



# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



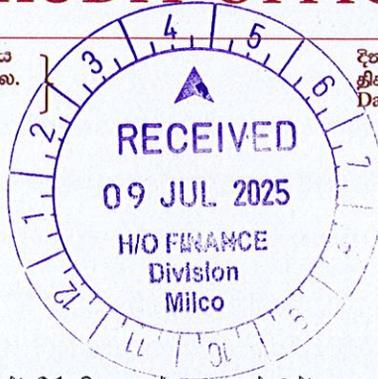
මගේ අංකය  
எனது இல.  
My No.

FLS/C/MILCO/22/2025/06

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

2025 ජූලි 07 දින



සභාපති

මිලකෝ පුද්ගලික සමාගම

මිලකෝ පුද්ගලික සමාගමේ 2022 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන සහ වෙනත් තොරතුරු හා නියාමන අවශ්‍යතා පිළිබඳව 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 වන වගන්තිය ප්‍රකාරව විගණකාධිපති වාර්තාව

#### 1. මූල්‍ය ප්‍රකාශන

##### 1.1 මතය විශ්ලේෂණය

මිලකෝ පුද්ගලික සමාගමේ 2022 දෙසැම්බර් 31 දිනට මූල්‍ය තත්ත්ව ප්‍රකාශනය සහ එදිනෙන් අවසන් වර්ෂය සඳහා වූ විස්තීර්ණ ආදායම් ප්‍රකාශනය, හිමිකම් වෙනස්වීමේ ප්‍රකාශනය සහ එදිනෙන් අවසන් වර්ෂය සඳහා මුදල් ප්‍රවාහ ප්‍රකාශනය සහ මූල්‍ය ප්‍රකාශන වලට අදාළ සටහන්, සාරාංශගත වැදගත් ගිණුම්කරණ ප්‍රතිපත්තිවලින් සමන්විත 2022 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(1) ව්‍යවස්ථාව සමඟ සංයෝජිතව කියවිය යුතු 2018 අංක 19 දරන ජාතික විගණන පනතේ මාගේ විධානය යටතේ විගණනය කරන ලදී. ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(6) ව්‍යවස්ථාව ප්‍රකාරව මාගේ වාර්තාව යථා කාලයේදී පාර්ලිමේන්තුවේ සභාගත කරනු ලැබේ.

සමාගමේ මූල්‍ය ප්‍රකාශන පිළිබඳව මම මතයක් ප්‍රකාශ නොකරමි. මතය විශ්ලේෂණය සඳහා පදනම කොටසේ සාකච්ඡා කර ඇති කරුණුවල වැදගත්කම හේතුවෙන් මෙම මූල්‍ය ප්‍රකාශන සම්බන්ධයෙන් විගණන මතයක් සඳහා පදනමක් සැපයීමට ප්‍රමාණවත් හා උචිත විගණන සාක්ෂි ලබා ගැනීමට මා හට නොහැකි විය.

##### 1.2 විශ්ලේෂණය කළ මතය සඳහා පදනම

(අ) ශ්‍රී ලංකා ගිණුම් ප්‍රමිත 02 හි 09 ඡේදය අනුව අවසන් නිෂ්පාදිත නිමි තොගය ගණනය කිරීමේදී පිරිවැය හෝ ශුද්ධ උපලබ්ධි අගයෙන් අඩු අගයට අවසන් තොගය වාර්තා කළ යුතු වුවද සමාගම විසින් දිගින් කාර්මාන්තශාලාවේ අවසන් නිෂ්පාදිත නිමි තොගයේ ශුද්ධ උපලබ්ධි



වටිනාකම වූ රු.46,872,232ක් වෙනුවට පිරිවැය අගය වූ රු.50,661,862ක් ගිණුම්ගත කිරීම හේතුවෙන් සමස්ත තොග ශේෂය රු.3,789,630ක් වැඩියෙන් දක්වා තිබුණි.

- (ආ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිත 7 අනුව රු. 205,000,000 ක් වූ දිගුකාලීන ස්ථාවර තැන්පතුව නිදහස් කිරීම මුදල් ප්‍රවාහ ප්‍රකාශයේ ආයෝජන ක්‍රියාකාරකම් යටතේ මුදල් ගලා ඒම ලෙස දක්වා නොතිබුණි. ප්‍රමිතයේ 7 ඡේදය ප්‍රකාරව මාස 03 හෝ 03ට අඩු කාලයක දී කල් පිරෙන ආයෝජන මුදල් ප්‍රවාහ ප්‍රකාශනයේ මුදල් හා මුදල් සමාන දෑ හි ඇතුළත් කළ යුතු වුවද නිදහස් කළ තැන්පතුව නැවත කෙටිකාලීන ආයෝජන ලෙස ආයෝජනය කර තිබුණු අතර එම ආයෝජනය කිරීම වර්ෂය අවසානයේ මුදල් හා මුදල් සමාන දෑ හි එකතුවක් ලෙස දැක්විය යුතු වුවත් එලෙස ගිණුම්ගත කර නොතිබුණි.
- (ඇ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිත අංක 16 හි 31 සහ 34 ඡේද අනුව වත්කම් ප්‍රත්‍යාගණනයක් සිදුකල පසු නැවතත් නිශ්චිත කාල සීමාවක් තුළදී වත්කම් ප්‍රත්‍යාගණනය සිදුකල යුතු වුවද සමාගම විසින් 2008 වර්ෂයෙන් පසු සමාලෝචිත වර්ෂය දක්වාම වත්කම් ප්‍රත්‍යාගණනයක් සිදු නොකර තිබීම හේතුවෙන් නව ප්‍රත්‍යාගණිත වටිනාකම් ගිණුම් පොත් වල ඇතුළත් වී නොතිබුණි.
- (ඈ) ශ්‍රී ලංකා මූල්‍ය වාර්තාකරණ ප්‍රමිත 09 හි 5.5.15 ඡේදය ප්‍රකාරව වෙළඳ ණයගැති ශේෂය වන රු.539,538,417ක් සඳහා පසුකාලීන හානිකරණ හඳුනාගැනීම් මැනීම සඳහා අපේක්ෂිත ණය අලාභ ක්‍රමය (Expected Credit Loss Method) භාවිතා කළයුතු වුවත් එසේ ගණනය නොකිරීම නිසා සමාලෝචිත වර්ෂයේ වෙළඳ හා අනෙකුත් ණයගැතියන් අධි ගණනය වී තිබුණි.
- (ඉ) ප්‍රධාන කාර්යාලයේ මූල්‍ය ප්‍රකාශනයන්හි ගෙවිය යුතු ශේෂයන් තුළ එකතුව රු.48,184,538ක් ද වෙළඳ ණයහිමී ශේෂය තුළ රු.12,278,092 ක් වූ හර ශේෂයක් ද ප්‍රධාන කාර්යාලය, කොළඹ, පොල්ගහවෙල සහ දිගන කිරි කර්මාන්තශාලාවට අදාළ ණයගැති ශේෂය තුළ රු.42,699,675 ක් වූ බැර ශේෂ පැවතීම නිසා මුළු ගෙවිය යුතු ශේෂය, වෙළඳ ණයහිමී ශේෂය හා මුළු ණයගැති ශේෂය එම ප්‍රමාණයෙන් අඩුවෙන් දක්වා තිබුණි.
- (ඊ) විගණනයට ඉදිරිපත් කරන ලද උපලේඛණය අනුව ප්‍රධාන කාර්යාලය විසින් 2005 සිට 2022 වර්ෂය දක්වා අවස්ථා 90කට අදාළව සිදු කරන ලද එකතුව රු.8,804,121 ක (Unsettled Pre Payment) කලින් ගෙවීම් මූල්‍ය තත්ත්ව ප්‍රකාශනයේ ණයහිමියන් යටතේ හර ශේෂ ලෙස දක්වා තිබුණි.
- (උ) රු.131,829,724ක් වූ අත්තිකාරම් , තැන්පතු සහ කලින් ගෙවීම් යටතේ දක්වා ඇති එකතුව රු.1,606,085ක් වූ බැර ශේෂ පැවතීම හේතුවෙන් මූල්‍ය ප්‍රකාශනවල දක්වා ඇති වටිනාකම එම ප්‍රමාණයෙන් උණ ගණනය වී තිබුණි.

- (ඌ) ඉකුත් වර්ෂයට අදාළ රු.1,335,985 ක් වූ කුලී වියදම සමාලෝචිත වර්ෂයේ කුලී වියදමක් ලෙස ගිණුම්ගත කර තිබුණි.
- (එ) භාවිත අයිතිය ඇති සමාලෝචිත වර්ෂය අවසන් වන විට ගෙවීම අවසන් වූ රු. 50,934,183 ක් වූ වත්කම් (Right of use assets) මොටර් රථ ගිණුමට මාරු නොකර භාවිත අයිතිය ඇති වත්කම් යටතේ ඇතුළත් කර තිබූ අතර ඊට අදාළ ක්ෂය ගණනය කර ගිණුම්ගත කර ද නොතිබුණි.
- (ඒ) බඩල්ගම කිරි සැකසුම් මධ්‍යස්ථානය ස්ථාපිත කිරීමේ ව්‍යාපෘතිය සඳහා රු.12,641,310,517 මුදලක් 2021 වර්ෂයේදී කෘෂිකර්ම අමාත්‍යාංශයේ 118-2-3-54-2507-0/12 වැය විෂය යටතේ ගිණුම්ගත වී තිබුණද සමාගම විසින් භාණ්ඩාගාරයට ගෙවිය යුතු ණය ලෙස රු.12,641,310,517ක් මූල්‍ය ප්‍රකාශනයන්හි හඳුනාගෙන තිබුණි. එසේ වුවද මෙම ණය මුදල සම්බන්ධයෙන් භාණ්ඩාගාරය සහ සමාගම අතර උප ණය ගිවිසුමක් ද නොවීය.
- (ඔ) මූල්‍ය ප්‍රකාශනයන්හි රාජ්‍ය ප්‍රදාන යටතේ දක්වා ඇති එකතුව රු.16,167,750ක් වූ ප්‍රාග්ධන ප්‍රදාන වසර 05 කට වැඩි කාලයක සිට පැවති අතර මීට අදාළව විලම්භීත ආදායම් ගණනය කර ගිණුම්ගත කිරීමට කටයුතු කර නොතිබුණි.
- (ඕ) පොළොන්නරුව කර්මාන්තශාලාවට අදාළව මහජන බැංකුවේ ජංගම ගිණුමේ 2019 සිට 2022 වර්ෂය දක්වා තැන්පත් කරන ලද එකතුව රු.2,611,447 ක් වූ හඳුනා නොගත් තැන්පතු හඳුනාගෙන ගිණුම්ගත කිරීමට කටයුතු කර නොතිබුණි.
- (ක) මූල්‍ය ප්‍රකාශන අනුව අත ඉතිරි මුදල් ලෙස රු.12,900,177ක වටිනාකමක් දක්වා තිබුණද, ප්‍රධාන කාර්යාලය සහ කර්මාන්තශාලා අවසාන ගිණුම් අනුව අත ඉතිරි මුදල් ශේෂ වල මුළු වටිනාකම රු.12,319,915 ක් ලෙස සඳහන් වූයෙන් රු.580,262ක වෙනසක් පැවතුණි.
- (කා) දිගන, පොළොන්නරුව සහ අඹේවෙල කර්මාන්තශාලාවේ එකතුව රු.30,134,273ක් වූ ණයගැති ශේෂවලට අදාළව ශේෂ සනාථන විගණනයට නොලැබීම හේතුවෙන් එම ශේෂ වල පැවැත්ම හා නිවැරදිතාවය තහවුරු කිරීමට නොහැකි විය. විකල්ප විගණන ක්‍රියාපටිපාටීන් තුළින්ද මෙහි පැවැත්ම තහවුරු කිරීමට නොහැකි විය.
- (කඳ) මූල්‍ය ප්‍රකාශන අනුව ජංගම ගිණුම් මුදල් ශේෂ ලෙස රු 28,520,740ක වටිනාකමක් දක්වා තිබුණද, ප්‍රධාන කාර්යාලය සහ කර්මාන්තශාලා අවසාන ගිණුම් අනුව ජංගම ගිණුම් මුදල් ශේෂ වල මුළු වටිනාකම රු.28,132,671ක් ලෙස සඳහන් වූයෙන් රු.388,069 ක වෙනසක් පැවතුණි.

- (ක) විගණනය විසින් ශේෂ සනාතනයන් ලබාදෙන ලෙස ඉදිරිපත් කරන ලද ප්‍රධාන කාර්යාලයේ පවතින එකතුව රු.32,737,312ක් වූ වෙළඳ සහ අනෙකුත් ණයහිමි ශේෂ 8ක් සඳහා බාහිර ශේෂ සනාථනයන් විගණනයට ඉදිරිපත් නොවුණි. තවද ජාතික කිරි මණ්ඩලයට ගෙවිය යුතු රු.2,108,063ක ශේෂයක් වසර ගණනාවක සිට ඉදිරියට එමින් පැවතියද ඒ සම්බන්ධයෙන් කිසිදු සාක්ෂියක් විගණනයට ඉදිරිපත් නොවුණි.
- (කි) පොළොන්නරුව කර්මාන්තශාලාවේ රු.6,903,437ක් වූ විවිධ ආදායම් වලට අදාළ විස්තරාත්මක උපලේඛණයන් විගණනයට ඉදිරිපත් නොවුණි.
- (කී) මූල්‍ය ප්‍රකාශන තුළ තොග වෙනුවෙන් රු.12,096,362ක වෙන්කිරීමක් සිදුකර ඇති අතර මේ තුළ වූ භාවිතයට ගත නොහැකි තොග හඳුනාගෙන පොත්වලින් ඉවත් කිරීමට කටයුතු කර නොතිබුණි.

