

Lady Lochore Loan Fund

Annual Report - 2002

01. Objective

The objective of the Lady Lochore Loan Fund is to help relieve the public sector officers and employees from the burden of debts by promptly providing them with short-term loans on soft rates of interest and easy terms.

02. Incorporation

The Lady Lochore Loan Fund was incorporated by the Act of Parliament No. 38 of 1951

03. Historical Background

The Lady Lochore Loan Fund was established on 26 March 1927 and Rev. Father C. E. V. Nethenial as the then Commissioner of Charity was instrumental in pioneering the worthy cause.

Lady Jean Lochore, a European dame who earlier lived in this country had donated a sum of Rs. 3,000/- initially to set up this fund. The Lady who felt for the harassment meted out on a clerk in the employ of a trading company by two Afghan Nationals who unscrupulously used to give away loans on exorbitant rates of interest had come forward to the workers rescue with the intent of relieving them of their burden of undebtness by handing out this particular donation.

By the Act of Parliament No. 38 of 1951 the Lady Lochore Loan Fund was incorporated as a trust fund. The Fund was able to put up its own building within the limits of Colombo Fort with government providing assistance in giving it out a block of land in extent of 40 perches in addition to more financial backup.

The Lady Lochore Loan Fund which was initially meant for the provision of loans to mercantile employees became expanded of late to provide loans to employees in the public, State Corporation and local government sector as well. In view of the fact that the financial regulations have been formulated in such a way that the recovery of the Lady Lochore Loan Fund installments is possible through the pay abstracts of the public servants the fund is in a better position to avail itself of the facility of getting the loans of such recipients recovered in full.

Despite the fact that the Lady Lochore Loan Fund experienced a provisional setback due to the setting up of Loan Boards its activity has made substantial progress during the recent past.

Public servants in the lower income category have shown an inclination to look for loans from the Lady Lochore Loan Fund. Simplified procedure of lending and easy terms and conditions together with convenient rates of interest has won their hearts. It is their unshakable reliability towards this fund over the years that attracts the public servants for their repeated credit needs once their previous loans encounter it full distance.

04. Board of Trustees

A seven member Board of Trustees is appointed for the fund's Board of Trustees by the Hon. Minister of Finance in terms of the provision of the Lady Lochore Loan Fund Act. No. 38 of 1951. The quorum required for a general meeting of the Board is three members whereas a special meeting requires five members. The Board of Trustees appointed on 30. 07. 2002 was as follows.

Serial No	Name	Designation
01	Mr. R.K.A Dayananda Chief Accountant Ministry of Finance	Chairman of the Board of Trustees
02	Dr. Mrs. Yasa Siriwardena Co-ordinating Secretary Ministry of Public Administration, Management and Reforms	Trustee
03	Mr. G. Jinadasa	Trustee
04	Mr. K. A. D.S. Nanayakkara	Trustee
05	Mrs. S.A.A.D. Amarawardane	Trustee
06	Mr. C.D.Amarasiri Attorney – at- Law	Managing Trustee

Eight monthly meetings have been held by the Board of Trustees during the year.

(05) (I) Staff

Serial No	Approved Cadre	Approved No.of Posts	Existing Cadre
01	Staff Assistant	01	01
02	Accountant	01	01
03	Internal Auditor	01	--
04	Book Keeper	01	01
05	Shroff	01	01
06	Clerk Grade I	04	03
07	Clerk Grade II 'A'	06	07
08	Clerk Grade ii 'B'	14	14
09	Data Entry Operator	03	02
10	Clerk Typist (Sinhala)	01	01
11	Clerk Typist (English)	01	01
12	Clerk Typist (Tamil)	01	--
13	Driver	02	--
14	K.K.S	04	04
15	Lift Operator	01	--
16	Sanitary Labourer	02	01
		44	37

(ii) Composition of the Staff

1) Permanent Cadre	-	36
2) Casual / Temporary Cadre	-	01
3) Vacancies	-	07

(iii) Change in the Cadre

There was no change in the cadre during the year 2002.

06. (I) Office Complex

Office of the Lady Lochore Loan Fund is housed and maintained in a three storey building owned by the fund constructed on a plot of land in extent of 1 rood given out on a 99 year lease by the government whilst the excess space of the building had been rented out to following establishments during the year 2002.

