



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

FLS/C/MILCO/01/19/10

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

2023 මැයි 26 දින

සභාපති,

මිලිකෝ පුද්ගලික සමාගම

මිලිකෝ (පුද්ගලික) සමාගමේ 2019 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන සහ වෙනත් නෛතික හා නියාමන අවශ්‍යතා පිළිබඳව 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 වන වගන්තිය ප්‍රකාරව විගණකාධිපති වාර්තාව

සාරාංශික වාර්තාව සහ සහතික කරන ලද මූල්‍ය ප්‍රකාශන මේ සමඟ එවා ඇත.

එච්.පී.සී.වික්‍රමරත්න

විගණකාධිපති

දිවපත්: 01. ලේකම්, කෘෂිකර්ම අමාත්‍යාංශය

02. ලේකම්, මුදල් ආර්ථික ස්ථායීකරණ හා ජාතික ප්‍රතිපත්ති අමාත්‍යාංශය



ජාතික විගණන කාර්යාලය

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Your No.

දිනය
திகதி
Date

2023 මැයි 16 දින

සභාපති

මිලිකෝ පුද්ගලික සමාගම

මිලිකෝ පුද්ගලික සමාගමේ 2019 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 විශ්ලේෂණය

මිලිකෝ පොදුගුණික සමාගමේ (“සමාගම”) 2019 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 2019 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(1) ව්‍යවස්ථාව සමඟ සංයෝජිතව කියවිය යුතු 2018 අංක 19 දරන ජාතික විගණන පනතේ මාගේ විධානය යටතේ විගණනය කරන ලදී. ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154 (6) ව්‍යවස්ථාව ප්‍රකාරව මාගේ වාර්තාව යථා කාලයේදී පාර්ලිමේන්තුවේ සභාගත කරනු ලැබේ.

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



1.2. මතය වියාචනය සඳහා පදනම

- (අ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 01 හි 32 ඡේදය ප්‍රකාරව ප්‍රමිතයෙහි ඉඩ දී ඇති අවස්ථා වලදී හැර වත්කම්, වගකීම්, ආදායම් හා වියදම් ශේෂ හිලව් කර මූල්‍ය ප්‍රකාශන වල ඉදිරිපත් නොකළ යුතු වුවද සමාගම විසින් පිළිවෙළින් රු. 13,604,379 ක් වූ වෙළෙඳ ණයගැති බැර ශේෂ වෙළෙඳ ණයගැති හර ශේෂයටද රු. 14,875,643 ක් වූ අනෙකුත් ලැබිය යුතු බැර ශේෂ අනිකුත් ලැබිය යුතු හර ශේෂයටද හිලව් කර තිබුණි. මීට අමතරව ප්‍රධාන කාර්යාලයෙහි රු. 21,751,560 ක් වූ හර ණයහිමි ශේෂ වටිනාකම ණයහිමි බැර ශේෂයට හිලව් කර මූල්‍ය ප්‍රකාශන වල දක්වා තිබුණු අතර වෙනත් ණය හිමියන්, උපවිත ගෙවීම්, රජයේ ආයතන වලට ගෙවිය යුතු වටිනාකම හා වෙනත් පාර්ශ්වයන්ට ගෙවිය යුතු ශේෂයන් තුළ රු.237,515,813 ක හර ශේෂ වටිනාකම් ද පැවති බව නිරීක්ෂණය විය.
- (ආ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 02 අනුව පිරිවැය හෝ ශුද්ධ උපලබ්ධි අගයෙන් අඩු අගයට අවසන් තොගය මූල්‍ය ප්‍රකාශනවල දැක්විය යුතු වුවත් අඹේවෙල කර්මාන්තශාලාවේ අවසන් තොග තුළ වටිනාකම හඳුනාගත හැකි පිරිවැය රු.6,041,166 ක ඉංජිනේරු තොග අයිතම 1,556ක් හා වටිනාකම් හඳුනාගත නොහැකි ඉංජිනේරු තොග අයිතම 555 ක් ද පොළොන්නරුව කර්මාන්තශාලාවේ වටිනාකම හඳුනාගත හැකි රු.1,043,529 ක් වටිනා අමතර කොටස් 17 ක් ද වටිනාකම හඳුනාගත නොහැකි අමතර කොටස් 225 ක් ද දිගන කිරි කර්මාන්තශාලාවේ වටිනාකම හඳුනාගත හැකි රු.326,940 ක් වටිනා යන්ත්‍ර අමතර කොටස් 137 ක් රු.195,746 ක් වටිනා වාහන අමතර කොටස් 25 ක් , වටිනාකම හඳුනාගත නොහැකි යන්ත්‍ර අමතර කොටස් 35 ක් හා වාහන අමතර කොටස් 41 ක් , රු. 13,533,994 ක වටිනාකමකින් යුතු අමුද්‍රව්‍ය හා ඇසුරුම් ද්‍රව්‍ය තොග හා රු.89,690ක් වටිනා සාමාන්‍ය තොග යනාදී වසර 6 සිට වසර 28 ඉක්මවූ නිකුත් නොවන තොග පැවැති බැවින් තොගය අධි /ලාභ ගණනය වී තිබුණි.
- (ඇ) ශ්‍රී ලංකා මූල්‍ය වාර්තාකරණ ප්‍රමිති 09 යෙහි 5.5.15 ඡේදය ප්‍රකාරව වෙළඳ හා අනෙකුත් ලැබිය යුතු දෑ ශේෂය වන රු.1,191,235,517 අගය කිරීමේදී අපේක්ෂිත ණය අලාභ ක්‍රමය (Expected credit loss method) මත හානිකරණ ගැලපීම් සිදුකළ යුතු වුවත් එසේ සිදුකර නොතිබුණු බැවින් සමාලෝචිත වර්ෂයේ ලාභයත් වෙළඳ හා අනෙකුත් ලැබිය යුතු දෑ ශේෂයත් අධිගණනය වී තිබුණි.
- (ඈ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 16 හි 50 හා 51 ඡේද අනුව භාවිතයට ගනු ලබන වත්කම්වල ජීවකාලය වාර්ෂිකව සමාලෝචනය කර එලදායි ජීවකාලයක් ඇස්තමේන්තු කර ගිණුම්වල ඇස්තමේන්තු වෙනසක් ලෙස ගිණුම්ගත කළ යුතු විය. එසේ වුවත් එකතුව රු.256,221,539

ක් වූ ස්ථාවර වත්කම් අයිතම් 1567ක් සම්පූර්ණයෙන් ක්ෂය වී තිබුණද සම්පූර්ණයෙන් ක්ෂය වූ 2013 වර්ෂයේ සිට 2019 දෙසැම්බර් 31 දක්වා භාවිතා කර ඇති නමුත් ප්‍රමිතිය ප්‍රකාරව කටයුතු කර ඒවායේ ඵලදායී ජීවකාලය සමාලෝචනය කර නොතිබුණි.

(ඉ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 21 ප්‍රකාරව කිසියම් ගෙවීමක් සිදුකරනු ලබන දිනයේදී අදාළ විදේශ විනිමය අනුපාතය අනුව ගැලපිය යුතු වුවත් ගම්පහ දිස්ත්‍රික්කයේ .බඩල්ගම කර්මාන්තශාලා ව්‍යාපෘතිය සඳහා 2016 වර්ෂයේදී විදේශීය සැපයුම්කරුවෙකුට ගෙවන ලද ඩොලර් 19,180,692 ක අත්තිකාරම් මුදලින් සමාලෝචිත වර්ෂයට අදාළ කොටස කෙරීගෙන යන වැඩ ගිණුමට මාරුකිරීමේදී ගනුදෙනුව සිදුවූ දිනය අනුව විදේශ විනිමය අනුපාතය ගැලපීම වෙනුවට වර්ෂ අවසාන විනිමය අනුපාතය අනුව කෙරීගෙන යන වැඩ ගිණුමට මාරුකර තිබුණි. ඒ අනුව අත්තිකාරම් ගිණුමින් රු.210,518,165 ක් මාරුකළ යුතු වුවත් රු.217,134,563 ක් මාරු කිරීම හේතුවෙන් රු.6,616,398 ක් වැඩියෙන් කෙරීගෙන යන වැඩ ගිණුමට ගිණුම් ගත වී තිබුණි. එසේම සියයට 10 ක රඳවා ගැනීමේ මුදල ද කෙරීගෙන යන වැඩ ගිණුමට අදාළ ගනුදෙනුව සිදුවූ දිනයේදී විදේශ විනිමය අනුපාතය අනුව මාරු කළ යුතු විය. ඒ අනුව රු.70,172,722 ක් මාරු කළ යුතු වුවත් වර්ෂ අවසාන විදේශ විනිමය අනුපාතය අනුව රු.72,378,188 ක් කෙරීගෙන යන වැඩ ගිණුමට මාරු කිරීම හේතුවෙන් රු.2,205,466 ක් වැඩියෙන් ගිණුම්ගත වී තිබුණි.

(ඊ) කර්මාන්තශාලා නවීකරණ ව්‍යාපෘතිය සඳහා සමාගම, විදේශ සම්පත් දෙපාර්තමේන්තුව සමඟ ඇති කරගෙන තිබුණු ණය ගිවිසුමේ 2.04 ඡේදය අනුව ව්‍යාපෘතිය සම්බන්ධ විදේශ සම්පත් දෙපාර්තමේන්තුව විසින් දරන සියලු වියදම්, එනම් විනිමය විචලනයද සමාගම විසින් දැරිය යුතු විය. ඒ අනුව ඉහත ව්‍යාපෘතියට අදාළව 2019 දෙසැම්බර් 31 දිනට ගෙවිය යුතු ණය ශේෂය ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 21 හි 23 ඡේදය ප්‍රකාරව වර්ෂය අවසානයේ විදේශ විනිමය අනුපාතයට අගය කර ගිණුම්ගත කළ යුතුය. මේ අනුව 2013 සිට 2019 වර්ෂය දක්වා වගකීම් ලෙස ගිණුම් ගත කළ යුතු විදේශ විනිමය අනුපාත විචලනයේ අහිතකර බලපෑම වන රු.1,649,291,235ක් ගිණුම් ගත කර නොමැති බැවින් එම වටිනාකමට සමාන ප්‍රමාණයකින් සමාගමෙහි වගකීම් අඩුවෙන් දක්වා තිබුණු අතර මේ නිසා 2019 රඳවාගත් ඉපයීම් අධිගණනය වී තිබුණි. තවද මේ තුළ වූ රු.302,868,271ක වටිනාකම සමාලෝචිත වර්ෂයේ විදේශ විනිමය වෙනස්වීම ලෙස ගිණුම්වල ගළපා නොමැති වීමෙන් වර්ෂයේ ලාභය ද එම ප්‍රමාණයෙන් අධි ගණනය වී තිබුණි.

(උ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 36 හි 12 (ඊ) ඡේදය ප්‍රකාරව නිෂ්ක්‍රීයව පවතින යන්ත්‍ර සූත්‍ර සඳහා හානිකරණ ගැලපීම් සිදුකළ යුතු වුවද මණ්ඩලය විසින් රු.15,445,587 ක් පිරිවැය වූ දිගු පිහිටි කිරි කර්මාන්තශාලාව වෙත භාරදී ඇති 2014 වර්ෂයේ මිලදීගත් අයිස් ක්‍රීම් කෝන් පිරවුම් යන්ත්‍රය, කොළඹ කර්මාන්තශාලාවේ සවි කිරීම සඳහා 2011 ජනවාරි 20 දින කල්බදු

පදනමට මිලදීගත් රු.104,177,779 ක් වටිනා යෝගට් මිශ්‍ර කිරීමේ යන්ත්‍රය, කොළඹ කිරි කර්මාන්තශාලාවේ මුළු වටිනාකම රු.2,275,000 ක් වන යන්ත්‍ර 4ක් හා සම්බන්ධයෙන් ඒ අනුව කටයුතු කර නොතිබුණි.

- (ඌ) ගම්පහ දිස්ත්‍රික්කයේ බඩල්ගම කිරි සැකසුම් කර්මාන්තශාලාව ස්ථාපිත කිරීම සඳහා 2015 වර්ෂයේදී රු.9,932,709,286ක කොන්ත්‍රාත් වටිනාකමකට ගිවිසුම්ගත වී 2019 දෙසැම්බර් 31 දිනට රු.11,671,726,295ක් වැය කර තිබුණු අතර ව්‍යාපෘතියේ ඉදිකිරීම් කටයුතු මේ වන විට ක්‍රියාත්මක කරමින් පැවතුණි. වර්තමානයේ ඉදිවෙන මෙම කර්මාන්තශාලාව නිම වීමෙන් පසු යන්ත්‍ර ධාරිතාවය අනුව දිනකට සමාගමට දියර කිරි ලීටර් 400,000 ක් අවශ්‍ය බව ඇස්තමේන්තු කර තිබුණි. වර්තමානයේ අඹේවෙල,පොළොන්නරුව,දිගන හා කොළඹ යන අනෙකුත් ක්‍රියාකාරී කර්මාන්තශාලා 04 සඳහා ආයතනයට එකතු කළ හැකි දෛනික දියර කිරි ප්‍රමාණය ලීටර් 200,000 ක් පමණ වන බැවින් මෙම බඩල්ගම යන්ත්‍ර සම්පූර්ණ ධාරිතාවයෙන් භාවිතා කළ නොහැකි බව නිරීක්ෂණය විය. ඒ අනුව සවිකර ඇති මෙම යන්ත්‍ර සඳහා ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 36 හි 12 (ඊ) ඡේදය ප්‍රකාරව භානිකරණ ගැලපීම් සිදුකර නොතිබුණි.
- (ඍ) අඹේවෙල කිරි කර්මාන්තශාලාවේ අබණ්ඩ බල සැපයුම් ඒකකය (UPS) මිලදී ගැනීමේ ඇණවුම පිරිනැමීමෙන් පසු අධ්‍යක්ෂ මණ්ඩලය විසින් එය අවලංගු කිරීම නිසා සැපයුම්කරු විසින් රු.මිලියන 40ක අලාභ ඉල්ලා සමාගමට එරෙහිව නඩු පවරා තිබුණු අතර ඒ සම්බන්ධයෙන් ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති 37 හි 86 ඡේදය ප්‍රකාරව මූල්‍ය ප්‍රකාශනවල සටහන් මගින් හෙළිදරව් කර නොතිබුණි.
- (ඎ) සමාලෝචිත වර්ෂයේ කෙරිගෙන යන වැඩ තුළ ඇතුළත් රු.805,860,149ක් වැයකළ ව්‍යාපෘති 3ක් නිම කර තිබුණද සම්පූර්ණ කිරීමේ සහතිකයක් නොලැබීම මත එම වටිනාකම් ප්‍රාග්ධනිත කිරීමට කටයුතු කර නොතිබුණි. තවද එම ශේෂය තුළ ඇතුළත් අඹේවෙල කිරි කර්මාන්තශාලාවේ සංවර්ධන ව්‍යාපෘතිය වෙනුවෙන් සමාලෝචිත වර්ෂය දක්වා රු.71,342,562ක් වියදම් කර ව්‍යාපෘතිය නිමකර තිබුණ ද ව්‍යාපෘති ද ප්‍රාග්ධනිත කිරීමට කටයුතු කර නොතිබුණි.
- (ඏ) මූල්‍ය තත්ත්ව ප්‍රකාශනයේ ස්ථාවර වත්කම් රු. 6,065,801,089ක වටිනාකමක් පෙන්නුම් කළද ස්ථාවර වත්කම් සම්බන්ධයෙන් භෞතික සත්‍යාපනයක් කර නොතිබූ අතර, නිසි පරිදි නඩත්තු කරන ලද ස්ථාවර වත්කම් ලේඛනයක් ද සමාගම විසින් පවත්වා නොගන්නා බැවින් ස්ථාවර වත්කම් වල පිරිවැය, පැවැත්ම, ක්ෂය ගණනය කිරීම් ඉවත් කරන ලද වත්කම් වල පිරිවැය ආදියෙහි නිවර්දිතාවය විගණනයේදී සතුටුදායක ලෙස පරීක්ෂා කළ නොහැකි විය .