ඉහත විස්තර කර ඇති පරිදි, මූල්‍ය තත්ත්ව ප්‍රකාශනයේ, විස්තීර්ණ ආදායම් ප්‍රකාශනයේ, හිමිකම් වෙනස්වීමේ ප්‍රකාශනයේ සහ මුදල් ප්‍රවාහ ප්‍රකාශනයේ ඇතුළත් ප්‍රමාණාත්මක අයිතම විකල්ප ක්‍රම මගින් තහවුරු කිරීමට හෝ සත්‍යාපනය කිරීමට මට නොහැකි විය. මේ හේතුවෙන්, මූල්‍ය තත්ත්ව ප්‍රකාශනය, විස්තීර්ණ ආදායම් ප්‍රකාශනය, හිමිකම් වෙනස්වීමේ ප්‍රකාශනය, සහ මුදල් ප්‍රවාහ ප්‍රකාශනය සැකසෙන වටිනාකම් හෝ අයිතමයන් වල වාර්තාගත හෝ වාර්තා නොකළ වටිනාකම් හෝ ගනුදෙනු සම්බන්ධයෙන් කිසියම් ගැලපීමක් කිරීමට අවශ්‍ය දැයි මට නිශ්චය කිරීමට නොහැකි විය.

**1.3 මූල්‍ය ප්‍රකාශන පිළිබඳ කළමනාකරණයේ සහ පාලනය කරන පාර්ශවයන්ගේ වගකීම්**

මෙම මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිතිවලට අනුකූලව පිළියෙල කිරීම හා සාධාරණ ලෙස ඉදිරිපත් කිරීම සහ වංචා හෝ වැරදි හේතුවෙන් ඇතිවිය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් තොරව මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමට හැකිවනු පිණිස අවශ්‍ය වන අභ්‍යන්තර පාලනයන් තීරණය කිරීම කළමනාකරණයේ වගකීම වේ.

මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමේදී, සමාගම අඛණ්ඩව පවත්වාගෙන යාමේ හැකියාව තීරණය කිරීම කළමනාකරණයේ වගකීමක් වන අතර, කළමනාකාරිත්වය සමාගම ඇවර කිරීමට අදහස් කරන්නේ නම් හෝ වෙනත් විකල්පයක් නොමැති විටදී මෙහෙයුම් නැවැත්වීමට කටයුතු කරන්නේ නම් හැර අඛණ්ඩ පැවැත්මේ පදනම මත ගිණුම් තැබීම හා සමාගමේ අඛණ්ඩ පැවැත්මට අදාළ කරුණු අනාවරණය කිරීමද කළමනාකරණයේ වගකීමකි.

සමාගමේ මූල්‍ය වාර්තාකරණ ක්‍රියාවලිය සම්බන්ධව පරීක්ෂා කිරීමේ වගකීම, පාලනය කරන පාර්ශවයන් විසින් දරනු ලබයි.

2018 අංක 19 දරන ජාතික විගණන පනතේ 16 (1) උප වගන්තිය ප්‍රකාරව, සමාගමේ වාර්ෂික සහ කාලීන මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමට හැකිවන පරිදි ස්වකීය ආදායම්, වියදම්, වත්කම් හා බැරකම් පිළිබඳ නිසි පරිදි පොත්පත් හා වාර්තා පවත්වාගෙන යා යුතුය.

#### 1.4 මූල්‍ය ප්‍රකාශන විගණනය සම්බන්ධයෙන් විගණකගේ වගකීම

ශ්‍රී ලංකා විගණන ප්‍රමිතීන්ට අනුකූලව පවත්වනු ලබන විගණනය මත පදනම්ව සමාගමේ මූල්‍ය ප්‍රකාශන පිළිබඳව විගණකගේ වාර්තාව නිකුත් කිරීම මාගේ වගකීම වේ. කෙසේ වුවද, මතය විශ්වාසය සඳහා පදනම කොටසේ විස්තර කර ඇති කරුණු හේතුවෙන් මෙම මූල්‍ය ප්‍රකාශන සම්බන්ධයෙන් විගණන මතයක් සඳහා පදනමක් සැපයීමට ප්‍රමාණවත් හා උචිත විගණන සාක්ෂි ලබා ගැනීමට මා හට නොහැකි විය.

#### 2. වෙනත් තෛතික හා නියාමන අවශ්‍යතා පිළිබඳ වාර්තාව

2.1 2018 අංක 19 දරන ජාතික විගණන පනතේ සහ 2007 අංක 7 දරන සමාගම් පනත සඳහන් අවශ්‍යතාවයන් සම්බන්ධයෙන් විශේෂ ප්‍රතිපාදන ඇතුළත් වේ .

2.1.1 2007 අංක 7 දරන සමාගම් පනතේ 163 (2) වගන්තියේ සහ 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (අ) වගන්තියේ සඳහන් අවශ්‍යතාවන් අනුව, විගණනය සඳහා අවශ්‍ය සියලු තොරතුරු සහ පැහැදිලි කිරීම් මා විසින් ලබාගන්නා ලද අතර, මාගේ පරීක්ෂණයෙන් පෙනී යන ආකාරයට නිසි මූල්‍ය වාර්තා සමාගම පවත්වාගෙන ගොස් නොතිබුණි.

2.1.2 සමාගමේ මූල්‍ය ප්‍රකාශන, 2007 අංක 07 දරන සමාගම් පනතේ 151 වගන්තියෙහි අවශ්‍යතාවයන්ට අනුකූල වේ.

2.1.3 2018 අංක 19 දරන ජාතික විගණන පනතේ 6 (i) (ඇ) (iv) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව ඉකුත් වර්ෂයේදී මා විසින් සිදුකරන ලද නිර්දේශයන් ඉදිරිපත් කරන ලද මූල්‍ය ප්‍රකාශනවල ඇතුළත්ව ඇත.

2.2 අනුගමනය කරන ලද ක්‍රියාමාර්ග සහ ලබා ගන්නා ලද සාක්ෂි මත හා ප්‍රමාණාත්මක කරුණුවලට සීමා කිරීම තුල, පහත සඳහන් ප්‍රකාශන කිරීමට තරම් කිසිවක් මාගේ අවධානයට ලක් නොවීය.

2.2.1 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (ඇ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ පාලක මණ්ඩලයේ යම් සාමාජිකයෙකුට සමාගම සම්බන්ධවී යම් ගිවිසුමක් සම්බන්ධයෙන් සෘජුව හෝ අන්‍යාකාරයකින් සාමාන්‍ය ව්‍යාපාරික තත්වයෙන් බැහැරව සම්බන්ධයක් ඇති බව.

2.2.2 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (ඊ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව පහත නිරීක්ෂණ හැර යම් අදාළ ලිඛිත නීතියකට හෝ සමාගමේ පාලක මණ්ඩලය විසින් නිකුත් කරන ලද වෙනත් පොදු හෝ විශේෂ විධානවලට අනුකූල නොවන ලෙස ක්‍රියා කර ඇති බව.

නීතිරීති විධානයට යොමුව

අනුකූල නොවීම

(අ) 2021 නොවැම්බර් 16

දින අංක 1/2021 දරන

රාජ්‍ය ව්‍යාපාර

වක්‍රලේඛය මෙහෙයුම්

අත්පොත හා

මාර්ගෝපදේශයේ

i. 2.3 වගන්තිය

සමාගම විසින් 2022 වර්ෂය සඳහා අයවැය ලේඛනයක් ඉදිරිපත් කර නොතිබුණු අතර පිළියෙල කරන ලද ක්‍රියාකාරී සැලැස්මෙහි මාර්ගෝපදේශයට අනුව තොරතුරු ඇතුළත් නොවූ අතර ඉලක්ක ගත වැඩසටහන් පිළිබඳව පමණක් තොරතුරු ඇතුළත් කර තිබුණි.

ii. 6.6. වගන්තිය

ගිණුම් වර්ෂය අවසන් වී දින 60 ක් ඇතුළත මූල්‍ය ප්‍රකාශන සහ කෙටුම්පත් වාර්ෂික වාර්තාව විගණකාධිපති වෙත ඉදිරිපත් කළ යුතු වුවත් 2022 වර්ෂයේ මූල්‍ය ප්‍රකාශන ඉදිරිපත් කර තිබුණේ 2025 පෙබරවාරි 05 වන දිනය. ඒ අනුව මූල්‍ය ප්‍රකාශන ඉදිරිපත් කිරීමට දින 705 ක් ප්‍රමාද වී තිබුණි. තවද රාජ්‍ය ව්‍යාපාර සඳහා අදාළ වන මාර්ගෝපදේශයේ ඇමුණුම 3 හි සඳහන් පරිදි කෙටුම්පත් වාර්ෂික වාර්තාව සකස් කර මූල්‍ය ප්‍රකාශන සමග ඉදිරිපත් කර නොතිබුණි.

(ආ) ප්‍රසම්පාදන

මාර්ගෝපදේශ

සංග්‍රහයේ 4.2.1.(ආ)

පේදය

සමාගම විසින් අවම වශයෙන් වසර තුනක කාලයක් සඳහා ප්‍රධාන ප්‍රසම්පාදන සැලැස්මක් හා වර්ෂය සඳහා නීතිපතා යාවත්කාලීන කරන ලද ප්‍රසම්පාදන සැලැස්මක් පිළියෙල කර නොතිබුණි.

2.2.3 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (උ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ බලතල , කර්තව්‍ය සහ කාර්යයන්ට අනුකූල නොවන ලෙස කටයුතු කර ඇති බව.

2.2.4 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (ඌ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ සම්පත් සකසුරුවම් ලෙස, කාර්යක්ෂම ලෙස සහ ඵලදායී ලෙස කාලසීමාවන් තුළ අදාළ නීතිරීති වලට අනුකූලව ප්‍රසම්පාදනය කර භාවිතා කර නොමැති බව

### 2.3 වෙනත් කරුණු

- (අ) අඹේවෙල කර්මාන්තශාලාවට අදාළව සැපයුම්කරුවන් 24 දෙනෙකු සඳහා එකතුව රු.1,268,431ක මිලදී ගැනීම් අත්තිකාරම් (Purchase Advances) ශේෂය විගණන දිනය වූ 2025 ජූනි 30 දින වන විටත් අය නොවී පැවතුණි.
- (ආ) වෙළඳපොළට නිකුත් කිරීමේ අරමුණින් තොරව සේවක සුභසාධන පදනමින් පමණක් නිෂ්පාදනය කරන ශ්‍රී 750 Butter Bulk Staff Pack විකුණුම් මිල රු.330 ක් වූ අතර බටර් කිලෝග්‍රෑම් 1 හි කර්මාන්තශාලා මිල සමාලෝචිත වර්ෂයේ රු.1,700 ත් රු.2,753 අතර පරාසයක විය. සමාලෝචිත වර්ෂයේ ග්‍රෑම් 750 බටර් පැකට් 14250 ක් ආයතනයේ සේවකයින් වෙත අලෙවි කිරීම මගින් රු. 4,702,500 ක ආදායමක් උපයා තිබුණද මෙම බටර් කිලෝග්‍රෑම් 1 හි කර්මාන්තශාලා මිලට සාපේක්ෂව අලෙවි නොකිරීම හේතුවෙන් වර්ෂය තුළ සිදු වූ විකුණුම් ආදායම අහිමි වීම රු.19,485,795 ක් විය.
- (ඇ) කෙරිගෙන යන වැඩ වල ඇතුළත් ගැටළු අලෙවි සැල ඉදි කිරීම, දිගන කිරි කර්මාන්ත ශාලාවේ අයිස්ක්‍රීම් කප් සහ කෝන් පිරවුම් යන්ත්‍රය ස්ථාපනය කිරීම සහ පොළොන්නරුව, අඹේවෙල සහ දිගන කර්මාන්ත ශාලා නවීකරණ කෙරිගෙන යන වැඩ වලට අදාළව පිළිවෙලින් රු.150,000, රු.15,445,587 සහ රු.790,264,562ක් වන ශේෂ 2012 වර්ෂයේ සිට අඛණ්ඩව ඉදිරියට ගෙන එමින් පැවති අතර එම ඉදිකිරීම් හා නවීකරණ කටයුතු නිමකර නොතිබුණි.
- (ඈ) ප්‍රධාන කාර්යාලයේ මූල්‍ය ප්‍රකාශනය තුළ ඇතුළත් බදු සඳහා වෙන්කිරීම් ශේෂය තුළ වසර ගණනාවක සිට පැවත එන රු. 8,425,296 ක ආදායම් බදු දඩ මුදල් වෙන්කිරීම් ශේෂය සමාලෝචිත වර්ෂය අවසන් වන විටත් නිරවුල් කර නොතිබුණි.
- (ඉ) එක්සත් ජනපද ඩොලර් ස්ථාවර තැන්පතුව ඇපයට තබමින් ලංකා බැංකු ජංගම ගිණුම වෙනුවෙන් ලබාගෙන ඇති රු.1,200,000,000 ක බැංකු අයිරා පහසුකම සඳහා 2020 වර්ෂයේ සිට 2024 වර්ෂය දක්වා කාලය තුළ රු.815,549,265 ක් බැංකු අයිරා පොලිය ලෙස දරා තිබුණු අතර එයට අදාළ ස්ථාවර තැන්පත් පොලී ආදායම රු.458,910,062ක් විය.ඒ අනුව රු.356,639,203 ක අතිරේක පිරිවැයක් දරා තිබුණු අතර බැංකු අයිරාව අඩු කර ගැනීම කෙරෙහි කළමනාකරණයේ අවධානය යොමු විය යුතු බව නිරීක්ෂණය විය.

