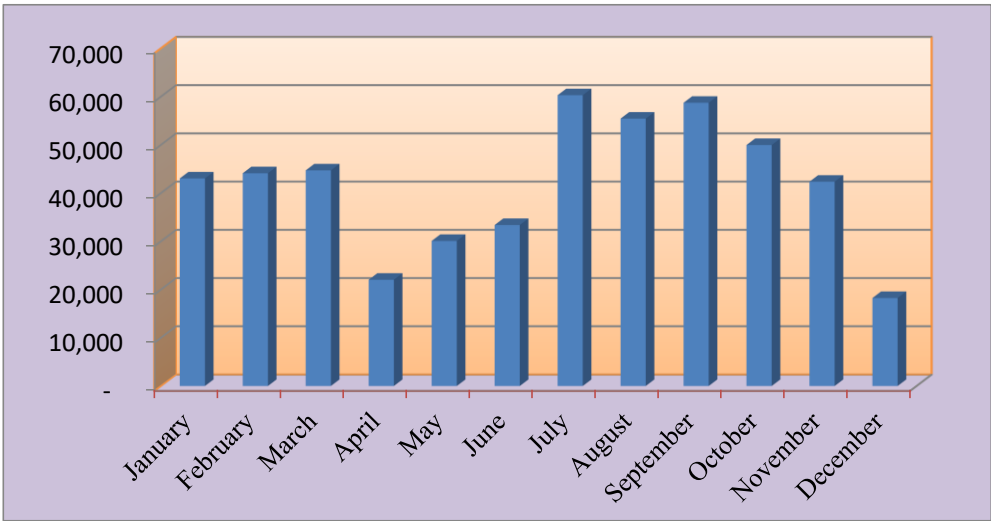
Production data 2011 in a chart aster bags



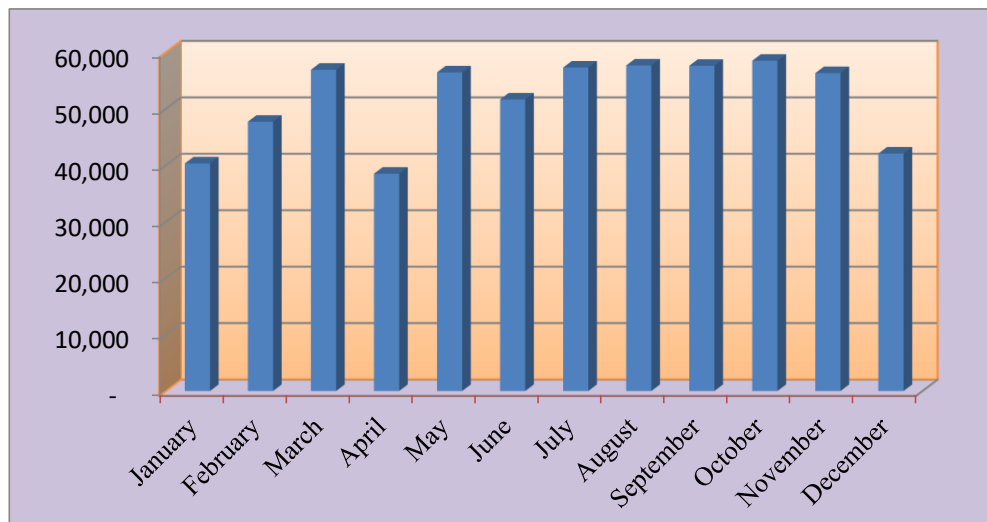
Production data 2012 in a bar chart



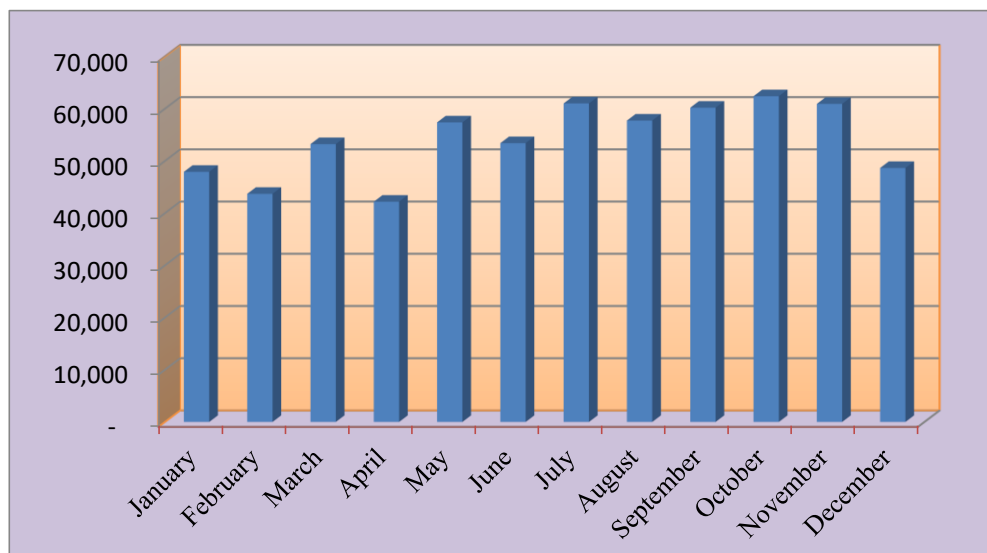
Production data 2011 in a bar chart



Production data 201 in a hart aster ags



Production data 2015 in a hart aster ags



According to above information, the highest annual production yielded throughout the history of around 40 years was recorded during the year 2015 and it turned out to be 648,545 Master Bags.

Targets expected in 201

It is the intention of the Management and the members of the staff of Thriposha Limited to increase the production of Thriposha after having commissioned a new Anderson Machine capable of producing double the capacity of the machine in operation as at present and put the surplus production for sale in the market.