- (ඕ) මූල්‍ය ප්‍රකාශන අනුව දේපළ පිරිසිදු උපකරණ සම්බන්ධ ප්‍රතිපත්තියෙහි ගොඩනැගිලි, පිරිසිදු හා උපකරණ, ගෘහභාණ්ඩ හා සවිකිරීම්, විද්‍යාගාර උපකරණ, මෝටර් රථ, මෙවලම් හා උපකරණ සහ කාර්යාල උපකරණයන්හි ඵලදායී ජීවිත කාලය නිශ්චිතව දක්වා නොතිබුණු අතර සමාගමේ ප්‍රතිපත්ති අනුව මෝටර් රථ වල ඵලදායී ජීවිත කාලය අවුරුදු 08 සිට 15 දක්වා වුවත් පොළොන්නරුව කිරි කර්මාන්තශාලාවේ ස්ථාවර වත්කම් ලේඛනය අනුව මෝටර් රථ වල ඵලදායී ජීවිත කාලය අවුරුදු 04ක් ලෙස ගෙන වත්කම් ක්ෂය කර ඇති බව නිරීක්ෂණය විය. ඒ අනුව සමාගමේ ක්ෂය ප්‍රතිපත්තිය නිශ්චිත නොවීමක් නිරීක්ෂණය විය.
- (ක) සමාලෝචිත වර්ෂයේ ප්‍රධාන කාර්යාලයේ අවසන් තොග තුළ රු.4,263,869ක වටිනාකමකින් යුතු නිකුත් නොවන ඇසුරුම් ද්‍රව්‍ය තොග ද රු.46,162ක වටිනාකමකින් යුතු නිකුත් නොවන සාමාන්‍ය තොග ද පවතින බව නිරීක්ෂණය වූ අතර ඇසුරුම් ද්‍රව්‍ය අවසන් වතාවට නිකුත් වූ දිනෙන් පසුව වසර 04 සිට වසර 09ක කාලයක් දක්වා භාවිතා නොකර පැවතුණි. සාමාන්‍ය තොගය අවුරුදු 17 ක් පැරණි බව නිරීක්ෂණය වූ අතර මෙම තොග භාවිතයට ගත නොහැකි බැවින් එම ප්‍රමාණයෙන් තොග අධිගණනය වී තිබුණි.
- (කා) 2019 මූල්‍ය ප්‍රකාශය තුළ ඌන තොග වෙනුවෙන් රු. 12,096,362ක වෙන්කිරීමක් සිදුකර ඇති අතර මෙම වෙන්කිරීම තුළ ඇසුරුම් ද්‍රව්‍ය, සාමාන්‍ය තොග, ඉංජිනේරු තොග ඇතුළත් වී තිබුණි. මේ අනුව, මෙම ඌන තොග සම්බන්ධයෙන් පරීක්ෂණ සිදු කර වගකිව යුතු නිලධාරීන් ගෙන් අයකර ගැනීම සිදුනොකර තොගයෙන් අඩුකර පෙන්වා තිබුණි. එම වටිනාකම සඳහා උපලේඛන ද විගණන දිනය වූ 2022 සැප්තැම්බර් 30 දින වන විටත් විගණනය වෙත ඉදිරිපත් කර නොතිබුණි.
- (කැ) 2016 වර්ෂයට පෙර සිට පැවත එන භාවිතයට නොගන්නා රු. 15,699,277 ක් වටිනා කිරිපිටි ඇසුරුම් කිලෝ ග්‍රෑම් 17,750ක් අඹේවෙල කර්මාන්තශාලාවේ පැවතියද 2019 දෙසැම්බර් 31 දිනට ඒවා යල්පැන ගිය තොග ලෙස හඳුනාගෙන නොතිබුණි.
- (ඛ) සමාගමේ මූල්‍ය තත්ත්ව ප්‍රකාශනය සමඟ ඉදිරිපත් කරන ලද උපලේඛනය අනුව 2019 දෙසැම්බර් 31 දිනට නිෂ්පාදන තොග වටිනාකම දිගත කිරි කර්මාන්තශාලාවේ රු.18,682,897 ක් ද , කොළඹ කිරි කර්මාන්තශාලාවේ රු.32,549,875 ක් හා ටියුනිස් අංශයේ ඇසුරුම් තොගය රු.10,327,148 ක් ද වන නමුත් එම එක් එක් කිරි කර්මාන්තශාලාවල නිෂ්පාදන ගිණුම්වල ගලපා ඇති අවසාන නිෂ්පාදන තොග වටිනාකම් පිළිවෙලින් රු.24,578,706 ක් ද ,රු.66,693,720 ක් හා රු.44,017,045 ක් විය.ඒ අනුව 2019 දෙසැම්බර් 31 දිනට මූල්‍ය ප්‍රකාශනයේ මූල්‍ය තත්ත්ව ප්‍රකාශනයේ හා කිරි කර්මාන්ත ශාලාවල නිෂ්පාදන

ගිණුම්වල ගලපා ඇති අවසාන නිෂ්පාදන තොග වටිනාකම් අතර පිළිවෙලින් රු.5,895,809 ක , රු.34,143,845 ක හා රු.33,689,897 ක වෙනසක් නිරීක්ෂණය විය.

- (කී) මූල්‍ය ප්‍රකාශන අනුව කර්මාන්තශාලා සේවක ණය පොලී ආදායම රු.6,818,527ක් වුවද කර්මාන්තශාලා මූල්‍ය ප්‍රකාශන අනුව එම වටිනාකම රු.5,554,487ක් වූයෙන් රු.1,264,040ක වෙනසක් නිරීක්ෂණය විය.
- (කී) සමාගම විසින් විගණනයට ඉදිරිපත් කරන ලද අලුත් කිරීමේ නිවේදන අනුව ස්ථාවර තැන්පතු පොලී වටිනාකම රු.21,871,329ක් වුවද සමාලෝචිත වර්ෂයේ මූල්‍ය ප්‍රකාශනයන්හි එම වටිනාකම රු.19,921,714ක් ලෙස දක්වා තිබීම හේතුවෙන් පොලී ආදායම රු.1,949,615ක් අඩුවෙන් ද 2019 වර්ෂය සඳහා මූල්‍ය ප්‍රකාශනයන්හි දැක්විය යුතු ඩොලර් තැන්පතු පොලී වටිනාකම රු.20,585,179ක් විය යුතු වුවද මූල්‍ය ප්‍රකාශන අනුව එම වටිනාකම රු.23,178,274ක් වූයෙන් රු.2,593,095ක් වැඩියෙන්ද මූල්‍ය ප්‍රකාශනවලට ගෙන ඇති බවද නිරීක්ෂණය විය.
- (කු) කොළඹ කර්මාන්තශාලාවට අදාළ අංක 2065230 දරන ලංකා බැංකු ජංගම ගිණුමට හා අඹේවෙල කර්මාන්තශාලාව සඳහා අංක 134-1-001-2-2083302 දරන මහජන බැංකු ජංගම ගිණුමට අදාළව බැංකු සැසඳුම් ප්‍රකාශ විගණනයට ඉදිරිපත් කර නොතිබුණු අතර ශේෂ සනාථන ලිපි අනුව බැංකු ශේෂය පිළිවෙලින් රු.3,050,801, හා රු.70,996ක් විය.
- (කු) 2020 වර්ෂයේ ජුනි 30 දින කල් පිරීමට නියමිත රු.12,662,825ක්වූ ඩොලර් තැන්පතුවට අදාළ පොලිය, ලැබිය යුතු පොලිය ලෙස නොපෙන්වා තැන්පතු ගිණුමට හරකිරීම නිසා ඩොලර් තැන්පතුවේ වටිනාකම අධිගණනය වී තිබුණු අතර ලැබියයුතු පොලිය එම වටිනාකමින් උන ගණනය වී තිබුණි. තවද 2020 වසරේදී කල් පිරෙන දිගුකාලීන ස්ථාවර තැන්පතු ශේෂය සඳහා ලැබිය යුතු රු.4,097,600ක පොලිය ද ලැබිය යුතු පොලිය සේ නොපෙන්වා තැන්පතු ශේෂයට හර කිරීම නිසා දිගුකාලීන ස්ථාවර තැන්පතු ශේෂය අධිගණනය වී ලැබිය යුතු පොලිය එම වටිනාකමින් උන ගණනය වී තිබුණි.
- (කෙ) මූල්‍ය ප්‍රකාශනයන්හි සඳහන් රු.424,278,363ක් වූ වියදම් ණයහිමියන් හා රු.114,908,066ක් වූ වෙනත් ණයහිමි ශේෂ සඳහා කාල විශ්ලේෂණයක් විගණනයට ඉදිරිපත් කර නොතිබුණු බැවින් දිගුකාලීනව නිරවුල් නොවන ශේෂ පිළිබඳව සතුටුදායක ලෙස පරීක්ෂා කිරීමට නොහැකි විය.
- (කේ) බදු සඳහා වෙන්කිරීම් ශේෂය තුළ 2000 වර්ෂයට පෙර සිට පැවත එන රු.8,425,296ක ආදායම් බදු දඩ මුදල් වෙනුවෙන් වූ වෙන්කිරීම් ශේෂයක් පැවති අතර එම ශේෂය නිරවුල් කිරීමට කටයුතු කර නොතිබුණි.

- (කො) සමාගමේ ප්‍රධාන කාර්යාලයෙහි රු.9,583,244ක රඳවාගත් කොන්ත්‍රාත් තැන්පතු ශේෂයෙන් වසර 5කට වැඩි වටිනාකම රු.6,756,059ක් එනම් සියයට 70.5ක් වූ අතර එම තැන්පතු ආදායමට ගැනීම පිළිබඳ කළමනාකරණය සිය අවධානය යොමු කර නොතිබුණි.
- (කෝ) සමාලෝචිත වසරේ රු.67,714,812ක් වූ විශ්‍රාම ප්‍රතිලාභ ආයුගණන අලාභය වර්ෂයේ විකුණුම් පිරිවැයෙන් අඩුකර තිබුණු නිසා විකුණුම් පිරිවැය එම වටිනාකමින් අඩු වී තිබුණි.
- (ග) කොළඹ කිරි කර්මාන්තශාලාවේ වසර 10 ඉක්මවූ වෙළඳ ණයගැති වටිනාකම රු.12,081,861ක් වන අතර එය මුළු වෙළඳ ණයගැති වටිනාකමෙන් සියයට 5කි. සමාගම විසින් මෙම දිගුකාලයක් පුරා පවතින ණය ශේෂ අයකර ගැනීමට කටයුතු කර නොතිබුණු අතර වසර 5-10 අතර වටිනාකම රු.15,075,786ක්ද වසර 1-5 අතර වටිනාකම රු.33,113,941 වූ අතර එම වටිනාකම මුළු වෙළඳ ණයගැති වටිනාකමෙන් පිළිවෙලින් සියයට 6ක් හා සියයට 13ක් විය. මේ අනුව මෙම ණය ශේෂ අයකර ගැනීම අවිනිශ්චිත බව නිරීක්ෂණය කෙරේ.
- (ගා) කොළඹ කිරි කර්මාන්තශාලාවේ අත්තිකාරම්, තැන්පතු හා කලින් ගෙවීම්වල ඇතුළත් වසර 1 සිට වසර 13 දක්වා වූ රු.1,484,000ක් වටිනාකමින් යුතු ශේෂ නිරවුල් කර ගැනීමට කටයුතු කර නොතිබුණු අතර රු.150,000ක් වටිනා තැන්පතු බැර ශේෂයක් තැන්පතු හර ශේෂයට හිලව් කර දක්වා තිබුණි.
- (ගැ) භාණ්ඩාගාරයේ විදේශ සම්පත් දෙපාර්තමේන්තුවේ අධ්‍යක්ෂ ජනරාල්ගේ 2022 සැප්තැම්බර් 08 දිනැති අංක TO/REV/05/33/06 යන ලිපියට අනුව කිරි කර්මාන්තශාලා නවීකරණ ව්‍යාපෘතිය සඳහා ලබා දී ඇති ණය මුදලින් භාවිතා නොකරන ලද ණය ශේෂය මත අයකරන ලද බැඳීම් ගාස්තුව (commitment charges) රු.56,821,121ක් වුව ද මූල්‍ය ප්‍රකාශනවල එම වගකීම ගිණුම්ගත කර නොතිබුණි.
- (ගඞ) අමෙවෙල කර්මාන්තශාලා මූල්‍ය ප්‍රකාශනයන්හි වෙළඳ හා අනෙකුත් ණයගැති ශේෂය රු.89,206,616ක් වුවද ණයගැති කාල විශ්ලේෂණයේ එකතුව රු.50,992,402ක් විය.ඒ අනුව රු.38,214,214 ක වෙනසක් නිරීක්ෂණය විය.
- (ගි) දිගු කර්මාන්තශාලා මූල්‍ය ප්‍රකාශනයන්හි වෙළඳ ණයගැති ශේෂය රු.264,324,904ක් වුවද ණයගැති කාල විශ්ලේෂණ අනුව එය රු.262,523,544 ක් විය.ඒ අනුව රු.1,801,360 ක වෙනසක් නිරීක්ෂණය විය. ඉදිරිපත් කරන ලද රු.262,523,544ක් වූ වෙළඳ ණයගැති

වටිනාකමින් වසර 05 ඉක්මවූ වෙළෙඳ ණයගැති ශේෂ වටිනාකම රු.6,345,394 විය. මෙම ණය අයකර ගැනීමට සමාගම නිසි ක්‍රියාමාර්ග ගැනීමකින් තොරව එම ගනුදෙනුකරුවන්ට තවදුරටත් විකුණුම් සිදුකර තිබුණු අතර මෙලෙස එම විකුණුම් සඳහා අනුමැතිය, ණය විකුණුම් සීමාව, ණය එකතු කිරීමේ කාලය ආදිය පිළිබඳ තොරතුරු ද විගණනයට ඉදිරිපත් කර නොතිබුණි.