2nd Floor

- (i) Accountants' service Board of the Ministry of Finance 07 months**
- (ii) Ceylon Electricity Board 02 months**

1st Floor

- (i) Freshco International (Pvt) Ltd 12 months**
- (ii) Allid Shipping Agencies Ltd 12 months**
- (iii) Office of the Encyclopaedia of Buddhism 12 months**

An encroacher occupied a space of 840 sq.ft on the second floor.

- (II) The number of vehicles owned by the fund is two.**

- (i) Toyota Corolla Motor Car No. 17 - 5306**
- (ii) Town Ace Van WP - GH 4864**

07. Financial Assistance

No financial assistance has been received by the fund during the year 2002.

08. Issuing of Loans

Following categories of loans are issued by the Lady Laochore Loan Fund to the public servants and State Corporation and provincial council employees

	Category of Loans	Maximum	Repayment in	Installment
I	For settlement of a Loan	Rs. 10,000/-	03 yrs	Rs. 380/-
ii	For redemption of jewellery pawned	Rs. 15,000/-	04 yrs	Rs. 468/-
iii	For redemption of a property mortgaged	Rs. 50,000/-	05 yrs	Rs. 1200/-

Issuing of Loans during 2002

Type of Loan	Year 2001		Year 2002	
	No	Amount (Rs)	No	Amount (Rs)
10,000	4132	41,328,000	4479	43,929,000
15,000	179	2,685,000	388	5,820,000
50,000	6	300,000	01	35,000
	4317	44,313,000	4868	49,784,000

A repayment of Rs. 3.75 ml out of a sum of Rs. 15 ml which had been allocated by the General Treasury for lending purposes has been made.

09. Recovery of Loans

Progress of the recovery of loans during the year 2002 was as follows.

	Year 2001	Year 2002
Amount recovered	Rs. 51,958,545/-	Rs. 59,625,050/-

Position of the recovery of loans was therefore satisfactory. An outstanding balance over a long period of time amounting to Rs. 1,065,139/- due from 744 loan defaulters was written off from the books.

10 Income

Incomes generated from the Lady Lochore Loan fund comprise of interest recovered on loans, rentals from excessive office space and interest received from fixed deposits and employee loans. Income derived from each source is given below.

		Year 2001	Year 2002
Loan Interest	Rs.	13,495,182/-	15,082,541/-
Interest on fixed deposits	Rs.	1,001,480/-	1,024,451/-
House rent	Rs.	5,040,000/-	1,600,500/-
Miscellaneous	Rs.	796,751/-	31,050/-

Prime activity of the fund being interest on loans when compared with the year 2001 reflects an increase of Rs. 1,587,359/- Despite the income derived from fixed deposits was on a stable footing income from house rents experienced a decline. Even though the ground and the basement floors of the building were given out to Lake House Bookshop on a monthly rent of Rs. 244,000 /- a rental income of around Rs. 3 ml. For the year was lost owing to the vacation of that entity from the building in 2001, Due to the insecure situation prevailed at that time in the Colombo Fort area the Lake House Bookshop had been shifted to another place.

The decline in rental income could also be attributed to the shifting of the Accountants' Service Board to the Ministry of Finance under whose purview it exists. Second floor was rented out to Ceylon Electricity Board from the month of November.

09. Expenditure

Following table shows the expenditure of the Lady Lochore Loan Fund for the year ended 31.12.2002 in a nutshell.

	Total Expenditure 2001 Rs.	Total Expenditure 2002 Rs.
Wages and Allowances	4,786,596	4,583,708
Rates	1,041,659	574,028
Other Expenditure	4,230,158	4,720,234
	10,058,413	9,877,970

The decrease in overall expenditure by Rs. 180,433 for the year from Rs. 10, 058,413 to Rs. 9,877,970 when compared to the year 2001

was due to reduced expenditure on rates as the available space of the building was not rented out in toto.

Decrease in staff salaries could be attributed to the existence of posts vacant while increased market prices have given rise to the slight upturn in other expenditure.

12. Financial Results.

Financial results of the year ended 31.12.2002 reflect a net surplus income of Rs. 7, 860, 572 as against the total income of Rs. 17,738,542 after having incurred an expenditure amounting to Rs. 9,877,970. This surplus amounts to Rs. 7,688,661 after a provision of Rs. 171,911 for taxation.

