



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

FLS/C/MILCO/23/2025/09

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

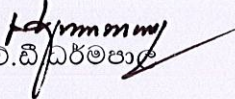
2025 ඔක්තෝබර් 08 දින

සභාපති

මිලිකො පුද්ගලික සමාගම

මිලිකො පුද්ගලික සමාගමේ 2023 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන සහ වෙනත් තෛතික හා නියාමන අවශ්‍යතා පිළිබඳව 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 වන වගන්තිය ප්‍රකාරව විගණකාධිපති වාර්තාව

යථෝක්ත වාර්තාව සහ සහතික කරන ලද මූල්‍ය ප්‍රකාශන මේ සමග එවා ඇත.


පී.එච්.වී. ධර්මපාල
විගණකාධිපති (වැ.බ)

පිටපත:-

01. ලේකම්, කෘෂිකර්ම අමාත්‍යාංශය
02. ලේකම්, මුදල්, ක්‍රමසම්පාදන සහ ආර්ථික සංවර්ධන අමාත්‍යාංශය





ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No. }

FLS/C/MILCO/23/2025/09

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date }

2025 ඔක්තෝබර් 08 දින

සභාපති

මිලිකො පුද්ගලික සමාගම

මිලිකො පුද්ගලික සමාගමේ 2023 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන සහ වෙනත් තෛතික හා නියාමන අවශ්‍යතා පිළිබඳව 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 වන වගන්තිය ප්‍රකාරව විගණකාධිපති වාර්තාව

1. මූල්‍ය ප්‍රකාශන

1.1 මතය විශාලනය

මිලිකො පුද්ගලික සමාගමේ 2023 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 2023 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 විශාලනය 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 විශාලනය කළ මතය සඳහා පදනම

(අ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති අංක 01 හි 32 ඡේදය ප්‍රකාරව ප්‍රමිතයෙහි ඉඩ දී ඇති අවස්ථාවලදී හැර වත්කම්, වගකීම්, ආදායම් හා වියදම් ශේෂ හිලව් කර මූල්‍ය ප්‍රකාශනයන්හි ඉදිරිපත් නොකළ යුතු වුවද ණය හිමි ශේෂ තුළ තිබූ එකතුව රු.49,039,446 ක් වූ හර ශේෂ



හඳුනාගෙන අවශ්‍ය ගැලපීම් කිරීමෙන් තොරව බැර ශේෂයන්ට හිලව් කර මූල්‍ය තත්ත්ව ප්‍රකාශනයේ දක්වා තිබුණි. තවද, ණයගැති වටිනාකම් තුළ තිබූ එකතුව රු.27,325,580 ක් වූ බැර ශේෂයන් හා එකතුව රු.22,815,176 ක් වූ කාර්යාල සේවක ණයගැති, අත්තිකාරම් තැන්පතු හා ඉදිරියට කළ ගෙවීම් සහ අනෙකුත් ණයගැති බැර ශේෂයන් හඳුනාගෙන අවශ්‍ය ගැලපීම් කිරීමෙන් තොරව හර ශේෂයන්ට හිලව් කර තිබුණි.

- (ආ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති අංක 16 හි 31 සහ 34 ඡේද අනුව වත්කම් ප්‍රත්‍යාගණනයක් සිදුකළ පසු නැවතත් නිශ්චිත කාල සීමාවක් තුළදී වත්කම් ප්‍රත්‍යාගණනය සිදුකළ යුතු වුවද සමාගම විසින් 2008 වර්ෂයේ ප්‍රත්‍යාගණනය කිරීමෙන් පසු සමාලෝචිත වර්ෂය දක්වාම වත්කම් ප්‍රත්‍යාගණනයක් සිදු නොකර තිබීම හේතුවෙන් නව ප්‍රත්‍යාගණිත වටිනාකම් ගිණුම් පොත්වල ඇතුළත් වී නොතිබුණි.
- (ඇ) ශ්‍රී ලංකා ගිණුම් ප්‍රමිති 37 හි 14 ඡේදය පරිදි වර්තමාන බැඳීමක් පැවතීම, එම බැඳීම නිරවුල් කිරීමේදී ව්‍යාපාරයේ සම්පත් පිටතට ගලායාමේ සම්භාවිතාවක් පැවතීම හා එහි වටිනාකම විශ්වාසදායී ලෙස ඇස්තමේන්තු කළ හැකි වීම යන කරුණු අනුව මූල්‍ය ප්‍රකාශනයන්හි ප්‍රතිපාදන හඳුනාගත යුතු වුවද සමාගම අඛණ්ඩ අලාභ ලබන තත්ත්වයක් තුළ ඒ පිළිබඳ අවධානය යොමු නොකර 2020 වර්ෂයේ සිට ප්‍රසාද දීමනා ගෙවීම් වෙනුවෙන් රු.2,180,689 ක ප්‍රතිපාදන මූල්‍ය ප්‍රකාශනයන්හි හඳුනාගෙන තිබීම හේතුවෙන් ජංගම වගකීම් එම ප්‍රමාණයෙන් වැඩියෙන් දැක්වුණි.
- (ඈ) ශ්‍රී ලංකා මූල්‍ය වාර්තාකරණ ප්‍රමිත 09 හි 5.5.15 ඡේදය ප්‍රකාරව වෙළඳ ණයගැති ශේෂය වන රු. 510,957,806 ක් 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
- (ඉ) සමාලෝචිත වර්ෂයේ සමාගමේ මූල්‍ය තත්ත්ව ප්‍රකාශනය අනුව සුළු මුදල් ශේෂය රු.3,784,814ක් ලෙස දක්වා තිබුණද, ප්‍රධාන කාර්යාලයේ මූල්‍ය ප්‍රකාශනවල සුළු මුදල් ශේෂ තුළ දීර්ඝ කාලයක සිට පැවත එන වෙනත් ගිණුම් 03ක බැර ශේෂ එකතුව රු.1,763,306ක් ද පැවතීම හේතුවෙන් සමාගමේ මූල්‍ය ප්‍රකාශනයෙහි සුළු මුදල් ශේෂය අඩුවෙන් දැක්වුණි.
- (ඊ) සමාලෝචිත වර්ෂයේ අවසන් දිනට මූල්‍ය ප්‍රකාශන සටහන් අංක 05 අනුව දිගුකාලීන අත්තිකාරම් ශේෂය වූ යුරෝ 201,218 ක පරිවර්තන විනිමය ලාභය රු.34,074,094ක් විය යුතු වුවද එම වටිනාකම රු.35,479,314ක් වශයෙන් ගිණුම්ගත කිරීම හේතුවෙන් විදේශ විනිමය ලාභය රු.829,207 කින් වැඩියෙන් දැක්වුණි.