- (ගී) පොල්ගහවෙල සත්ත්ව ආහාර නිෂ්පාදනාගාරයේ 2019 දෙසැම්බර් 31 දිනට වෙළඳ ණයගැති ශේෂය වන රු.3,305,948 තුළ සත්ත්ව ආහාර ණයගැති ශේෂය රු.1,122,395ක් වූ අතර එය මුළු වෙළඳ ණයගැති ශේෂයෙන් සියයට 38ක් විය. මෙම ණයගැති ශේෂය වසර 15ක් පුරා අයකර ගැනීමට සමාගම කටයුතු කර නොතිබුණි. රු.4,648,463ක් වූ ප්‍රවාහන ණයගැති ශේෂය වසර 10-15ක කාලයක සිට පැවත එන අතර එය මුළු ප්‍රවාහන ණයගැතියන්ගේ වටිනාකමෙන් සියයට 46ක් විය. මෙම ණය අයකර ගැනීම අවිනිශ්චිත බව නිරීක්ෂණය කෙරේ.
- (ඉ) මූල්‍ය ප්‍රකාශනවල සටහන් අංක 14.1 යටතේ විලම්භිත බදු වත්කම් ලෙස රු.256,269,701ක් දක්වා ඇති අතර එම විලම්භිත බදු වත්කම් ගණනය කිරීමේදී තොග වෙන්කිරීම් වලට අදාළ විලම්භිත බද්ද වන රු.1,693,491ක් නොගැළපීම හේතුවෙන් විලම්භිත බදු වත්කම රු.1,693,491කින් උභත ගණනය වී තිබුණි.
- (ඊ) මූල්‍ය ප්‍රකාශනයෙහි අන්තර්ගත ජාතිය ගොඩනැගීමේ බදු වටිනාකම සමඟ එක් එක් කර්මාන්තශාලා ගිණුම්වල ජාතිය ගොඩනැගීමේ බදු වටිනාකම සැසඳීමේදී අඹේවෙල කිරි කර්මාන්තශාලාව, පොළොන්නරුව කිරි කර්මාන්තශාලාව හා පොල්ගහවෙල කර්මාන්තශාලා යන ගිණුම්වල එකතුව රු.465,989ක වෙනසක් නිරීක්ෂණය විය.
- (ඊ) 2019 දෙසැම්බර් 31 දිනට සමුච්චිත ක්ෂය වටිනාකම මූල්‍ය තත්ත්ව ප්‍රකාශනයේ සටහන අංක 3 අනුව රු.3,214,024,197 ක් වන නමුත් විගණනයට අනුව එදිනට එම ශේෂය රු.3,217,236,716 ක් වූ බැවින් රු.3,212,519ක වෙනසක් නිරීක්ෂණය විය.
- (ඊ) 2019 දෙසැම්බර් 31 දිනට කිරි කර්මාන්තශාලා නවීකරණ ව්‍යාපෘතිය හා බඩල්ගම නව කර්මාන්තශාලා ව්‍යාපෘතිය යන ණය වැඩසටහන් 02 හි ණය ශේෂයන් භාණ්ඩාගාර වාර්තාවට අනුව පිළිවෙලින් රු.5,685,332,903 හා රු.9,840,374,273 වූ අතර සමාගමේ මූල්‍ය ප්‍රකාශන වලට අනුව කිරි කර්මාන්තශාලා නවීකරණ ව්‍යාපෘතිය හා බඩල්ගම නව කර්මාන්තශාලා ව්‍යාපෘතිය ණය ශේෂයන් පිළිවෙලින් රු.6,632,493,444 හා



රු.11,782,003,429 විය. ඒ අනුව පිළිවෙලින් රු.947,160,541ක හා රු.1,941,629,156ක වෙනස්කම් නිරීක්ෂණය විය.

(ගො) මුදල් අමාත්‍යාංශයේ භාණ්ඩාගාර මෙහෙයුම් දෙපාර්තමේන්තුවේ අධ්‍යක්ෂ ජනරාල්ගේ 2022 සැප්තැම්බර් 08 දිනැති අංක TO/REV/05/33/06 දරන ලිපියට අනුව කිරි කර්මාන්තශාලා නවීකරණ ව්‍යාපෘතිය යටතේ සමාලෝචිත වර්ෂයේ අවසන් දිනට ගෙවිය යුතු ණය ශේෂය රු.5,476,523,562 ක් වුවත් සමාගමේ මූල්‍ය ප්‍රකාශ තුළ එය රු.6,632,493,444 ක් ලෙස දැක්වීමෙන් එම ශේෂය රු.1,155,969,882 ක් අධිගණනය වී තිබුණි. සමුච්චිත ගෙවිය යුතු පොලිය වූ රු.886,412,722 ක් ද ගිණුම්ගත කර නොතිබුණු බැවින් සමුච්චිත ලාභය හා ගෙවිය යුතු පොලිය එම ප්‍රමාණයෙන් අඩුවෙන් දක්වා තිබුණි. තවද සමාලෝචිත වර්ෂයට අදාළ ගෙවිය යුතු පොලිය රු.760,127,701 ගිණුම්ගත නොකිරීම නිසා සමාලෝචිත වර්ෂයේ ලාභය එම ප්‍රමාණයෙන් අධිගණනය වී ගෙවිය යුතු පොලිය අවගණනය වී තිබුණි.

(ගෝ) 2019 දෙසැම්බර් 31 දිනට මූල්‍ය ප්‍රකාශන අනුව දේපළ පිරියත හා උපකරණවල පිරිවැය, එකතූකිරීම් හා වාර්ෂික ක්ෂය වටිනාකම පිළිවෙලින් රු.9,283,037,804, රු.142,023,141 හා රු.527,623,340ක් වුවද ප්‍රධාන කාර්යාලය, කිරි කර්මාන්තශාලා 4 සහ පොල්ගහවෙල ගව ආහාර ගොවිපළෙහි මූල්‍ය ප්‍රකාශනයන් හි එම වටිනාකම්වල එකතුව පිළිවෙලින් රු.9,279,686,960, රු.141,872,240 ක් හා රු.527,610,766ක් වන බැවින් පිළිවෙලින් රු.3,305,844, රු.150,901ක් හා රු.12,574ක වෙනසක් විය.

(න) 2019 වර්ෂයේ රු.47,180,280ක් වූ ලියාහරින ලද කිරි ආශ්‍රිත නිෂ්පාදිත භාණ්ඩත් රු.7,978,511 ක් වූ අමුද්‍රව්‍ය/ ඇසුරුම් ද්‍රව්‍ය සඳහා සඳහාත් අදාළ අනුමැතීන් හා හේතු විගණනයට ඉදිරිපත් කර නොතිබුණි. තවද, සමාලෝචිත වර්ෂය තුළ නොමිලේ නිකුත් කරන ලද කිරි ආශ්‍රිත නිෂ්පාදන වල වටිනාකම රු.11,756,219 කට අදාළ අනුමැතීන් සහ නිකුත් කළේ කාටද යන විස්තර ඇතුළත් ලිපිගොනු විගණනයට ඉදිරිපත් කර නොතිබුණි.

(ආ) සමාලෝචිත වසරේ සමාගමේ මුළු ජංගම වත්කම් වටිනාකම රු.2,509,695,611 වූ අතර මුළු ජංගම වගකීම් වටිනාකම රු.2,298,345,024 විය. ඒ අනුව, සමාගමේ ජංගම වත්කම් අනුපාතය ප්‍රශස්ත මට්ටමක නොපවතින බව නිරීක්ෂණය කෙරේ. සමාගම විසින් කොළඹ කර්මාන්තශාලාවේ නිෂ්පාදන තොග, ඇසුරුම් තොග සහ අනෙකුත් වලනය කළ හැකි වත්කම් ඇපයට තබා රු.මිලියන 600ක බැංකු අයිරාවක් ලංකා බැංකුවෙන් ලබාගෙන තිබුණ අතර ණයගැතියන්ගෙන් ලැබිය යුතු පසු දින සඳහන් චෙක්පත් ඇපයට තැබීමෙන් ලංකා බැංකුවෙන් රු.මිලියන 75ක සහ පැන් ඒෂියා බැංකුවෙන් රු.මිලියන 300ක කෙටිකාලීන ණය පහසුකම් ලබා ගෙන තිබුණි. ඒ අනුව සමාගමේ ජංගම වත්කම් වල ඇතුළත් තොග සහ

ණයගැනියන් කෙටිකාලීනව අවශ්‍ය පරිදි නිෂ්කාශනය කර ගැනීමට මෙම ඇප තැබීමෙන් සමඟ නොහැකි වීම නිසා සමාගම කාරක ප්‍රාග්ධන අවශ්‍යතා පිළිබඳ ගැටලුවකට මුහුණදී ඇති බව නිරීක්ෂණය විය.

- (නැ) සමාගමෙහි මූල්‍ය ප්‍රකාශනයෙහි සටහන් අංක 15.1.4 යටතේ මහා භාණ්ඩාගාරයෙන් ලබාගත් ණයෙහි ආරම්භක ශේෂය රු.17,921,082,356 ක් වුවද උපලේඛනයට අනුව එම ණය ශේෂය රු.17,920,826,970 වූයෙන් රු.255,386 ක වෙනසක් නිරීක්ෂණය විය.
- (නැ) ප්‍රධාන කාර්යාලයෙහි උපලේඛනය අනුව ණයහිමි ශේෂය රු.204,172,625 ක් වූ අතර රු.9,406,733ක හර ශේෂ ද විය. එම ණයහිමි ශේෂයෙන් වසර 1ත් 5ත් අතර ශේෂය රු.5,048,684 ක් හා වසර 5ට වැඩි මුළු ණයහිමි ශේෂය රු.7,008,243ක් වූ අතර සමාලෝචිත වර්ෂය අවසාන වන විටත් එම ශේෂ නිරවුල් කිරීමට ආයතනය විසින් කටයුතු කර නොතිබුණි.
- (නි) සමාගම සතු ස්ථාවර තැන්පතු රු.209,097,006ක් හා රු.205,000,000ක් ඇප ලෙස තබා මහජන බැංකුවෙන් රු.139,500,000ක් හා පැන් ඒෂියා බැංකුවෙන් රු.100,000,000 ක අයිතවත් ලබා ගෙන තිබුණි. තවද සමාගම සතුව ඇති ඇ.ඩොලර්. ස්ථාවර තැන්පතුවෙන් ඇ.ඩොලර් 2,920,652.78ක් ඇප ලෙස තබා ලංකා බැංකුවෙන් රු. 700,000,000 ක් ද තවත් ඇ.ඩොලර් 2,920,652.78ක් ඇප තබා ලංකා බැංකුවෙන් රු. 120,000,000 ක ණයක් ද ලබා ගෙන තිබුණි.

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

1.3 මූල්‍ය ප්‍රකාශන පිළිබඳ කළමනාකරණයේ සහ පාලනය කරන පාර්ශවයන්ගේ වගකීම

මෙම මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිතීන්ට අනුකූලව පිළියෙල කිරීම හා සාධාරණ ලෙස ඉදිරිපත් කිරීම සහ වංචා හෝ වැරදි හේතුවෙන් ඇතිවිය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශයන්ගෙන් 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 ඈවර 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 සම්බන්ධ 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 විශ්වාසනීය 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 නෛතික හා නියාමන අවශ්‍යතා පිළිබඳ වාර්තාව

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

- 2007 අංක 7 දරන සමාගම් පනතේ 163 (2) (ඇ)වගන්තියේ සහ 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (අ) වගන්තියේ සඳහන් අවශ්‍යතාවන් අනුව විගණනය සඳහා අවශ්‍ය සියලු තොරතුරු සහ පැහැදිලි කිරීම් මා හට ලබා ගැනීමට නොහැකි වූ අතර, මාගේ පරීක්ෂණයෙන් පෙනී යන ආකාරයට නිසි මූල්‍ය වාර්තා සමාගම පවත්වාගෙන ගොස් ඇති බව නිශ්චය කිරීමට මා හට නොහැකි විය.

- මෙම වාර්තාවේ මතය විශාලනය සඳහා පදනම ඡේදයේ දක්වා ඇති කරුණු වලින් වන බලපෑම හැර, සමාගමේ මූල්‍ය ප්‍රකාශන, 2007 අංක 07 දරන සමාගම් පනතේ 151 වගන්තියෙහි අවශ්‍යතාවයන්ට අනුකූල බව,
- 2018 අංක 19 දරන ජාතික විගණන පනතේ 6 (1) (ඇ) (iii) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ මූල්‍ය ප්‍රකාශන ඉකුත් වර්ෂය සමඟ අනුරූප බව.

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

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

නිකිරිකි/විධානයට යොමුව

විස්තරය

(අ) අංක පීඊඩී/12
 දරන 2003 ජුනි 02 දිනැති
 රාජ්‍ය ව්‍යාපාර චක්‍රලේඛය

(i) 6.5.1 වගන්තිය

ගිණුම් වර්ෂය අවසන් වී දින 60ක් ඇතුළත මූල්‍ය ප්‍රකාශන සහ කෙටුම්පත් වාර්ෂික වාර්තාව විගණකාධිපති වෙත ඉදිරිපත් කළ යුතු වුවත් 2019 වර්ෂයේ මූල්‍ය ප්‍රකාශන ඉදිරිපත් කර තිබුණේ 2022 ජුනි 29 වන දිනය.ඒ අනුව දින 850 ක් ප්‍රමාද වී තිබුණි.

(ii) 4.2.6 වගන්තිය

කාර්යසාධන වාර්තා/ ප්‍රගති වාර්තා පිළියෙල කර ඉදිරිපත් කළ යුතු නමුත් 2019 වර්ෂය වෙනුවෙන් එසේ වාර්තා ඉදිරිපත් කර නොතිබුණි.

(iii) 5.1.2 වගන්තිය

ව්‍යාපාරික සැලැස්මට ඇතුළත් විය යුතු සංවිධාන ව්‍යුහය හා කාර්යය සාධන දර්ශක යන කරුණු 2018, හා 2019 වෙනුවෙන් පිළියෙල කරන ලද ව්‍යාපාරික සැලැස්මෙහි ඇතුළත් කර නොතිබුණි.