This is a decrease of Rs. 3,160,456 over the net surplus income of 2001. It was due to the deprival of around Rs. 3 ml in rental income during the year under review.

Despite the fact that there was an increase of Rs. 1,587,359 in interest income over the previous year the fund 's main activity which is loans disbursement the loss incurred due to deprival of rental income did not adequately compensate for it.

Conclusion

The Lady Lochore Loan Fund which was established in terms of the provisions of the Trust Ordinance almost 75 years ago now stands out as a trust fund that has been entrusted with a mission of providing loan facilities to debt ridden employees in government bodies on soft rates of interest and easy terms.

Set in motion with a capital as small as Rs. 3000/- the Lady Lochore Loan Fund has lived up to its task of viably steering the institution with its sole objective of salvaging the public sector employees from jaws of indebtedness in mind even augmenting its capital reserve up to Rs. 88 ml at the same time. The Lady Lochore Loan Fund over the years has endeavored at least to some extent to relieve the public servants of their burden of indebtness at times of difficulties they face in life as well as nature's calamities they confront with in their day to day lives such as flood and drought.

Carrying on its task for the greater good of the public servant by keeping its expenditure to a minimum level and enhancing its financial strength at the same time the fund has not brought a single defaulter of loan before the law. Instead during the year 2002 public servants were relieved of their debts by writing off of around Rs. 01 ml in outstanding loan balances, recovery of which was not possible.

The Lady Lochore Loan Fund, one of the state entities among lending institutions in the economy which provided for credit through a non-inflationary way is an indirect incentive to the country's economy by way of its credit inputs to the society.

The Board of Trustees of the Lady Lochore Loan Fund owes a debt of gratitude to the staffs employed in the Ministries / Departments / Public Corporations / Local Government bodies who by no means render a greater service in the recovery of loan balances from respective employees and remitting the same back to the fund in time.

LADY LOCHORE LOAN FUND
NO. 100 -3/2, SIR CHITTAMPALM A GARDINER MAWATHA COLOMBO - 0
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDED 31ST DECEMBER 2002

	<u>NOTE</u>	<u>Rs.</u>	<u>2001</u> <u>Rs.</u>
<u>INCOME</u>			
Interest on Loans	(01)	15,082,541	13,495,182
Interest on Investment	(02)	1,024,451	1,001,480
Rent	(03)	1,600,500	5,040,000
Sundry Income	(04)	31,050	796,751
Amortization of Donation		-	881,394
		<u>17,738,542</u>	<u>21,214,807</u>
<u>LESS: EXPENSES</u>			
Administration & Establishment	(05)	7,032,608	8,208,965
Finance Charges		80,154	56,691
Bad & Doubtful Debts		983,150	407,087
Audit Fee		18,150	18,150
Depreciation		1,763,908	1,367,520
		<u>9,877,970</u>	<u>10,058,413</u>
EXCESS OF INCOME OVER EXPENDITURE BEFORE TAXATION		<u>7,860,572</u>	<u>11,156,394</u>
<u>Less:</u> Provision for Taxation		<u>171,911</u>	<u>307,277</u>
EXCESS OF INCOME OVER EXPENDITURE AFTER TAXATION		<u>7,688,661</u>	<u>10,849,117</u>

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(Chartered Accountants)