- (උ) මූල්‍ය ප්‍රකාශනයන්හි දක්වා තිබුණු රු.1,664,030,771 ක තොග ශේෂය තුළ වර්ෂ කිහිපයක සිට අඛණ්ඩව ඉදිරියට එන භෞතිකව සමාගම තුළ නොමැති රු.31,928,087 ක අමුද්‍රව්‍ය තොගයක් ද, රු.10,327,148 ක නිමි භාණ්ඩ තොගයක් ද, 2018 වර්ෂයේ සිට තොගය තුළ ඇතුළත්ව තිබුණ ද, සමාලෝචිත වර්ෂය අවසානය වන විටත් මේ වෙනුවෙන් වෙන්කිරීමක් මූල්‍ය ප්‍රකාශනවල සිදු කර නොතිබුණි. තවද රු.20,713,467ක් වූ වෙනත් තොග ශේෂය සම්බන්ධයෙන් තොරතුරුද විගණනයට ඉදිරිපත් කර නොතිබුණි.
- (ඌ) මූල්‍ය ප්‍රකාශනයන්හි සටහන් අංක 14.2 යටතේ ජාතික කිරි මණ්ඩලයට ගෙවිය යුතු රු.2,108,063ක ශේෂයක් වසර ගණනාවක සිට ඉදිරියට එමින් පැවතියද ඒ සම්බන්ධයෙන් කිසිදු සාක්ෂියක් විගණනයට ඉදිරිපත් නොවුණි.
- (එ) 2025 අප්‍රේල් 01 දිනැති අංක TO/REV/05/33/6 දරන භාණ්ඩාගාර මෙහෙයුම් දෙපාර්තමේන්තුවේ සනාථනය අනුව බඩල්ගම කිරි සැකසුම් මධ්‍යස්ථානය ස්ථාපිත කිරීමේ ව්‍යාපෘතිය සඳහා උපණය ලබා දී නොමැති බව හා එය 2021 වර්ෂයේදී කෘෂිකර්ම අමාත්‍යාංශයේ 118-2-3-54-2507-0/12 යටතේ රජයේ ආයෝජනයක් ලෙස ගිණුම්ගත වී ඇති බව දක්වා තිබුණද සමාගම විසින් භාණ්ඩාගාරයට ගෙවිය යුතු ණය ලෙස රු.12,641,310,517 ක් 2023 දෙසැම්බර් 31 දිනට මූල්‍ය ප්‍රකාශනයන්හි දක්වා තිබුණි.
- (ඒ) සමාගමේ ගිණුම් ප්‍රතිපත්තිය අනුව පොලී ආදායම උපවිත පදනම මත හඳුනාගන්නා බව සඳහන් වුවද උපලේඛණය අනුව දේශීය පොලී ආදායම මුදල් පදනම මත හඳුනාගෙන තිබීම හේතුවෙන් සමාලෝචිත වර්ෂයේ ලැබිය යුතු පොලී වටිනාකම වූ රු.6,377,034ක් මූල්‍ය ප්‍රකාශනයන්හි හඳුනාගෙන නොතිබුණි.
- (ඔ) මූල්‍ය ප්‍රකාශනයන්හි වෙළඳ ණයහිමි ශේෂය යටතේ සඳහන් පොල්ගහවෙල කර්මාන්තශාලාවට අයත් රු.25,570,814ක් වූ වියදම් ණයහිමි ශේෂයට අදාළව කාල විශ්ලේෂණයක් විගණනයට ඉදිරිපත් කර නොතිබීම හේතුවෙන් දීර්ඝ කාලයක සිට පැවත එන ණයහිමි ශේෂ තහවුරු කර ගැනීමට නොහැකි විය.
- (ඕ) සමාගමේ මූල්‍ය ප්‍රකාශනයේ වෙළඳ ණයගැති ශේෂය තුළ පවතින ප්‍රධාන කාර්යාලයේ සහ කොළඹ කර්මාන්තශාලාවේ එකතුව රු.388,525,297 ක ණයගැති වටිනාකම් සඳහා කාල විශ්ලේෂණ සහ උපලේඛණ විගණනය සඳහා ඉදිරිපත් කර නොතිබීම හේතුවෙන් දීර්ඝ කාලයක සිට පැවත එන ණයගැති ශේෂ තහවුරු කර ගැනීමට නොහැකි විය.
- (ක) 2007 වර්ෂයේදී පුද්ගලික ආයතනයකින් වරින් වර ලැබුණු එකතුව රු.12,005,844 ක් වූ ප්‍රදානය විලම්බිත ආදායමක් ලෙස වාර්ෂිකව මූල්‍ය ප්‍රකාශනවලට හඳුනාගැනීම වෙනුවට මූල්‍ය ප්‍රකාශනයේ වෙනත් පාර්ශවයන්ට ගෙවිය යුතු ශේෂය යටතේ ගිණුම්ගත කර තිබුණි.

(කා) පුද්ගලික සමාගමකට ගෙවිය යුතු රු.30,661,317 ක වෙළඳ ණයහිමි ශේෂය සම්බන්ධයෙන් ශේෂ සනාථන කැඳවා තිබුණද එම සමාගම විසින් ශේෂ සනාථන ලිපි විගණනයට ඉදිරිපත් කර නොතිබීම හේතුවෙන් සමාලෝචිත වර්ෂයේ අවසාන දිනට එම ශේෂයෙහි පැවැත්ම තහවුරු කර ගැනීමට නොහැකි විය.

(කඌ) මූල්‍ය ප්‍රකාශන තුළ තොග වෙනුවෙන් රු.12,096,362ක චෙන්කිරීමක් 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 ප්‍රකාශයේ, හිමිකම් චෙනස්වීමේ 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 චෙනස්වීමේ 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 ප්‍රමිතීන්ට 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 පනතේ 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 සමාගම් 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 ප්‍රකාශ 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 තත්ත්වයෙන් බැහැරව සම්බන්ධයක් ඇති බව.

2.2.2 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (ඊ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව පහත නිරීක්ෂණ හැර යම් අදාල 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 6.6. මාර්ගෝපදේශය ගිණුම් වර්ෂය අවසන් වී දින 60 ක් ඇතුළත මූල්‍ය ප්‍රකාශන සහ කෙටුම්පත් වාර්ෂික වාර්තාව විගණකාධිපති වෙත ඉදිරිපත් කළ යුතු වුවත් 2023 වර්ෂයේ මූල්‍ය ප්‍රකාශන ඉදිරිපත් කර තිබුණේ 2025 මැයි 23 වන දිනය. ඒ අනුව මූල්‍ය ප්‍රකාශන ඉදිරිපත් කිරීමට දින 448 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 සමාගම විසින් අවම වශයෙන් වසර තුනක කාලයක් සංග්‍රහයේ 4.2.1.(ආ) සඳහා ප්‍රධාන ප්‍රසම්පාදන සැලැස්මක් හා 2023 වර්ෂය සඳහා නීතිපතා යාවත්කාලීන කරන ලද ප්‍රසම්පාදන මාර්ගෝපදේශය 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

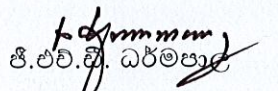
(අ) දිගන, පොළොන්නරුව සහ අඹේවෙල යන කර්මාන්තශාලා 3 හි රු.93,993,204 ක ණයගැති ශේෂ තුළ එකතුව රු.20,678,111 ක්වූ වර්ෂ 05ට වැඩි වෙළඳ ණයගැති ශේෂ පැවතුණද එම ශේෂ අයකර ගැනීමට කටයුතු කර නොතිබුණි.