(ආ) 2014 පෙබරවාරි 17 දිනැති
 අංක 01/2014 දරන රාජ්‍ය
 මුදල් චක්‍රලේඛය

(i) 5(2) වගන්තිය

පිළියෙල කරන ලද ක්‍රියාකාරී සැලැස්මට අන්තර්ගත විය යුතු වාර්ෂික අයවැය ලේඛනයේ මූල්‍ය තත්ව ප්‍රකාශය හා මුදල් ප්‍රවාහ ප්‍රකාශය හා වර්ෂය සඳහා ණය අපසු ගෙවීමේ සැලැස්මක් පිළියෙල කර නොමැති අතර ඒ වෙනුවට 2019 වර්ෂය වෙනුවෙන් 2019 දෙසැම්බර් 31 දින වන විට ආපසු ගෙවූ ණය විස්තර ඇතුළත් ආකෘතියක් විගණනයට ඉදිරිපත් කර තිබුණි.

- 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (උ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ බලතල, කර්තව්‍ය සහ කාර්යයන්ට අනුකූල නොවන ලෙස කටයුතු කර ඇති බව.
- 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (ඌ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව පහත සඳහන් නිරීක්ෂණ හැර සමාගමේ සම්පත් සකසුරුවම් ලෙස, කාර්යක්ෂම ලෙස සහ ඵලදායී ලෙස කාලසීමාවන් තුළ අදාළ නීතිරීති වලට අනුකූලව ප්‍රසම්පාදනය කර භාවිතා කර නොමැති බව.
- (ආ) බඩල්ගම කිරි සැකසුම් කර්මාන්ත ශාලාව ස්ථාපිත කිරීම සඳහා රු.9,718,217,432 (යු.රෝ 63,935,641) ක කොන්ත්‍රාත් වටිනාකමකට 2016 වර්ෂයේ විදේශ කොන්ත්‍රාත් සමාගමක් සමග ගිවිසුම්ගතවී තිබුණු අතර එය 2019 වසරේදී අවසන් කිරීමට නියමිත විය. 2019 දෙසැම්බර් 31 දිනට රු.11,671,726,295 ක් වැය කර ව්‍යාපෘතිය ක්‍රියාත්මක කරමින් පැවතුණි. බඩල්ගම කිරි කර්මාන්තශාලාව ඉදිකිරීමේ කොන්ත්‍රාත් කටයුතු රජයේ ප්‍රසම්පාදන මාර්ගෝපදේශයෙන් බැහැරව විදේශීය ඉදිකිරීම් සමාගමකට ලබා දී තිබුණි. මෙම ව්‍යාපෘතිය ලංසු නොමැති ව්‍යාපෘතියක් (Unsolicited Project) ලෙස ක්‍රියාත්මක වී ඇති අතර ඊට අදාළ ප්‍රසම්පාදන මාර්ගෝපදේශ අතිරේක 23 හි 3 වගන්තිය යටතේ දක්වා ඇත්තේ විශේෂ

තාක්ෂණික ඥාණයකින් යුත් කොන්ත්‍රාත්කරුවන් සොයාගත නොහැකි ව්‍යාපෘති වලට පමණක් මෙසේ Unsolicited ව්‍යාපෘති ලෙස ක්‍රියාත්මක කළ හැකි බවයි. නමුත් මෙවැනි කර්මාන්තශාලාවක් ඉදිකිරීම ජාත්‍යන්තර මිල කැඳවුම් මගින් කොන්ත්‍රාත්කරුවකු සොයා ගැනීමේ හැකියාවක් ඇති බැවින් ඉදිකිරීම් පිරිවැය සඳහා ගිවිසුම්ගත රු.9,718,217,432 (යු,රෝ 63,935,641) ක මුදල ලබාගැනීමට තිබුණු අවම ලංසුව බව පිළිගත නොහැකිව තිබුණි.

- (ආ) 2017 වර්ෂයේ ආරම්භ කළ දිගු කිරි කර්මාන්තශාලාවේ කාර්යාල ගොඩනැගිල්ල ඉදිකිරීම් යටතේ වූ ප්‍රසම්පාදන කටයුතු පරීක්ෂා කිරීම සඳහා ගෙවීම් වලට අදාළ වවුචර් පත්, ඉංජිනේරු විසින් සහතික කරන ලද කළ වැඩ පත්‍රිකා සහ කොන්ත්‍රාත් ගිවිසුම ආදී විස්තර ඇතුළත් ප්‍රසම්පාදන ලිපිගොනු ඉල්ලා සිටි නමුත් විගණනට ඉදිරිපත් නොකිරීම මත සමාලෝචිත වර්ෂය තුළ ගෙවා තිබුණු රු.10,222,824 ක ගෙවීම් පරීක්ෂා කිරීමට නොහැකි විය.
- (ඇ) බඩල්ගම නව කිරි කර්මාන්තශාලා ව්‍යාපෘතියට අදාළව සමස්ත පිරිවැය වූ යුරෝ 63,935,641ක් වෙනුවෙන් ඇස්තමේන්තු පිළියෙල කිරීමේදී උපදේශනය වෙනුවෙන් මුදල් ප්‍රතිපාදනය කර නොතිබුණි. සමාලෝචිත වර්ෂයේදී ව්‍යාපෘතිය සඳහා රු.3,231,715 ක් කොන්ත්‍රාත්කරුට ගෙවා තිබුණු අතර ඉන් රු.1,000,000 උපදේශනය වෙනුවෙන් සමාගමට ගෙවා තිබුණි. එම උපදේශන සමාගම තෝරාගැනීමට අදාළ ලිපිගොනුව විගණනයට ඉදිරිපත්කර නොතිබුණි.
- (ඈ) ආයතනය විසින් පිළියෙල කර ඇති ප්‍රාග්ධන අයවැය ලේඛනයේ ඇතුළත් ප්‍රාග්ධන වත්කම් පුනරුත්ථාපනය , වැඩිදියුණු කිරීම හා ප්‍රාග්ධන වත්කම් මිලදී ගැනීම් අතරින් ඇස්තමේන්තු පිරිවැය රු.මිලියන 1ට වැඩි මුළු එකතුව රු. මිලියන 550.12ක් වටිනා වියදම් සම්බන්ධයෙන් ක්‍රියාකාරී සැලැස්මෙහි සැලැසුම් සකස් කර නොතිබුණි.

03. වෙනත් විගණන නිරීක්ෂණ

- (අ) අඹේවෙල කිරි ආශ්‍රිත නිෂ්පාදන කර්මාන්ත ශාලාවෙහි විදුලි ට්‍රාන්ස්පෝමරය හා මධ්‍යම වෝල්ටීයතාවයෙන් යුත් පැනලය (MV panel) ආශ්‍රිතව හටගත් දෝෂයක් හේතුවෙන් ජාතික විදුලි බල පද්ධතිය හා පැවති සම්බන්ධතාවය විසන්ධි වී තිබුණි. සමාගම විසින් මෙම ඉදිකිරීම් වලට අදාළ කොන්ත්‍රාත්කරු සමඟ වගකීම් කාලය හා නඩත්තු කටයුතු සම්බන්ධයෙන් ගිවිසුම් ගත වී නොතිබීම හේතුවෙන් මෙය යථා තත්ත්වයට පත්කිරීම ප්‍රමාද වී තිබුණි. එබැවින් අවශ්‍ය විදුලිබලය ආයතනය සතු විදුලිබල උත්පාදක යන්ත්‍ර (Generators)

මහින් ලබාගැනීම හේතුවෙන් සමාලෝචිත වර්ෂයේ අවසාන මාස 3 සඳහා මසකට රු. 1,884,537 බැගින්, රු.5,653,612 ක අමතර පිරිවැයක් දැරීමට සිදු වී තිබුණි.

(ආ) අඹේවෙල කිරි කර්මාන්තශාලාවේ නව යන්ත්‍රාගාරයේ නිෂ්පාදනය සඳහා භාවිතා කෙරෙන බොයිලේරුව අක්‍රියවූ විට එය පිරිසිදු කිරීමේදී වරකට රු. 74,206 ක් වටිනා කිරි ලීටර් 1080 ක් පමණ ඉවත් කරන අතර, බොයිලේරුව අක්‍රිය වීම සලකා බලන ලද නියැදිය වූ 2018 ඔක්තෝබර් හා නොවැම්බර් යන මාස 2 තුළ අවස්ථා 18 කදී අක්‍රිය වී තිබුණි. ඒ අනුව මාස දෙකක දී රු. 1,335,708 වටිනා ලීටර් 19440 ක් බොයිලේරුව නැවත පිරිසිදු කිරීමේදී අපනයක් වී ඇති බවත් එය වාර්ෂිකව විශාල පාඩුවක් වන අතර එම අසාමාන්‍ය අක්‍රියවීම අවම කිරීමට අවශ්‍ය ක්‍රියාමාර්ග ගෙන නොතිබුණි.

(ඇ) 2017 වර්ෂයේ දී කර්මාන්තශාලා නවීකරණ ව්‍යාපෘතිය යටතේ අඹේවෙල කිරි කර්මාන්තශාලාවේ නව යන්ත්‍රාගාරය සවිකිරීමෙන් පසු ඉදිරියේදී භාවිතා කිරීමට ලබා දී ඇති අමතර කොටස් වර්ග කිරීමකින් තොරව සියලු ද්‍රව්‍ය ගබඩාවේ ගොඩගසා තිබුණු අතර එම ද්‍රව්‍ය 2019 වසර අවසන් වන විටත් ඉන්වෙන්ට්‍රි ලේඛනයකට ඇතුළත් කිරීමට හෝ වෙනත් කිසිදු ලේඛනගත කිරීමක් හෝ සිදුකර නොතිබුණි.

(ඈ) පොළොන්නරුව කිරි කර්මාන්තශාලාව පිහිටි අක්කර 12ක ඉඩම හා එම දිස්ත්‍රික්කයේ තුළ වූ තවත් අක්කර 37ක ඉඩමක් ලෙස ඉඩම් 2ක් සමාගම සතුව පවතී. නමුත් 2019 වර්ෂය අවසන් වන විටත් මෙම ඉඩම් දෙකට අදාළ ඔප්පු හා පිඹුරුපත් සමාගම සතුව නොතිබුණ අතර අක්කර 37 ඉඩමේ ඉදිකර ඇති ක්‍රීඩා සමාජ ශාලාව, කිරිහල හා ගවගාල දැනට භාවිතා නොකරන බව හා එම ඉඩමෙහි අක්කර 15 කට අධික භූමි ප්‍රමාණයක් කිසිදු වගාවකට හෝ ඉදිකිරීමකට භාවිතා නොකර අභාවිතා පවතින බව 2019 දෙසැම්බර් 31 දින සිදු කළ භෞතික පරීක්ෂණයේදී අනාවරණය විය.

(ඉ) මිනිස් පරිභෝජනයට නුසුදුසු කිරිපිටි නිෂ්පාදනය කිරීම සම්බන්ධයෙන් පහත නිරීක්ෂණයන් කෙරේ.

(i) 2017 වර්ෂයේ ජූලි මස සිට අඹේවෙල නව කිරිපිටි යන්ත්‍රාගාර නිෂ්පාදන කටයුතු ආරම්භ කර තිබුණු අතර එදින සිට 2018 ජනවාරි මස 18 දින දක්වා නිෂ්පාදිත කිරිපිටි අතරින් පිරිවැය රු.මිලියන 475.2 ක් වූ මෙට්‍රික් ටොන් 720 ක ප්‍රමාණයක් දෝෂ සහිත බවත් ඒවා මිනිස් පරිභෝජනයට නුසුදුසු බව සමාගමේ රසානාගාර වාර්තා මගින් තහවුරු කර තිබුණු අතර ජේරාදෙණිය ගන්නෝරුව පශු වෛද්‍ය පර්යේෂණ ආයතනය මගින් කළ පරීක්ෂාවට අනුව මෙම කිරිපිටි වමාරා කන සතුන්ගේ ආහාර සඳහා අමුද්‍රව්‍යයක් වශයෙන්

යොදා ගැනීම සුදුසු බවට 2018 අගෝස්තු 07 දින එම ආයතනය විසින් දන්වා තිබුණි. පාරිභෝගිකයන්ගෙන් පැමිණිලි ලැබීමෙන් පසු නැවත ගබඩාව වෙත ගෙන්වා ගත් කිරිපිටි තොගයෙන් කිලෝග්‍රෑම් 666,075 ක ප්‍රමාණයක් 2019 දෙසැම්බර් 31 දින වන විටත් ගබඩාවේ පැවති අතර ඒ හේතුවෙන් ගබඩාවේ අනෙකුත් මෙහෙයුම් කටයුතුවලට බාධා සිදු වී ඇති අතර මෙම පාඩුව සම්බන්ධයෙන් විනය පරීක්ෂණයක් පවත්වා නොතිබුණි.

- (ii) ප්‍රසම්පාදන මාර්ගෝපදේශ සංග්‍රහයේ 1.2.1 (ඇ) උප වගන්ති අනුව ලංසු සඳහා තරඟකාරිත්වය සීමා කිරීම් ඇති කිරීමක් හෝ එසේ හැඟවීමක් සිදු නොකළ යුතු අතර උනන්දුවක් දක්වන ඕනෑම පාර්ශවයන්ට ලංසු සඳහා සහභාගිවීමට කටයුතු සැලසිය යුතුය, යන්නට පටහැනිව මිනිස් පරිභෝජනයට නුසුදුසු කිරිපිටි කිලෝග්‍රෑම් 666,075 ක තොගය සත්ත්ව ආහාර සඳහා අමුද්‍රව්‍යක් වශයෙන් අලෙවි කිරීමට ලංසු කැඳවීමේදී ලංසු සඳහා ආරාධනය කළ ලිපියේ “සම්පූර්ණ කිරිපිටි තොගයම එකවර මිලදී ගත යුතුයි” යන කොන්දේසි මඟින් ලංසු කරුවන් ඉදිරිපත් වීම සීමා කර තිබුණු බව නිරීක්ෂණය වූ අතර එම නිසා ඉහත තොගය 2019 දෙසැම්බර් 31 දින වන විටත් ගබඩා තුළ පැවතුණි.
- (ඊ) බඩල්ගම නව කිරි කර්මාන්තශාලාවේ ව්‍යාපෘතිය සඳහා වූ අංක අමප/15/0205/631/012 හා 2015 අප්‍රේල් 08 දිනැති අමාත්‍ය මණ්ඩල තීරණය පරිදි සමාගම හා භාණ්ඩාගාරය සමඟ ප්‍රතිණය ගිවිසුමකට එළඹිය යුතු වුවත් 2022 ඔක්තෝබර් 27 දින දක්වාම එසේ ගිවිසුමකට එළඹ නොතිබුණි.
- (උ) අඹේවෙල කර්මාන්තශාලාවේ 2014 වාර්ෂික තොග සමීක්ෂණයේදී රු.6,041,166 වටිනාකම වූ අමතර කොටස් තොග අයිතම 2041ක් භාවිතයට ගත නොහැකි බව තීරණය කර තිබුණු නමුත් එම තොග අයිතම ඉවත්කිරීමට හෝ වෙන්දේසිකිරීමට කටයුතු නොකර විගණන දින වූ 2019 දෙසැම්බර් 18 දින වන විටත් අබලි ද්‍රව්‍ය ලෙස නිෂ්පාදන අංශයට අයත් ගබඩාව තුළ තබා තිබුණි.
- (ඌ) මූල්‍ය ප්‍රකාශන සටහන් අනුව පසුගිය වර්ෂයේ ආයු ගණක ලාභය රු.80,551,142ක් වුවද විස්තීර්ණ ආදායම් යටතේ එම ලාභය රු.69,273,982ක් ලෙස දක්වා ඇති අතර රු.11,277,160 වෙනසක් වූයෙන් සංසන්දනාත්මක තොරතුරු නිවැරදි නොවන බව නිරීක්ෂණය විය. මෙම වෙනස පිළිබඳව පසුගිය වර්ෂයේ වාර්තාවෙහි ද පෙන්වා තිබුණ ද නිවැරදි කිරීම් කර නොතිබුණි.
- (ඍ) සමාගමේ මූල්‍ය තත්ත්ව ප්‍රකාශනයේ සටහන අංක 3 අනුව රු.48,000,958 ක වටිනාකමට කල්බදු පදනම මත මිලදීගත් මෝටර්රථවල කල්බදු කාලය අවසාන වීම නිසා 2019



දෙසැම්බර් 31 දිනට එම වටිනාකම නිදහස් අයිතිය ඇති මෝටර් රථවලට මාරුකර ඇති නමුත් එදිනට ඊට අදාළ සමුච්චිත ක්ෂය ප්‍රමාණය වන රු.48,000,958 ක වටිනාකම කල්බදු මෝටර් රථ ක්ෂයවලින් නිදහස් අයිතිය ඇති මෝටර් රථ ක්ෂයවලට මාරුකර නොතිබුණි.