- (ඊ) අඹේවෙල කර්මාන්තශාලාව ස්ථාපිතව ඇති රජයට අයිති ඉඩම අක්කර 40 රුඩ් 01 පර්චස් 36 ක් වන අතර එහි සමාගම විසින් රු. මිලියන 5,548 ක් වටිනා ඉදිකිරීම් හා සවිකිරීම් කර ඇති නමුත් මෙම ඉඩමේ අයිතිය 2022 දෙසැම්බර් 31 දක්වාම සමාගමට පවරා ගෙන නොතිබුණි.
- (උ) සමාගමේ සමාලෝචිත වර්ෂයේ දළ ලාභ අනුපාතය සියයට 3.29 ක් හා ශුද්ධ ලාභ අනුපාතය සියයට 3.60 ක සාණ අගයක් ගෙන තිබීම සමාගමේ පැවැත්ම කෙරෙහි අහිතකර ලෙස බලපාන බව නිරීක්ෂණය විය. තවද කොටසක ඉපැයුම සමාලෝචිත වර්ෂයේදී සාණ 0.56 ක් වූ අතර පෙර වර්ෂයේදී එය සාණ 5.07 ක් විය. ඒ අනුව සමාලෝචිත වර්ෂයේ කොටස් ප්‍රාග්ධනයට ඉපැයීමක් සිදු කර නොමැති අතර ආයතනයේ මෙහෙයුම් අකාර්යක්ෂමතාවයක් සහ කාර්යසාධනය දුර්වල මට්ටමක පැවතුණි.
- (ඌ) සමාගම විසින් ගෙවන ලද අත්තිකාරම්, තැන්පතු සහ කලින් ගෙවීම් යටතේ වසර ගණනාවක සිට පැවත එන එකතුව රු.29,035,960ක් වූ ශේෂ නිරවුල් කිරීමට කටයුතු කර නොතිබුණි.
- (එ) වර්ෂ 01 ත් 05 ත් අතර ණයහිමියන් රු.2,573,997 ක් ද වර්ෂ 05 ට වඩා වැඩි කාලයක සිට පැවත එන රු.11,192,807 ක් වූ ණයහිමි ශේෂ නිරවුල් කිරීමට කටයුතු කර නොතිබුණි.
- (ඵ) අඹේවෙල, දිගන, කොළඹ, පොල්ගහවෙල, පොළොන්නරුව කර්මාන්තශාලාවල අවු 05 ඉක්ම වූ එකතුව රු.95,597,421ක ණයගැති ශේෂ අයකරගැනීමට කටයුතු කර නොතිබුණි.
- (ඹ) මූල්‍ය ප්‍රකාශන අනුව දිගන කර්මාන්තශාලාවේ සේවකයන් වෙත ණයට කිරිපිටි නිකුත් කිරීමට අදාළව රු.1,185,342ක් ශේෂයක් වර්ෂ ගණනාවක සිට අයකර ගැනීමට කටයුතු කර නොතිබුණි.

  
 ජී.පී.ඒ. ඩී. ධර්මසාය  
 විගණකාධිපති (වැ.බ.)

# **MILCO (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

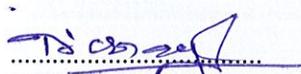
**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER, 2022**

|   | Note | As at                  | As at                  |
|---|------|------------------------|------------------------|
|   |      | 31st December,<br>2022 | 31st December,<br>2021 |
|   |      | Rs.                    | Rs.                    |
| <b>ASSETS</b>                             |      |                        |                        |
| <b>Non-Current Assets</b>                 |      |                        |                        |
| Property, Plant and Equipment             | 2    | 5,005,089,169          | 5,327,991,546          |
| Intangible assets                         |      | 2,902,518              | 4,395,694              |
| Right-of-Use Assets                       | 2.1  | 17,725,053             | 58,696,472             |
| Capital Work-In-Progress                  | 3    | 12,896,564,772         | 12,748,439,240         |
| Financial Instrument - Amortised cost     | 4    | 1,556,967,131          | 897,013,432            |
| Long-term Advances                        | 5    | 36,594,780             | 83,777,083             |
| <b>Total Non-Current Assets</b>           |      | <b>19,515,843,423</b>  | <b>19,120,313,467</b>  |
| <b>Current Assets</b>                     |      |                        |                        |
| Inventories                               | 6    | 1,817,507,527          | 1,284,519,222          |
| Trade and Other Receivables               | 7    | 1,015,339,520          | 935,684,821            |
| Income Tax Receivable                     | 8    | 9,038,230              | 61,932,163             |
| Cash and Cash Equivalents                 | 9    | 56,731,527             | 51,943,162             |
| <b>Total Current Assets</b>               |      | <b>2,898,616,804</b>   | <b>2,334,079,368</b>   |
| <b>Total Assets</b>                       |      | <b>22,414,460,227</b>  | <b>21,454,392,835</b>  |
| <b>EQUITY AND LIABILITIES</b>             |      |                        |                        |
| <b>Stated Capital and Reserves</b>        |      |                        |                        |
| Stated Capital                            | 10   | 8,488,488,240          | 319,454,060            |
| Capital Reserve                           | 11   | 25,000,000             | 25,000,000             |
| Revaluation Reserve                       |      | 336,454,462            | 336,454,462            |
| Sinking Fund                              | 12   | 1,689,978              | 1,689,978              |
| Retained Earnings                         |      | (2,283,134,977)        | (1,809,192,200)        |
| <b>Shareholders' Fund</b>                 |      | <b>6,568,497,703</b>   | <b>(1,126,593,700)</b> |
| <b>Non-Current Liabilities</b>            |      |                        |                        |
| Deferred Tax Liability                    | 13   | -                      | -                      |
| Non-interest Bearing Borrowings           | 14.2 | 2,108,063              | 2,108,063              |
| Interest Bearing Borrowings - Long-Term   | 14.1 | 12,641,310,517         | 20,703,079,758         |
| Retirement Benefit Obligations - Gratuity | 15   | 664,633,454            | 587,470,655            |
| Deferred Income - Government Grant        | 16   | 90,000,260             | 113,902,491            |
| <b>Total Non-Current Liabilities</b>      |      | <b>13,398,052,295</b>  | <b>21,406,560,967</b>  |
| <b>Current Liabilities</b>                |      |                        |                        |
| Trade and Other Payables                  | 17   | 824,736,762            | 914,918,069            |
| Interest Bearing Borrowings - Short Term  | 14.1 | 3,770,709              | 31,762,332             |
| Bank Overdrafts                           | 18   | 1,619,402,758          | 227,745,167            |
| <b>Total Current Liabilities</b>          |      | <b>2,447,910,229</b>   | <b>1,174,425,567</b>   |
| <b>Total Equity and Liabilities</b>       |      | <b>22,414,460,227</b>  | <b>21,454,392,834</b>  |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.

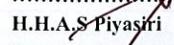
I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

  
D.M.D.N.B Dissanayake  
Actg. Manager- 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 on 29.01.2025.

  
G.V.H Gotabhaya  
Chairman

  
H.H.A.S Piyasiri  
Deputy Chairman



**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2022**

|  |             | <b>For the Year<br/>Ended<br/>31<sup>st</sup> December,<br/>2022</b> | <b>For the Year<br/>Ended<br/>31<sup>st</sup> December,<br/>2021<br/>Restated</b> |
|--|-------------|--|---|
|  | <b>Note</b> | <b>Rs.</b>   | <b>Rs.</b>  |
| Revenue  | <b>19</b>   | 13,163,932,823   | 12,479,019,333  |
| Cost of Sales  |             | <u>(12,730,486,084)</u>  | <u>(11,292,970,296)</u>   |
| <b>Gross Profit</b>  |             | 433,446,739  | 1,186,049,037   |
| Other Operating Income   | <b>20</b>   | <u>620,637,254</u>   | <u>75,153,207</u>   |
|  |             | 1,054,083,993  | 1,261,202,244   |
| Administrative Expenses  |             | (1,032,605,140)  | (825,937,229)   |
| Distribution Expenses  |             | (510,106,418)  | (427,630,386)   |
| Other Expenses   |             | (3,828,411)  | (7,552,976)   |
| <b>Profit/ (Loss) from Operations</b>                              |             | <u>(492,455,976)</u>   | <u>81,654</u>   |
| Finance Income   | <b>21</b>   | 190,714,643  | 66,109,595  |
| Finance Expenses   | <b>22</b>   | <u>(156,720,978)</u>   | <u>(555,587,000)</u>  |
| <b>Net Profit Before Taxation</b>                                  |             | <u>(458,462,311)</u>   | <u>(489,395,750)</u>  |
| Income Tax Expenses  | <b>23</b>   | -  | -   |
| <b>Net Profit for the Year after Taxation</b>                      |             | <u><u>(458,462,311)</u></u>  | <u><u>(489,395,750)</u></u>   |
| <b>Other Comprehensive Income</b>                                  |             |  |   |
| Item that will not be reclassified subsequently to profit or loss: |             |  |   |
| Remasurement of Defined Benefit Plan, Net of Taxes                 |             | <u>(15,480,465)</u>  | 327,486,940   |
| <b>Total Other Comprehensive Income Net of Tax</b>                 |             | <u>(15,480,465)</u>  | 327,486,940   |
| <b>Total Comprehensive Income</b>                                  |             | <u><u>(473,942,776)</u></u>  | <u><u>(161,908,810)</u></u>   |
| Basic Earning Per Share  | <b>24</b>   | (0.56)   | (5.07)  |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

|  | Stated<br>Capital<br>Rs. | Capital<br>Reserve<br>Rs. | Revaluation<br>Reserve<br>Rs. | Sinking<br>Fund<br>Rs. | Retained<br>Earnings<br>Rs. | Total<br>Rs.           |
|--|--------------------------|---------------------------|-------------------------------|------------------------|-----------------------------|------------------------|
| <b>Balance as at 31st December 2020</b>          | <u>319,454,060</u>       | <u>25,000,000</u>         | <u>336,454,462</u>            | <u>1,689,978</u>       | <u>(28,787,324)</u>         | <u>653,811,176</u>     |
| Impact of error correction                       | -                        | -                         | -                             | -                      | (1,618,496,066)             | (1,618,496,066)        |
| <b>Restated balance as at 31st December 2021</b> | <u>319,454,060</u>       | <u>25,000,000</u>         | <u>336,454,462</u>            | <u>1,689,978</u>       | <u>(1,647,283,390)</u>      | <u>(964,684,890)</u>   |
| Net Profit for the Year                          | -                        | -                         | -                             | -                      | (489,395,750)               | (489,395,750)          |
| Other Comprehensive Income                       | -                        | -                         | -                             | -                      | 327,486,940                 | 327,486,940            |
| <b>Balance as at 31st December 2021</b>          | <u>319,454,060</u>       | <u>25,000,000</u>         | <u>336,454,462</u>            | <u>1,689,978</u>       | <u>(1,809,192,200)</u>      | <u>(1,126,593,700)</u> |
| Net Profit for the Year                          |                          |                           |                               |                        | (458,462,311)               | (458,462,311)          |
| Other Comprehensive Income                       |                          |                           |                               |                        | (15,480,465)                | (15,480,465)           |
| Share issued during the year                     | 8,169,034,180            |                           |                               |                        |                             | 8,169,034,180          |
| <b>Balance as at 31st December 2022</b>          | <u>8,488,488,240</u>     | <u>25,000,000</u>         | <u>336,454,462</u>            | <u>1,689,978</u>       | <u>(2,283,134,977)</u>      | <u>6,568,497,703</u>   |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.



**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

|  | As at<br>31st December,<br>2022 | As at<br>31st December,<br>2021<br>Restated |
|--|---------------------------------|---|
|  | Rs.                             | Rs.   |
| <b>Cash Flow from Operating Activities</b>                                 |                                 |   |
| Net Profit Before Taxation   | (458,462,311)                   | (489,395,750)                               |
| Adjustments for ;  |                                 |   |
| Depreciation on Property, Plant and Equipment                              | 482,580,753                     | 517,715,524                                 |
| Income from Investment   | (183,438,148)                   | (59,041,321)                                |
| Interest Expense   | 155,777,403                     | 27,581,235                                  |
| Lease Interest   | 943,574                         | 1,787,690                                   |
| Recognized Income on Deferred Grants                                       | (24,496,642)                    | (12,311,892)                                |
| Exchange Gain  | (565,566,405)                   | (47,507,169)                                |
| Provision for Defined Benefit Plans - Gratuity                             | 115,655,959                     | 108,782,100                                 |
| Disposal gains   | (12,076,561)                    | 11,778                                      |
| ESC Written off  | 61,367,880                      | 59,232,476                                  |
| Exchange losses on foreign currency loan revaluation                       | -                               | 526,419,994                                 |
| written off of capital work-in progress                                    | 1,023,390                       | 542,273                                     |
| Amortization of right-of-use assets  | 16,677,272                      | 13,051,662                                  |
| <b>Operating Profit Before Working Capital Changes</b>                     | <u>(410,013,836)</u>            | <u>646,868,600</u>                          |
| (Increase)/Decrease in Inventories   | (532,988,304)                   | (151,581,149)                               |
| (Increase)/Decrease in Trade and Other Receivables                         | (88,128,646)                    | 139,421,332                                 |
| Increase/(Decrease) in Trade and Other Payables                            | (90,181,307)                    | 139,442,160                                 |
| <b>Cash Generated from Operations</b>                                      | <u>(1,121,312,092)</u>          | <u>774,150,943</u>                          |
| Interest Paid  | (155,777,403)                   | (27,581,235)                                |
| Payment of Defined Benefit Plans - Gratuity                                | (53,973,626)                    | (35,377,300)                                |
| <b>Net Cash From/ (Used In) Operating Activities</b>                       | <u>(1,331,063,121)</u>          | <u>711,192,408</u>                          |
| <b>Cash Flow from Investing Activities</b>                                 |                                 |   |
| Acquisition of Property, Plant and Equipment                               | (81,957,661)                    | (120,071,821)                               |
| Investments in Property, Plant and Equipment in the Course of Construction | (153,597,728)                   | (174,512,496)                               |
| Proceeds from disposal of Assets   | 12,368,689                      | 4,475                                       |
| Interest Received  | 183,438,148                     | 59,041,321                                  |
| New/ (Withdrawal) Short-Term and Long-Term Investment (Net)                | (94,387,295)                    | (37,986,434)                                |
| <b>Net Cash Used In Investing Activities</b>                               | <u>(134,135,846)</u>            | <u>(273,524,956)</u>                        |
| <b>Cash Flow from Financing Activities</b>                                 |                                 |   |
| Lease Rental Paid  | (6,762,312)                     | (11,242,021)                                |
| Proceeds from long-term borrowings   | 110,092,033                     | 140,839,733                                 |
| Loans and Borrowings Repayments  | (24,999,976)                    | (86,666,488)                                |
| <b>Net Cash Used In Financing Activities</b>                               | <u>78,329,746</u>               | <u>42,931,224</u>                           |
| <b>Net Increase in Cash and Cash Equivalents</b>                           | (1,386,869,221)                 | 480,598,676                                 |
| <b>Cash and Cash Equivalents at the Beginning of the Year (Note A)</b>     | (175,802,005)                   | (656,400,681)                               |
| <b>Cash and Cash Equivalents at the End of the Year (Note B)</b>           | <u>(1,562,671,226)</u>          | <u>(175,802,005)</u>                        |