Besides, one of the other targets associated with the surplus production is to purchase three packeting machines for packing these products in a very efficient way.

The sole expectation of the Company is to augment the growth of the production during the years 2015 and 2016 in the following manner. The capacity of product distribution will accordingly fall in line with the beneficiary requirements.

Month	2015		2016	
	Number of bags	Production in kg	Number of bags	Production in kg
January	57,012	1,710,360	67,596	2,027,800
February	51,972	1,559,160	67,596	2,027,880
March	60,036	1,801,080	70,476	2,114,280
April	57,348	1,720,440	53,556	1,606,680
May	63,060	1,891,800	67,596	2,027,880
June	60,036	1,801,080	61,476	1,844,280
July	60,036	1,801,080	67,596	2,027,880
August	60,372	1,811,160	72,996	2,189,880
September	60,036	1,801,080	70,116	2,103,480
October	62,724	1,881,720	70,476	2,114,280
November	60,372	1,811,160	66,876	2,006,280
December	57,348	1,720,440	63,996	1,919,880
Total	10,52	21,105,0	10,52	2,101,50

Data and Information

As it will be important to have the software installed in a manner that enables the retrieval of data on the production and distribution of Thriposha instantly and easily, future endeavours will see to its realization.

Purchase of production raw materials in increased quantities

Arrangements to have the production of the local farmers procured to the Thriposha Company via farmer organizations with the objective of protecting them more extensively will be continued. Accordingly, in view of the fact that the farmer organizations in Meegalewa, Anuradhapura, Ampara and Huruluwewa venture into purchasing the production of soya bean and maize, nearly 8,000 Mahaweli and traditional farmer families associated with such farmer organizations will be in a position to join hands with the Company and deal with it directly. Towards this end, the Regional Development Banks and other major commercial banks will provide the required financial facilities to the farmer organizations concerned.

istribution Pro ess of Thriposha

Thriposha a tor a- la



istribution a ti ities b lorries and rail a agons



**Regional ire tors of
ealth Ser i es**

states

Children's Centres



**ealth Centres
Clini s**

id ife



**Thriposha
enefi iaries**

Sri Lanka Thriposha Limited produces Thriposha and undertakes the distribution activities systematized all through the Ministry of Health

Thriposha Distribution Centres

Areas of Authority of Provincial Director of Health Services 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	State Superintendents 1. Hatton 2. Matale 3. Kegalle 4. Kandy 5. Kalutara 6. Nuwara Eliya 7. Matara 8. Badulla 9. Galle 10. Ratnapura	Other 1. Military Hospitals 2. Police Hospitals 3. Nurseries 4. Municipal Councils - Negombo - Colombo - Matale - Galle - Kandy
Probation and Child Care Authority 1. Anuradhapura 2. Battaramulla 3. Badulla 4. Galle 5. Jaffna 6. Trincomalee 7. Kurunegala 8. Ratnapura 9. Kegalle 10. Kandy	Areas of Authority of Regional Director of Health Services 1. Ampara 2. Anuradhapura 3. Badulla 4. Batticaloa 5. Colombo 6. Galle 7. Gampaha 8. Hambantota 9. Jaffna 10. Kalmune 11. Kalutara 12. Ratnapura 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	
Divisions 1. Ampara07 2. Anuradhapura18 3. Badulla15 4. Batticaloa13 5. Colombo11 6. Galle19 7. Gampaha16 8. Hambantota12 9. Jaffna11 10. Kalmune13 11. Kalutara13 12. Ratnapura17 13. Trincomalee10 14. Kandy21 15. Kegalle11 16. Kilinochchi04 17. Kurunegala23 18. Matale12 19. Matara16 20. Mannar03 21. Monaragala11 22. Nuwara Eliya11 23. Polonnaruwa07 24. Puttalam11 25. Vavuniya04		

Details of Distribution of Thripasha in 2015

Areas of Authority of Probation Director of Health Services	Number of beneficiaries	Monthly Allocation		
		Others	Children	Total
Ampara	26,542	574	1,190	1,764
Anuradhapura	56,410	1,251	2,513	3,764
Badulla	41,461	927	1,837	2,764
Batticaloa	43,405	960	1,932	2,892
Colombo Hospital	4,848	68	256	324
Colombo Municipal Council	9,240	221	405	626
Colombo (South)	44,513	975	1,991	2,966
Galle	47,365	1,048	2,109	3,157
Gampaha	51,159	1,158	2,253	3,411
Hambantota	34,758	776	1,542	2,318
Jaffna	31,010	689	1,408	2,097
Kalmune	37,706	835	1,678	2,513
Kalutara	34,317	770	1,520	2,290
Kandy	59,458	1,320	2,646	3,966
Kegalle	30,288	1,031	990	2,021
Kilinochchi	7,719	172	342	514
Kurunegala	66,798	1,471	2,983	4,454
Mannar	7,398	163	330	493
Matale	31,158	623	1,460	2,083
Matara	50,695	1,117	2,264	3,381
Monaragala	29,517	657	1,310	1,967
NuwaraEliya	26,798	540	1,245	1,785
Polonnaruwa	32,367	625	1,534	2,159
Puttalam	27,857	661	1,197	1,858
Ratnapura	42,555	957	1,881	2,838
Trincomalee	40,884	905	1,819	2,724
Vavuniya	8,290	186	368	554
Mullaitivu	6,335	141	281	422
Total	0 51	20 21	1,2	2,105