ඩබ්.පී.සී.වික්‍රමරත්න
විගණකාධිපති

MILCO (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2019

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
ASSETS	Note		
Non-Current Assets			
Property, Plant and Equipment	3	6,065,801,089	6,451,500,834
Capital Work-In-Progress	4	12,588,158,537	11,894,455,027
Financial Instrument - Amortised cost	5	787,696,142	769,263,440
Long-term Advances	6	139,152,682	356,287,245
Total Non-Current Assets		19,580,808,449	19,471,506,547
Current Assets			
Inventories	7	1,093,130,830	1,505,734,350
Trade and Other Receivables	8	1,191,235,517	1,288,433,432
Income Tax Receivable	9	212,514,712	172,903,239
Cash and Cash Equivalents	10	12,814,551	19,269,258
Total Current Assets		2,509,695,611	2,986,340,280
Total Assets		22,090,504,060	22,457,846,827
EQUITY AND LIABILITIES			
Stated Capital and Reserves			
Stated Capital	11	319,454,060	319,454,060
Capital Reserve	12	25,000,000	25,000,000
Revaluation Reserve		336,454,463	336,454,463
Sinking Fund	13	1,689,978	1,689,978
Retained Earnings		(145,248,000)	785,181,360
Shareholders' Fund		537,350,500	1,467,779,860
Non-Current Liabilities			
Deferred Tax Liability	14	-	-
Non-interest Bearing Borrowings	15	2,108,063	2,108,063
Interest Bearing Borrowings - Long-Term	15	18,572,055,438	18,202,111,219
Retirement Benefit Obligations - Gratuity	-5.2	651,565,041	527,308,101
Deferred Income - Government Grant	17	29,079,994	41,712,392
Total Non-Current Liabilities		19,254,808,536	18,773,239,775
Current Liabilities			
Trade and Other Payables	18	762,087,282	841,105,671
Interest Bearing Borrowings - Short Term	15	135,419,841	123,568,773
Bank Overdrafts	19	1,400,837,901	1,252,152,747
Total Current Liabilities		2,298,345,024	2,216,827,191
Total Equity and Liabilities		22,090,504,060	22,457,846,827

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 35 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.

.....
Mr. M. G. P. Premathilaka
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

.....
Mr. Renuka Perera
Chairman

.....
.....
Director

MILCO (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2019

		For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
	Note		
Revenue	20	10,313,820,273	11,612,344,021
Cost of Sales		(9,917,539,530)	(11,385,405,568)
Gross Profit		396,280,743	226,938,453
Other Operating Income	21	29,709,723	366,304,291
		425,990,466	593,242,745
Administrative Expenses		(688,427,005)	(640,583,272)
Distribution Expenses		(399,206,715)	(475,008,669)
Other Expenses		(55,158,791)	(18,071,620)
Profit/ (Loss) from Operations		(716,802,045)	(540,420,816)
Finance Income	22	49,926,845	46,135,691
Finance Expenses	23	(195,839,348)	(189,164,365)
Net Loss Before Taxation		(862,714,548)	(683,449,491)
Income Tax Expenses	24	-	201,663,631
Net Loss for the Year after Taxation		(862,714,548)	(481,785,860)
Other Comprehensive Income			
Item that will not be reclassified subsequently to profit or loss:			
Remessurement of Defined Benefit Plan, Net of Taxes		(67,714,812)	69,273,982
Total Other Comprehensive Income Net of Tax		(67,714,812)	69,273,982
Total Comprehensive Income		(930,429,360)	(412,511,878)
Basic Earning/(Loss) Per Share	25	(27.01)	(15.08)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 35 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Stated Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Sinking Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st December 2017	319,454,060	25,000,000	336,454,463	1,689,978	1,197,693,238	1,880,291,738
Net Profit for the Year	-	-	-	-	(481,785,860)	(481,785,860)
Other Comprehensive Income	-	-	-	-	69,273,982	69,273,982
Balance as at 31st December 2018	<u>319,454,060</u>	<u>25,000,000</u>	<u>336,454,463</u>	<u>1,689,978</u>	<u>785,181,360</u>	<u>1,467,779,860</u>
Net Profit for the Year	-	-	-	-	(930,429,360)	(930,429,360)
Other Comprehensive Income	-	-	-	-	-	-
Balance as at 31st December 2019	<u><u>319,454,060</u></u>	<u><u>25,000,000</u></u>	<u><u>336,454,463</u></u>	<u><u>1,689,978</u></u>	<u><u>(145,248,000)</u></u>	<u><u>537,350,500</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 35 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
Cash Flow from Operating Activities		
Net Loss Before Taxation	(862,714,548)	(683,449,491)
Adjustments for ;		
Depreciation on Property, Plant and Equipment	527,623,340	542,428,556
Income from Investment	(49,926,845)	(46,135,691)
Interest Expense	190,620,525	182,496,282
Lease Interest	5,225,511	6,730,089
Recognized Income on Deferred Grants	(12,632,398)	(19,757,115)
Exchange Gain	2,566,588	(88,548,642)
Provision for Defined Benefit Plans - Gratuity	98,254,612	87,046,552
Disposal Gain	(566,035)	(12,600,907)
ESC Weitten off	15,364,873	12,434,370
Capital work-in progress written off	741,099	-
Operating Profit Before Working Capital Changes	<u>(85,443,279)</u>	<u>(19,355,997)</u>
(Increase)/Decrease in Inventories	412,603,520	238,629,532
(Increase)/Decrease in Trade and Other Receivables	95,115,502	198,690,823
Increase/(Decrease) in Trade and Other Payables	<u>(73,730,889)</u>	<u>(36,230,360)</u>
Cash Generated from Operations	348,544,854	381,733,998
Interest Paid	(190,620,525)	(182,496,282)
Tax Paid - ESC and Income Tax	(52,893,933)	(60,035,055)
Payment of Defined Benefit Plans - Gratuity	<u>(41,712,485)</u>	<u>(38,582,223)</u>
Net Cash From/ (Used In) Operating Activities	<u>63,317,912</u>	<u>100,620,438</u>
Cash Flow from Investing Activities		
Acquisition of Property, Plant and Equipment	(87,503,835)	(102,363,192)
Investments in Property, Plant and Equipment in the Course of Constructio	(516,304,352)	(1,695,632,797)
Proceeds from disposal of Assets	665,582	12,670,787
Interest Received	49,926,845	46,135,691
New/ (Withdrawal) Short-Term and Long-Term Investment (Net)	<u>(20,999,289)</u>	<u>(72,298,872)</u>
Net Cash Used In Investing Activities	<u>(574,215,049)</u>	<u>(1,811,488,384)</u>
Cash Flow from Financing Activities		
Government Grant Received	-	4,573,003
Lease Rental Paid	(30,448,356)	(28,501,283)
During the Year Loan Granted	509,141,829	2,239,963,647
Loans and Borrowings Repayments	(122,936,197)	(101,859,626)
Adjustment of exchange impact in long term advances	<u>-</u>	<u>(543,766,109)</u>
Net Cash Used In Financing Activities	<u>355,757,276</u>	<u>1,570,409,632</u>
Net Increase in Cash and Cash Equivalents	(155,139,861)	(140,458,314)
Cash and Cash Equivalents at the Beginning of the Year (Note A)	(1,232,883,488)	(1,092,425,174)
Cash and Cash Equivalents at the End of the Year (Note B)	<u><u>(1,388,023,350)</u></u>	<u><u>(1,232,883,488)</u></u>

MILCO (PRIVATE) LIMITED
CASH FLOW STATEMENT - (Contd..)
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
At the Beginning of the Year		
Balances at Banks	13,963,657	20,487,923
Petty Cash in Hand	5,305,601	4,260,251
	<u>19,269,258</u>	<u>24,748,174</u>
Bank Overdrafts	(1,252,152,747)	(1,117,173,348)
	<u>(1,232,883,489)</u>	<u>(1,092,425,174)</u>
At the End of the Year		
Balances at Banks	7,989,149	13,963,657
Petty Cash in Hand	4,825,402	5,305,601
	<u>12,814,551</u>	<u>19,269,258</u>
Bank Overdrafts	(1,400,837,901)	(1,252,152,747)
	<u>(1,388,023,350)</u>	<u>(1,232,883,488)</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 35 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

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 Badalbama factory was in progress as of 31st December 2019.

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, 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 29.06.2022.

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, 2019

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, 2019 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, 2019

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, 2019

The economic useful lives are as follows:

Buildings	20 to 25 years
Plant and Machinery	04 to 30 years
Furniture and Fittings	03 to 05 years
Laboratory Equipment	03 to 05 years
Motor Vehicles	08 to 15 years
Tools and Equipment	03 to 10 years
Office Equipment	2.5 to 05 years
Bottles and Crates	04 years
Computers	02 to 04 years
Bottle Coolers	2.5 to 05 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, 2019

1.3.3 Leases

a) Finance Leases – Where the Company is the Lessee

Leases which assume that transfer substantially all the risks and rewards incidental to the ownership are classified as finance leases. Assets acquired by way of a finance lease are measured at an amount equal to the lower of their fair value or the present value of minimum lease payments at the inception less accumulated depreciation and accumulated impairment losses.

The corresponding principal amount payable to the lessor is shown as a liability. The finance charges allocated to future periods are separately disclosed in the notes.

The interest element of the rental obligation applicable to each financial year is charged to the statement of comprehensive income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The cost of improvements to, or on leased property is capitalized, and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

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 amortized over the lease term.

b) Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of an asset under the leased term, are classified as operating leases.

Lease payments (excluding cost of service such as insurance and maintenance) paid under operating leases are recognized as an expense in the statement of comprehensive income over the period of the lease on a straight line basis.

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

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

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.

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.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

(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.

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.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

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

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

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

MILCO (PRIVATE) LIMITED
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event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Available-for-Sale Financial Assets

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

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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.

1.3.7.3 De-Recognition

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

1.3.7.4 Off-setting of Financial Instruments

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

1.3.8 Inventories

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

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

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

1.3.9 Trade and Other Receivables

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

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

1.3.10 Cash and Cash Equivalents

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

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FOR THE YEAR ENDED 31ST DECEMBER, 2019

1.3.11 Stated Capital

(a) Classification

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

(b) Dividends

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

1.3.12 Current and Deferred Income Tax

a) Current Taxes

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

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

b) Deferred Taxation

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

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

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

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

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

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

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1.3.13 Employee Benefits

(a) Defined Benefit Plans – Gratuity

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

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

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

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

1.3.14 Grants and Subsidies

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

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

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

1.3.15 Trade and Other Payables

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

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

1.3.16 Provisions

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

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

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

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

1.3.17 Commitments

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

1.3.18 Related Party Transactions

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

1.3.19 Revenue Recognition

Revenue from contracts with customers

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

(a) Goods transferred at a point of time

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

(b) Service transferred over time

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

(c) Interest Income

Interest income is recognized using the effective interest method.

(d) Dividend Income

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

(e) Other Income

Other income is recognized on accrual basis.