**MILCO (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT - (Contd..)**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2021**

|   | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Restated<br>Rs. |
|---|--|--|
| <b>Note A: At the Beginning of the Year</b> |  |  |
| Balances at Banks                           | 10,895,767                             | 12,456,380   |
| Call deposits                               | 40,000,000                             | -  |
| Petty Cash in Hand                          | 1,047,394                              | 4,771,749  |
|   | <u>51,943,162</u>                      | <u>17,228,129</u>                                  |
| Bank Overdrafts                             | (227,745,167)                          | (673,628,809)                                      |
|   | <u>(175,802,005)</u>                   | <u>(656,400,681)</u>                               |
| <b>Note B: At the End of the Year</b>       |  |  |
| Balances at Banks                           | 28,520,740                             | 10,895,767   |
| Call deposits                               | 15,310,610                             | 40,000,000   |
| Petty Cash in Hand                          | 12,900,177                             | 1,047,394  |
|   | <u>56,731,527</u>                      | <u>51,943,162</u>                                  |
| Bank Overdrafts                             | (1,619,402,758)                        | (227,745,167)                                      |
|   | <u>(1,562,671,231)</u>                 | <u>(175,802,005)</u>                               |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.



**MILCO (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

**1.1. CORPORATE INFORMATION**

**1.1.1 Legal and Domiciled Form**

Milco (Private) Limited (The Company) is a limited liability company incorporated and domiciled in Sri Lanka.

The company was incorporated on 09<sup>th</sup> May, 1996 under the name 'Kiriya Milk Industries of Lanka (Private) Limited'. The name of the company was changed as 'Milco (Private) Limited' with effect from 23<sup>rd</sup> July 2001. As per the agreement entered into between the Government of Sri Lanka (GOSL) and the National Dairy Development Board of India (NDDB), all property, plant and equipment (other than land) owned and used by Milk Industries of Lanka Company Limited as at 03<sup>rd</sup> February, 1998 and leasehold rights of the land and buildings used by Milk Industries of Lanka (Private) Company Limited as at the same date were transferred to the Company with effect from 04<sup>th</sup> February, 1998. The value of Net Assets so transferred was Rs.306,500,020/-. Further, as per the letter dated 08<sup>th</sup> August, 2000 from Public Enterprises Reform Commission of Sri Lanka, annual lease rentals of leasehold land and buildings amounting to Rs. 20,427,900/- was waived off as per a cabinet decision.

The registered office of the company is located at No. 45, Nawala Road, Colombo 05 and the principal place of business is also at the same place. Major factories of the company are situated at Narahenpita, Ambewela, Digana, Polonnaruwa and construction of Badalgama factory was in progress as of 31<sup>st</sup> December 2022.

**1.1.2 Principal Activities and Nature of Operations**

During the year, the principal activities of the company were collecting, processing, packing, distributing and dealing in milk related products.

**1.1.3 Date of Authorization to Issue**

The financial statements for the year ended 31<sup>st</sup> December, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on .....

**1.1.4 Responsibility for Financial Statements**

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

**1.2. Summary of Significant Accounting Policies**

**1.2.1 General Accounting Policies**

**1.2.1.1 Basis of Preparation of Financial Statements**

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

**1.2.1.2 Basis of Measurement**

The financial statements have been prepared under the historical cost convention basis with the exception of certain assets and liabilities at fair value or any other basis, as it may require or prescribe by specific SLFRS / LKAS.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

**1.2.1.3 Functional and Presentation Currency**

Items included in the financial statements are measured using the currency of primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lanka Rupees, which is the company's functional and presentation currency.

**1.2.1.4 Statement of Compliance**

The statement of financial position, statement of comprehensive income, changes in equity and cash flows, together with accounting policies and notes ("financial statements") of the company as at 31<sup>st</sup> December, 2022 are prepared in compliance with the Sri Lanka Accounting Standards (LKAS and SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka.

**1.2.1.5 Going Concern**

The Directors of the company have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has the resources to continue in business for a foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements are continued to be prepared on the going concern basis.

**1.2.1.6 Comparative Information**

The accounting policies have been consistently applied by the company and are consistent with those of the previous year. The previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation/classification.

**1.2.1.7 Foreign Currency Transaction**

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalents using year end spot foreign exchange rates, the resulting gains or losses are accounted in the statement of comprehensive income.

Non-monetary assets and liabilities are translated using the exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of comprehensive income.

**1.2.1.8 Materiality and Aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

**1.2.1.9 Critical Accounting Estimates and Judgements**

**(a) Judgements**

In the process of applying the accounting policies, the management has made the judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.



**MILCO (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

**(b) Estimates and Assumptions**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at reporting date.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of financial position, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

**1.3 Assets and Bases of their Valuation**

**1.3.1 Property, Plant and Equipment**

**(a) Measurement**

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued.

Property, plant and equipment are stated at cost, excluding the cost of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in profit or loss as incurred.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de-recognized.

**(b) Useful Lives of Property, Plant and Equipment**

The company reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by the management based on the professional experts is exercised in the estimation of these values, rates and methods.

**(c) Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Assets held under finance lease are amortized over the shorter of the lease term or the useful lives of equivalent owned assets.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

The economic useful lives are as follows:

|                        |                |
|------------------------|----------------|
| Buildings              | 20 to 25 years |
| Plant and Machinery    | 04 to 30 years |
| Furniture and Fittings | 05 years       |
| Laboratory Equipment   | 05 years       |
| Motor Vehicles         | 04 years       |
| Tools and Equipment    | 05 years       |
| Office Equipment       | 05 years       |
| Bottles and Crates     | 04 years       |
| Computers              | 04 years       |
| Bottle Coolers         | 04 years       |
| Software               | 03 years       |
| Milk Cans              | 05 years       |

Depreciation of assets begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized.

**(d) Restoration Costs**

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

**(e) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

**(f) De- Recognition**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount and is recognized in the statement of comprehensive income.

**1.3.2 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the expense category consistent with the function of the intangible asset.



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

**1.3.3 Right-of-use assets recognised under SLFRS 16**

**(a) Right-of-use assets**

The company recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain the ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Any excess of sales proceeds over the carrying amount of assets in respect of a sale and leaseback transaction that results in a finance lease is deferred and amortised over the lease term

**(b) Short-term leases and low value assets**

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low value assets recognition exemption lease payment on short-term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

**1.3.4 Impairment of Non-Financial Assets**

The company assesses at each reporting date to ascertain whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to verify as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation had, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

**1.3.5 Capital Work-in-Progress**

Capital work-in-progress is transferred to the respective asset accounts at the time of the first utilization of the asset.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

**1.3.6 Financial Assets**

The company classifies its financial assets in the following categories: Financial Assets at fair value through profit or loss, Loans and receivables, financial assets available for sale and Held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**1.3.6.1 Initial Recognition and Measurement**

The company determines the classification of its financial assets at initial recognition. 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 transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The company's financial assets include cash, investments in fixed deposits and trade and other receivables.

**1.3.6.2 Subsequent Measurement**

The subsequent measurement of financial assets depends on their classification as follows:

**(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.

**(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 method (EIR), 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.

**(c) Held-to-Maturity Investments**

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. 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.

**(d) Available-for-Sale Financial Investments**

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.



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After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealized gains and losses are recognized directly in equity (Other comprehensive income) in the 'Available for sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the statement of comprehensive income in 'Other operating income'. Where the company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available for sale financial investments is reported as interest income using the EIR. Dividends earned whilst holding available for sale financial investments are recognized in the statement of comprehensive income as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the statement of comprehensive income in 'Impairment losses on financial investments' and removed from the 'Available for sale reserve'.

The company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the company may elect to re-classify these financial assets in rare circumstances. Re-classification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the company has the intent and ability to hold these assets into a foreseeable future or until maturity. Re-classification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial assets accordingly.

For a financial asset to be re-classified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is re-classified to the statement of comprehensive income.

**1.3.6.3 De-Recognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

The company has transferred substantially all the risks and rewards of the asset, or the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the company's continuing involvement in it.

In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**1.3.6.4 Impairment of Financial Assets**

The company assesses at each reporting date to ascertain whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganizations where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**Financial Assets Carried at Amortized Cost**

For financial assets carried at amortized cost, the company first assesses to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collaterals have been realized or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

**Available-for-Sale Financial Assets**

For available-for-sale financial assets, the company assesses at each reporting date to verify whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against



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the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income - is removed from other comprehensive income and recognized in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairments are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

**1.3.7 Financial Liabilities**

The company classifies its financial liabilities as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate. At the reporting date there were no financial liabilities at fair value through profit or loss.

**1.3.7.1 Initial Recognition and Measurement**

All financial liabilities are recognized initially at fair value. This includes directly attributable transaction costs. The company's financial liabilities include loans and borrowings, trade and other payables and bank overdrafts.

**1.3.7.2 Subsequent Measurement**

The measurement of financial liabilities depends on their classification as follows:

**(a) Financial Liabilities at Fair Value Through Profit or Loss**

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

**(b) Other Financial Liabilities**

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are de-recognized as well as through the effective interest rate method (EIR) amortization process. 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 costs in the statement of comprehensive income.

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**1.3.7.3 De-Recognition**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

**1.3.7.4 Off-setting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**1.3.8 Inventories**

Inventories are measured at the lower of cost and net realizable value, 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 estimated cost necessary to make the sale.

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

- Raw Material - At cost determined on Weighted Average Basis,
- Finished Goods - At the cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity,
- Work-In-Progress - At the cost of input materials,
- Packing Material - At cost determined on Weighted Average Basis,
- Other Stocks - At cost determined on Weighted Average Basis,
- Goods In Transit - At actual cost.

**1.3.9 Trade and Other Receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Other receivables are recognized at the amounts they are estimated to realize net of provisions for impairment. The amount of the provision is recognized in the statement of comprehensive income. However, staff loans have not been measured at amortized cost due to unavoidable reasons of the company.

**1.3.10 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held as call deposits with banks, other short-term highly liquid investments with original maturities of three months. Bank overdrafts are shown within current liabilities in the statement of financial position.



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**1.3.11 Stated Capital**

**(a) Classification**

Ordinary shares with discretionary dividends are classified as equity when there is no obligation to transfer cash or other assets.

**(b) Dividends**

Dividends are recognized when the shareholders' right to receive the dividend is established. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

**1.3.12 Current and Deferred Income Tax**

**(a) Current Taxes**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to the Commissioner General of Inland Revenue.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act No. 10 of 2006.

**(b) Deferred Taxation**

Deferred tax is provided using the liability method on temporary differences at the date of the financial position between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

Income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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**1.3.13 Employee Benefits**

**(a) Defined Benefit Plans – Gratuity**

Provision has been made for retirement gratuities, in conformity with LKAS 19 / Gratuity Act No.12 of 1983. The liability is not externally funded. The gratuity liabilities are based on actuarial valuation carried out. The actuarial gains and losses are charged or credited to the statement of other comprehensive income in the period in which they arise.

The retirement benefit obligation of the company is based on the actuarial valuation carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates contain in note no 16. The main assumptions used relate to mortality, disability rates and withdrawal rates. The assumptions regarding the discount rate and salary rate are of critical importance in determining the pace of providing for a final salary retirement scheme.

**(b) Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund**

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with respective statutes and regulations. The company contributes 12% and 3% of the gross emoluments of employees to the Employees’ Provident Fund and to the Employees’ Trust Fund respectively.

**1.3.14 Grants and Subsidies**

Grants and subsidies are credited to the statement of comprehensive income over the period necessary to match them with related cost, which are intended to compensate on a systematic basis.

Grants related to assets, including non-monetary grants at fair value, are deferred in the statement of financial position and credited to the statement of comprehensive income over the useful life of the related asset.

Grants related to income are recognized in the statement of comprehensive income in the period in which they are receivable.

**1.3.15 Trade and Other Payables**

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business. These are classified as current liabilities where payment is due within one year or less if not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount since the effect of discounting is immaterial.

**1.3.16 Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement are determined by considering the class of obligations as a whole. A provision is



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recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**1.3.17 Commitments**

All material commitments as at the reporting date have been identified and disclosed in the notes to the financial statements.

**1.3.18 Related Party Transactions**

Disclosure is made in respect of the transaction in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged. Relationship between parent and subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties.

**1.3.19 Revenue Recognition**

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflect consideration to which the Company expects to be entitled in exchange for those goods or services.

**(a) Goods transferred at a point of time**

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point of time when the control of the asset is transferred to the customer, generally, on delivery of the goods.