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LADY LOCHORE LOAN FUND

NO. 100 -3/2, SIR CHITTAMPALM A GARDINER MAWATHA COLOMBO - 02 **BALANCE SHEET AS AT 31ST DECEMBER 2002**

	NOTE	Rs.	31.12.01 Rs.
PROPERTY PLANT & EQUIPMENTS	(06)	9,422,676	10,844,930
Investment	(07)	8,887,558	7,648,844
		<u>18,310,234</u>	<u>18,493,774</u>
<u>NET CURRENT ASSETS</u>			
<u>CURRENT ASSETS</u>			
Inventories - Stationery		95,326	31,342
Loans	(08)	91,606,806	72,926,961
Staff Loans and Debtors	(09)	6,215,340	5,425,340
Other Receivables	(10)	618,167	1,836,502
Prepayments	(11)	35,091	37,192
Cash at Bank	(12)	222,761	495,737
Cash in Hand		10,000	10,000
		<u>98,803,491</u>	<u>80,763,074</u>
<u>LESS: CURRENT LIABILITIES</u>			
Over Recoveries		4,415,643	-
Provision for Gratuity		2,669,760	2,470,325
Provision for Taxation	(13)	(4,804)	399,062
Sundry Deposits	(14)	311,081	311,081
Creditors and Accrued Expenses	(15)	2,303,981	1,287,925
Bank Overdraft		210,242	2,056
		<u>(9,905,903)</u>	<u>(4,470,449)</u>
		<u>88,897,588</u>	<u>76,292,625</u>
		<u>107,207,822</u>	<u>94,786,399</u>
<u>FINANCED BY</u>			
<u>Accumulated Fund</u>			
Balance as at 1st January 2002		77,577,732	66,871,112
Adjustment in Respect of Prior Years		9,743,665	(142,497)
Excess of Income Over Expenditure For the Year		7,688,661	10,849,117
		<u>95,010,058</u>	<u>77,577,732</u>
Donation Received from Ministry of Finance			3,525,575
Long Term Loans	(16)	12,197,764	13,683,092
		<u>107,207,822</u>	<u>94,786,399</u>

Approved on behalf of board of Control.

01. Chairman

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02. Managing Trustee

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LADY LOCHORE LOAN FUND

NO. 100 -3/2, SIR CHITTAMPALM A GARDINER MAWATHA COLOMBO - 02

NOTES TO THE ACCOUNT FOR THE YEAR

ENDED 31ST DECEMBER 2002

	<u>Rs.</u>	<u>2001</u> <u>Rs.</u>
(01) <u>INTEREST ON LOANS</u>		
Loans to Employees of firms and Government Corporations	14,857,866	13,279,367
<u>STAFF LOANS</u>		
Cycle Loan to Staff	117	307
Distress Loans to Staff	6,523	7,666
Normal Loan to Staff	218,035	207,842
	<u>15,082,541</u>	<u>13,495,182</u>
(02) <u>INTEREST ON INVESTMENTS</u>		
Treasury Bills	799,496	773,218
Fixed Deposits	220,993	210,655
Call Deposits	3,962	17,607
	<u>1,024,451</u>	<u>1,001,480</u>
(03) <u>RENT INCOME</u>		
Ceylon Electricity Board	220,500	
Lake House Book Shop	-	2,910,000
Allied Shipping Agencies Ltd.,	632,500	660,000
Freshco International Ltd.,	287,500	300,000
Ministry of Finance	-	690,000
Ministry of Buddha Sasana	460,000	480,000
	<u>1,600,500</u>	<u>5,040,000</u>
(04) <u>SUNDRY INCOME</u>		
<u>Service Charges</u>		
Coconut Development Authority & Land Reform Commission	26,970	19,751
Unclaims Cheques	4,080	-
Profit on Sale of Motor Vehicle	-	627,000
Sale of Lift	-	150,000
	<u>31,050</u>	<u>796,751</u>
(05) <u>ADMINISTRATION AND ESTABLISHMENT EXPENSES</u>		
Salaries & Wages	3,297,860	2,740,300
Casual Wages	-	583,213
EPF Contribution	367,815	405,446
ETF Contribution	69,610	79,439
Staff Welfare	107,988	98,053
Gratuity	199,435	314,670
Allowances to Board Members	36,000	68,848
Insurance	128,147	125,853
Bonus	257,132	267,709

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	<u>Rs.</u>	<u>Rs.</u>
Over Time	35,153	-
Audit Committee Allowance	6,000	-
Bank Loan Interest	-	19,701
Ex- Gratia	-	46,545
Electricity	162,824	186,775
Printing & Stationery	203,519	206,740
Postage	147,734	221,004
Telephone	162,280	182,027
General Expenses	20,254	73,662
Valuation Fee	78,500	-
Allowance to Chairman	25,000	-
 <u>Repairs and Renewals</u>		
Buildings	70,096	251,353
Lift	6,168	32,037
Office Equipment	44,028	48,557
Legal Fees	56,450	3,250
News Papers and Periodicals	22,191	19,161
Security Charges	573,972	582,682
Water Expenses	63,159	40,690
Fuel and Motor Vehicle Maintenance	102,354	250,646
Travelling	36,732	23,967
Medical Expenses	144,984	126,160
Penalty on Defence Levy	-	5,001
Rate & Taxes	574,028	1,041,659
Advertisement	33,195	24,847
Vehicle Licence & Insurance	-	28,875
Diesel & Luxury Tax	-	9,000
Arrears of E.P.F.	-	101,095
	<u>7,032,608</u>	<u>8,208,965</u>