(ආ) 2023 වර්ෂයේදී සමාගමේ සේවක සුභසාධනය වෙනුවෙන් ග්‍රේඩ් 750 බටර් පැකට් එකක් රු.330 බැගින් පැකට් 125,674 ක් සේවකයින්ට විකුණා රු.41,472,420 ක ආදායමක් උපයා තිබුණද, ඒ වෙනුවෙන් දරන ලද රු.118,636,256 ක නිෂ්පාදන පිරිවැය ආවරණය නොවන මිලක් අයකිරීම හේතුවෙන් සමාගමට සේවක සුභසාධනය වෙනුවෙන් නිකුත් කර තිබූ බටර් පැකට් තුළින් රු.77,163,836 ක අලාභයක් සිදුවී තිබුණි.

- (ඇ) බැංකු අයිරාව වෙනුවෙන් එක්සත් ජනපද ඩොලර් ස්ථාවර තැන්පතුව ඇපයට තබමින් ලබාගෙන ඇති රු.1,200,000,000 ක බැංකු අයිරා පහසුකම වෙනුවෙන් සමාලෝචිත වර්ෂයේදී දරන ලද අයිරා පොලී වියදම රු.323,947,216 ක් වූ අතර එයට අදාළ ස්ථාවර තැන්පත් පොලී ආදායම රු.124,359,900 ක් වූයෙන් රු.199,587,316 ක අතිරේක පිරිවැය අවම කරගැනීම කෙරෙහි අවධානය යොමු වී නොතිබුණි.
- (ඉ) 1980 මාර්තු 10 දින මැනුම් කරන ලද පිඹුරු අංක:4754 යටතේ රජයට අයිති අක්කර 40 රුඩ් 01 පර්චස් 36 ක් වන අඹේවෙල කර්මාන්තශාලාව ස්ථාපිතව ඇති ඉඩමෙහි සමාගම විසින් රු.මිලියන 5,548 ක් වටිනා ඉදිකිරීම් හා සවිකිරීම් කර ඇති නමුත් මෙම ඉඩමේ අයිතිය 2023 දෙසැම්බර් 31 දක්වාම සමාගමට පවරාගෙන නොතිබුණි.
- (ඊ) කෙරිගෙන යන වැඩවල 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.809,899,705 ක් වන ශේෂ 2012 වර්ෂයේ සිට අඛණ්ඩව ඉදිරියට ගෙන එමින් පැවති අතර එම ඉදිකිරීම් හා නවීකරණ කටයුතු නිම කර නොතිබුණි.
- (උ) සමාගමේ සමාලෝචිත වර්ෂයේ දළ ලාභ අනුපාතය සියයට 10.11 ක් වූ අතර ශුද්ධ අලාභ අනුපාතය සියයට 3.11 ක් වී තිබුණි. එසේම කොටසක ඉපැයුම සමාලෝචිත වර්ෂයේදී සෘණ 0.55ක් වූ අතර පෙර වර්ෂයේදී එය සෘණ 0.54 ක් විය. ඒ අනුව සමාලෝචිත වර්ෂයේ කොටස් ප්‍රාග්ධනයට ඉපැයීමක් සිදු කර නොමැති අතර ආයතනයේ මෙහෙයුම් අකාර්යක්ෂමතාවයක් සහ කර්යසාධනය දුර්වල මට්ටමක පැවතීම සමාගමේ පැවැත්ම කෙරෙහි අහිතකර ලෙස බලපා ඇති බව නිරීක්ෂණය විය.
- (ඌ) සමාලෝචිත වර්ෂයේ විකුණුම් ප්‍රමාණයන් පෙර වර්ෂයේ විකුණුම් සමඟ සැසඳීමේදී UHT (plain) 900ml නිෂ්පාදිතය ඒකක 5,468,308 සිට 2,948,320 දක්වා එනම් සියයට 46 කින්ද, UHT (plain) 450ml නිෂ්පාදිතය ඒකක 6,817,706 සිට 4,416,517 දක්වා එනම් සියයට 35 කින්ද අඩු වී තිබුණි.
- (එ) ප්‍රධාන කාර්යාලයේ රු.256,943,646 ක වෙළඳ ණයහිමි ශේෂයට අදාළව ඉදිරිපත් කරන ලද වයස් විශ්ලේෂණය අනුව වසර 05ට වැඩි රු.11,205,608 ක් වූ ශේෂයන් පැවති අතර එම වටිනාකම් නිරවුල් කිරීමට කටයුතු කර නොතිබුණි.
- (ඒ) මූල්‍ය ප්‍රකාශනයන්හි රජයේ වෙනත් ආයතන වලට ගෙවිය යුතු ශේෂය යටතේ රු.396,413 ක්වූ ගෙවිය යුතු ආරක්ෂක බදු දඩ හා රු.436,133 ක්වූ ගෙවිය යුතු උපයන වීට දඩ මුදල්

වශයෙන් එකතුව රු.832,546 ක් 2002 වසරේ සිට පැවත එන අතර එම ශේෂ නිරවුල් කිරීමට සමාලෝචිත වර්ෂය දක්වාම කටයුතු කර නොතිබුණි.

- (ඔ) වසර ගණනාවක සිට පැවත එන රු. 8,425,296 ක්වූ ගෙවිය යුතු ආදායම් බදු දඩ මුදල් ශේෂය සමාලෝචිත වර්ෂය අවසන් වන විටත් නිරවුල් කිරීමට කටයුතු කර නොතිබුණි.
- (ඕ) මූල්‍ය තත්ත්ව ප්‍රකාශනයේ රු.106,162,379 ක් වූ ගෙවිය යුතු වෙනත් ශේෂයෙහි ඇතුළත් රු.22,169,976 ක්වූ ප්‍රධාන කාර්යාලයෙහි වෙනත් පාර්ශවයන්ට ගෙවිය යුතු ශේෂය තුළ වසර 21 ක් පැරණි රු.7,795,228 ක් වූ ගෙවිය යුතු රඳවාගත් තැන්පතු පැවතියද එම ශේෂ නිරවුල් කිරීමට කටයුතු කර නොතිබුණි.
- (ක) සමාලෝචිත වර්ෂයේ අවසාන තොග ශේෂය තුළ ඇතුළත් රු.13,368,045 ක් වූ කිරි සිසිලක තොගය හා Bottle & Deep Freezer තොගය සම්බන්ධයෙන් පසුකාලීන පරීක්ෂාවේ දී එම තොග බෙදාහැරීමට අදාළ තොරතුරු විගණනයට ඉදිරිපත් කර නොතිබුණි.
- (කා) මූල්‍ය තත්ත්ව ප්‍රකාශනයේ දක්වා තිබුණු රු.1,689,978 ක් වටිනා නිදන් අරමුදල වසර ගණනාවක සිට පැවත එන ශේෂයක් වූ අතර ඉදිරි වර්ෂවලදී සිදුකරන කිරි මිලදී ගැනීම් සඳහා වන මූල්‍යමය අවශ්‍යතාවය මත උපයෝජනය කරන බව මූල්‍ය ප්‍රකාශනයන්හි සටහන් අංක 12 යටතේ හෙළිදරව් කර තිබුණ ද ඒ අනුව කටයුතු කර නොතිබුණි.


පී.එච්.පී. ධර්මපාල
විගණකාධිපති (වැ.බ.)