1.3.20 Expenditure

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

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

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

3. PROPERTY, PLANT AND EQUIPMENT

a) Tangible assets

Description of Assets	Cost/Valuation				Depreciation				Written Down Value		
	Balance	Additions	Disposals	Transfers	Balance	Balance	Charge for the Year	On Disposals	Balance	As At 01.01.2019	As At 31.12.2019
	As At				As At	As At					
	01.01.2019				31.12.2019	01.01.2019					
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	507,345,106	2,876,067	-	-	510,221,172	129,024,894	42,472,865		171,497,759	378,320,212	338,723,413
Plant and Machinery	7,375,587,018	46,232,055	-	11,378,100	7,433,197,173	1,531,318,511	397,436,776		1,928,755,287	5,844,268,507	5,504,441,887
Furniture and Fittings	45,887,661	4,794,545	-	-	50,682,206	37,509,607	3,230,290		40,739,897	8,378,053	9,942,308
Laboratory Equipment	77,485,874	5,030,394	-	-	82,516,268	53,179,696	7,425,785		60,605,481	24,306,178	21,910,788
Motor Vehicles	97,101,450	-	(2,250,000)	48,000,958	142,852,408	96,242,880	3,180,658	(2,228,788)	97,194,750	858,570	45,657,658
Tools and Equipment	322,203,703	11,543,262	-	-	333,746,966	244,312,620	26,125,415		270,438,034	77,891,084	63,308,931
Bottles and Crates	349,496,153	5,814,173	-	-	355,310,326	302,855,435	20,568,620		323,424,055	46,640,718	31,886,271
Computer Equipment	48,134,443	4,369,288	-	-	52,503,731	32,267,911	5,931,322		38,199,234	15,866,532	14,304,497
Bottle Coolers	148,634,639	3,465,905	-	-	152,100,544	138,813,799	3,819,502		142,633,301	9,820,840	9,467,243
Office Equipment	9,964,767	319,339	(86,121)	-	10,197,986	7,050,391	944,765	(7,786)	7,987,370	2,914,376	2,210,616
Milk Cans	80,176,804	2,045	-	-	80,178,849	58,811,020	6,392,997		65,204,017	21,365,784	14,974,832
	9,065,267,617	84,447,074	(2,336,121)	59,379,058	9,206,757,629	2,631,386,764	517,528,994	(2,236,574)	3,146,679,184	6,433,880,853	6,060,078,444
b) Intangible Assets											
Computer Software	2,837,209	-	-	-	2,837,209	2,632,871	83,333		2,716,204	204,338	121,005
c) Leasehold Assets											
Motor Vehicles	75,245,958	17,294,907	-	(19,097,898)	73,442,966	57,830,315	10,011,012		67,841,327	17,415,643	5,601,639
Total	9,143,350,784	101,741,981	(2,336,121)	40,281,160	9,283,037,804	2,691,849,950	527,623,340	(2,236,574)	3,217,236,716	6,451,500,834	6,065,801,089

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

	Balance As At 01.01.2019 Rs.	Incurred During the Period Rs.	Capitalized/ Charged During the Period Rs.	Balance As At 31.12.2019 Rs.
4. CAPITAL WORK-IN-PROGRESS				
Construction of New Milk Factory - Badalgama (Refer Note 15) *	10,957,945,499	713,780,796	-	11,671,726,295
Construction of Gatabe Sales Outlet	150,000	-	-	150,000
Installation of Cup & Cone Filler at Digana Milk Factory	15,445,587	-	-	15,445,587
Modernization of Factories- Polonnaruwa, Ambewela and Digana (Refer Note 15) *	790,264,562	-	-	790,264,562
Development Projects at Ambewela Milk Factory	71,342,562	-	-	71,342,562
Construction of Cool Room at Polonnaruwa Milk Factory	11,378,100	-	(11,378,100)	-
Pro- Fit Management Information System Implementation	2,571,770	1,607,760	-	4,179,530
Construction of Chilling Centre- Palathoppur	26,190	714,909	(741,099)	-
Lorry Chasis Under Development	45,330,756	-	(27,616,206)	17,714,550
Construction of Chilling Centre- Lunugala	-	57,500	-	57,500
Construction of building at Ambewela Milk Factory	-	7,055,125	-	7,055,125
Construction of office building at Digana Milk Factory	-	10,222,824	-	10,222,824
	<u>11,894,455,027</u>	<u>733,438,915</u>	<u>(39,735,405)</u>	<u>12,588,158,537</u>

- 4.1** As detailed in note no 15 to these financial statements, modernization of the above factories and construction of New Milk Factory - Badalgama have been financed by loans granted by the Treasury of the Government of Sri Lanka.
- 4.2** Developments carried at Ambewela milk factory including "Power Expansion System, Construction of Water Tank and Refrigeration plant, Construction of Equilization tank, Establishment of new generators".
- 4.3** Expenses incurred on Construction of Chilling Centre- Palathoppur has been charged to income statement during the year.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

	As at 31 st December, 2019 Rs.	As at 31 st December, 2018 Rs.
5 FINANCIAL INSTRUMENT - AMORTISED COST		
5.1 Long-Term Fixed Deposits		
Fixed Deposits - BOC - US \$	578,599,135	559,058,332
Fixed Deposits - PB & PABC	209,097,006	210,205,108
	<u>787,696,142</u>	<u>769,263,440</u>

Investments pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in note no. 30 to these financial statements.

6 LONG TERM ADVANCES

Advance to DESMI - Relocate CMF to Badalgama

Balance at the beginning of the year	356,287,245	560,536,942
Adjustment of exchange impact	-	543,766,109
Transferred to Capital Work in Progress	(217,134,563)	(748,015,807)
Balance at the end of the year	<u>139,152,682</u>	<u>356,287,245</u>

As detailed in note no 15 to these financial statements, establishment of a dairy 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)

7 INVENTORIES

Raw and Packing Materials	7.1	321,342,530	387,696,803
Work-in-Progress		5,895,808	2,989,381
Finished Goods		218,770,084	677,601,473
Consumables	7.2	548,245,734	441,729,431
Goods in Transit	7.3	10,973,035	7,813,624
Provision for Inventory	7.4	(12,096,362)	(12,096,362)
		<u>1,093,130,830</u>	<u>1,505,734,350</u>

7.1 Raw and Packing Materials

Raw Materials - Dairy Production	70,799,062	82,419,493
Packing Material	230,784,760	274,243,365
Raw Milk Stock	12,722,205	23,997,441
Bottle Cooler Stock	3,496,313	3,496,313
Drugs and Other Stock	3,540,190	3,540,190
	<u>321,342,530</u>	<u>387,696,803</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
7.2 Consumables			
General Stores		53,108,135	50,418,442
Engineering Stores		443,052,222	339,872,187
Motor Stores		13,159,699	12,570,054
Fuel and Lubricant Stores		29,896,808	29,839,877
Milk Can Stock		9,028,871	9,028,871
		<u>548,245,734</u>	<u>441,729,431</u>
7.3 Goods In Transit			
Finished Goods in Transit		5,151,487	4,837,300
Goods in Transit Lab Equipment		125,798	125,798
Raw Milk In Transit		4,827,551	2,755,326
Yogurt Culture		868,200	95,200
		<u>10,973,035</u>	<u>7,813,624</u>
7.4 Provision For Inventory			
Packing Material		(10,163,806)	(10,163,806)
General Stores		(332,731)	(332,731)
Engineering Stores		(1,523,655)	(1,523,655)
Fuel Stores		(76,170)	(76,170)
		<u>(12,096,362)</u>	<u>(12,096,362)</u>
7.5	Inventories pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in Note No. 30 to these financial statements.		
8 TRADE AND OTHER RECEIVABLES			
Trade Receivables	8.1	755,350,643	832,713,150
Receivable from the Government of Sri Lanka	8.2	6,973,875	6,973,875
Other Debtors		48,852,088	67,564,460
Advances, Deposits and Prepayments		159,647,848	151,382,104
Staff Debtors		161,476,069	161,602,135
Import Control		58,934,995	68,197,709
		<u>1,191,235,517</u>	<u>1,288,433,432</u>

MILCO (PRIVATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST DECEMBER, 2019**

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
8.1 Trade Receivables		
Total Debtors	806,264,268	883,626,774
Less: Provision for Impairment	(50,913,625)	(50,913,625)
	<u>755,350,643</u>	<u>832,713,150</u>
8.2 Receivable from the Government of Sri Lanka		
Receivable from the Ministry of Livestock and Development	6,879,542	6,879,542
Receivable from Government of Sri Lanka - Milk Subsidiary	278,981,206	278,981,206
Receivable from Parliament Affairs	94,333	94,333
	285,955,081	285,955,081
Less: Provision for Impairment	(278,981,206)	(278,981,206)
	<u>6,973,875</u>	<u>6,973,875</u>
9 INCOME TAX RECEIVABLE		
WHT Receivables	9,038,230	6,925,129
ESC Receivables	203,476,482	165,978,111
	<u>212,514,712</u>	<u>172,903,239</u>
10 CASH AND CASH EQUIVALENTS		
Balances at Banks	7,989,149	13,963,657
Petty Cash in Hand	4,825,402	5,305,601
	<u>12,814,551</u>	<u>19,269,258</u>
11 STATED CAPITAL		
Issued and fully paid	No of Shares 31,945,406	
	<u>319,454,060</u>	<u>319,454,060</u>
12 CAPITAL RESERVE		
12.1 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, 2019

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
13 SINKING FUND			
Transferred from Retained Earnings			1,689,978
		-	1,689,978
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.			
14 DEFERRED TAX LIABILITY			
At the Beginning of the Year		-	190,386,471
Charge (to)/from Statement of Comprehensive Income		-	(190,386,471)
At the End of the Year		-	-
14.1	Tax effect on Temporary Difference on Property, Plant and Equipme	784,548,101	589,435,761
	Tax effect on Temporary Difference on Retirement Benefit Obligatio	(91,219,106)	(73,823,134)
	Less: Tax effect on Temporary Differences on Tax Losses	(949,598,697)	(704,424,211)
	Probable Deferred Tax Liability	(256,269,701)	(188,811,584)
Deferred tax assets amounting to LKR 256,269,701 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.			
15 LOANS AND BORROWINGS			
15.1 Interest Bearing Borrowings			
Payable within One Year	15.1.1 to 15.1.4	135,419,841	123,568,773
Payable after One Year	15.1.1 to 15.1.4	18,572,055,438	18,202,111,219
		18,707,475,279	18,325,679,992
15.1.1 Short term loans			
Short term loans taken from Pan Asia Bank		15,727,311	-
		15,727,311	-
15.1.2 Gross Lease Creditor			
Balance at the Beginning of the Year		48,772,108	77,273,391
During the Year Additions		27,049,248	-
During the Year Payments		(30,448,356)	(28,501,283)
Balance at the end of the Year		45,373,000	48,772,108
Interest in Suspense			
Balance at the Beginning of the Year		5,860,539	12,590,628
On Lease Facility Obtained During the Year		6,236,748	-
Amount Transferred to Statement of Comprehensive Income		(5,225,511)	(6,730,089)
Balance at the End of the Year		6,871,776	5,860,539
Net Liability		38,501,224	42,911,569
Current Maturity Portion		19,454,480	23,549,207
Long-Term Maturity Portion		19,046,744	19,362,363
		38,501,224	42,911,569

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NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
15.1.3 Bank Loans and Borrowings		
Balance at the Beginning of the Year	361,686,067	363,545,693
Received During the Year	-	100,000,000
Less: During the Year Payments	(122,936,197)	(101,859,626)
Balance at the End of the Year	<u>238,749,870</u>	<u>361,686,067</u>
 Current Maturity Portion	 100,238,050	 100,019,567
Long-Term Maturity Portion	<u>138,511,820</u>	<u>261,666,500</u>
	<u>238,749,870</u>	<u>361,686,067</u>

Assets pledged as collaterals to above loans and borrowings are disclosed in note no. 30 to these financial statements.

15.1.4 Borrowings From Treasury of The Government of Sri Lanka

Balance at the Beginning of the Year	17,921,082,356	15,781,118,709
Granted During the Year	493,414,518	2,139,963,647
Balance at the End of the Year	<u>18,414,496,875</u>	<u>17,921,082,356</u>
 Current Maturity Portion	 -	 -
Long-Term Maturity Portion	<u>18,414,496,875</u>	<u>17,921,082,356</u>
	<u>18,414,496,875</u>	<u>17,921,082,356</u>

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

Cabinet paper No.12/1141/504/104 (Revision of original cabinet decision dated 23rd November 2011) presented by the Minister of Finance and Planning on “Modernization of processing Factories of Milco (Private) Limited” had been approved by the Cabinet on 18th August 2012 and accordingly, it was authorized to the Department of External Resources to Borrow Euro 33.7mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Finance and Planning. It also authorized the Treasury of Government of Sri Lanka to sign an on-lending agreement with Milco (Private) Limited.

Subsequently, the Government of Sri Lanka entered into an on-lending agreement with Milco (Private) Limited for the borrowings of Euro 33.7mn 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 2,274,016.40 is payable up-front as EKF Premium.
- iii. Overdue charges at 2% per annum, in the event of default of payments.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

- (b) 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 dairy processing plant at Badalgama (The Project) of the company at a cost of Euro 63.9Mn.

Cabinet paper No.14/1399/511/001-i (Dated 9th October 2014) presented by the Ministry of Livestock and Rural Community Development on “Establishment of a Dairy Processing Plant at Badalgama” was approved by the Cabinet on 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.

As at 31st December 2019, the project was in progress, 50 shipments have been arrived to the location for a value of EURO 37,424,319 (100% of the shipment value) and 19 milestone payments were released to the contractor amounting to EURO 24,425,951

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

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

As at	As at
31st December,	31st December,
2019	2018
Rs.	Rs.

15.2 Non-Interest Bearing Borrowings

Long-Term Portion

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

16 RETIREMENT BENEFIT OBLIGATION - GRATUITY

Balance at the Beginning of the Year	527,308,101	559,394,914
Current Service Cost	36,401,372	29,093,239
Interest Cost	61,853,240	57,953,313
(Gain)/ Loss from Changes in Assumption	67,714,812	(80,551,142)
Payment Made During the Year	(41,712,485)	(38,582,223)
Balance at the End of the Year	<u>651,565,041</u>	<u>527,308,101</u>

Messrs. Actuarial & Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the projected unit credit method as at 31st December, 2019. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The Principal Assumptions Used were as Follows:

Expected Salary Increment	10% p.a
Discount Rate	10.23% p.a
Staff Turnover Factor	5% p.a
Maximum Retirement Age	60 Years

Sensitivity of Assumptions Employed in Actuarial Valuation

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

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

Increase/ (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%	*	43,607,265	607,957,776
-1%	*	(49,189,955)	700,754,996
**	1%	(51,822,354)	703,387,395
**	-1%	46,677,102	604,887,939

* Salary Increment Rate 10% for the Company

** Discount Rate 10.23%

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
17 GOVERNMENT GRANT		
17.1 Balance at the Beginning of the Year	41,712,392	56,896,504
Grant Received During the Year	-	4,573,003
Grant Recognized to the Statement of Comprehensive Income During the Year	(12,632,398)	(19,757,115)
Balance at the End of the Year	<u>29,079,994</u>	<u>41,712,392</u>
17.2 Deferred Government Grant		
Grant of Samanthurai	764,401	910,000
Grant of Thimilathive	945,000	1,125,000
Grant of Milk Cans	114,392	114,392
Grant of 14 Sales Outlets	543,750	618,750
Grant of LCRD	16,000,582	17,335,969
Grant of Cooling tanks	6,086,091	16,982,502
Grant of Electric Grass Cutters	52,776	52,776
Grants of Coolers	4,573,003	4,573,003
	<u>29,079,994</u>	<u>41,712,392</u>
18 TRADE AND OTHER PAYABLES		
Trade Creditors	222,900,853	261,537,239
Expense Creditors	424,278,363	237,010,677
Other Payables	114,908,066	342,557,755
	<u>762,087,282</u>	<u>841,105,671</u>
19 BANK OVERDRAFTS		
Bank of Ceylon - 1758	855,850,737	725,746,361
Bank of Ceylon - 1766	34,087,742	6,861,252
People's Bank - 41180210331	209,859,167	203,436,653
People's Bank - 41120210937	22,120,066	28,474,311
People's Bank - Polgahawela	330,793	3,380,062
BOC - Kandy City Branch - 9326	8,015,636	711,964
People's Bank - 210332	9,932,147	15,108,872
Bank of Ceylon	93,622	93,622
Pan Asia 100311007597	248,602,840	257,935,810
Bank of Ceylon - 7963	1,582,596	1,918,545
People's Bank - Kaduruwela	10,196,989	8,485,295
People's Bank - Nuwara Eliya	5,860	-
Pan Asia Bank	159,706	-
	<u>1,400,837,901</u>	<u>1,252,152,747</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
20 REVENUE		
Gross Sales	10,509,415,104	11,849,851,230
Nation Building Tax	(195,594,831)	(237,507,209)
	<u>10,313,820,273</u>	<u>11,612,344,021</u>
21 OTHER INCOME		
Surcharges on Returned Cheques	6,415,722	11,213,726
Non Refundable Deposit	42,500	142,000
Non Refundable tender Deposit	513,000	1,395,837
Subsidy on Milk Powder Sales	-	212,222,190
Differed Income	12,632,398	19,757,115
Registration of Suppliers	3,572,000	2,881,000
Sundry Income	2,226,434	231,951
Exchange Gain	-	88,548,642
Fines & Surcharges	1,159,556	645,893
House Rent	1,782,804	1,421,552
Sale of Unserviceable Items	579,231	1,306,862
Disposal gain	566,035	12,600,907
Margin on Liquid Milk Sale	220,042	13,936,616
	<u>29,709,723</u>	<u>366,304,291</u>
22 FINANCE INCOME		
Interest on Call/Fixed Deposit - Local	19,930,044	18,586,884
Interest on Fixed Deposit - Foreign Currency (USD)	23,178,274	20,727,052
Interest on Staff Loans	6,818,527	6,821,755
	<u>49,926,845</u>	<u>46,135,691</u>
23 FINANCE COSTS		
Interest on Finance Lease	5,218,823.28	6,668,083
Interest on Loans	38,258,234.33	38,063,199
Interest on Bank Overdrafts	152,362,290.35	144,433,083
	<u>195,839,348</u>	<u>189,164,365</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