Probation and Child Care Centers	Number of beneficiaries	Monthly Allocation
09	22,692	6,051
Total	22 2	051

state Areas	umber of enefi iaries	onthl Allo ation ags		
		others	Children	others
Hatton	10,655	689	1,435	2,124
Matale	2,888	178	400	578
Kegalle	4,387	257	620	877
Kandy	5,334	332	735	1,067
Kalutara	2,559	166	346	512
NuwaraEliya	11,595	756	1,563	2,319
Matara	1,077	70	145	215
Badulla	10,340	703	1,365	2,068
Galle	1,110	69	153	222
Ratnapura	4,743	310	638	948
Total	5	5 0	00	10 0

umber of Thriposha istribution Centres and enefi iaries in 2015

	umber of Centres	umber of enefi iaries
For the 28 divisions of Regional Director of Health Services	740	930,851
Estates	447	54,688
Homes for the Children of the Department of Probation and Child Care	09	22,692
Total	1 1	1 00 2 1

Ultimate goal

Necessary improvements will see their completion in the foreseeable future and the ultimate goal of reaching the 100% target of providing Thripasha with no shortage to the total number of needy beneficiaries close upon to one million will be accomplished.

Also, it is expected to have a surplus production and one of the other intentions is to introduce such surplus with a new look to the market achieving the set targets of capturing it.

Accordingly, it is the expectation of Sri Lanka Thripasha Limited to improve the production level in this manner in keeping with the beneficiary needs of the country maintaining a better service portfolio whilst making the Company a profitable state venture following the introduction of Thripasha production to the market.

Achievements realized and problems confronted in the year 2015

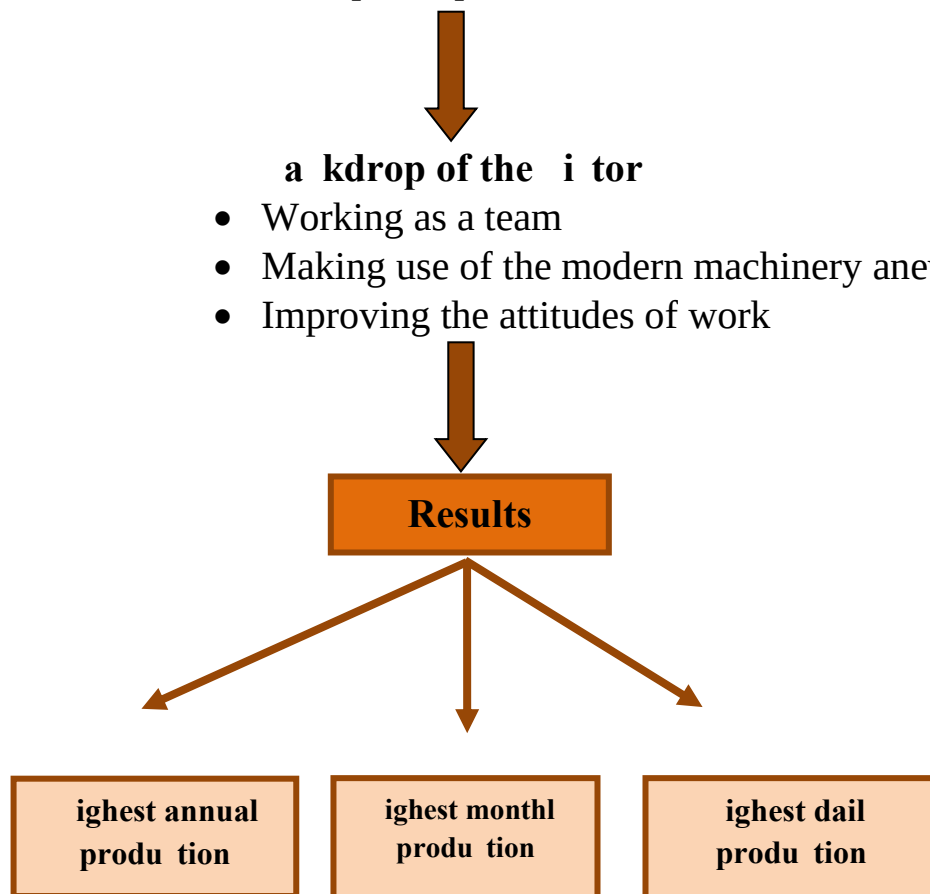
One of the achievements realized in the year 2014 was to seeing to the success of our prime objective of eradicating malnutrition from the country. That is to say, our distribution process of Thripasha has resulted in a reduction in malnutrition as against previous years. For an instance, the percentage of malnutrition in the Monaragala district had seen a downward trend, as we were informed by the Office of the Deputy Director of Health Services.

Proposals for success

1. Procurement of a lorry for facilitating the distribution process our Company in a systematic way.
2. It is important to set up an observation committee to oversee the institutions to which the production of Thripasha is distributed.

Our production milestones in the year 2015

We were able to achieve the highest ever output in the history of Thripasha production.



**Our next target is to win over the market
Let's commit ourselves to achieving it**

A kno ledgement

We pay our gratitude to Hon. Dr. Rajitha Senaratne, Minister of Health for encouraging us with his continuous guidance, Hon. Faizal Cassim, Deputy Minister of Health for his continuous ready assistance, Mr. Anura Jayawickrema, Secretary of Health for leading us in the right direction with necessary instructions and Mr. R.H.S. Samaratunga, Secretary of the Ministry of Finace and the Secretary to the Treasury for lending us a heping hand with requisite annual provisions.

Likewise, it indeed was a blessing to all of us the support and cooperation extended by all ladies and gentlemen of the Board of Directors. I also wish to thank our suppliers and those who render us sevices externally.

It is heart warming to witness a staff serving satisfactorily from top to bottom in the institutional hierarchy. The contributon they make towards the Company has to be appreciated. Finally, we do owe a debt of gratitude to the entire members of such a staff of Sri Lanka Thriposha Limited, who strives to achieve the set targets at all times.