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(07) INVESTMENTS

Fixed Deposits in Peoples Bank

F/D Nos

	<u>Rs.</u>	<u>Rs.</u>
238416	400,000	-
663868	-	500,000
663869	561,132	500,000
256285	475,000	-
267174	359,252	321,622
48631	400,000	400,000
256752	60,000	-
256683	60,000	-
	<u>2,315,384</u>	<u>1,721,622</u>

Call Deposit in Peoples Bank

C/D Nos

255785	-	120,000
255797	-	60,000
	<u>-</u>	<u>180,000</u>

Treasury Bill in Peoples Bank

<u>6,572,174</u>	<u>5,747,222</u>
<u>6,572,174</u>	<u>5,747,222</u>
<u>8,887,558</u>	<u>7,648,844</u>

(08) LOANS

Employees of Government Corporations & firms	45,835,991	40,948,766
Coconut Development Authority	765,441	407,690
Treasury Funds Loans	49,795,722	35,344,222
Land Reform Commission	34,430	67,911
	<u>96,431,584</u>	<u>76,768,589</u>

<u>Less:</u> Provision for Doubtful Debtors	(4,821,579)	(3,838,429)
State Plantation Corporation	(3,199)	(3,199)
	<u>(4,824,778)</u>	<u>(3,841,628)</u>
	<u>91,606,806</u>	<u>72,926,961</u>

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(09) STAFF LOANS AND DEBTORS

STAFF LOAN

	<u>Rs.</u>	<u>Rs.</u>
Cycle Loans	2,793	7,171
Six Months Salary Advances	(546)	(546)
School Books Advances	1,600	1,600
Advances- Casual Employees	-	21,074
Permanent Staff	-	4,711
Festival Advances	17,250	27,500
E. P. F. Loan	36,928	-

Debtors

Staff Debtors	5,777,495	4,984,011
Recoveries due staff Providen Fund	379,820	379,819
	<u>6,215,340</u>	<u>5,425,340</u>

(10) OTHER RECEIVABLES

Rent	295,500	1,539,653
Interest on Investments	284,065	296,849
Cheque Return	38,602	-
	<u>618,167</u>	<u>1,836,502</u>

(11) PREPAYMENTS

Upali Newspapers	6,032	6,032
Associated News Papers	8,079	10,089
Wijaya News Papers	5,980	6,071
Post Master General - PO Box Fees	15,000	15,000
	<u>35,091</u>	<u>37,192</u>

(12) CASH AT BANK - PEOPLES BANK

A/C Nos-

16500 73 464	23,179	367,559
16500 73 433	119,106	52,964
16500 73 218	80,476	75,214
	<u>222,761</u>	<u>495,737</u>

(13) PROVISION FOR TAXATION

Opening Balance	399,062	255,830
<u>Add:</u> Provision for the year	171,911	307,277
	570,973	563,107
<u>Less:</u> Paid during the year	542,491	150,000
W.H.T.	33,286	14,045
	<u>(575,777)</u>	<u>(164,045)</u>
	<u>(4,804)</u>	<u>399,062</u>

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(14) <u>SUNDRY DEPOSITS</u>	<u>Rs.</u>	<u>Rs.</u>
Ceylon Electricity Board	176,250	176,250
Ministry of Finance	7,178	7,178
Allied Shipping Agencies	108,653	108,653
Mr. M. V. P. Silva (President Treasury)	5,000	5,000
Refundable tender Deposit	14,000	14,000
	<u>311,081</u>	<u>311,081</u>
(15) <u>CREDITORS AND ACCRUED EXPENSES</u>		
Suspense Creditors	1,125,009	-
Allied Shipping Agencies Ltd.,	63,525	63,525
Sundry Creditors	196,864	196,864
Income Tax	-	78,221
Audit Fees	36,302	34,858
Stamp Duty	494	1,587
National Security Levy	567,063	685,852
Medical Leave	145,133	126,160
Travelling Expenses	-	995
Salaries and Wages	750	15,224
Telephone Charges	14,429	10,339
Water Charges	7,007	3,420
Board Members Fees		5,400
Postage & Stamps	7,679	8,617
EPF Contribution	629	3,316
ETF Contribution	6,604	6,338
Security Expenses	47,993	47,209
VAT Creditors	84,500	-
	<u>2,303,981</u>	<u>1,287,925</u>
(16) <u>LONG TERM LOANS</u>		
Treasury Fund	11,250,000	12,750,000
Coconut Development Authority	777,101	764,454
Land Reform Commission	108,536	106,511
State Plantation Corporation	62,127	62,127
	<u>12,197,764</u>	<u>13,683,092</u>