National Audit Sub Office

23 MAY 2025

FLS/C Division

MILCO (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2023

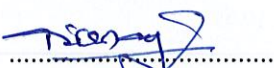
MILCO (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2023

		As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
ASSETS	Note		
Non-Current Assets			
Property, Plant and Equipment	2	4,674,477,238	5,005,089,169
Intangible assets		8,551,141	2,902,518
Right-of-Use Assets	2.1	(0)	17,725,053
Capital Work-In-Progress	3	12,879,855,822	12,896,564,772
Financial Instrument - Amortised cost	4	1,652,536,117	1,556,967,131
Long-term Advances	5	72,074,094	36,594,780
Total Non-Current Assets		19,287,494,412	19,515,843,423
Current Assets			
Inventories	6	1,664,030,771	1,817,507,527
Trade and Other Receivables	7	939,612,780	1,015,339,520
Income Tax Receivable	8	11,544,224	9,038,230
Cash and Cash Equivalents	9	23,171,834	56,731,527
Total Current Assets		2,638,359,608	2,898,616,804
Total Assets		21,925,854,019	22,414,460,227
EQUITY AND LIABILITIES			
Stated Capital and Reserves			
Stated Capital	10	8,488,488,240	8,488,488,240
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		(2,784,626,679)	(2,283,134,977)
Shareholders' Fund		6,067,006,001	6,568,497,703
Non-Current Liabilities			
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	12,641,310,517
Retirement Benefit Obligations - Gratuity	15	764,118,281	664,633,454
Deferred Income - Government Grant	16	60,463,044	90,000,260
Total Non-Current Liabilities		13,467,999,906	13,398,052,295
Current Liabilities			
Trade and Other Payables	17	837,688,227	824,736,762
Interest Bearing Borrowings - Short Term	14.1	(0)	3,770,709
Bank Overdrafts	18	1,553,159,885	1,619,402,758
Total Current Liabilities		2,390,848,112	2,447,910,229
Total Equity and Liabilities		21,925,854,019	22,414,460,227

Figures in brackets indicate deductions.

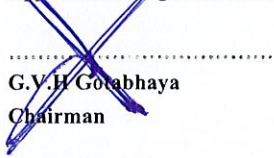
The accounting policies and notes on pages 06 to 34 form an integral part of these Financial Statements.

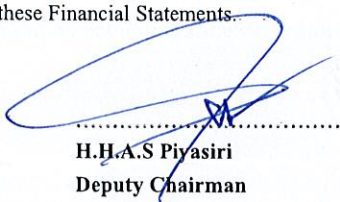
I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.


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 05.03.2025


G.V.H. Gatabhaya
Chairman


H.H.A.S. Piyasiri
Deputy Chairman



MILCO (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2023

		For the Year Ended 31 st December, 2023 Rs.	For the Year Ended 31 st December, 2022 Rs.
	Note		
Revenue	19	15,075,401,807	13,163,932,823
Cost of Sales		(13,551,223,100)	(12,730,486,084)
Gross Profit		1,524,178,706	433,446,739
Other Operating Income	20	49,872,228	620,637,254
		1,574,050,935	1,054,083,993
Administrative Expenses		(1,278,077,757)	(1,032,605,140)
Distribution Expenses		(466,779,038)	(510,106,418)
Other Expenses		(38,575,628)	(3,828,411)
Profit/ (Loss) from Operations		(209,381,488)	(492,455,976)
Finance Income	21	175,242,958	190,714,643
Finance Expenses	22	(435,245,864)	(156,720,978)
Net Profit Before Taxation		(469,384,394)	(458,462,311)
Income Tax Expenses	23	-	-
Net Profit for the Year after Taxation		(469,384,394)	(458,462,311)
Other Comprehensive Income			
Item that will not be reclassified subsequently to profit or loss:			
Remessurement of Defined Benefit Plan, Net of Taxes		(32,107,308)	(15,480,465)
Total Other Comprehensive Income Net of Tax		(32,107,308)	(15,480,465)
Total Comprehensive Income		(501,491,702)	(473,942,776)
Basic Earning Per Share	24	(0.59)	(0.56)

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, 2023

	Stated Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Sinking Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st December 2021	<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
Balance as at 31st December 2022	<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>
Net Profit for the Year					(469,384,394)	(469,384,394)
Other Comprehensive Income					(32,107,308)	(32,107,308)
Balance as at 31st December 2023	<u>8,488,488,240</u>	<u>25,000,000</u>	<u>336,454,462</u>	<u>1,689,978</u>	<u>(2,784,626,679)</u>	<u>6,067,006,001</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, 2023

	As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
Cash Flow from Operating Activities		
Net Profit Before Taxation	(469,384,394)	(458,462,311)
Adjustments for ;		
Depreciation on Property, Plant and Equipment	442,405,713	482,580,753
Income from Investment	(167,577,265)	(183,438,148)
Interest Expense	323,947,216	155,777,403
Lease Interest	171,684	943,574
Recognized Income on Deferred Grants	(29,537,216)	(24,496,642)
Exchange Gain	-	(565,566,405)
Provision for Defined Benefit Plans - Gratuity	149,098,092	115,655,959
Disposal gains	(1,268,649)	(12,076,561)
ESC Written off	-	61,367,880
Exchange losses	111,126,964	-
Written off of capital work-in progress	4,243,193	1,023,390
Amortization of right-of-use assets	2,008,750	16,677,272
Operating Profit Before Working Capital Changes	<u>365,234,087</u>	<u>(410,013,836)</u>
(Increase)/Decrease in Inventories	153,476,756	(532,988,304)
(Increase)/Decrease in Trade and Other Receivables	73,220,747	(88,128,646)
Increase/(Decrease) in Trade and Other Payables	12,951,465	(90,181,307)
Cash Generated from Operations	<u>604,883,055</u>	<u>(1,121,312,092)</u>
Interest Paid	(323,947,216)	(155,777,403)
Payment of Defined Benefit Plans - Gratuity	(81,720,572)	(53,973,626)
Net Cash From/ (Used In) Operating Activities	<u>199,215,266</u>	<u>(1,331,063,121)</u>
Cash Flow from Investing Activities		
Acquisition of Property, Plant and Equipment	(77,558,778)	(81,957,661)
Investments in Property, Plant and Equipment in the Course of Construction	(47,244,351)	(153,597,728)
Proceeds from disposal of Assets	1,332,118	12,368,689
Interest Received	167,577,265	183,438,148
New/ (Withdrawal) Short-Term and Long-Term Investment (Net)	(206,695,950)	(94,387,295)
Net Cash Used In Investing Activities	<u>(162,589,694)</u>	<u>(134,135,846)</u>
Cash Flow from Financing Activities		
Lease Rental Paid	(3,942,349)	(6,762,312)
Proceeds from long-term borrowings	-	110,092,033
Loans and Borrowings Repayments	(44)	(24,999,976)
Net Cash Used In Financing Activities	<u>(3,942,393)</u>	<u>78,329,746</u>
Net Increase in Cash and Cash Equivalents	32,683,179	(1,386,869,221)
Cash and Cash Equivalents at the Beginning of the Year (Note A)	(1,562,671,226)	(175,802,005)
Cash and Cash Equivalents at the End of the Year (Note B)	<u>(1,529,988,047)</u>	<u>(1,562,671,226)</u>

MILCO (PRIVATE) LIMITED
CASH FLOW STATEMENT - (Contd..)
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
Note A: At the Beginning of the Year		
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
	56,731,527	51,943,162
Bank Overdrafts	(1,619,402,758)	(227,745,167)
	<u>(1,562,671,231)</u>	<u>(175,802,005)</u>
Note B: At the End of the Year		
Balances at Banks	19,375,381	28,520,740
Call deposits	11,639	15,310,610
Petty Cash in Hand	3,784,814	12,900,177
	23,171,834	56,731,527
Bank Overdrafts	(1,553,159,885)	(1,619,402,758)
	<u>(1,529,988,051)</u>	<u>(1,562,671,231)</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, 2023

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 09th 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 23rd 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 03rd 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 04th February, 1998. The value of Net Assets so transferred was Rs.306,500,020/-. Further, as per the letter dated 08th 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 31st December 2023.