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 2015, 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 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



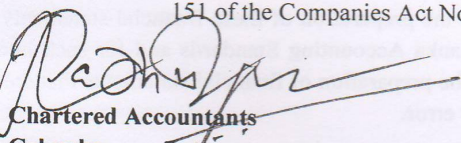
(Cont.)

(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 2015, 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: 07th April 2017



Sri Lanka Thriposha Ltd

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31st December 2015

	Notes	31/12/2015 Rs. Cts.	31/12/2014 Rs.
Expenditure Reimbursement During the Year	02	1,776,421,902.86	1,776,560,232
Less : Cost of Manufacturing	03	<u>(1,793,195,367.32)</u> (16,773,464.46)	<u>(1,604,546,992)</u> 172,013,239
Add: Other Income	04	<u>25,779,714.43</u> 9,006,249.97	<u>21,087,872</u> 193,101,111
Less: Expenses			
Administration expenses		(36,103,900.98)	(36,360,371)
Distribution cost		(11,119,781.08)	(7,232,959)
Financial and other expenses		<u>(3,272,031.49)</u> (50,495,713.55)	<u>(1,311,290)</u> (44,904,620)
Income over expenditure for the year	05	<u>(41,489,463.58)</u>	<u>148,196,491</u>
<u>Other Comprehensive Income</u>			
Reversal of Retirement Benefit Obligation		-	411,928
Total Comprehensive Income for the year		<u>(41,489,463.58)</u>	<u>148,608,419</u>

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 2015

	Notes	31/12/2015 Rs. Cts.	31/12/2014 Rs.
ASSETS			
Non Current Assets			
Property, Plant & Equipment	06	435,918,034.29	423,481,345
Intangible Assets		661,187.57	-
		<u>436,579,221.86</u>	<u>423,481,345</u>
Current Assets			
Inventories	07	228,273,117.84	285,308,428
Trade & Other Receivables	08	134,547,130.68	43,877,617
Investment	09	90,251,730.77	60,200,275
Cash & Cash Equivalents	10	53,922,992.19	7,461,286
		<u>506,994,971.48</u>	<u>396,847,606</u>
Total Assets		<u>943,574,193.34</u>	<u>820,328,950</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital Reserves	12	307,575,083.51	136,873,127
Revaluation Reserves	13	307,170,027.56	307,170,028
Accumulated Income Over Expenditure		261,223,489.14	302,676,083
Total Equity		<u>875,968,600.21</u>	<u>746,719,238</u>
Non Current Liabilities			
Retirement Benefit Obligation	14	29,593,685.00	28,130,680
Medical Fund	15	241,489.92	141,164
		<u>29,835,174.92</u>	<u>28,271,844</u>
Current Liabilities			
Trade & Other Payables	16	37,770,418.21	45,337,868
		<u>37,770,418.21</u>	<u>45,337,868</u>
Total Equity & Liabilities		<u>943,574,193.34</u>	<u>820,328,950</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.

[Signature]
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

[Signature]
Chairman

[Signature]
Director

Ja-Ela, Kapuwatta
Date: 07th April 2017



Sri Lanka Thripasha Ltd

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2015

	Notes	Capital Reserves		Revaluation Reserves		Accumulated Income Over Expenditure		Total	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
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 relating to Capital Assets Grant by Ministry of Health	17	(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		136,873,127.47		307,170,027.56		302,676,082.90		746,719,237.93	
Balance as at 01/01/2015		136,873,127.47		307,170,027.56		302,676,082.90		746,719,237.93	
Capital grant Received		197,517,198.54		-		-		197,517,198.54	
Depreciation relating to Capital Assets Grant by Ministry of Health	17	(26,345,242.48)		-		-		(26,345,242.48)	
Prior Year Adjustment	18	(470,000.00)		-		36,869.82		(433,130.18)	
Income over expenditure 2015		-		-		(41,489,463.58)		(41,489,463.58)	
Balance as at 31/12/2015		307,575,083.53		307,170,027.56		261,223,489.14		875,968,600.23	



Sri Lanka Thripasha Ltd
CASH FLOW STATEMENTS

For the year ended 31st December 2015

	31/12/2015. Rs. Cts.	31/12/2014 Rs.
<u>Cash Flow from Operating Activities</u>		
Income over expenditure for the year	(41,489,464)	148,608,419
<u>Adjustments for</u>		
Interest Income	(3,599,383)	
Gratuity Provision for the year	2,413,806	(411,928)
Prior year adjustment	506,870	
Provision for Medical Contribution	173,968	190,158
Depreciation	26,345,242	
	<u>25,840,504</u>	<u>(221,770)</u>
Operating Profit Before Changes in Working Capital	(15,648,960)	148,386,649
<u>Changes in Working Capital</u>		
Increase / (Decrease) in Debtors & Other Receivables	(90,669,514)	(10,146,585)
Increase / (Decrease) in Trade & Other Payables	(7,567,450)	23,096,936
Increase / (Decrease) in Inventories	57,035,310	(156,589,836)
	<u>(41,201,653)</u>	<u>(143,639,484)</u>
Net Cash Flow from Operating Activities Before Gratuity Payment	(56,850,614)	4,747,165
<u>Less:</u>		
Gratuity Paid	(950,801)	(1,543,740)
Payment of medical benefits	(73,642)	(111,789)
Net Cash Flow from Operating Activities After Taxation	<u>(57,875,057)</u>	<u>3,091,636</u>
<u>Cash Flow from Investing Activities</u>		
Acquisition of Property, Plant & Equipment	(39,913,120)	(7,913,121)
Treasury Bill Withdrawal	60,000,000	-
Interest received in cash	3,547,927	-
Acquisition of Treasury Bills	(90,000,000)	-
Net Cash Flow from Investing Activities	<u>(66,365,193)</u>	<u>(7,913,121)</u>
<u>Cash Flow from Financing Activities</u>		
Capital Grant from Ministry of Health	170,701,956	8,375,121
Net Cash Flow from Financing Activities	<u>170,701,956</u>	<u>8,375,121</u>
Changes in Cash & Cash Equivalent	46,461,707	3,553,636
Cash & Cash Equivalent Brought Forward	7,461,286	3,907,650
Cash & Cash Equivalent Carried Forward	<u>53,922,992</u>	<u>7,461,286</u>
<u>Analysis of the Cash & Cash Equivalent shown in the statement of financial position</u>		
Bank Of Ceylon Ja-Ela 71324617	53,922,992	7,461,286
	<u>53,922,992</u>	<u>7,461,286</u>