**(b) Service transferred over time**

Under SLFRS 15, the company determines, at the contract inception, whether it satisfies the performance obligation over time or at a point of time. For each performance obligation satisfied over time, the company recognises the revenue over time by measuring the progress towards the complete satisfaction of that performance obligation.

**(c) Interest Income**

Interest income is recognized using the effective interest method.

**(d) Dividend Income**

Dividend income is recognized when the right to receive payment is established.

**(e) Other Income**

Other income is recognized on accrual basis.

**1.3.20 Expenditure**

The expenditures are recognized on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency are charged against income in arriving at the profit for the year.

For the purpose of presentation of the statement of comprehensive income information, expense by function method is used to classify the expenses.

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2. PROPERTY, PLANT AND EQUIPMENT

| Description of Assets | Balance             |     |  | Cost/Valuation      |     |  | Depreciation        |     |                        | Written Down Value  |     |                     |
|-----------------------|---------------------|-----|--|---------------------|-----|--|---------------------|-----|------------------------|---------------------|-----|---------------------|
|                       | As At<br>01.01.2022 | Rs. |  | As At<br>01.01.2022 | Rs. |  | As At<br>31.12.2022 | Rs. | Charge<br>for the Year | As At<br>01.01.2022 | Rs. | As At<br>31.12.2022 |

|                        |               |  |              |               |  |  |               |  |             |               |  |               |  |
|------------------------|---------------|--|--------------|---------------|--|--|---------------|--|-------------|---------------|--|---------------|--|
| Freehold               |               |  |              |               |  |  |               |  |             |               |  |               |  |
| Land                   | 3,250,000     |  |              | 3,250,000     |  |  |               |  |             |               |  |               |  |
| Buildings              | 520,473,372   |  |              | 570,889,539   |  |  | 300,953,038   |  | 43,886,432  | 263,406,766   |  | 269,956,501   |  |
| Plant and Machinery    | 7,583,040,409 |  |              | 7,597,058,739 |  |  | 3,073,902,225 |  | 349,100,561 | 4,858,649,881 |  | 4,523,156,514 |  |
| Furniture and Fittings | 56,251,780    |  |              | 59,103,177    |  |  | 51,012,584    |  | 3,440,961   | 8,680,157     |  | 8,090,593     |  |
| Laboratory Equipment   | 87,748,034    |  |              | 93,737,361    |  |  | 78,044,911    |  | 4,331,808   | 14,034,930    |  | 15,692,450    |  |
| Motor Vehicles         | 136,942,248   |  | (10,310,000) | 147,675,835   |  |  | 158,137,427   |  | 2,077,706   | 146,654,573   |  | 1,021,262     |  |
| Tools and Equipment    | 374,108,670   |  |              | 405,771,369   |  |  | 348,258,610   |  | 24,204,038  | 50,054,098    |  | 57,512,759    |  |
| Bottles and Crates     | 381,310,140   |  |              | 393,979,767   |  |  | 367,595,935   |  | 11,072,586  | 24,786,792    |  | 26,383,832    |  |
| Computer Equipment     | 66,024,699    |  | (612,900)    | 76,716,521    |  |  | 58,535,983    |  | 7,085,928   | 14,163,006    |  | 18,180,538    |  |
| Bottle Coolers         | 244,241,324   |  |              | 249,317,324   |  |  | 185,250,791   |  | 26,292,944  | 85,283,478    |  | 64,066,534    |  |
| Office Equipment       | 12,281,495    |  | (180,967)    | 12,267,940    |  |  | 10,503,592    |  | 940,189     | 2,216,855     |  | 1,764,348     |  |
| Milk Cans              | 100,184,160   |  |              | 100,211,660   |  |  | 84,177,820    |  | 8,654,422   | 24,660,761    |  | 16,033,839    |  |
|                        | 9,565,856,330 |  | (11,103,867) | 9,709,979,231 |  |  | 4,704,890,063 |  | 481,087,577 | 5,337,991,546 |  | 5,005,089,169 |  |

b) Intangible Assets

|                   |               |  |              |               |  |  |               |  |             |              |  |           |  |
|-------------------|---------------|--|--------------|---------------|--|--|---------------|--|-------------|--------------|--|-----------|--|
| Computer Software | 7,316,739     |  |              | 7,316,739     |  |  | 4,414,221     |  | 1,493,177   | 4,395,694    |  | 2,902,518 |  |
| Total             | 9,573,173,069 |  | (11,103,867) | 9,717,295,970 |  |  | 4,240,785,829 |  | 482,580,753 | (10,811,739) |  | 3,250,560 |  |

2.1 RIGHT-OF-USE ASSETS

| Description of Assets | Balance             |     |  | Value               |     |  | Amortisation        |     |                        | Net value           |     |                     |
|-----------------------|---------------------|-----|--|---------------------|-----|--|---------------------|-----|------------------------|---------------------|-----|---------------------|
|                       | As At<br>01.01.2022 | Rs. |  | As At<br>01.01.2022 | Rs. |  | As At<br>01.01.2022 | Rs. | Charge<br>for the Year | As At<br>01.01.2022 | Rs. | As At<br>31.12.2022 |

c) Leasehold Assets

|                |            |  |  |            |  |  |            |  |            |            |  |            |  |
|----------------|------------|--|--|------------|--|--|------------|--|------------|------------|--|------------|--|
| Motor Vehicles | 97,307,676 |  |  | 76,264,089 |  |  | 58,539,036 |  | 16,677,272 | 58,696,472 |  | 17,725,053 |  |
| Total          | 97,307,676 |  |  | 76,264,089 |  |  | 58,539,036 |  | 16,677,272 | 58,696,472 |  | 17,725,053 |  |

3.1 Following amounts related to right-of-use assets have been recognised in income statement during the year.  
Amortization of right of use assets 16,677,272  
Interest on lease liabilities 943,574



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|  | Balance<br>As At<br>01.01.2022 | Incurrd<br>During the<br>Period | Charged to<br>Income statement<br>During the Period | Transfers<br>During the<br>Period | Capitalized<br>During the<br>Period | Balance<br>As At<br>31.12.2022 |
|--|--------------------------------|---------------------------------|---|-----------------------------------|-------------------------------------|--------------------------------|
|  | Rs.                            | Rs.                             |   | Rs.                               | Rs.                                 | Rs.                            |
| <b>3. CAPITAL WORK-IN-PROGRESS</b>                             |                                |                                 |   |                                   |                                     |                                |
| Construction of New Milk Factory - Badalgama (Refer Note 14) * | 11,868,506,855                 | 165,218,778                     |   | (565,227)                         |                                     | 12,033,160,406                 |
| Construction of Gatabe Sales Outlet                            | 150,000                        |                                 |   |                                   |                                     | 150,000                        |
| Installation of Cup & Cone Filler at Digana Milk Factory       | 15,445,587                     |                                 |   |                                   |                                     | 15,445,587                     |
| Modernization of Factories- Polonnaruwa, Ambewela and Digana   | 790,264,562                    |                                 |   |                                   |                                     | 790,264,562                    |
| Lorry Chassis Under Development                                | 4,934,708                      |                                 |   |                                   |                                     | 4,934,708                      |
| Construction of office building at Digana Milk Factory         | 29,597,405                     | 13,228,305                      | 1,023,390   |                                   | 21,344,927                          | 21,022,620                     |
| Construction of cold room at Polonnaruwa Milk Factory          | 23,712,585                     | 3,275,627                       |   | 565,227                           | 26,988,212                          | -                              |
| Renovation of circuit bungalow at Ambewela Milk Factory        | 2,546,752                      | 751,218                         |   |                                   | 3,297,969                           | -                              |
| Construction of insulated tank at Badalgama Factory            | 13,280,786                     | -                               |   |                                   |                                     | 13,280,786                     |
| Construction of Wellawaya Milk Chilling Center                 | -                              | 3,817,522                       |   |                                   |                                     | 3,817,522                      |
| Construction of Ambagasdowa Milk Chilling Center               | -                              | 9,801,975                       |   |                                   |                                     | 9,801,975                      |
| Implementation of Generator at Digana Milk Factory             | -                              | 3,827,965                       |   |                                   |                                     | 3,827,965                      |
| Developments of innovation division                            | -                              | 858,641                         |   |                                   |                                     | 858,641                        |
|  | <u>12,748,439,240</u>          | <u>200,780,031</u>              | <u>1,023,390</u>                                    | <u>-</u>                          | <u>51,631,109</u>                   | <u>12,896,564,772</u>          |

3.1 As detailed in note no 14 to these financial statements, construction of New Milk Factory - Badalgama have been financed by loans granted by the Treasury of the Government of Sri Lanka.

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| As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|--|--|
|--|--|

**4 FINANCIAL INSTRUMENT - AMORTISED COST**

**4.1 Long-Term Fixed Deposits**

|                              |                      |                    |
|------------------------------|----------------------|--------------------|
| Fixed Deposits - BOC - US \$ | 1,351,967,131        | 692,013,432        |
| Fixed Deposits - PB & PABC   | 205,000,000          | 205,000,000        |
|                              | <u>1,556,967,131</u> | <u>897,013,432</u> |

Investments pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in note no. 29 to these financial statements.

**5 LONG TERM ADVANCES**

**Advance to DESMI - Relocate CMF to Badalgama**

|   |                   |                   |
|---|-------------------|-------------------|
| Balance at the beginning of the year    | 83,777,083        | 139,152,682       |
| Transferred to Capital Work in Progress | (47,182,303)      | (59,951,113)      |
| Adjustment of exchange impact           | -                 | 4,575,513         |
| Balance at the end of the year          | <u>36,594,780</u> | <u>83,777,083</u> |

As detailed in note no 14 to these financial statements, establishment of a diary processing plant at Badalgama has been financed by a loan granted by the Treasury of the Government of Sri Lanka. On 22/10/2015, Treasury of Government of Sri Lanka made advance payment of an amount equivalent to EURO 19,180,692 (30% of the contract value)

**6 INVENTORIES**

|                                   |            |                      |                      |
|-----------------------------------|------------|----------------------|----------------------|
| Raw and Packing Materials         | <b>6.1</b> | 655,761,838          | 348,715,189          |
| Work-in-Progress                  |            | 4,489,007            | 6,476,414            |
| Finished Goods                    |            | 359,002,536          | 254,710,797          |
| Consumables                       | <b>6.2</b> | 784,024,985          | 666,501,160          |
| Goods in Transit                  | <b>6.3</b> | 16,454,090           | 10,360,031           |
| Kiri Sisilakaya mini cooler stock |            | 9,871,432            | 9,871,432            |
| Provision for Inventory           | <b>6.4</b> | (12,096,362)         | (12,115,801)         |
|                                   |            | <u>1,817,507,527</u> | <u>1,284,519,222</u> |

**6.1 Raw and Packing Materials**

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Raw Materials - Dairy Production | 150,011,413        | 78,511,981         |
| Packing Material                 | 484,879,817        | 247,136,880        |
| Raw Milk Stock                   | 13,814,666         | 16,010,386         |
| Bottle Cooler Stock              | 3,496,313          | 3,496,313          |
| Drugs and Other Stock            | 3,540,190          | 3,540,190          |
| Raw material- redundant items    | 19,439             | 19,439             |
|                                  | <u>655,761,838</u> | <u>348,715,189</u> |



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

|   |   | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|---|---|--|--|
| <b>6.2 Consumables</b>                      |   |  |  |
| General Stores                              |   | 89,213,800                             | 71,676,256                             |
| Engineering Stores                          |   | 609,101,525                            | 522,449,741                            |
| Motor Stores                                |   | 17,124,926                             | 13,682,272                             |
| Fuel and Lubricant Stores                   |   | 52,059,223                             | 42,167,381                             |
| Milk Can Stock                              |   | 16,525,511                             | 16,525,511                             |
|   |   | <u>784,024,985</u>                     | <u>666,501,160</u>                     |
| <b>6.3 Goods In Transit</b>                 |   |  |  |
| Finished Goods in Transit                   |   | 8,525,154.68                           | 8,190,396                              |
| Goods in Transit Lab Equipment              |   | 125,798                                | 125,798                                |
| Raw Milk In Transit                         |   | 6,488,504                              | 894,437                                |
| Yogurt Culture                              |   | 1,314,634                              | 1,149,400                              |
|   |   | <u>16,454,090</u>                      | <u>10,360,031</u>                      |
| <b>6.4 Provision For Inventory</b>          |   |  |  |
| Packing Material                            |   | (10,144,367)                           | (10,163,806)                           |
| General Stores                              |   | (332,731)                              | (332,731)                              |
| Engineering Stores                          |   | (1,523,655)                            | (1,523,655)                            |
| Fuel Stores                                 |   | (76,170)                               | (76,170)                               |
| Raw materials                               |   | (19,439)                               | (19,439)                               |
|   |   | <u>(12,096,362)</u>                    | <u>(12,115,801)</u>                    |
| <b>6.5</b>                                  | Inventories pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in Note No. 29 to these financial statements. |  |  |
| <b>7 TRADE AND OTHER RECEIVABLES</b>        |   |  |  |
| Trade Receivables                           | 7.1   | 488,624,792                            | 515,196,929                            |
| Receivable from the Government of Sri Lanka | 7.2   | 10,135,712                             | 9,373,875                              |
| Other Debtors                               |   | 86,336,023                             | 44,900,865                             |
| Advances, Deposits and Prepayments          |   | 131,829,724                            | 161,400,112                            |
| Staff Debtors                               |   | 176,411,166                            | 172,940,380                            |
| Import Control                              |   | 44,488,476                             | 3,704,361                              |
| Interest receivables on fixed deposits      |   | 77,513,626                             | 28,168,299                             |
|   |   | <u>1,015,339,520</u>                   | <u>935,684,821</u>                     |