24 INCOME TAX EXPENSES

Current Income Tax Provision	24.1
Deferred Tax Charge for the Year	14
Deferred Tax Charge against other comprehensive income	

As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
-	-
-	(190,386,471)
-	(11,277,160)
-	(201,663,631)

24.1 Accounting Profit Before Taxation

Less: Income Considered Separately	
Profit from Trade or Business	
Less: Net allowable and Disallowable Expenses for Tax Purpose	
Business (Loss)/Profit Applicable Taxation	
Tax Rate	
Exempt Other Income	
Liabile Other Income	
Tax Rate	
Tax on Chargeable Profit or Income	
Tax Effect on Deductions	
Provision for the Year (Tax on Adjusted Income)	

(862,714,548)	(683,449,491)
(50,492,880)	(134,684,332)
(913,207,428)	(818,133,823)
(1,173,494,460)	(1,450,464,440)
-	-
14%	14%
-	-
49,926,845	134,684,332
14%	14%
6,989,758	13,982,705
(6,989,758)	(13,982,705)
-	-

25 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.

	2019 Rs.	2018 Rs.
Net Profit/(loss) Attributable to Ordinary Shares	(862,714,548)	(481,785,860)
Weighted Average Number of Ordinary Share	31,945,406	31,945,406
	(27.01)	(15.08)

25.1 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, 2019

26 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.

27 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

27.1 Contingent Liabilities

There are no contingent liabilities as at the reporting date.

27.2 Contingent Assets

There are no contingent assets as at the reporting date.

28 RELATED PARTY DISCLOSURE

28.1 Substantial Shareholding and Ultimate Ownership

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

28.2 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 31st December 2019	For the Year 31st December 2018
Short-term employee benefits	<u>3,957,907</u>	<u>5,545,434</u>

28.3 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.

29 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, 2019

30 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 31.12.2019 Rs.	Balance Outstanding As At 31.12.2018 Rs.	Repayment	Assets Pledged
Loan granted by Bank of Ceylon	700,000,000	11,666,500	186,666,520	Repayable in 120 equal monthly instalments of Rs.5,833,335/-	Fixed Deposits Amounting US\$ 2,920,652.78 of Bank of Ceylon.
Loan granted by Bank of Ceylon	120,000,000	45,000,000	75,000,000	Repayable in 48 equal monthly instalments of Rs.2,500,000/-	Fixed Deposits Amounting US\$ 2,920,652.78 of Bank of Ceylon.
Loan granted by Central Finance	12,484,000	47	19,547	Repayable in 60 monthly instalments of Rs.319,586/- at the first 48 months and Rs. 4,998/- per month for the rest.	Linear ice cream cup and cone filler with accessories
Bank Overdraft facility provided by Bank of Ceylon	600,000,000	629,192,300	597,682,334	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.
Bank Overdraft facility provided by People's Bank	139,500,000	187,669,547	181,026,572	On Demand	Fixed deposit amounting to Rs. 155,000,000.
Post Dated Cheque discounting facility provided by Bank of Ceylon	75,000,000	58,983,395	85,545	On Demand	Lodgment of Trade related Post dated Cheques.
Post Dated Cheque discounting facility provided by Pan Asia Bank	300,000,000	100,000,000	75,805,603	On Demand	Lodgment of Trade related Post dated Cheques.
Bank Overdraft facility provided by by Pan Asia Bank	100,000,000	100,000,000	-	On Demand	Fixed deposit amounting to Rs. 50,000,000 and lodgment of Trade related Post dated Cheques.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

31 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, except following.

Cabinet paper no. 21/0199/323/012 dated, 11.01.2021, presented by the Ministry of Agriculture on "Modernization project of Polonnaruwa, Ambewela and Digana dairy factories" was approved by the cabinet on 08.02.2021.

Accordingly, approval was grant to;

a. convert the loan on-lent to Milco (Pvt) Ltd, as equity contribution of General Treasury.

b. waive off the outstanding loan interest as at 31.12.2020

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

32.1 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	787,696,142	787,696,142
Trade and Other Receivables	1,031,587,670	1,031,587,670
Cash and Cash Equivalents	12,814,551	12,814,551
Total Financial Assets	1,832,098,363	1,832,098,363
Financial Liabilities		
Trade and Other Payables	723,395,542	723,395,542
Interest Bearing Loans and Borrowings	254,477,181	254,477,181
Payable to the Treasury of Government of Sri Lanka	18,414,496,875	18,414,496,875
Bank Overdraft	1,400,837,901	1,400,837,901
Total Financial Liabilities	20,793,207,498	20,793,207,498

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

32.1 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.

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.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

33.1 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

33.2 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, 2019

33.3 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.

33.3.1 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	-	-	-	787,696,142	-	787,696,142
Trade and Other Receivables	-	1,031,587,670	-	-	-	1,031,587,670
Cash and Cash Equivalents	12,814,551	-	-	-	-	12,814,551
Total Financial Assets	<u>12,814,551</u>	<u>1,031,587,670</u>	<u>-</u>	<u>787,696,142</u>	<u>-</u>	<u>1,832,098,363</u>
Financial Liabilities						
Trade and Other Payables	-	723,395,542	-	-	-	723,395,542
Interest Bearing Loans and Borrowings	-	28,661,075	118,316,270	107,499,836	-	254,477,181
Payable to the Treasury of Government of Sri Lanka	-	-	-	-	18,414,496,875	18,414,496,875
Bank Overdraft	1,400,837,901	-	-	-	-	1,400,837,901
Total Financial Liabilities	<u>1,400,837,901</u>	<u>752,056,617</u>	<u>118,316,270</u>	<u>107,499,836</u>	<u>18,414,496,875</u>	<u>20,793,207,498</u>
Total Net Financial Assets/ (Liabilities)	<u>(1,388,023,349)</u>	<u>279,531,053</u>	<u>(118,316,270)</u>	<u>680,196,306</u>	<u>(18,414,496,875)</u>	<u>(18,961,109,135)</u>

33.4 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, 2019

		For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
	Note		
Revenue		10,313,820,273	11,612,344,021
Cost of Sales	I	(9,917,539,530)	(11,385,405,568)
Gross Profit		396,280,743	226,938,453
Other Operating Income	II	29,709,723	366,304,291
		425,990,466	593,242,745
Administrative Expenses	III	(688,427,005)	(640,583,272)
Distribution Expenses	IV	(399,206,715)	(475,008,669)
Other Expenses	V	(55,158,791)	(18,071,620)
Profit/ (Loss) from Operations		(716,802,045)	(540,420,816)
Finance Income	VI	49,926,845	46,135,691
Finance Expenses	VII	(195,839,348)	(189,164,365)
Net Profit/ (Loss) Before Taxation		(862,714,548)	(683,449,491)
Income Tax Expenses		-	201,663,631
Net Profit/(Loss) for the Year after Taxation		(862,714,548)	(481,785,860)

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MILCO (PVT) LTD		For the Year	For the Year
DETAIL NOTES TO THE FINANCIAL STATEMENTS		Ended	Ended
FOR THE YEAR ENDED 31 ST DECEMBER, 2019		31st December,	31st December,
		2019	2018
		Rs.	Rs.
I. COST OF SALES			
Cost of Purchase of Raw Milk	4,629,414,135	6,254,217,942	
Chilling Cost	425,531,416	421,442,468	
Development Cost	260,485,819	288,963,699	
Bowser Cost	247,967,584	294,113,152	
Net Stock Adjustments on Raw Materials	488,424	605,463	
Cost of Other Raw Materials	1,099,619,705	968,969,461	
Total Cost of Raw Materials	6,663,507,082	8,228,312,184	
Cost of Packing Materials	1,313,757,788	1,131,363,981	
Cost of Processing and Packing Labor	552,336,471	470,948,130	
Prime Cost	8,529,601,341	9,830,624,295	
Energy Cost			
Furnace Oil	329,252,004	377,083,401	
Electricity	141,676,555	132,079,297	
Diesel	55,173,113	98,022,919	
Water	22,103,605	25,782,779	
Other Energy Cost	92,153	56,439	
Total Energy Cost	548,297,430	633,024,835	
Other Consumables			
Lab Chemicals	10,615,442	11,693,558	
Detergent & Cleaning Material	68,056,539	66,220,434	
Wages and Staff Welfare of Factory Staff	355,224,055	279,215,650	
Marginal Cost	9,511,794,807	10,820,778,773	
Factory Overheads			
Depreciation of Plant and Machinery	459,788,527	459,494,249	
Repairs and Maintenance of Plant and Machinery	194,149,607	195,496,533	
Repairs and Maintenance of Buildings	9,643,643	22,053,156	
Transport	3,591,535	2,128,738	
Insurance	30,730,303	29,049,708	
Total Factory Overheads	697,903,615	708,222,383	
Total Cost of Production	10,209,698,421	11,529,001,156	
Net Stock/ Transfer Adjustments on Finish Goods	(224,638,837)	(224,449,597)	
Adjustment for Changes in Actuary Assumption	(67,714,812)	80,551,142	
Unrealised profit adjustment	194,758	302,867	
	9,917,539,530	11,385,405,568	

MILCO (PVT) LTD
DETAIL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
II. OTHER INCOME		
Surcharges on Returned Cheques	6,415,722	11,213,726
Non Refundable Deposit	42,500	142,000
Non Refundable tender Deposit	513,000	1,395,837
Subsidy on Milk Powder Sales	-	212,222,190
Differed Income	12,632,398	19,757,115
Registration of Suppliers	3,572,000	2,881,000
Sundry Income	2,226,434	231,951
Exchange Gain	-	88,548,642
Fines & Surcharges	1,159,556	645,893
House Rent	1,782,804	1,421,552
Sale of Unserviceable Items	579,231	1,306,862
Disposal gain	566,035	12,600,907
Margin on Liquid Milk Sale	220,042	13,936,616
	29,709,723	366,304,291
III. PERSONNEL EXPENSES		
Staff Salaries	229,043,057	225,812,029
Staff Allowances	13,608,970	18,625,959
Contributions to Employees' Provident Fund	21,496,286	20,783,117
Contributions to Employees' Trust Fund	5,360,949	5,205,863
Provision for Defined Benefit Plans - Gratuity	40,298,106	903,430
Overtime	13,037,938	12,065,910
Staff Bonus	13,952,543	10,276,133
Casual Wages	1,781,277	2,931,757
Overtime	22,200	23,800
E.P.F.	10,720	12,443
E.T.F.	2,680	3,111
Incentives	1,220,359	1,315,510
Leave Payment	10,330,764	14,624,543
Transport Allowance	3,853,696	3,192,222
Fuel Allowances	1,235,848	1,563,935
Staff Training	671,600	1,113,450
Medical expenses	1,982,018	2,408,865
Death Donation	280,000	150,000
Gift Vouchers	350,378	364,146
Staff Welfare	13,497,107	13,926,488
Mid day Allowance	359,010	490,721
Field Allowance	560,600	562,050
Uniform	243,935	54,157
Telephone Allowances	123,500	195,166
	373,323,541	336,604,805

MILCO (PVT) LTD		For the Year	For the Year
DETAIL NOTES TO THE FINANCIAL STATEMENTS		Ended	Ended
FOR THE YEAR ENDED 31ST DECEMBER, 2019		31st December,	31st December,
		2019	2018
		Rs.	Rs.
III.I	ADMINISTRATION AND ESTABLISHMENT EXPENSES		
	Repairs and Maintenance	38,610,720	40,141,160
	Directors Expense	6,518,158	7,640,118
	Travelling	9,923,389	7,014,862
	Garden Maintains	11,617,039	12,323,610
	Bank Charges	2,685,539	2,858,392
	Bungalow Expenses	1,480,378	1,738,269
	Quality Control Expenses	1,622,190	2,253,062
	Depreciation on Property, Plant and Equipment	29,342,782	34,457,858
	Legal Charges	4,982,320	3,538,723
	Printing and Stationary	12,495,734	10,549,616
	Security Charges	54,222,339	54,228,567
	PEST control	556,800	122,400
	Sundry Expenses	1,011,907	3,898,369
	Electricity expenses	13,900,139	13,012,863
	Water expenses	718,818	679,352
	Rent & Rates	20,959,813	20,695,776
	Stamp Expenses	16,826	(7,915)
	Postege Expenses	338,883	385,724
	Advertisement	546,171	688,210
	News Papers & Periodicals	524,480	528,010
	Vehicle License	359,693	145,895
	Vehicle Hiring	3,484,858	2,677,101
	Accounting & Auditing expenses	8,628,939	9,970,428
	Consultancy Charges	5,656,123	4,943,731
	Insurance	28,002,155	15,318,689
	Fuel Expenses	29,320,421	31,840,428
	DESMI Project Expenses	3,004,165	-
	Telephones Expenses	5,480,713	6,995,889
	ESC - Write Off	15,364,873	12,434,370
	Other Expense	94,511	983,153
	Entertainment Expenses	1,066,002	904,242
	Stud Bull Project	-	661,016
	Non Refundable Deposits	-	356,500
	Exchange loss	2,566,588	-
		<u>315,103,463</u>	<u>303,978,467</u>
	Total Administration Expenses	<u>688,427,005</u>	<u>640,583,272</u>