Sri Lanka Thriposha Ltd
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2015

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.Palitha Gunarathna Maheepala
3. Dr.Shanthi Gunawardana
4. Mrs. H.M. Theja Herath
5. Mrs.A.R. Ahamed
6. Dr.Damayanthi Hapugoda
7. Mr. B.P. Chinthaka Kularathna
8. Mr.S.R.Rajapaksha (Observer)

Board Secretary

Mrs.Thanuja Priyadharshani Alwis

1.1.4 Auditors

Kapila Rathnasinghe & 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 2015 was authorized for issue in accordance with the resolution of the Board of Directors on 07th April 2017



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

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.

f. Going Concern

The Board of Director has made an assessment of the company's ability to continue as Going Concern in the foreseeable future, and Board is satisfied that the Company possess adequate resources to continue their operation into the foreseeable future and hence endorses the continues adoption of the assumption of going concern.



1.2 Assets and the Bases of their Valuation

1.2.1 Property, Plant & Equipment

a. Recognition and Measurement

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

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

b. Cost

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

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

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

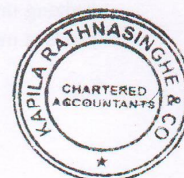
c. Depreciation

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

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

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 2015

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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

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.



g. 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 Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

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 Thripasha 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 (b) (ixvi) 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 (b) (ixvi) 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 Tobacco Ltd have been treated as capital grant and as such the depreciation in respect of these items has been charged to the relevant capital grant accounts while setting off same against the total depreciation charge for the year

1.4.1 Grant

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



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

1.4.3 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 2015

	2015		2014
	Rs.	Cts.	Rs.
02. EXPENDITURE REIMBUSMENT DURING THE YEAR			
Reimbursement of expenses from Ministry of Health	1,776,421,902.86		1,776,560,232
	<u>1,776,421,902.86</u>		<u>1,776,560,232</u>
03. COST OF MANUFACTURING			
Material Consumption	1,571,947,199.31		1,429,613,561
Direct Labour	132,557,413.91		109,605,729
Factory Overheads	90,556,367.17		89,129,410
Prime Cost	<u>1,795,060,980.39</u>		<u>1,628,348,699</u>
Add: Finished Products at the Beginning of the year	39,550,477.97		16,192,484
Sundry Products at the Beginning of the year	-		86,008
Less: Finished Products at the End of the year	(38,202,137.04)		(39,550,478)
Sundry Products at the End of the year	-		(86,008)
Re-Processing loss	<u>(3,213,954.00)</u>		<u>(443,713)</u>
	<u>1,793,195,367.32</u>		<u>1,604,546,992</u>
04. OTHER INCOME			
Sweeping Sales	15,931,714.45		11,651,849
Other Income	4,884,242.05		145,610
Interest income on Treasury Bills	3,599,382.96		5,443,747
Gunnies Sales	-		2,068,770
Sundry income miscellaneous	-		308,837
Housing Loan interest	<u>1,364,374.97</u>		<u>1,469,059</u>
	<u>25,779,714.43</u>		<u>21,087,872</u>
05. INCOME OVER EXPENDITURE FOR THE YEAR			
The following expenses have been charged in arriving at Income Over Expenditure for the year			
	2015		2014
	Rs.	Cts.	Rs.
Basic Salaries & Incentive	8,008,393.00		6,095,071
Audit fees	109,807.50		99,825
Other Administration Expenses	27,985,700.48		29,891,792
Distribution expenses	11,119,781.08		7,232,959
Finance and other expenses	<u>3,272,031.49</u>		<u>1,311,290</u>
	<u>50,495,713.55</u>		<u>44,630,937</u>



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

06. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01/01/2015	Additions	Transfer	Balance as at 31/12/2015
<u>Cost/ Valuation</u>				
Land	220,000,000.00	-	-	220,000,000.00
Building	73,311,959.28	3,452,122.78	-	76,764,082.06
Plant and Machinery	137,780,630.79	20,641,826.41	(600,000.00)	157,822,457.20
Motor Vehicles	13,258,750.00	8,950,000.00	-	22,208,750.00
Equipment and Tools	10,197,189.38	1,732,723.59	-	11,929,912.97
Laboratory Equipment	5,192,330.00	509,857.50	-	5,702,187.50
Agricultural Equipment	138,650.00	-	-	138,650.00
Electrical Works	1,127,746.45	1,320,904.36	-	2,448,650.81
Office Equipment	10,441,631.62	1,862,495.00	-	12,304,126.62
Furniture and Fittings	3,552,848.70	782,002.59	-	4,334,851.29
	<u>475,001,736.22</u>	<u>39,251,932.23</u>	<u>(600,000.00)</u>	<u>513,653,668.45</u>