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

|   | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|---|--|--|
| <b>7.1 Trade Receivables</b>  |  |  |
| Total Debtors   | 539,538,417                            | 566,110,554                            |
| Less: Provision for Impairment  | (50,913,625)                           | (50,913,625)                           |
|   | <u>488,624,792</u>                     | <u>515,196,929</u>                     |
| <b>7.2 Receivable from the Government of Sri Lanka</b>  |  |  |
| Receivable from the Ministry of Livestock and Development   | 10,041,378                             | 9,279,542                              |
| Receivable from Government of Sri Lanka - Milk Subsidiary   | 278,981,206                            | 278,981,206                            |
| Receivable from Parliament Affairs  | 94,333                                 | 94,333                                 |
|   | <u>289,116,918</u>                     | <u>288,355,081</u>                     |
| Less: Provision for Impairment  | (278,981,206)                          | (278,981,206)                          |
|   | <u>10,135,712</u>                      | <u>9,373,875</u>                       |
| <b>9 INCOME TAX RECEIVABLE</b>  |  |  |
| WHT Receivables   | 9,038,230                              | 9,038,230                              |
| ESC Receivables   | -                                      | 52,893,933                             |
|   | <u>9,038,230</u>                       | <u>61,932,163</u>                      |
| <b>9 CASH AND CASH EQUIVALENTS</b>  |  |  |
| Balances at Banks   | 28,520,740                             | 10,895,767                             |
| Investments in call deposits  | 15,310,610                             | 40,000,000                             |
| Petty Cash in Hand  | 12,900,177                             | 1,047,394                              |
|   | <u>56,731,527</u>                      | <u>51,943,162</u>                      |
| <b>10 STATED CAPITAL</b>  |  |  |
| Issued and fully paid   | No of Shares 31,945,406                | <u>8,488,488,240</u>                   |
|   |  | <u>319,454,060</u>                     |
| <p>The cabinet paper "no: 21/0199/323/012 on Modernization project of Polonnaruwa, Ambewela and Digana dairy factories", dated 11.01.2021, which was presented by the Ministry of Agriculture was approved by the cabinet on 08.02.2021. Accordingly, it was approved to convert the loan on-lent to Milco (Pvt) Ltd amounting to Rs.8,169,034,183.39, as equity contribution of General Treasury.</p> <p>The above share issue was completed during 2022 financial year.</p> |  |  |
| <b>11 CAPITAL RESERVE</b>   |  |  |
| <b>11.1</b> Acquisition and Upgrading of Plant and Machinery  | <u>25,000,000</u>                      | <u>25,000,000</u>                      |

The above Reserve is created from the Revenue Reserve during the year of 2008/2009 which would be utilized for acquisition of heavy plant and machinery such as power plant, sterilizer etc.



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

|   | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|---|--|--|
| <b>12 SINKING FUND</b>  |  |  |
| Transferred from Retained Earnings  | 1,689,978                              | 1,689,978                              |
|   | <u>1,689,978</u>                       | <u>1,689,978</u>                       |
| <p>The Sinking Fund created from the proceeds of the cans sold to the farmers. The said fund will be utilized to meet the financial requirement of purchases intended to issue on recovery basis to farmers in the future.</p>  |  |  |
| <b>13 DEFERRED TAX LIABILITY</b>  |  |  |
| At the Beginning of the Year  | -                                      | -                                      |
| Charge (to)/from Statement of Comprehensive Income  | -                                      | -                                      |
| At the End of the Year  | <u>-</u>                               | <u>-</u>                               |
| <b>13.1</b>   |  |  |
| Tax effect on Temporary Difference on Property, Plant and Equipme   | 810,416,077                            | 872,145,657                            |
| Tax effect on Temporary Difference on Retirement Benefit Obligatio  | (130,975,819)                          | (117,090,015)                          |
| <b>Less:</b> Tax effect on Temporary Differences on Tax Losses  | (1,091,542,479)                        | (993,044,433)                          |
| Probable Deferred Tax Liability   | <u>(412,102,222)</u>                   | <u>(237,988,790)</u>                   |
| <p>Deferred tax assets amounting to LKR 412,102,222 have not been recognised in the financial statements as there are no sufficient taxable temporary differences or convincing evidence that sufficient taxable profits will be available against which the unrecognised deferred tax assets can be utilised by the Company.</p> |  |  |
| <b>14 LOANS AND BORROWINGS</b>  |  |  |
| <b>14.1 Interest Bearing Borrowings</b>   |  |  |
| Payable within One Year <b>15.1.1 to 15.1.4</b>   | 3,770,709                              | 31,762,332                             |
| Payable after One Year <b>15.1.1 to 15.1.4</b>  | 12,641,310,517                         | 20,703,079,758                         |
|   | <u>12,645,081,226</u>                  | <u>20,734,842,090</u>                  |
| <b>14.1.1 Gross Lease Creditor</b>  |  |  |
| Balance at the Beginning of the Year  | 10,704,661                             | 21,946,682                             |
| During the Year Additions   | -                                      | -                                      |
| During the Year Payments  | (6,762,312)                            | (11,242,022)                           |
| Balance at the end of the Year  | <u>3,942,349</u>                       | <u>10,704,661</u>                      |
| <b>Interest in Suspense</b>   |  |  |
| Balance at the Beginning of the Year  | 1,115,258                              | 2,902,948                              |
| On Lease Facility Obtained During the Year  | -                                      | -                                      |
| Amount Transferred to Statement of Comprehensive Income   | (943,574)                              | (1,787,690)                            |
| Balance at the End of the Year  | <u>171,684</u>                         | <u>1,115,258</u>                       |
| Net Liability   | <u>3,770,665</u>                       | <u>9,589,402</u>                       |
| Current Maturity Portion  | 3,770,665                              | 6,762,312                              |
| Long-Term Maturity Portion  | -                                      | 2,827,090                              |
|   | <u>3,770,665</u>                       | <u>9,589,402</u>                       |

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

|   | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|---|--|--|
| <b>14.1.2 Bank Loans and Borrowings</b> |  |  |
| Balance at the Beginning of the Year    | 25,000,020                             | 111,666,508                            |
| Received During the Year                | -                                      | -                                      |
| <b>Less: During the Year Payments</b>   | <b>(24,999,976)</b>                    | <b>(86,666,488)</b>                    |
| Balance at the End of the Year          | 44                                     | 25,000,020                             |
| Current Maturity Portion                | 44                                     | 25,000,020                             |
| Long-Term Maturity Portion              | -                                      | -                                      |
|   | <u>44</u>                              | <u>25,000,020</u>                      |

Assets pledged as collaterals to above loans and borrowings are disclosed in note no. 29 to these financial statements.

**14.1.3 Borrowings From Treasury of The Government of Sri Lanka**

|                                      |                        |                       |
|--------------------------------------|------------------------|-----------------------|
| Balance at the Beginning of the Year | 20,700,252,667         | 20,032,992,941        |
| Granted During the Year              | 110,092,033            | 140,839,733           |
| Impact of error correction           |                        | 526,419,994           |
| Converted to equity during the year  | <b>(8,169,034,183)</b> | -                     |
| Balance at the End of the Year       | 12,641,310,517         | 20,700,252,667        |
| Current Maturity Portion             | -                      | -                     |
| Long-Term Maturity Portion           | 12,641,310,517         | 20,700,252,667        |
|                                      | <u>12,641,310,517</u>  | <u>20,700,252,667</u> |

- (a) Milco (Pvt) Limited, on 15<sup>th</sup> May 2015, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for establishment of a dairy processing plant at Badalgama (The Project) of the company at a cost of Euro 63.9Mn.

Cabinet paper No.14/1399/511/001-i (Dated 9th October 2014) presented by the Ministry of Livestock and Rural Community Development on "Establishment of a Dairy Processing Plant at Badalgama" was approved by the Cabinet on 17<sup>th</sup> December 2014 and accordingly, authorized to the Department of External Resources to Borrow Euro 63.9mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Livestock and Rural Community Development (Ref:MLRCD/03/15).

Subsequently, the Government of Sri Lanka entered in to an on-lending agreement behalf of the Milco (Private) Limited with Hongkong and Shanghai Banking Limited (HSBC) for the borrowings of Euro 63.9mn from the aforesaid party under the following conditions.

- i. Repayment of principal, interest, commitment fee, structuring fee and other costs shall be made in Rupees to the Treasury of Government of Sri Lanka.
- ii. An amount equivalent to Euro 2,234,919 is payable up-front as (Eksport Kredit Fonden/Export Credit Fund) EKF Premium.
- iii. An amount equivalent to Euro 19,180,692.30 (30% of the contract value) has been paid to Desmi Contracting A/S by Milco (Pvt) Ltd as an advance payment in 2015 pursuant to the terms of contract
- iv. Over due chargers at 2% per annum, in the event of default of payments.

Milco (Private) Limited has not signed the subsidiary loan agreement with General Treasury to the Government of Sri Lanka as yet.



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

|  | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|--|--|--|
|  | 2,108,063                              | 2,108,063                              |
|  | 2,108,063                              | 2,108,063                              |

**14.2 Non-Interest Bearing Borrowings**

**Long-Term Portion**

National Milk Board

**15 RETIREMENT BENEFIT OBLIGATION - GRATUITY**

|   |              |               |
|---|--------------|---------------|
| Balance at the Beginning of the Year    | 587,470,655  | 841,552,796   |
| Current Service Cost                    | 45,159,480   | 46,591,348    |
| Interest Cost                           | 70,496,479   | 62,190,752    |
| (Gain)/ Loss from Changes in Assumption | 15,480,465   | (327,486,940) |
| Payment Made During the Year            | (53,973,626) | (35,377,300)  |
| Balance at the End of the Year          | 664,633,454  | 587,470,655   |

Messrs. Actuarial & Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the projected unit credit method as at 31<sup>st</sup> December, 2021. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

**The Principal Assumptions Used were as Follows:**

|                           |            |
|---------------------------|------------|
| Expected Salary Increment | 10% p.a    |
| Discount Rate             | 18.00% p.a |
| Staff Turnover Factor     | 5% p.a     |
| Maximum Retirement Age    | 60 Years   |

**Sensitivity of Assumptions Employed in Actuarial Valuation**

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employee benefits liability measurement.

The sensitivity of the statement of comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

| Increase/<br>(Decrease)<br>in Discount<br>Rate | Increase/ (Decrease)<br>in Salary Increment<br>Rate | Effect on Change to<br>Statement of | Effect on<br>Employee Benefit<br>Obligation |
|--|---|-------------------------------------|---|
|  |   | Rs.                                 | Rs.   |
| 1%   | *   | 29,867,581                          | 634,765,873                                 |
| -1%  | *   | (32,609,523)                        | 697,242,977                                 |
| **   | 1%  | (37,502,761)                        | 702,136,215                                 |
| **   | -1%   | 34,711,237                          | 629,922,217                                 |

\* Salary Increment Rate 10% for the Company

\*\* Discount Rate 12.00%

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

|   | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|---|--|--|
| <b>16 GOVERNMENT GRANT</b>  |  |  |
| 16.1 Balance at the Beginning of the Year                                 | 113,902,491                            | 20,081,884                             |
| Grant Received During the Year  | 594,411                                | 106,132,499                            |
| Grant Recognized to the Statement of Comprehensive Income During the Year | (24,496,642)                           | (12,311,892)                           |
| Balance at the End of the Year  | <u>90,000,260</u>                      | <u>113,902,491</u>                     |
| <b>16.2 Deferred Government Grant</b>                                     |  |  |
| Grant of Samanthurai  | 327,601                                | 473,200                                |
| Grant of Thimilathive   | 405,000                                | 585,000                                |
| Grant of Milk Cans  | 114,392                                | 114,392                                |
| Grant of 14 Sales Outlets   | 318,750                                | 393,750                                |
| Grant of LCRD   | 16,000,582                             | 16,000,582                             |
| Grant of Electric Grass Cutters   | 52,776                                 | 52,776                                 |
| Grants of Coolers   | -                                      | 190,542                                |
| Grants of Bottle Coolers under DESMI Project                              | 59,287,500                             | 82,237,500                             |
| Grant of Refrigerant Recovery Machine                                     | 594,411                                | -                                      |
| Grants of Milk Analysers  | 12,899,250                             | 13,854,750                             |
|   | <u>90,000,260</u>                      | <u>113,902,491</u>                     |
| <b>17 TRADE AND OTHER PAYABLES</b>  |  |  |
| Trade Creditors   | 260,187,864                            | 361,331,710                            |
| Expense Creditors   | 453,308,129                            | 375,558,756                            |
| Other Payables  | 111,240,769                            | 178,027,603                            |
|   | <u>824,736,762</u>                     | <u>914,918,069</u>                     |
| <b>18 BANK OVERDRAFTS</b>   |  |  |
| Bank of Ceylon  | 1,492,923,854                          | 125,499,680                            |
| People's Bank   | 126,478,904                            | 101,149,827                            |
| Pan Asia Bank   | -                                      | 1,095,659                              |
|   | <u>1,619,402,758</u>                   | <u>227,745,167</u>                     |