During the year under review the fund has received computer system and software system amounting to Rs. 1,673,219/= and Rs. 2,738,750/= respectively under the Y2K computer project from finance ministry. This amount has been accounted as a donation and to be amortized over the period of five years.

(06) PROPERTY, PLANT & EQUIPMENT

Item	Rate %	Cost/Valuation			Accumulated Depreciation			W.D.V	
		as at 01.01.02 Rs.	Addition Rs.	as at 31.12.02 Rs.	as at 01.01.02 Rs.	for the Year Rs.	as at 31.12.02 Rs.	as at 31.12.01 Rs.	as at 31.12.02 Rs.
Land & Buildings	4	6,052,063	185,687	6,237,750	1,343,918	211,084	1,555,002	4,708,145	4,682,748
Furniture & Fittings	10	356,523	15,810	372,333	310,839	10,866	321,705	45,684	50,628
Electrical Fixtures	10	1,922,360	9,246	1,931,606	137,293	192,236	329,529	1,785,067	1,602,077
Motor Vehicle	25	1,536,300	-	1,536,300	636,300	225,000	861,300	900,000	675,000
Office Equipment	10	390,387	130,911	521,298	289,580	22,980	312,560	100,807	208,738
Computers	10	4,626,469	-	4,626,469	1,321,242	1,101,742	2,422,984	3,305,227	2,203,485
		14,884,102	341,654	15,225,756	4,039,172	1,763,908	5,803,080	10,844,930	9,422,676

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DEPARTMENT OF INLAND REVENUE

FILE NO: 90/9018-24

LADY LOCHORE LOAN FUND

NO. 100 -3/2, SRI CHITTAMPALM A GARDINER MAWATHA COLOMBO - 02

YEAR OF ASSESSMENT 02/03

STATEMENT OF INCOME

	<u>NOTE</u>	<u>Rs.</u>	<u>Rs.</u>
Trade Income			Exempted
Rent Income	(01)		990,916
Interest Income	(02)		968,198
STATUTORY INCOME			1,959,114
<u>Less:</u> Deduction			NONE
ASSESSABLE INCOME			1,959,114
<u>Less:</u> Qualifying Payments			
Statutory Allowance			240,000
TAXABLE INCOME			1,719,114

COMPUTATION OF TAX

Tax on Rs. 1,719,114 @ 10%			171,911
<u>Less:</u> Tax Paid	(03)	150,000	
W.H. T.		42,825	192,825
Refund to be Claimed			(20,914)

NOTES

(01) RENT INCOME

Gross Rent Income	(Sch. 1)		1,895,250
<u>Less:</u> Rate & Taxes			574,028
			1,321,222
<u>Less:</u> 25% Repair Allowance			330,306
Net Rent Income			990,916

<u>Sch. 01</u>	<u>Income</u>	<u>Less</u>	<u>Add</u>	<u>Gross Rent</u>
<u>Rent Income</u>	<u>for the</u>	<u>Three months</u>	<u>Three months</u>	<u>Income</u>
	<u>year</u>	<u>to 31.03.02</u>	<u>to 31.03.03</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Ceylon Electricity Board	220,500	-	330,750	551,250
Allied Shipping Company	632,500	165,000	148,500	616,000
Feshco Limited	287,500	75,000	67,500	280,000
Ministry of Buddhasasana	460,000	120,000	108,000	448,000
	1,600,500	360,000	654,750	1,895,250

Contd...2

Sunil Piyawardena & Co.