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 31st December, 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 05.03.2025.

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, 2023

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 31st December, 2023 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, 2023

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, 2023

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, 2023

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, 2023

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 re-purchasing 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.



MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

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'.

(d) Available-for-Sale Financial Investments

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.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

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.

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.



MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

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 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.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

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.



**MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

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.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

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



MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

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.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2023

2. PROPERTY, PLANT AND EQUIPMENT

a) Tangible assets

Description of Assets	Cost/Valuation				Depreciation				Written Down Value			
	Balance As At 01.01.2023	Additions	Disposals	Transfers	Balance As At 31.12.2023	Charge for the Year	On Disposals	Transfers	Balance As At 31.12.2023	As At 01.01.2023	As At 31.12.2023	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Freehold												
Land	3,250,000	-	-	-	3,250,000	-	-	-	-	3,250,000	3,250,000	
Buildings	570,889,539	18,108,531	-	-	588,998,070	45,666,090	-	-	346,619,129	269,936,501	242,378,942	
Plant and Machinery	7,597,058,739	22,618,268	-	-	7,619,677,007	305,809,808	-	-	3,379,712,034	4,523,156,514	4,239,964,973	
Furniture and Fittings	59,103,177	3,767,192	-	-	62,870,369	3,293,816	-	-	54,306,400	8,090,593	8,563,969	
Laboratory Equipment	93,737,361	2,342,349	-	-	96,079,710	3,873,088	-	-	81,917,999	15,692,450	14,161,710	
Motor Vehicles	147,675,835	1,491,260	(4,200,000)	76,264,089	221,231,184	11,116,680	(4,200,000)	60,547,786	214,119,040	1,021,262	7,112,145	
Tools and Equipment	405,771,369	11,368,117	-	-	417,139,485	19,316,890	-	-	367,575,500	57,512,759	49,563,985	
Bottles and Crates	393,979,767	23,581,950	-	-	417,561,717	12,859,185	-	-	380,455,120	26,383,832	37,106,597	
Computer Equipment	76,716,521	8,268,564	(110,000)	-	84,875,086	7,676,478	(110,000)	-	66,102,461	18,180,538	18,772,624	
Bottle Coolers	249,317,324	-	-	-	249,317,324	24,405,206	-	-	209,655,997	64,066,534	39,661,328	
Office Equipment	12,267,940	850,413	(120,098)	-	12,998,254	637,194	(56,629)	-	11,084,157	1,764,348	1,914,097	
Milk Cans	100,211,660	-	-	-	100,211,660	4,006,971	-	-	88,184,792	16,033,839	12,026,868	

b) Intangible Assets

Description of Assets	Cost/Valuation			Depreciation			Written Down Value				
	Balance As At 01.01.2023	Additions	Disposals	Transfers	Balance As At 31.12.2023	Charge for the Year Rs.	On Disposals Rs.	Transfers Rs.	Balance As At 31.12.2023 Rs.	As At 01.01.2023 Rs.	As At 31.12.2023 Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Computer Software	7,316,739	9,392,928	-	-	16,709,667	3,744,305	-	-	8,158,526	2,902,518	8,551,141
Total	9,717,295,970	101,789,572	(4,430,098)	76,264,089	9,890,919,533	442,405,713	(4,366,629)	60,547,786	5,207,891,154	5,007,991,686	4,683,028,379

2.1 RIGHT-OF-USE ASSETS

	Value			Amortisation			Net value				
	Balance As At 01.01.2023	Additions	Disposals	Transfers	Balance	Balance	On Disposals	Transfers	Balance	As At	As At
					As At 31.12.2023	As At 01.01.2023			As At 31.12.2023	As At 01.01.2023	As At 31.12.2023
c) Leasehold Assets											(0)
Motor Vehicles	76,264,089	-	-	(76,264,089)	-	58,539,036	2,008,750	-	(60,547,786)	0	17,725,053
Total	76,264,089	-	-	(76,264,089)	-	58,539,036	2,008,750	-	(60,547,786)	0	17,725,053
											(0)

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 2,008,750
Interest on lease liabilities 171,684



Balance As At 01.01.2023	Incurrd During the Period	Charged to Income statement During the Period	Transfers During the Period	Capitalized During the Period	Balance As At 31.12.2023
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

[illegible]

20

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2023

	As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
4 FINANCIAL INSTRUMENT - AMORTISED COST		
4.1 Long-Term Fixed Deposits		
Fixed Deposits - BOC - US \$	1,330,875,229	1,351,967,131
Fixed Deposits - PB & BOC	321,660,888	205,000,000
	<u>1,652,536,117</u>	<u>1,556,967,131</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	36,594,780	83,777,083
Transferred to Capital Work in Progress		(47,182,303)
Adjustment of exchange impact	35,479,314	-
Balance at the end of the year	<u>72,074,094</u>	<u>36,594,780</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	6.1	489,551,117	655,761,838
Work-in-Progress		8,541,675	4,489,007
Finished Goods		254,740,757	359,002,536
Consumables	6.2	900,131,529	784,024,985
Goods in Transit	6.3	13,290,623	16,454,090
Kiri Sisilakaya mini cooler stock		9,871,432	9,871,432
Provision for Inventory	6.4	(12,096,362)	(12,096,362)
		<u>1,664,030,771</u>	<u>1,817,507,527</u>

6.1 Raw and Packing Materials

Raw Materials - Dairy Production	133,968,243	150,011,413
Packing Material	321,965,481	484,879,817
Raw Milk Stock	26,561,452	13,814,666
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>489,551,117</u>	<u>655,761,838</u>



MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2023

		As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
6.2 Consumables			
General Stores		84,985,663	89,213,800
Engineering Stores		724,452,228	609,101,525
Motor Stores		19,931,802	17,124,926
Fuel and Lubricant Stores		54,236,325	52,059,223
Milk Can Stock		16,525,511	16,525,511
		<u>900,131,529</u>	<u>784,024,985</u>
6.3 Goods In Transit			
Finished Goods in Transit		7,916,848.83	8,525,155
Goods in Transit Lab Equipment		125,798	125,798
Raw Milk In Transit		3,030,495	6,488,504
Yogurt Culture		2,217,481	1,314,634
		<u>13,290,623</u>	<u>16,454,090</u>
6.4 Provision For Inventory			
Packing Material		(10,144,367)	(10,144,367)
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>(12,096,362)</u>
6.5	Inventories pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in Note No. 29 to these financial statements.		
7 TRADE AND OTHER RECEIVABLES			
Trade Receivables	7.1	460,044,181	488,624,792
Receivable from the Government of Sri Lanka	7.2	10,135,701	10,135,712
Other Debtors		51,511,230	86,336,023
Advances, Deposits and Prepayments		71,850,356	131,829,724
Staff Debtors		191,718,278	176,411,166
Import Control		81,662,350	44,488,476
Interest receivables on fixed deposits		72,690,682	77,513,626
		<u>939,612,780</u>	<u>1,015,339,520</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2023