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

|  | <b>For the Year<br/>Ended<br/>31st December,<br/>2022<br/>Rs.</b> | <b>For the Year<br/>Ended<br/>31st December,<br/>2021<br/>Rs.</b> |
|--|---|---|
| <b>19 REVENUE</b>                                    |   |   |
| Gross Sales  | 13,163,932,823  | 12,479,019,333  |
|  | <u>13,163,932,823</u>   | <u>12,479,019,333</u>   |
| <b>20 OTHER INCOME</b>                               |   |   |
| Surcharges on Returned Cheques                       | 4,730,648   | 4,712,373   |
| Non Refundable Deposit                               | 28,000  | 61,000  |
| Non Refundable tender Deposit                        | 1,035,500   | 1,748,500   |
| Differed Income                                      | 24,496,642  | 12,311,892  |
| Registration of Suppliers                            | 3,032,000   | 3,193,500   |
| Sundry Income  | 7,882,774   | 4,165,853   |
| Exchange Gain  | 565,566,405   | 47,507,169  |
| Fines & Surcharges                                   | 704,666   | 490,884   |
| House Rent   | 559,650   | 574,008   |
| Sale of Unserviceable Items                          | 524,408   | 388,028   |
| Disposal gain  | 12,076,561  | -   |
|  | <u>620,637,254</u>  | <u>75,153,207</u>   |
| <b>21 FINANCE INCOME</b>                             |   |   |
| Interest on Call/Fixed Deposit - Local               | 40,912,097  | 12,589,123  |
| Interest on Fixed Deposit - Foreign Currency (USD)   | 142,526,052   | 46,452,198  |
| Interest on Staff Loans                              | 7,276,494   | 7,068,275   |
|  | <u>190,714,643</u>  | <u>66,109,595</u>   |
| <b>22 FINANCE COSTS</b>                              |   |   |
| Interest on Finance Lease                            | 943,574   | 1,585,770   |
| Interest on Loans                                    | -   | 2,325,157   |
| Interest on Bank Overdrafts                          | 155,777,403   | 25,256,078  |
| Exchange losses on foreign currency loan revaluation | -   | 526,419,994   |
|  | <u>156,720,978</u>  | <u>555,587,000</u>  |

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

|  |      | As at<br>31st December,<br>2022<br>Rs. | As at<br>31st December,<br>2021<br>Rs. |
|--|------|--|--|
| <b>23 INCOME TAX EXPENSES</b>  |      |  |  |
| Current Income Tax Provision   | 24.1 | -                                      | -                                      |
| Deferred Tax Charge for the Year                                     | 14   | -                                      | -                                      |
|  |      | -                                      | -                                      |
| <b>23.1 Accounting Profit Before Taxation</b>                        |      | (458,462,311)                          | (489,395,750)                          |
| <b>Less: Income Considered Separately</b>                            |      | (768,357,609)                          | (66,109,595)                           |
| Profit from Trade or Business  |      | (1,226,819,920)                        | (555,505,345)                          |
| <b>Less: Net allowable and Disallowable Expenses for Tax Purpose</b> |      | (396,120,422)                          | 478,781,149                            |
| Business (Loss)/Profit Applicable Taxation                           |      | (1,622,940,342)                        | (76,724,196)                           |
| Tax Rate   |      | 18%                                    | 18%                                    |
| Exempt Other Income  |      | 708,092,457.21                         | 46,452,198                             |
| Liable Other Income  |      | 60,265,151.53                          | 19,657,397                             |
| Tax Rate   |      | 18%                                    | 18%                                    |
| Tax on Chargeable Profit or Income                                   | -    | 281,281,534                            | 83,997,740                             |
| Tax Effect on Deductions   |      | 281,281,534                            | (83,997,740)                           |
| Provision for the Year (Tax on Adjusted Income)                      |      | -                                      | -                                      |

**24 EARNINGS/(LOSS) PER ORDINARY SHARE**

Basic Earning Per Share is calculated by dividing the net profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue.

|   | 2022<br>Rs.   | 2021<br>Rs.   |
|---|---------------|---------------|
| Net Profit/(loss) Attributable to Ordinary Shares | (473,942,776) | (161,908,810) |
| Weighted Average Number of Ordinary Share         | 848,848,824   | 31,945,406    |
|   | (0.56)        | (5.07)        |

**24.1 Diluted Earnings Per Share**

There is no potentially diluted ordinary share of the company and as a result, the diluted earnings per share is the same as basic earnings (loss) per share as shown above.



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

**25 UNRECOGNIZED CONTRACTUAL COMMITMENTS**

There have been no capital commitments contracted but not provided for, or authorized by the board but not contracted for, outstanding as at the reporting date except as detailed below.

**26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**26.1 Contingent Liabilities**

There are no contingent liabilities as at the reporting date, except following.

01. Certain employees have filed cases in the labor Tribunal against the Company Claiming back wages, re-instatement ...etc. for arbitration and also fundamental rights against the company.

Since a reliable estimate of the amounts which will be resulting a future cash out flow can not be made and the out come is unknown, a provision had not been made in the accounts in respect of above contingencies.

02. Milco (Pvt) Ltd had contracted M/S Super Neat Technology (Pvt) Ltd for procurement of UPS (uninterrupted power supply) to Ambewela Milk Factory, for a consideration of Rs.94,906,281.25 in 2018. However, subsequently in 2019, the Board of Directors of Milco (Pvt) Ltd has decided to cancel the tender on the ground of inadequate funds to pay supplier and some flaws noted in the procurement process.

Following the above, the supplier, M/S Super Neat Technology (Pvt) Ltd filed a case against Milco (Pvt) Ltd in 2019 to recover the losses incurred by them due to cancelation of tender. Legal proceedings are in progress as of the reporting date and no provision has been made in the financial statements as a reliable estimation can not be made on the same..

**26.2 Contingent Assets**

There are no contingent assets as at the reporting date.

**27 RELATED PARTY DISCLOSURE**

**27.1 Substantial Shareholding and Ultimate Ownership**

The company is a wholly owned government enterprise, which holds 100% ordinary shares of the company.

**27.2 Key Management Personnel Information**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company as well as its related parties, directly or indirectly, including any director (whether executive or otherwise) of the company.

The remuneration of directors and other members of key management during the year were as follows:

|                              | <b>For the Year Ended<br/>31st December<br/>2022</b> | <b>For the Year Ended<br/>31st December<br/>2021</b> |
|------------------------------|--|--|
| Short-term employee benefits | 3,383,538  | 3,303,762  |

**27.3 Related Party Transactions**

As per the declaration made by the directors of the company, there were no significant related party transactions taken place throughout the period which would require to be disclosed as per Sri Lanka Accounting Standards.

**28 COMPARATIVE INFORMATION**

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

MILCO (PRIVATE) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS AT 31ST DECEMBER, 2022

29 ASSETS PLEDGED AS COLLATERALS

Following assets have been pledged as security against loans

| Nature of Liabilities<br>The Name of Bank          | Loan / Facility Granted<br>Rs. | Balance Outstanding As At 31.12.2022<br>Rs. | Balance Outstanding As At 31.12.2021<br>Rs. | Repayment | Assets Pledged  |
|--|--------------------------------|---|---|-----------|---|
| Loan granted by Bank of Ceylon                     | 1,200,000,000                  | 1,200,000,000                               | -   | On Demand | Fixed Deposits Amounting US\$ 3,751,296.14 of Bank of Ceylon.   |
| Bank Overdraft facility provided by Bank of Ceylon | 600,000,000                    | 29,030,701                                  | 2,330,365                                   | On Demand | Stock in trade movables and effect of the obligation including stocks of packing materials and finished goods and other moveable property lying in and upon or stored at No. 45, Nawala Road, Narahenpita in the district of Colombo, Western Province and present and or future book debts of the company. |



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

**30 EVENTS AFTER THE REPORTING DATE**

There have been no material events that occurred between the reporting date and the date on which the financial statements were authorized for issue that require adjustments to, or disclosures in the Financial Statements.

**31 FAIR VALUE OF FINANCIAL INSTRUMENTS**

**31.1 Fair Value of the Financial Instrument Carried at Amortized Cost**

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and liabilities.

|  | <b>Carrying<br/>Amount<br/>Rs.</b> | <b>Fair Value<br/>Rs.</b> |
|--|------------------------------------|---------------------------|
|  | <u>Rs.</u>                         | <u>Rs.</u>                |
| <b>Financial Assets</b>                            |                                    |                           |
| Financial Instrument - Amortised cost              | 1,556,967,131                      | 1,556,967,131             |
| Trade and Other Receivables                        | 1,015,339,520                      | 1,015,339,520             |
| Cash and Cash Equivalents                          | 56,731,527                         | 56,731,527                |
| <b>Total Financial Assets</b>                      | <u>2,629,038,178</u>               | <u>2,629,038,178</u>      |
| <b>Financial Liabilities</b>                       |                                    |                           |
| Trade and Other Payables                           | 824,736,762                        | 824,736,762               |
| Interest Bearing Loans and Borrowings              | 44                                 | 44                        |
| Payable to the Treasury of Government of Sri Lanka | 12,641,310,517                     | 12,641,310,517            |
| Bank Overdraft                                     | 1,619,402,758                      | 1,619,402,758             |
| <b>Total Financial Liabilities</b>                 | <u>15,085,450,082</u>              | <u>15,085,450,082</u>     |

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

**31.2 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements.

**31.3 Assets for which fair Value Approximate Carrying Value**

For the financial assets and financial liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposits without a specific maturity period.

**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**32.1 Introduction**

Risk is inherent in the company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the company's continuing profitability and each individual within the company is accountable for the risk exposures relating to his or her responsibilities.

**Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has delegated its authority to its key management personnel who are responsible for developing and monitoring company's risk management policies.

**Principal Financial Instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

**Instrument**

- Trade Receivables
- Cash and Cash Equivalents
- Trade and Other Payables
- Bank Overdrafts
- Bank Loans

**32.2 Credit Risk – Default Risk**

Credit risk is risk arising due to the uncertainty in counterparty's ability to meet its obligations. The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meets a contractual obligation.



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2022**

**32.3 Liquidity Risk and Funding Management**

Liquidity risk refers to the possibility of company not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of company's assets and liabilities. Adequate liquidity is critical to meet the company's financial commitment and to accommodate additional funding needs of the growing business volumes.

The company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles.

**32.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities**

| Company  | On Demand<br>Rs.       | Less than<br>2 Months<br>Rs. | 2 to 12<br>Months<br>Rs. | 1 to 5 Years<br>Rs. | Over 5 Years<br>Rs.     | Total<br>Rs.            |
|--|------------------------|------------------------------|--------------------------|---------------------|-------------------------|-------------------------|
| Financial Instrument - Held to Maturity            | -                      | -                            | 1,556,967,131            | -                   | -                       | 1,556,967,131           |
| Trade and Other Receivables                        | -                      | 1,015,339,520                | -                        | -                   | -                       | 1,015,339,520           |
| Cash and Cash Equivalents                          | 56,731,527             | -                            | -                        | -                   | -                       | 56,731,527              |
| <b>Total Financial Assets</b>                      | <b>56,731,527</b>      | <b>1,015,339,520</b>         | <b>1,556,967,131</b>     | <b>-</b>            | <b>-</b>                | <b>2,629,038,178</b>    |
| <b>Financial Liabilities</b>                       |                        |                              |                          |                     |                         |                         |
| Trade and Other Payables                           | -                      | 824,736,762                  | -                        | -                   | -                       | 824,736,762             |
| Interest Bearing Loans and Borrowings              | -                      | 44                           | -                        | -                   | -                       | 44                      |
| Payable to the Treasury of Government of Sri Lanka | -                      | -                            | -                        | -                   | 12,641,310,517          | 12,641,310,517          |
| Bank Overdraft                                     | 1,619,402,758          | -                            | -                        | -                   | -                       | 1,619,402,758           |
| <b>Total Financial Liabilities</b>                 | <b>1,619,402,758</b>   | <b>824,736,806</b>           | <b>-</b>                 | <b>-</b>            | <b>12,641,310,517</b>   | <b>15,085,450,082</b>   |
| <b>Total Net Financial Assets/ (Liabilities)</b>   | <b>(1,562,671,231)</b> | <b>190,602,714</b>           | <b>1,556,967,131</b>     | <b>-</b>            | <b>(12,641,310,517)</b> | <b>(12,456,411,903)</b> |

**32.4 Interest Rate Risk**

Interest rate risk is a key constitute of the market risk exposure of the company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

As of the reporting date, the company has no interest rate sensitive financial assets or financial liabilities.

**33. RESTATEMENT NOTE**

**33.1** Milco (Pvt) Limited, on 31st December 2009, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for the modernization of processing factories of the company at a cost of Euro 33.7mn.

To finance the above project, the General Treasury of Sri Lanka has entered into an on-lending agreement with Milco (Private) Limited for lending of Euro 33.7mn. However, subsequently in 2022, due to repayment difficulties, Milco (Pvt) Ltd issued ordinary shares for General Treasury for amount on lent to the company.

The company had initially recognised above long-term borrowing received from General Treasury on historical exchange rates, where as the shares were issued based on the rupee value of Euro loan amount (Euro 33.7mn) as of January 2021 exchange rates. Accordingly, in accordance with the criteria set out in LKAS 08- Accounting Policies, Changes in Accounting Estimates and Errors, the value of borrowings has been restated in financial statements for the year ended 31st December 2020 and 2021 as detailed below.