(Chartered Accountants)

(02)	<u>INTEREST INCOME</u>	-2-	<u>Gross</u> <u>Interest</u> <u>Rs.</u>
	Fixed Deposits -	2.1	199,909
	Call Deposit - PeoplPeoples Bank	2.2	3,962
	Treasury Bills	2.3	<u>764,327</u>
			<u>968,198</u>

2.1 Fixed Deposit

	<u>Income for</u> <u>the year</u> <u>Rs.</u>	<u>Less: Three</u> <u>months to</u> <u>31.03.01</u> <u>Rs.</u>	<u>Add: Three</u> <u>months to</u> <u>31.03.02</u> <u>Rs.</u>	<u>Total Interest</u> <u>Income</u> <u>Rs.</u>
048549	55,321	(16,644)	4,485	43,162
255785	10,724	(3,847)	-	6,877
048631	42,903	(13,118)	8,000	37,785
256285	27,312	-	-	27,312
255950	3,750	(185)	-	3,565
238416	12,931	-	9,753	22,684
255797	5,377	(1,929)	-	3,448
267174	45,688	(10,309)	1,196	36,575
256752	473	-	1,276	1,749
256683	1,035	-	1,332	2,367
255974	3,750	-	-	3,750
256254	2,679	-	-	2,679
255852	5,300	(1,623)	-	3,677
256886	3,750	(801)	-	2,949
256866	-	-	1,330	1,330
	<u>220,993</u>	<u>(48,456)</u>	<u>27,372</u>	<u>199,909</u>

2.2 Call Deposit

255593	1,324	-	-	1,324
255585	1,601	-	-	1,601
256501	681	-	-	681
256511	356	-	-	356
	<u>3,962</u>	<u>-</u>	<u>-</u>	<u>3,962</u>

2.3 Treasury Bills

216898	616,028	(204,607)	-	411,421
308780	183,468	-	164,357	347,825
466681	-	-	5,081	5,081
	<u>799,496</u>	<u>(204,607)</u>	<u>169,438</u>	<u>764,327</u>

Contd...3

Sunil Piyawardena & Co.

(Chartered Accountants)

(03) PARTICULARS OF TAX PAYMENT

Quarter

Date of Payment

Amount

Rs.

1st	21/10/02	100,000
2nd	04/12/02	50,000
3rd	-	-
4th	-	-
Final	-	-
		<hr/>
		150,000
		<hr/>

LADY LOCHORE LOAN FUND
NO. 100 -3/2, SRI CHITTAMPALM A GARDINER MAWATHA
COLOMBO - 02
YEAR OF ASSESSMENT 02/03
STATEMENT OF ADJUSTED PROFIT

	<u>Rs.</u>	<u>Rs.</u>
Income over Expenditure		<u>7,860,572</u>
ADJUSTED PROFIT		7,860,572
<u>Less:</u> Interest on Investment	1,024,451	
Rent Income	<u>1,600,500</u>	<u>2,624,951</u>
Exempted Income		5,235,621

ARCH INTERNATIONAL (PVT) LTD.
NO. 569, NAWALA ROAD, RAJAGIRIYA.
PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM
01ST DECEMBER 1998 TO 31ST MARCH 1999

	Rs.
Turnover	<u>1,738,044</u>
Operating Profit after charging Followings	2,211,813
<hr/>	
Directors Emoluments	66,000
Audit Fee	10,000
Bank Overdraft Interest	46
<hr/>	
NET PROFIT/ (LOSS) BEFORE TAXATION	221,813
<u>Less</u> Provision For Taxation	<u>(66,931)</u>
NET PROFIT AFTER TAXATION	154,882
<u>Add:</u> Retained Profit/(LOSS) B/F	-
Retained Profit /(Loss)C/F	<u>154,882</u>

Contd...2

AUDITORS REPORT TO THE MEMBERS OF
LADY LOCHORE LOAN FUND.,

We have examined the Balance Sheet of LADY LOCHORE LOAN FUND., as at 31st December 2002 the Income & expenditure Account the year then ended with the related Accounting Policies and notes exhibited on page 01 to 08.

Respective Responsibilities of Management Committee

The Management Committee is responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards for smaller Enterprises our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of Opinion

Our examination was made in accordance with the Sri Lanka Auditing Standards for smaller Enterprises which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards for smaller Enterprises. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examinations, proper books of accounts have been maintained by the fund, and to the best of our information and according to the explanations given to us, the financial statements referred to above which are in agreement therewith, read together with notes referred to therein, give a true and fair view of the state of affairs of the fund as at 31st December 2002, and of its Excess of Income Over Expenditure for the year ended.

CHARTERED ACCOUNTANTS
06th October 2003