	Balance as at 01/01/2015	Charge for the Year	Transfer	Balance as at 31/12/2015
<u>Accumulated Depreciation</u>				
Building	7,820,672.40	3,793,402.57	-	11,614,074.97
Plant and Machinery	29,687,660.25	14,811,503.90	(130,000.00)	44,369,164.15
Motor Vehicles	4,738,792.17	3,099,250.00	-	7,838,042.17
Equipment and Tools	4,675,887.81	2,300,114.45	-	6,976,002.26
Laboratory Equipment	1,054,930.50	570,040.69	-	1,624,971.19
Agricultural Equipment	30,040.83	13,865.00	-	43,905.83
Electrical Works	740,476.96	309,448.33	-	1,049,925.29
Office Equipment	1,985,755.84	1,062,186.83	-	3,047,942.67
Furniture and Fittings	786,174.92	385,430.71	-	1,171,605.63
	<u>51,520,391.68</u>	<u>26,345,242.48</u>	<u>(130,000.00)</u>	<u>77,735,634.16</u>

	31/12/2015	31/12/2014
<u>Written Down Value</u>		
Land	Rs. 220,000,000.00	Rs. 220,000,000
Building	65,150,007.09	65,491,287
Plant and Machinery	113,453,293.05	108,092,971
Motor Vehicles	14,370,707.83	8,519,958
Equipment and Tools	4,953,910.71	5,521,302
Laboratory Equipment	4,077,216.31	4,137,400
Agricultural Equipment	94,744.17	108,609
Electrical Works	1,398,725.52	387,269
Office Equipment	9,256,183.95	8,455,876
Furniture and Fittings	3,163,245.66	2,766,674
	<u>435,918,034.29</u>	<u>423,481,345</u>

Note:

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

06. a INTANGIBLE ASSETS

	31/12/2015	31/12/2014
Cost	Rs. 661,187.57	Rs. -
(-)Accumulated Depreciation	-	-
Written Down Value	<u>661,187.57</u>	<u>-</u>



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

07. INVENTORIES

	31/12/2015	31/12/2014
	Rs. Cts.	Rs.
<u>Raw Materials</u>		
Soya	91,069,823.00	104,928,120
Milk Powder	55,451,249.50	61,476,875
Maize	8,632,731.05	29,615,650
Vitamins	3,684,367.50	13,359,958
Mineral	2,545,452.00	3,573,050
Kraft Paper Bags	385,036.80	2,197,440
Multy Layer Film- Children & Mother	3,237,160.62	1,348,984
Polythene Bags - Red	250,804.76	1,184,963
Polythene Bags - Yellow	3,830,443.24	250,805
Twine	-	68,743
Engineering Stores	10,371,511.77	9,231,383
Diesel	1,586,975.00	3,865,251
Used Poly Bags	-	78,292
Used Milk Powder Bags	-	6,171
PP Woven Bags	-	2,911
Empty Containers	-	167
Sweepings	-	1,378
Work In Progress	9,025,425.56	14,567,809
Finished Goods	38,202,137.04	39,550,478
Total	228,273,117.84	285,308,428

08. TRADE AND OTHER RECEIVABLES

	31/12/2015	31/12/2014
	Rs. Cts.	Rs.
Housing Loan - Asset Loan AccII	17,877,066.41	24,472,839
Debtors	1,627,719.38	10,963,842
Housing Loan - DistresLoan AccII	10,972,101.87	5,959,544
Refundable Deposit CEB	987,500.00	987,500
Sundry Deposits & Prepayments	102,748,743.02	831,314
Picnic Advance	233,000.00	198,000
Festival Advance	-	159,000
Unexpired Expenses	-	154,902
Deposits	101,000.00	150,676
Housing Loan 5%	-	-
	134,547,130.68	43,877,617



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

	31/12/2015 Rs. Cts.	31/12/2014 Rs.
09. INVESTMENTS		
Treasury Bills - Face Value	90,000,000.00	60,000,000
Treasury Bill Interest Income receivable	251,730.77	200,275
	<u>90,251,730.77</u>	<u>60,200,275</u>
10. CASH AND CASH EQUIVALENTS		
BOC-Ja Ela-71324617	53,922,992.19	7,461,286
	<u>53,922,992.19</u>	<u>7,461,286</u>
11. STATED CAPITAL		
As a consequence of decision made by Cabinet of Ministers on 23rd June 2010, Management of the Thriposha Program has been vested on fully own government Limited Liability Company incorporated under the companies Act No: 07 of 2007. Accordingly Sri Lanka Thriposha Limited was incorporated on 17th September 2010 with the stated capital of Rs. 304,600,000/= (Three hundred four million and six hundred thousand Rupees)		
12. CAPITAL RESERVES		
Balance as at beginning of the year	136,873,127.45	152,382,927
Capital grant from Ministry of Health	39,251,932.23	7,913,121
Advance for capital Assets from Ministry of Health	158,265,266.31	-
Mr Kiran Athapaththu (Welfare Fund)	-	462,000
Fixed Asset disposal Loss	(470,000.00)	
Less :- Depreciation charge for the year	<u>(26,345,242.48)</u>	<u>(23,884,920)</u>
Balance as at end of the year	<u>307,575,083.51</u>	<u>136,873,127</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	28,130,680.00	30,086,348
Less: Payments during the year	(977,538.25)	(1,543,740)
Provision for the year	2,440,543.25	(411,928)
Balance as at end of the year	<u>29,593,685.00</u>	<u>28,130,680</u>

Discounted Rate	12%	12%
Future Salary Increment Rate	10%	10%
Staff Turn Over	2%	2%
Retirement Age	55 Years	55 Years



Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

	31/12/2015	31/12/2014
	Rs. Cts.	Rs.
15. <u>MEDICAL FUND</u>		
Balance as at beginning of the year	141,163.96	62,795
Contributions During the year	173,968.00	190,158
Payment During the year	(73,642.00)	(111,789)
Balance as at end of the year	<u>241,489.96</u>	<u>141,164</u>
16. <u>TRADE AND OTHER PAYABLES</u>		
Creditors	37,381,448.21	44,465,679
Salary Control	-	494,288
Auditors Remuneration payable	209,632.50	190,575
Refundable Deposit	179,337.50	153,238
Provision for expenses	-	34,088
	<u>37,770,418.21</u>	<u>45,337,868</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>PRIOR YEAR ADJUSTMENT</u>		
Adjustments relating to the payable accounts	36,869.82	7,457.01
Loss on disposal of machinery in 2014	(470,000.00)	-
	<u>(433,130.18)</u>	<u>7,457.01</u>
19. <u>COMMITMENT AND CONTINGENCIES</u>		
There are no significant commitment or contingencies as at the reporting date.		
20. <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.		
21. <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 Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

22. 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%	73.39%	-7.39%
Soya	30.00%	22.94%	7.06%
Milk	3.00%	2.79%	0.21%
Vitamin	0.10%	0.09%	0.01%
Mineral	0.90%	0.79%	0.11%
	100.00%	100.00%	0.00%

23. 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%

24. RAW MATERIAL CONSUMPTION (IN VALUE)

	Quantity	Value	Average Per kg Value (Actual)	Per kg Value (Budgeted)	Variance against budget
		Rs.	Rs.	Rs.	Rs.
Maize (Kg)	11,598,378	581,141,112	50.11	51.06	0.95
Soya (Kg)	3,625,320	488,205,786	134.67	136.53	1.86
Milk (Kg)	441,375	339,815,625	769.90	509.00	(260.90)
Vitamin (Kg)	14,575	32,032,058	2197.74	3,996.00	1,798.26
Mineral (Kg)	124,325	32,059,147	257.87	362.97	105.10
Kraft Paper (Bags)	648,300	19,611,725	30.25	25.62	(4.63)
Polythene (Bag)	9,237,000	33,240,336	3.60	4.00	0.40
Polythene Reel (Kg)	83,752.60	40,199,166	479.98	479.00	(0.98)
Twine Cone (No)	524	99,861	190.57	253.08	62.51

25. PRODUCTION

	Budgeted	Actual	Variation
Produced Master Bags in Qty	710,347	648,545	(61,802)
Production Cost including Administration, - - Distribution and other exp (Rs)	2,500,000,000	1,842,342,740	(657,657,260)
Cost Per Master Bag (Rs)	3,519.41	2,840.73	678.67



Sri Lanka Thriposha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

		31/12/2015 Rs. Cts.	31/12/2014 Rs.
01. EXPENDITURE REIMBUSMENT DURING THE YEAR			
Reimbursement of expenses from Ministry of Health		<u>1,776,421,902.86</u>	<u>1,776,560,232</u>
		<u>1,776,421,902.86</u>	<u>1,776,560,232</u>
02. COST OF MANUFACTURING			
Material Consumption	02.1	1,571,947,199.31	1,429,613,561
Direct Labour	02.2	132,557,413.91	109,605,729
Factory Overheads	02.3	<u>90,556,367.17</u>	<u>89,129,410</u>
Prime Cost		1,795,060,980.39	1,628,348,699
Add: Finished Products at the Beginning of the year		39,550,477.97	16,192,484
Sundry Products at the Beginning of the year			86,008
Less: Finished Products at the End of the year		(38,202,137.04)	(39,550,478)
Sundry Products at the End of the year		-	(86,008)
Re Processing Loss		<u>(3,213,954.00)</u>	<u>(443,713)</u>
		<u>1,793,195,367.32</u>	<u>1,604,546,992</u>
02.1 RAW MATERIAL CONSUMPTION			
Opening Stock		218,004,587.81	98,759,306
Add: Purchases			
Maize		571,589,036.91	507,513,342
Soya		469,873,548.10	509,341,294
Milk Powder		333,790,000.00	382,585,367
Mineral Premix		31,141,493.00	22,364,343
Vitamin		22,362,670.50	44,722,650
Kraft Paper Bags		13,322,691.75	18,848,676
Packing Material		75,029,056.54	73,428,607
Twine		378,800.00	191,109
Closing Stock		<u>(169,087,068.97)</u>	<u>(218,004,588)</u>
		1,566,404,815.64	1,439,750,106
Add: Work in Progress Beginning of the year		14,567,809.23	4,431,264
Less: Work in Progress End of the year		<u>(9,025,425.56)</u>	<u>(14,567,809)</u>
		<u>1,571,947,199.31</u>	<u>1,429,613,561</u>



Sri Lanka Thriposha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

	31/12/2015	31/12/2014
	Rs. Cts.	Rs.
02.2 DIRECT LABOUR AND MANAGEMENT COST		
<u>Salaries & Wages Factory</u>		
Basic Salary	59,093,740.47	39,763,616
Overtime	19,366,100.29	16,919,512
Cost of Living	15,342,600.00	16,762,296
EPF	6,743,829.74	6,531,660
Incentive	6,002,713.08	5,527,311
Target	3,735,810.44	3,433,291
Leave Pay	3,848,103.13	3,318,386
ETF	1,685,955.81	1,642,073
Special Allowance	892,091.25	619,858
Shift & Meal Allowance	1,583,666.00	1,479,700
Medical Retainer	381,791.82	222,213
Management Fees	-	96,444
Contingencies	-	9,506
Gratuities	2,413,806.16	-
<u>Contractual Wages</u>		
Salary & Wages	2,060,041.22	2,453,380
Overtime	579,123.93	1,516,291
EPF	263,146.00	616,232
ETF	65,786.49	154,058
Other Contracts/CL	575,939.04	1,067,580
<u>Welfare and Medical</u>	-	
Uniforms & Laundry	4,152,641.99	3,729,457
Tea Expenses	2,763,811.00	2,527,712
Staff Welfare	100,180.00	37,656
Gas & Canteen Expenses	259,005.00	455,423
Medical Consultation	260,000.00	323,963
Medical Reimbursement	360,361.05	385,649
Papers & Periodicals	27,170.00	12,463
	132,557,413.91	109,605,729
02.3 DIRECT OVERHEAD COST		
Electricity Boiler & Generator Fuel	58,598,387.40	61,746,548
Plant & Machinery Maintenance	24,184,401.01	22,351,262
Indirect production materials	-	343,376
Insurance	456,185.59	921,464
Vehicle repair and maintenance charges	2,207,561.77	1,136,545
Factory Maintenance Charges	1,821,128.12	690,107
Rate & Taxes	486,968.60	296,850
Pest control	970,412.27	616,667
Chemicals fogging	329,968.95	443,176
Other factory overheads	-	162,604
Telephone	333,234.34	302,121
Laboratory expenses	1,168,119.12	111,414
Medical Centre Maintenance	-	7,276
	90,556,367.17	89,129,410