**33.2** Revenue and trade debtors recorded for the year ended 31st December 2021 had been understated by Rs.2,699,081. The error has been corrected and figures were restated as detailed below.

|  | As disclosed<br>Rs.   | Restated<br>Rs.  | Error correction<br>Rs. |
|--|-----------------------|------------------|-------------------------|
| <b>Statement of Financial Position</b>                             |                       |                  |                         |
|  | <b>2020</b>           | <b>2020</b>      |                         |
| Interest Bearing Borrowings - Long-Term (As at 31st December 2020) | 18,414,496,875        | 20,032,992,941   | 1,618,496,066           |
| Retained Earnings (As at 31st December 2020)                       | 333,024,779           | (1,285,471,288)  | (1,618,496,066)         |
| <b>Statement of Financial Position</b>                             |                       |                  |                         |
|  | <b>2021</b>           | <b>2021</b>      |                         |
| Interest Bearing Borrowings - Long-Term (As at 31st December 2021) | 20,173,832,674        | 20,700,252,667   | 526,419,994             |
| Finance Expenses (For the year ended 31st December 2021)           | 29,167,006            | 555,587,000      | 526,419,994             |
| Trade Receivables  | 563,411,473           | 2,699,081        | 566,110,554             |
| <b>Statement of Comprehensive Income</b>                           | <b>12,476,320,252</b> | <b>2,699,081</b> | <b>12,479,019,333</b>   |

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2022**

|  |            | <b>For the Year<br/>Ended<br/>31st December,<br/>2022<br/>Rs.</b> | <b>For the Year<br/>Ended<br/>31st December,<br/>2021<br/>Rs.</b> |
|--|------------|---|---|
| Revenue  |            | 13,163,932,823  | 12,479,019,333  |
| Cost of Sales  | <b>I</b>   | (12,730,486,084)  | (11,292,970,296)  |
| <b>Gross Profit</b>                                  |            | 433,446,739   | 1,186,049,037   |
| Other Operating Income                               | <b>II</b>  | 620,637,254   | 75,153,207  |
|  |            | 1,054,083,993   | 1,261,202,244   |
| Administrative Expenses                              | <b>III</b> | (1,032,605,140)   | (825,937,229)   |
| Distribution Expenses                                | <b>IV</b>  | (510,106,418)   | (427,630,386)   |
| Other Expenses                                       | <b>V</b>   | (3,828,411)   | (7,552,976)   |
| <b>Profit/ (Loss) from Operations</b>                |            | (492,455,976)   | 81,654  |
| Finance Income                                       | <b>VI</b>  | 190,714,643   | 66,109,595  |
| Finance Expenses                                     | <b>VII</b> | (156,720,978)   | (555,587,000)   |
| <b>Net Profit/ (Loss) Before Taxation</b>            |            | (458,462,311)   | (489,395,750)   |
| Income Tax Expenses                                  |            | -   | -   |
| <b>Net Profit/(Loss) for the Year after Taxation</b> |            | (458,462,311)   | (489,395,750)   |



**MILCO (PVT) LTD**  
**DETAIL NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

|   | <b>For the Year<br/>Ended<br/>31st December,<br/>2022<br/>Rs.</b> | <b>For the Year<br/>Ended<br/>31st December,<br/>2021<br/>Rs.</b> |
|---|---|---|
| <b>I. COST OF SALES</b>                         |   |   |
| Cost of Purchase of Raw Milk                    | 5,582,629,238   | 6,205,146,399   |
| Chilling Cost                                   | 471,486,733   | 416,346,522   |
| Development Cost                                | 441,512,677   | 290,084,953   |
| Bowser Cost                                     | 427,583,342   | 273,990,628   |
| Net Stock Adjustments on Raw Materials          | -   | (636,399)   |
| Cost of Other Raw Materials                     | 2,201,164,443   | 1,366,151,522   |
| <b>Total Cost of Raw Materials</b>              | <b>9,124,376,432</b>  | <b>8,551,083,626</b>  |
| Cost of Packing Materials                       | 1,934,654,086   | 1,270,586,898   |
| Cost of Processing and Packing Labor            | 573,350,500   | 510,914,376   |
| <b>Prime Cost</b>                               | <b>11,632,381,018</b>   | <b>10,332,584,899</b>   |
| <br>  |   |   |
| Energy Cost                                     |   |   |
| Furnace Oil                                     | 817,214,523   | 350,705,901   |
| Electricity                                     | 196,081,943   | 154,545,666   |
| Diesel  | 104,349,064   | 34,041,935  |
| Water   | 23,088,342  | 23,629,010  |
| Other Energy Cost                               | 239,975   | 195,812   |
| <b>Total Energy Cost</b>                        | <b>1,140,973,847</b>  | <b>563,118,323</b>  |
| <br>  |   |   |
| Other Consumables                               |   |   |
| Lab Chemicals                                   | 12,029,283  | 11,133,259  |
| Detergent & Cleaning Material                   | 119,332,312   | 54,816,038  |
| Wages and Staff Welfare of Factory Staff        | 510,312,062   | 427,282,178   |
| <b>Marginal Cost</b>                            | <b>13,415,028,521</b>   | <b>11,388,934,698</b>   |
| <br>  |   |   |
| Factory Overheads                               |   |   |
| Depreciation of Plant and Machinery             | 406,451,282   | 458,316,520   |
| Repairs and Maintenance of Plant and Machinery  | 160,495,624   | 110,508,369   |
| Repairs and Maintenance of Buildings            | 4,830,746   | 59,588,865  |
| Transport                                       | -   | 6,080,304   |
| Sundry production overheads                     | 133,566   |   |
| Insurance                                       | 20,952,403  | 21,669,880  |
| <b>Total Factory Overheads</b>                  | <b>592,863,621</b>  | <b>656,163,939</b>  |
| <b>Total Cost of Production</b>                 | <b>14,007,892,142</b>   | <b>12,045,098,637</b>   |
| Net Stock/ Transfer Adjustments on Finish Goods | (1,277,406,057)   | (753,705,879)   |
| Unrealised profit adjustment                    | -   | 1,577,537   |
|   | <b>12,730,486,084</b>   | <b>11,292,970,296</b>   |

| <b>MILCO (PVT) LTD</b>                          | <b>For the Year</b>   | <b>For the Year</b>   |
|---|-----------------------|-----------------------|
| <b>DETAIL NOTES TO THE FINANCIAL STATEMENTS</b> | <b>Ended</b>          | <b>Ended</b>          |
| <b>FOR THE YEAR ENDED 31ST DECEMBER, 2022</b>   | <b>31st December,</b> | <b>31st December,</b> |
|   | <b>2022</b>           | <b>2021</b>           |
|   | <b>Rs.</b>            | <b>Rs.</b>            |
| <b>II. OTHER INCOME</b>                         |                       |                       |
| Surcharges on Returned Cheques                  | 4,730,648             | 4,712,373             |
| Non Refundable Deposit                          | 28,000                | 61,000                |
| Non Refundable tender Deposit                   | 1,035,500             | 1,748,500             |
| Differed Income                                 | 24,496,642            | 12,311,892            |
| Registration of Suppliers                       | 3,032,000             | 3,193,500             |
| Sundry Income                                   | 7,882,774             | 4,165,853             |
| Exchange Gain                                   | 565,566,405           | 47,507,169            |
| Fines & Surcharges                              | 704,666               | 490,884               |
| House Rent                                      | 559,650               | 574,008               |
| Sale of Unserviceable Items                     | 524,408               | 388,028               |
| Disposal gain                                   | 12,076,561            | -                     |
|   | <u>620,637,254</u>    | <u>75,153,207</u>     |
| <b>III. PERSONNEL EXPENSES</b>                  |                       |                       |
| Staff Salaries                                  | 314,677,254           | 264,265,786           |
| Staff Allowances                                | 25,938,559            | 2,320,463             |
| Contributions to Employees' Provident Fund      | 32,401,618            | 26,513,888            |
| Contributions to Employees' Trust Fund          | 8,098,339             | 6,615,267             |
| Provision for Defined Benefit Plans - Gratuity  | 25,204,968            | 28,503,386            |
| Overtime  | 16,637,973            | 16,461,580            |
| Staff Bonus                                     | 5,190,194             | 12,690,779            |
| Casual Wages                                    | 7,203,665             | 1,549,874             |
| Overtime  | -                     | 31,522                |
| E.P.F.  | -                     | 11,163                |
| E.T.F.  | -                     | 9,544                 |
| Incentives                                      | 1,914,450             | 2,039,996             |
| Leave Payment                                   | 3,736,732             | 11,488,264            |
| Transport Allowance                             | 5,177,479             | 4,093,266             |
| Fuel Allowances                                 | 17,951,504            | 1,681,083             |
| Staff Training                                  | 2,282,536             | 1,682,697             |
| Medical expenses                                | 4,981,980             | 2,329,278             |
| Death Donation                                  | 26,000                | 386,000               |
| Gift Vouchers                                   | 363,975               | 475,421               |
| Staff Welfare                                   | 50,001,364            | 44,653,249            |
| Mid day Allowance                               | 672,336               | 312,465               |
| Field Allowance                                 | 214,900               | 1,296,200             |
| Uniform   | 498,037               | 562,635               |
| Telephone Allowances                            | 246,589               | 144,000               |
| Professional allowance                          | 4,195,833             | 2,951,500             |
|   | <u>527,616,284</u>    | <u>433,069,306</u>    |



| MILCO (PVT) LTD<br>DETAIL NOTES TO THE FINANCIAL STATEMENTS<br>FOR THE YEAR ENDED 31ST DECEMBER, 2022 | For the Year<br>Ended<br>31st December,<br>2022<br>Rs. | For the Year<br>Ended<br>31st December,<br>2021<br>Rs. |
|---|--|--|
| <b>III.I ADMINISTRATION AND ESTABLISHMENT EXPENSES</b>  |  |  |
| Repairs and Maintenance   | 53,485,199   | 63,918,299   |
| Directors Expense   | 3,383,538  | 3,303,762  |
| Travelling  | 3,781,662  | 4,220,362  |
| Garden Maintains  | 12,376,563   | 12,096,851   |
| Bank Charges  | 2,525,592  | 2,333,280  |
| Bungalow Expenses   | 261,158  | 289,946  |
| Quality Control Expenses  | 1,263,890  | 2,748,246  |
| Depreciation on Property, Plant and Equipment   | 58,872,705   | 38,629,545   |
| Legal Charges   | 5,340,973  | 3,101,542  |
| Printing and Stationary   | 14,714,946   | 8,822,798  |
| Security Charges  | 45,980,011   | 51,491,196   |
| PEST control  | 1,258,306  | 189,000  |
| Sundry Expenses   | 492,785  | 873,274  |
| Electricity expenses  | 17,871,274   | 15,590,307   |
| Water expenses  | 764,317  | 763,578  |
| Rent & Rates  | 22,244,473   | 19,090,773   |
| Stamp Expenses  | 66,565   | (179,733)  |
| Postage Expenses  | 267,248  | 254,608  |
| Advertisement   | 3,090,439  | 2,257,398  |
| News Papers & Periodicals   | 729,880  | 366,350  |
| Vehicle License   | 420,678  | 464,140  |
| Vehicle Hiring  | 4,783,717  | 1,235,157  |
| Accounting & Auditing expenses  | 12,453,720   | 7,290,469  |
| Consultancy Charges   | 1,648,230  | 3,454,980  |
| Insurance   | 16,498,255   | 26,488,206   |
| Fuel Expenses   | 66,211,135   | 28,738,730   |
| DESMI Project Expenses  | -  | 27,889,081   |
| Telephones Expenses   | 6,733,885  | 4,530,189  |
| ESC - Write Off   | 61,367,880   | 59,232,476   |
| Loss from dissociation of fixed assets  | -  | 11,778   |
| Entertainment Expenses  | 752,260  | 627,671  |
| Charity and donations   | 1,491,000  | 2,000,000  |
| Fine and surcharges   | -  | 657,413  |
| Social Security Contribution Levy (SSCL)  | 82,317,272   | -  |
| Internet and network charges  | 1,189,050  | -  |
| Vehicle tracking system maintenance fee   | 350,250  | 86,250   |
|   | <u>504,988,856</u>                                     | <u>392,867,922</u>                                     |
| Total Administration Expenses   | <u>1,032,605,140</u>                                   | <u>825,937,229</u>                                     |

| <b>MILCO (PVT) LTD</b>                               | <b>For the Year</b>   | <b>For the Year</b>   |
|--|-----------------------|-----------------------|
| <b>DETAIL NOTES TO THE FINANCIAL STATEMENTS</b>      | <b>Ended</b>          | <b>Ended</b>          |
| <b>FOR THE YEAR ENDED 31ST DECEMBER, 2022</b>        | <b>31st December,</b> | <b>31st December,</b> |
|  | <b>2022</b>           | <b>2021</b>           |
|  | <b>Rs.</b>            | <b>Rs.</b>            |
| <b>IV. SELLING AND DISTRIBUTION EXPENSES</b>         |                       |                       |
| Advertisements and Sales Promotion                   | 102,763,161           | 96,020,037            |
| Sales division salaries                              | 13,561,127            | -                     |
| Transport Expenses                                   | 191,508,060           | 125,525,391           |
| Sales Commission\Discount                            | 44,024,764            | 38,433,556            |
| Warehousing Chargers                                 | 4,235,559             | -                     |
| Vehicle hiring chargers                              | -                     | 34,722,782            |
| Out Let Expense                                      | 127,006,677           | 116,179,893           |
| Repair & Maintanance of Motor Vehicle                | 87,798                | 16,070                |
| Repairs & Maintenance of Bottle Coolers              |                       | 37,725                |
| Fuel   | 33,603                | 256,455               |
| Free issues and write off of Finish Goods            | 26,885,668            | 16,438,477            |
|  | <u>510,106,418</u>    | <u>427,630,386</u>    |
| <b>V. OTHER EXPENSES</b>                             |                       |                       |
| Loss on Milk Transfers                               | -                     | 219,573               |
| Stock write-off- Finish goods                        | -                     | 4,184,285             |
| Stock write-off- Raw & packing materials             | 3,779,074             | 2,757,013             |
| Cash losses  | 49,337                | -                     |
| Expenses on Kiri Sisilakaya project                  | -                     | 392,104               |
|  | <u>3,828,411</u>      | <u>7,552,976</u>      |
| <b>VI. FINANCE INCOME</b>                            |                       |                       |
| Interest on call/fixed deposit                       | 40,912,097            | 12,589,123            |
| Interest on Fixed Deposit - Foreign Currency (USD)   | 142,526,052           | 46,452,198            |
| Interest on Distress Loan                            | 7,081,405             | 6,798,796             |
| Interest on Motor Cycle Loan                         | 195,090               | 256,062               |
| Interest on Special Loan                             | -                     | 13,416                |
|  | <u>190,714,643</u>    | <u>66,109,595</u>     |
| <b>VII. FINANCE COSTS</b>                            |                       |                       |
| Interest on Bank Overdrafts                          | 155,777,403           | 25,256,078            |
| Lease Interest                                       | 943,574               | 1,585,770             |
| Loan Interest  | -                     | 2,325,157             |
| Exchange losses on foreign currency loan revaluation | -                     | 526,419,994           |
|  | <u>156,720,978</u>    | <u>555,587,000</u>    |