	As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
7.1 Trade Receivables		
Total Debtors	510,957,806	539,538,417
Less: Provision for Impairment	(50,913,625)	(50,913,625)
	<u>460,044,181</u>	<u>488,624,792</u>
7.2 Receivable from the Government of Sri Lanka		
Receivable from the Ministry of Livestock and Development	10,041,368	10,041,378
Receivable from Government of Sri Lanka - Milk Subsidiary	278,981,206	278,981,206
Receivable from Parliament Affairs	94,333	94,333
	<u>289,116,907</u>	<u>289,116,918</u>
Less: Provision for Impairment	(278,981,206)	(278,981,206)
	<u>10,135,701</u>	<u>10,135,712</u>
9 INCOME TAX RECEIVABLE		
WHT Receivables	11,544,224	9,038,230
ESC Receivables	-	0
	<u>11,544,224</u>	<u>9,038,230</u>
9 CASH AND CASH EQUIVALENTS		
Balances at Banks	19,375,381	28,520,740
Investments in call deposits	11,639	15,310,610
Petty Cash in Hand	3,784,814	12,900,177
	<u>23,171,834</u>	<u>56,731,527</u>
10 STATED CAPITAL		
Issued and fully paid	No of Shares 84,8848,824 <u>8,488,488,240</u>	<u>8,488,488,240</u>
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.		
The above share issue was completed during 2022 financial year.		
11 CAPITAL RESERVE		
11.1 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, 2023

		As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
12 SINKING FUND			
Transferred from Retained Earnings		1,689,978	1,689,978
		<u>1,689,978</u>	<u>1,689,978</u>
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.			
13 DEFERRED TAX LIABILITY			
At the Beginning of the Year		-	-
Charge (to)/from Statement of Comprehensive Income		-	-
At the End of the Year		<u>-</u>	<u>-</u>
13.1	Tax effect on Temporary Difference on Property, Plant and Equipme	1,280,197,495	810,416,077
	Tax effect on Temporary Difference on Retirement Benefit Obligatio	(248,138,480)	(130,975,819)
	Less: Tax effect on Temporary Differences on Tax Losses	(1,819,237,465)	(1,091,542,479)
	Probable Deferred Tax Liability.	<u>(787,178,450)</u>	<u>(412,102,222)</u>
Deferred tax assets amounting to LKR 787,178,450 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.			
14 LOANS AND BORROWINGS			
14.1 Interest Bearing Borrowings			
Payable within One Year	15.1.1 to 15.1.4	(0)	3,770,709
Payable after One Year	15.1.1 to 15.1.4	12,641,310,517	12,641,310,517
		<u>12,641,310,517</u>	<u>12,645,081,226</u>
14.1.1 Gross Lease Creditor			
Balance at the Beginning of the Year		3,942,349	10,704,661
During the Year Additions		-	-
During the Year Payments		(3,942,349)	(6,762,312)
Balance at the end of the Year		<u>0</u>	<u>3,942,349</u>
Interest in Suspense			
Balance at the Beginning of the Year		171,684	1,115,258
On Lease Facility Obtained During the Year		-	-
Amount Transferred to Statement of Comprehensive Income		(171,684)	(943,574)
Balance at the End of the Year		<u>0</u>	<u>171,684</u>
Net Liability		<u>0</u>	<u>3,770,665</u>
Current Maturity Portion		0	3,770,665
Long-Term Maturity Portion		<u>-</u>	<u>-</u>
		<u>0</u>	<u>3,770,665</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2023

	As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
14.1.2 Bank Loans and Borrowings		
Balance at the Beginning of the Year	44	25,000,020
Received During the Year	-	-
Less: During the Year Payments	(44)	(24,999,976)
Balance at the End of the Year	(0)	44
Current Maturity Portion	(0)	44
Long-Term Maturity Portion	-	-
	(0)	44

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	12,641,310,517	20,700,252,667
Granted During the Year	-	110,092,033
Impact of error correction		
Converted to equity during the year	-	(8,169,034,183)
Balance at the End of the Year	12,641,310,517	12,641,310,517
Current Maturity Portion	-	-
Long-Term Maturity Portion	12,641,310,517	12,641,310,517
	12,641,310,517	12,641,310,517

- (a) Milco (Pvt) Limited, on 15th May 2015, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for establishment of a diary 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 17th 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.



As at	As at
31st December,	31st December,
2023	2022
Rs.	Rs.

Long-Term Portion

National Milk Board	2,108,063	2,108,063
	<u>2,108,063</u>	<u>2,108,063</u>

Balance at the Beginning of the Year	664,633,454	587,470,655
Current Service Cost	29,464,070	45,159,480
Interest Cost	119,634,022	70,496,479
(Gain)/ Loss from Changes in Assumption	32,107,308	15,480,465
Payment Made During the Year	(81,720,572)	(53,973,626)
Balance at the End of the Year	764,118,281	664,633,454

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

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/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Effect on Change to Statement of Comprehensive Income Rs.	Effect on Employee Benefit Obligation Rs.
1%	*	51,182,795	712,935,486
-1%	*	(57,640,167)	821,758,448
**	1%	(62,160,644)	826,278,925
**	-1%	55,918,970	708,199,311

** Discount Rate 12.00%

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2023

	As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
16 GOVERNMENT GRANT		
16.1 Balance at the Beginning of the Year	90,000,260	113,902,491
Grant Received During the Year	0	594,411
Grant Recognized to the Statement of Comprehensive Income During the Year	(29,537,216)	(24,496,642)
Balance at the End of the Year	<u>60,463,044</u>	<u>90,000,260</u>
16.2 Deferred Government Grant		
Grant of Samanthurai	182,001	327,601
Grant of Thimilathive	225,000	405,000
Grant of Milk Cans	114,392	114,392
Grant of 14 Sales Outlets	243,750	318,750
Grant of LCRD	12,800,465	16,000,582
Grant of Electric Grass Cutters	52,776	52,776
Grants of Bottle Coolers under DESMI Project	36,337,500	59,287,500
Grant of Refrigerant Recovery Machine	474,411	594,411
Grants of Milk Analysers	10,032,750	12,899,250
	<u>60,463,044</u>	<u>90,000,260</u>
17 TRADE AND OTHER PAYABLES		
Trade Creditors	282,609,712	260,187,864
Expense Creditors	448,916,135	453,308,129
Other Payables	106,162,379	111,240,769
	<u>837,688,227</u>	<u>824,736,762</u>
18 BANK OVERDRAFTS		
Bank of Ceylon	1,530,454,595	1,492,923,854
People's Bank	22,705,290	126,478,904
	<u>1,553,159,885</u>	<u>1,619,402,758</u>



MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	For the Year Ended 31st December, 2023 Rs.	For the Year Ended 31st December, 2022 Rs.
19 REVENUE		
Gross Sales	15,075,401,807	13,163,932,823
	<u>15,075,401,807</u>	<u>13,163,932,823</u>
20 OTHER INCOME		
Surcharges on Returned Cheques	5,284,457	4,730,648
Non Refundable Deposit	75,500	28,000
Non Refundable tender Deposit	436,000	1,035,500
Differed Income	29,537,216	24,496,642
Registration of Suppliers	3,629,000	3,032,000
Sundry Income	6,001,451	7,882,774
Exchange Gain	-	565,566,405
Fines & Surcharges	769,579	704,666
House Rent	1,684,608	559,650
Sale of Unserviceable Items	1,185,768	524,408
Disposal gain	1,268,649	12,076,561
	<u>49,872,228</u>	<u>620,637,254</u>
21 FINANCE INCOME		
Interest on Call/Fixed Deposit - Local	43,217,366	40,912,097
Interest on Fixed Deposit - Foreign Currency (USD)	124,359,900	142,526,052
Interest on Staff Loans	7,665,693	7,276,494
	<u>175,242,958</u>	<u>190,714,643</u>
22 FINANCE COSTS		
Interest on Finance Lease	171,684	943,574
Interest on Loans	-	-
Interest on Bank Overdrafts	323,947,216	155,777,403
Exchange losses	111,126,964	-
	<u>435,245,864</u>	<u>156,720,978</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

		As at 31st December, 2023 Rs.	As at 31st December, 2022 Rs.
23 INCOME TAX EXPENSES			
Current Income Tax Provision	24.1	-	-
Deferred Tax Charge for the Year	14	-	-
		-	-
23.1 Accounting Profit Before Taxation		(469,384,394)	(458,462,311)
Less: Income Considered Separately		(176,511,607)	(768,357,609)
Profit from Trade or Business		(645,896,002)	(1,226,819,920)
Less: Net allowable and Disallowable Expenses for Tax Purpose		178,030,859	(396,120,422)
Business (Loss)/Profit Applicable Taxation		(467,865,143)	(1,622,940,342)
Tax Rate		30%	18%
Exempt Other Income		124,359,900	708,092,457
Liable Other Income		52,151,708	60,265,152
Tax Rate		30%	18%
Tax on Chargeable Profit or Income	-	124,714,030	- 281,281,534
Tax Effect on Deductions		124,714,030	281,281,534
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.

	2023 Rs.	2022 Rs.
Net Profit/(loss) Attributable to Ordinary Shares	(501,491,702)	(473,942,776)
Weighted Average Number of Ordinary Share	848,848,824	848,848,824
	(0.59)	(0.56)

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, 2023

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:

	For the Year Ended 31st December 2023	For the Year Ended 31st December 2022
Short-term employee benefits	<u>3,645,549</u>	<u>3,383,538</u>

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, 2023

29 ASSETS PLEDGED AS COLLATERALS

Following assets have been pledged as security against loans

Nature of Liabilities The Name of Bank	Loan / Facility Granted Rs.	Balance Outstanding As At 31.12.2023 Rs.	Balance Outstanding As At 31.12.2022 Rs.	Repayment	Assets Pledged
Bank Overdraft facility provided by Bank of Ceylon	1,200,000,000	(798,053,359)	(1,200,000,000)	On Demand	Fixed Deposits Amounting US\$ 4,169,669.87 of Bank of Ceylon.
Bank Overdraft facility provided by Bank of Ceylon	600,000,000	(600,000,000)	(29,030,701)	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, 2023

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.

	Carrying Amount Rs.	Fair Value Rs.
Financial Assets		
Financial Instrument - Amortised cost	1,652,536,117	1,652,536,117
Trade and Other Receivables	939,612,780	939,612,780
Cash and Cash Equivalents	23,171,834	23,171,834
Total Financial Assets	<u>2,615,320,730</u>	<u>2,615,320,730</u>
Financial Liabilities		
Trade and Other Payables	837,688,227	837,688,227
Interest Bearing Loans and Borrowings	(0)	(0)
Payable to the Treasury of Government of Sri Lanka	12,641,310,517	12,641,310,517
Bank Overdraft	1,553,159,885	1,553,159,885
Total Financial Liabilities	<u>15,032,158,630</u>	<u>15,032,158,630</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2023

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, 2023

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 Rs.	Less than 2 Months Rs.	2 to 12 Months Rs.	1 to 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Financial Instrument - Held to Maturity	-	-	1,652,536,117	-	-	1,652,536,117
Trade and Other Receivables	-	939,612,780	-	-	-	939,612,780
Cash and Cash Equivalents	23,171,834	-	-	-	-	23,171,834
Total Financial Assets	<u>23,171,834</u>	<u>939,612,780</u>	<u>1,652,536,117</u>	<u>-</u>	<u>-</u>	<u>2,615,320,730</u>
Financial Liabilities						
Trade and Other Payables	-	837,688,227	-	-	-	837,688,227
Interest Bearing Loans and Borrowings	-	(0)	-	-	-	(0)
Payable to the Treasury of Government of Sri Lanka	-	-	-	-	12,641,310,517	12,641,310,517
Bank Overdraft	1,553,159,885	-	-	-	-	1,553,159,885
Total Financial Liabilities	<u>1,553,159,885</u>	<u>837,688,227</u>	<u>-</u>	<u>-</u>	<u>12,641,310,517</u>	<u>15,032,158,630</u>
Total Net Financial Assets/ (Liabilities)	<u>(1,529,988,051)</u>	<u>101,924,552</u>	<u>1,652,536,117</u>	<u>-</u>	<u>(12,641,310,517)</u>	<u>(12,416,837,900)</u>

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.

MILCO (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2023

		For the Year Ended 31st December, 2023 Rs.	For the Year Ended 31st December, 2022 Rs.
	Note		
Revenue		15,075,401,807	13,163,932,823
Cost of Sales	I	(13,551,223,100)	(12,730,486,084)
Gross Profit		1,524,178,706	433,446,739
Other Operating Income	II	49,872,228	620,637,254
		1,574,050,935	1,054,083,993
Administrative Expenses	III	(1,278,077,757)	(1,032,605,140)
Distribution Expenses	IV	(466,779,038)	(510,106,418)
Other Expenses	V	(38,575,628)	(3,828,411)
Profit/ (Loss) from Operations		(209,381,488)	(492,455,976)
Finance Income	VI	175,242,958	190,714,643
Finance Expenses	VII	(435,245,864)	(156,720,978)
Net Profit/ (Loss) Before Taxation		(469,384,394)	(458,462,311)
Income Tax Expenses		-	-
Net Profit/(Loss) for the Year after Taxation		(469,384,394)	(458,462,311)