Sri Lanka Thriposha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2015

	31/12/2015	31/12/2014
	Rs. Cts.	Rs.
03. <u>OTHER INCOME</u>		
Sweeping Sales	15,931,714.45	11,651,849
Interest Income on Treasury Bills	3,599,382.96	5,443,747
Gunnies Sales	-	2,068,770
Housing loan interest	1,364,374.97	1,469,059
Other Income	4,884,242.05	145,610
Sundry income miscellaneous	-	308,837
Donation from Mr. Karan Athapaththu	-	-
	<u>25,779,714.43</u>	<u>21,087,872</u>
04. <u>ADMINISTRATIVE EXPENSES</u>		
Building Repair & Maintenance	2,918,952.51	7,791,700
Security Charges	6,932,192.71	7,098,930
Basic Salaries	8,008,393.00	6,095,071
Management Fees	2,172,404.03	4,545,573
Staff Welfare	1,521,857.19	1,550,191
Cost of Living	1,560,000.00	1,432,550
EPF	1,084,434.32	1,004,288
Overtime	964,760.92	963,301
Stationary	1,162,744.23	1,203,276
Advertising	803,392.50	747,852
Allowances	420,000.00	464,720
Postage Charges	434,596.00	391,233
Leave Pay	325,568.25	351,646
ETF	271,107.48	241,911
Telephone Charges	222,156.23	196,561
General Expenses	208,291.09	164,340
Drivers Subsistence	-	161,375
Garden Maintenance	70,305.46	128,484
Office Equipment Maintenance	862,565.55	125,052
Uniform Allowance	-	125,000
Sanitary	122,003.64	106,219
Audit fees	109,807.50	99,825
Staff Training Charges	344,400.00	73,500
Tea Expenses	-	70,226
Other Expenses	-	54,940
Legal and Professional Charges	574,758.50	54,600
Travelling Expenses	3,971,579.87	273,682
Incentive	1,037,630.00	844,325
	<u>36,103,900.98</u>	<u>36,360,371</u>
05. <u>DISTRIBUTION COST</u>		
Transport Charges	11,119,781.08	7,232,959
Distribution Charges	-	-
	<u>11,119,781.08</u>	<u>7,232,959</u>
06. <u>FINANCE AND OTHER EXPENSES</u>		
Bank Charges	58,077.49	867,576
Re - Processing loss	3,213,954.00	443,713
	<u>3,272,031.49</u>	<u>1,311,290</u>



07th April 2017

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

Dear Sir,

Sri Lanka Thriposha Ltd (PB 3873)
Audit for the year ended 31st December 2015

As the Auditors of Sri Lanka Thriposha Ltd (the Company) for the year ended 31st December 2015, 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 2015.

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

1.1 Statistics on Company Performance-Compared with the last year

<u>Item</u>	<u>2014</u> (a)	<u>2015</u> (b)	<u>Variance</u> (b-a)	<u>Result</u>
Production (Master Bags)	612,068	648,545	36,477	Increased by 5.96%
Production Cost (Rs)	1,628,348,699	1,795,060,980	166,712,281	Cost Increased by 10.24%
Cost per master bag (Rs)	2,660.40	2,767.83	107.42	Cost Increased by 4.04%
Direct Labor & Management Cost(Rs)	109,605,729	132,557,414	22,951,685	Cost Increased by 20.94%
Administration Cost (Rs)	36,360,371	36,103,901	(256,470)	Cost decreased by 0.71%



2. Documentary Evidence for – Land

Observation

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

Recommendation

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

Management Comments

This land has been identified as Government land through plan no: 38.

3. 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 to keep proper documents regarding this deposit which enable the company to claim this balance in future.

Management Comments

Confirmation for the Rs.200,000/- deposit has been requested from Ceylon Electricity Board at Colombo office in writing on 14/01/2015. But we were unable to obtain the confirmation. We will take advice from Audit and Management Committee about this deposit for accounting treatment.

4. Stated Capital

Observation

We observed that company not submitted latest Annual 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 reflecting in the financial statement.

Recommendation

We recommended that to submit the annual return (F15) to Registrar of Companies periodically and to incorporate the stated capital balance in financial statement.

Management Comments

Annual return was submitted to the registrar general of companies. Stated capital is disclosed in the financial statement under note number 11 to the financial statement.



5. 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.

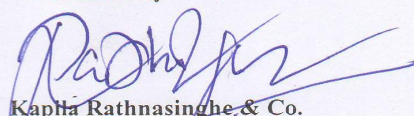
To be most effective, we believe the manual should include in the minimum the following elements:

- 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

A Procedures manual has been prepared for Sri Lanka Thripasha Ltd. Approval is taken from board of director of Sri Lanka Thripasha Ltd at present

Thank you
Yours faithfully


Kapila Rathnasinghe & Co.
Chartered Accountants