MILCO (PVT) LTD
DETAIL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	For the Year Ended 31st December, 2023 Rs.	For the Year Ended 31st December, 2022 Rs.
I. COST OF SALES		
Cost of Purchase of Raw Milk	6,151,761,085	5,582,629,238
Chilling Cost	496,889,613	471,486,733
Development Cost	432,483,139	441,512,677
Bowser Cost	378,806,895	427,583,342
Net Stock Adjustments on Raw Materials	-	-
Cost of Other Raw Materials	2,589,773,895	2,201,164,443
Total Cost of Raw Materials	10,049,714,627	9,124,376,432
Cost of Packing Materials	1,970,004,496	1,934,654,086
Cost of Processing and Packing Labor	580,918,687	573,350,500
Prime Cost	12,600,637,810	11,632,381,018
Energy Cost		
Furnace Oil	655,293,258	817,214,523
Electricity	394,283,295	196,081,943
Diesel	28,173,952	104,349,064
Water	39,165,287	23,088,342
Other Energy Cost	251,144	239,975
Total Energy Cost	1,117,166,936	1,140,973,847
Other Consumables		
Lab Chemicals	15,715,332	12,029,283
Detergent & Cleaning Material	99,901,879	119,332,312
Wages and Staff Welfare of Factory Staff	518,251,290	510,312,062
Marginal Cost	14,351,673,248	13,415,028,521
Factory Overheads		
Depreciation of Plant and Machinery	365,026,332	406,451,282
Repairs and Maintenance of Plant and Machinery	229,171,973	160,495,624
Repairs and Maintenance of Buildings	6,769,626	4,830,746
Transport	558,975	-
Sundry production overheads	6,040	133,566
Insurance	21,052,299	20,952,403
Total Factory Overheads	622,585,246	592,863,621
Total Cost of Production	14,974,258,494	14,007,892,142
Net Stock/ Transfer Adjustments on Finish Goods	(1,423,035,394)	(1,277,406,057)
	<u>13,551,223,100</u>	<u>12,730,486,084</u>

MILCO (PVT) LTD
DETAIL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	For the Year Ended 31st December, 2023 Rs.	For the Year Ended 31st December, 2022 Rs.
II. OTHER INCOME		
Surcharges on Returned Cheques	5,284,457	4,730,648
Non Refundable Deposit	75,500	28,000
Non Refundable tender Deposit	436,000	1,035,500
Differed Income	29,537,216	24,496,642
Registration of Suppliers	3,629,000	3,032,000
Sundry Income	6,001,451	7,882,774
Exchange Gain	-	565,566,405
Fines & Surcharges	769,579	704,666
House Rent	1,684,608	559,650
Sale of Unserviceable Items	1,185,768	524,408
Disposal gain	1,268,649	12,076,561
	<u>49,872,228</u>	<u>620,637,254</u>
III. PERSONNEL EXPENSES		
Staff Salaries	314,505,485	314,677,254
Staff Allowances	25,456,104	25,938,559
Contributions to Employees' Provident Fund	33,142,257	32,401,618
Contributions to Employees' Trust Fund	8,313,431	8,098,339
Provision for Defined Benefit Plans - Gratuity	35,545,987	25,204,968
Overtime	16,865,575	16,637,973
Staff Bonus	-	5,190,194
Casual Wages	11,385,793	7,203,665
Incentives	1,834,460	1,914,450
Leave Payment	1,102,628	3,736,732
Transport Allowance	6,512,955	5,177,479
Fuel Allowances	29,073,479	17,951,504
Staff Training	2,848,189	2,282,536
Medical expenses	2,392,669	4,981,980
Death Donation	463,500	26,000
Gift Vouchers	-	363,975
Staff Welfare	79,133,124	50,001,364
Mid day Meals Allowance	2,846,017	672,336
Field Allowance	18,900	214,900
Uniform	1,489,768	498,037
Telephone Allowances	261,167	246,589
Professional allowance	4,536,100	4,195,833
	<u>577,727,589</u>	<u>527,616,284</u>



MILCO (PVT) LTD DETAIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023	For the Year Ended 31st December, 2023 Rs.	For the Year Ended 31st December, 2022 Rs.
III.I ADMINISTRATION AND ESTABLISHMENT EXPENSES		
Repairs and Maintenance	45,695,229	53,485,199
Directors Expense	3,645,549	3,383,538
Travelling	5,220,142	3,781,662
Garden Maintains	19,248,477	12,376,563
Bank Charges	6,208,191	2,525,592
Bungalow Expenses	143,498	261,158
Quality Control Expenses	1,754,792	1,263,890
Depreciation on Property, Plant and Equipment	53,873,882	58,872,705
Legal Charges	8,115,072	5,340,973
Printing and Stationary	17,104,354	14,714,946
Security Charges	67,592,594	45,980,011
PEST control	1,343,850	1,258,306
Sundry Expenses	876,771	492,785
Electricity expenses	29,907,350	17,871,274
Water expenses	1,588,398	764,317
Rent & Rates	20,430,116	22,244,473
Stamp Expenses	37,237	66,565
Postage Expenses	460,196	267,248
Advertisement	1,814,828	3,090,439
News Papers & Periodicals	901,140	729,880
Vehicle License	193,910	420,678
Vehicle Hiring	7,106,561	4,783,717
Accounting & Auditing expenses	3,914,546	12,453,720
Consultancy Charges	3,026,712	1,648,230
Insurance	19,172,956	16,498,255
Fuel Expenses	41,439,854	66,211,135
DESMI Project Expenses	11,252,474	-
Telephones Expenses	5,713,481	6,733,885
ESC - Write Off	-	61,367,880
Entertainment Expenses	855,257	752,260
Charity and donations	-	1,491,000
Social Security Contribution Levy (SSCL)	320,297,738	82,317,272
Internet and network chargers	746,014	1,189,050
Vehicle tracking system maintenance fee	669,000	350,250
	<u>700,350,168</u>	<u>504,988,856</u>
Total Administration Expenses	<u>1,278,077,757</u>	<u>1,032,605,140</u>

MILCO (PVT) LTD	For the Year	
DETAIL NOTES TO THE FINANCIAL STATEMENTS	Ended	For the Year Ended
FOR THE YEAR ENDED 31ST DECEMBER, 2023	31st December,	31st December,
	2023	2022
	Rs.	Rs.

IV. SELLING AND DISTRIBUTION EXPENSES

Advertisements and Sales Promotion	95,841,314	102,763,161
Sales division salaries	15,025,628	13,561,127
Transport Expenses	137,636,753	191,508,060
Sales Commission/Discount	48,510,689	44,024,764
Warehousing Chargers	1,050,187	4,235,559
OutLet Expense	144,792,535	127,006,677
Repair & Maintanance of Motor Vehicle	3,413,394	87,798
Repairs & Maintenance of Bottle Coolers	918,773	-
Fuel	6,380,650	33,603
Free issues and write off of Finish Goods	13,209,114	26,885,668
	<u>466,779,038</u>	<u>510,106,418</u>

V. OTHER EXPENSES

Stock write-off/free issue- Finish goods	35,223,778	-
Discarded Milk	2,874,225	
Stock write-off- Raw & packing materials	-	3,779,074
Cash losses	-	49,337
Expenses on Kiri Sisilakaya project	477,625	-
	<u>38,575,628</u>	<u>3,828,411</u>

VI. FINANCE INCOME

Interest on call/fixed deposit	43,217,366	40,912,097
Interest on Fixed Deposit - Foreign Currency (USD)	124,359,900	142,526,052
Interest on Distress Loan	7,447,573	7,081,405
Interest on Motor Cycle Loan	218,120	195,090
	<u>175,242,958</u>	<u>190,714,643</u>

VII. FINANCE COSTS

Interest on Bank Overdrafts	323,947,216	155,777,403
Lease Interest	171,684	943,574
Exchange losses	111,126,964	-
	<u>435,245,864</u>	<u>156,720,978</u>