MILCO (PVT) LTD		For the Year	For the Year
DETAIL NOTES TO THE FINANCIAL STATEMENTS		Ended	Ended
FOR THE YEAR ENDED 31ST DECEMBER, 2019		31st December,	31st December,
		2019	2018
		Rs.	Rs.
IV.	SELLING AND DISTRIBUTION EXPENSES		
	Advertisements and Sales Promotion	68,377,727	83,447,686
	Transport Expenses	115,743,779	135,416,772
	Sales Commission	28,282,771	58,593,641
	Warehousing Chargers	8,948,457	22,690,119
	Vehicle hiring chargers	40,137,026	40,534,143
	Out Let Expense	124,688,644	106,614,058
	Repair & Maintanance of Motor Vehicle	476,827	14,903
	Repairs & Maintenance of Bottle Coolers	63,266	48,383
	Fuel	731,999	1,014,951
	Free issues and write off of Finish Goods	11,756,219	26,634,013
		<u>399,206,715</u>	<u>475,008,669</u>
V.	OTHER EXPENSES		
	Loss on Milk Transfers	-	15,057,783
	Stock write-off- Finish goods	47,180,280	3,013,837
	Stock write-off- Raw & packing materials	7,978,511	-
		<u>55,158,791</u>	<u>18,071,620</u>
VI.	FINANCE INCOME		
	Interest on call/fixed deposit	19,930,044	18,586,884
	Interest on Fixed Deposit - Foreign Currency (USD)	23,178,274	20,727,052
	Interest on Distress Loan	6,453,526	6,512,797
	Interest on Motor Cycle Loan	204,218	202,634
	Interest on Special Loan	160,782	106,324
		<u>49,926,845</u>	<u>46,135,691</u>
VII.	FINANCE COSTS		
	Interest on Bank Overdrafts	152,362,290	144,433,083
	Lease Interest	5,218,823	6,668,083
	Loan Interest	38,258,234	38,063,199
		<u>195,839,348</u>	<u>189,164,365</u>

MILCO (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2019

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
ASSETS	Note		
Non-Current Assets			
Property, Plant and Equipment	3	6,065,801,089	6,451,500,834
Capital Work-In-Progress	4	12,588,158,537	11,894,455,027
Financial Instrument - Amortised cost	5	787,696,142	769,263,440
Long-term Advances	6	139,152,682	356,287,245
Total Non-Current Assets		19,580,808,449	19,471,506,547
Current Assets			
Inventories	7	1,093,130,830	1,505,734,350
Trade and Other Receivables	8	1,191,235,517	1,288,433,432
Income Tax Receivable	9	212,514,712	172,903,239
Cash and Cash Equivalents	10	12,814,551	19,269,258
Total Current Assets		2,509,695,611	2,986,340,280
Total Assets		22,090,504,060	22,457,846,827
EQUITY AND LIABILITIES			
Stated Capital and Reserves			
Stated Capital	11	319,454,060	319,454,060
Capital Reserve	12	25,000,000	25,000,000
Revaluation Reserve		336,454,463	336,454,463
Sinking Fund	13	1,689,978	1,689,978
Retained Earnings		(145,248,000)	785,181,360
Shareholders' Fund		537,350,500	1,467,779,860
Non-Current Liabilities			
Deferred Tax Liability	14	-	-
Non-interest Bearing Borrowings	15	2,108,063	2,108,063
Interest Bearing Borrowings - Long-Term	15	18,572,055,438	18,202,111,219
Retirement Benefit Obligations - Gratuity	16	651,565,041	527,308,101
Deferred Income - Government Grant	17	29,079,994	41,712,392
Total Non-Current Liabilities		19,254,808,536	18,773,239,775
Current Liabilities			
Trade and Other Payables	18	762,087,282	841,105,671
Interest Bearing Borrowings - Short Term	15	135,419,841	123,568,773
Bank Overdrafts	19	1,400,837,901	1,252,152,747
Total Current Liabilities		2,298,345,024	2,216,827,191
Total Equity and Liabilities		22,090,504,060	22,457,846,827

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 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.

.....
Mr. M. G. P. Premathilaka
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

.....
Mr. L. B. Wickramasinghe
Chairman

.....
.....
Director

MILCO (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2019

		For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
	Note		
Revenue	20	10,313,820,273	11,612,344,021
Cost of Sales		(9,917,539,530)	(11,385,405,568)
Gross Profit		396,280,743	226,938,453
Other Operating Income	21	29,709,723	366,304,291
		425,990,466	593,242,745
Administrative Expenses		(688,427,005)	(640,583,272)
Distribution Expenses		(399,206,715)	(475,008,669)
Other Expenses		(55,158,791)	(18,071,620)
Profit/ (Loss) from Operations		(716,802,045)	(540,420,816)
Finance Income	22	49,926,845	46,135,691
Finance Expenses	23	(195,839,348)	(189,164,365)
Net Loss Before Taxation		(862,714,548)	(683,449,491)
Income Tax Expenses	24	(9,480,074)	201,663,631
Net Loss for the Year after Taxation		(872,194,622)	(481,785,860)
Other Comprehensive Income			
Item that will not be reclassified subsequently to profit or loss:			
Remessurement of Defined Benefit Plan, Net of Taxes		(58,234,738)	69,273,982
Total Other Comprehensive Income Net of Tax		(58,234,738)	69,273,982
Total Comprehensive Income		(930,429,360)	(412,511,878)
Basic Earning/(Loss) Per Share	25	(27.30)	(15.08)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Stated Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Sinking Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st December 2017	319,454,060	25,000,000	336,454,463	1,689,978	1,197,693,238	1,880,291,738
Net Profit for the Year	-	-	-	-	(481,785,860)	(481,785,860)
Other Comprehensive Income	-	-	-	-	69,273,982	69,273,982
Balance as at 31st December 2018	<u>319,454,060</u>	<u>25,000,000</u>	<u>336,454,463</u>	<u>1,689,978</u>	<u>785,181,360</u>	<u>1,467,779,860</u>
Net Profit for the Year	-	-	-	-	(930,429,360)	(930,429,360)
Other Comprehensive Income	-	-	-	-	-	-
Balance as at 31st December 2019	<u><u>319,454,060</u></u>	<u><u>25,000,000</u></u>	<u><u>336,454,463</u></u>	<u><u>1,689,978</u></u>	<u><u>(145,248,000)</u></u>	<u><u>537,350,500</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
Cash Flow from Operating Activities		
Net Loss Before Taxation	(862,714,548)	(683,449,491)
Adjustments for ;		
Depreciation on Property, Plant and Equipment	527,623,340	542,428,556
Income from Investment	(49,926,845)	(46,135,691)
Interest Expense	190,620,525	182,496,282
Lease Interest	5,225,511	6,730,089
Recognized Income on Deferred Grants	(12,632,398)	(19,757,115)
Exchange Gain	2,566,588	(88,548,642)
Provision for Defined Benefit Plans - Gratuity	98,254,612	87,046,552
Disposal Gain	(566,035)	(12,600,907)
ESC Weitten off	15,364,873	12,434,370
Capital work-in progress written off	741,099	-
Operating Profit Before Working Capital Changes	(85,443,279)	(19,355,997)
(Increase)/Decrease in Inventories	412,603,520	238,629,532
(Increase)/Decrease in Trade and Other Receivables	95,115,502	198,690,823
Increase/(Decrease) in Trade and Other Payables	(73,730,889)	(36,230,360)
Cash Generated from Operations	348,544,854	381,733,998
Interest Paid	(190,620,525)	(182,496,282)
Tax Paid - ESC and Income Tax	(52,893,933)	(60,035,055)
Payment of Defined Benefit Plans - Gratuity	(41,712,485)	(38,582,223)
Net Cash From/ (Used In) Operating Activities	63,317,912	100,620,438
Cash Flow from Investing Activities		
Acquisition of Property, Plant and Equipment	(87,503,835)	(102,363,192)
Investments in Property, Plant and Equipment in the Course of Constructio	(516,304,352)	(1,695,632,797)
Proceeds from disposal of Assets	665,582	12,670,787
Interest Received	49,926,845	46,135,691
New/ (Withdrawal) Short-Term and Long-Term Investment (Net)	(20,999,289)	(72,298,872)
Net Cash Used In Investing Activities	(574,215,049)	(1,811,488,384)
Cash Flow from Financing Activities		
Government Grant Received	-	4,573,003
Lease Rental Paid	(30,448,356)	(28,501,283)
During the Year Loan Granted	509,141,829	2,239,963,647
Loans and Borrowings Repayments	(122,936,197)	(101,859,626)
Adjustment of exchange impact in long term advances	-	(543,766,109)
Net Cash Used In Financing Activities	355,757,276	1,570,409,632
Net Increase in Cash and Cash Equivalents	(155,139,861)	(140,458,314)
Cash and Cash Equivalents at the Beginning of the Year (Note A)	(1,232,883,488)	(1,092,425,174)
Cash and Cash Equivalents at the End of the Year (Note B)	(1,388,023,349)	(1,232,883,488)

MILCO (PRIVATE) LIMITED
CASH FLOW STATEMENT - (Contd..)
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
At the Beginning of the Year		
Balances at Banks	13,963,657	20,487,923
Petty Cash in Hand	5,305,601	4,260,251
	<u>19,269,258</u>	<u>24,748,174</u>
Bank Overdrafts	(1,252,152,747)	(1,117,173,348)
	<u><u>(1,232,883,489)</u></u>	<u><u>(1,092,425,174)</u></u>
At the End of the Year		
Balances at Banks	7,989,149	13,963,657
Petty Cash in Hand	4,825,402	5,305,601
	<u>12,814,551</u>	<u>19,269,258</u>
Bank Overdrafts	(1,400,837,901)	(1,252,152,747)
	<u><u>(1,388,023,350)</u></u>	<u><u>(1,232,883,488)</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

3. PROPERTY, PLANT AND EQUIPMENT

a) Tangible assets

Description of Assets	Cost/Valuation				Depreciation				Written Down Value		
	Balance As At 01.01.2019	Additions	Disposals	Transfers	Balance As At 31.12.2019	Balance As At 01.01.2019	Charge for the Year	On Disposals	Balance As At 31.12.2019	As At 01.01.2019	As At 31.12.2019
	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	507,345,106	2,876,067	-	-	510,221,172	129,024,894	42,472,865		171,497,759	378,320,212	338,723,413
Plant and Machinery	7,375,587,018	46,232,055	-	11,378,100	7,433,197,173	1,531,318,511	397,436,776		1,928,755,287	5,844,268,507	5,504,441,887
Furniture and Fittings	45,887,661	4,794,545	-	-	50,682,206	37,509,607	3,230,290		40,739,897	8,378,053	9,942,308
Laboratory Equipment	77,485,874	5,030,394	-	-	82,516,268	53,179,696	7,425,785		60,605,481	24,306,178	21,910,788
Motor Vehicles	97,101,450	-	(2,250,000)	48,000,958	142,852,408	96,242,880	3,180,658	(2,228,788)	97,194,750	858,570	45,657,658
Tools and Equipment	322,203,703	11,543,262	-	-	333,746,966	244,312,620	26,125,415		270,438,034	77,891,084	63,308,931
Bottles and Crates	349,496,153	5,814,173	-	-	355,310,326	302,855,435	20,568,620		323,424,055	46,640,718	31,886,271
Computer Equipment	48,134,443	4,369,288	-	-	52,503,731	32,267,911	5,931,322		38,199,234	15,866,532	14,304,497
Bottle Coolers	148,634,639	3,465,905	-	-	152,100,544	138,813,799	3,819,502		142,633,301	9,820,840	9,467,243
Office Equipment	9,964,767	319,339	(86,121)	-	10,197,986	7,050,391	944,765	(7,786)	7,987,370	2,914,376	2,210,616
Milk Cans	80,176,804	2,045	-	-	80,178,849	58,811,020	6,392,997		65,204,017	21,365,784	14,974,832
	9,065,267,617	84,447,074	(2,336,121)	59,379,058	9,206,757,629	2,631,386,764	517,528,994	(2,236,574)	3,146,679,184	6,433,880,853	6,060,078,444
Intangible Assets											
Computer Software	2,837,209	-	-	-	2,837,209	2,632,871	83,333		2,716,204	204,338	121,005
Leasehold Assets											
Motor Vehicles	75,245,958	17,294,907	-	(19,097,898)	73,442,966	57,830,315	10,011,012		67,841,327	17,415,643	5,601,639
Total	9,143,350,784	101,741,981	(2,336,121)	40,281,160	9,283,037,804	2,691,849,950	527,623,340	(2,236,574)	3,217,236,716	6,451,500,834	6,065,801,089

3.1 Transfers

Transfer of motor vehicles includes capitalization of lorry chasis under development amounting to Rs.27,616,206 and fixing of two bowser tanks amounting to Rs. 1,286,854.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

4. CAPITAL WORK-IN-PROGRESS

	Balance As At 01.01.2019 Rs.	Incurred During the Period Rs.	Capitalized/ Charged During the Period Rs.	Balance As At 31.12.2019 Rs.
Construction of New Milk Factory - Badalgama (Refer Note 15) *	10,957,945,499	713,780,796	-	11,671,726,295
Construction of Gatabe Sales Outlet	150,000	-	-	150,000
Installation of Cup & Cone Filler at Digana Milk Factory	15,445,587	-	-	15,445,587
Modernization of Factories- Polonnaruwa, Ambewela and Digana (Refer Note 15) *	790,264,562	-	-	790,264,562
Development Projects at Ambewela Milk Factory	71,342,562	-	-	71,342,562
Construction of Cool Room at Polonnaruwa Milk Factory	11,378,100	-	(11,378,100)	-
Pro- Fit Management Information System Implementation	2,571,770	1,607,760	-	4,179,530
Construction of Chilling Centre- Palathoppur	26,190	714,909	(741,099)	-
Lorry Chasis Under Development	45,330,756	-	(27,616,206)	17,714,550
Construction of Chilling Centre- Lunugala	-	57,500	-	57,500
Construction of building at Ambewela Milk Factory	-	7,055,125	-	7,055,125
Construction of office building at Digana Milk Factory	-	10,222,824	-	10,222,824
	<u>11,894,455,027</u>	<u>733,438,915</u>	<u>(39,735,405)</u>	<u>12,588,158,537</u>

- 4.1** As detailed in note no 15 to these financial statements, modernization of the above factories and construction of New Milk Factory - Badalgama have been financed by loans granted by the Treasury of the Government of Sri Lanka.
- 4.2** Developments carried at Ambewela milk factory including "Power Expansion System, Construction of Water Tank and Refrigeration plant, Construction of Equilization tank, Establishment of new generators".
- 4.3** Expenses incurred on Construction of Chilling Centre- Palathoppur has been charged to income statement during the year.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
5	FINANCIAL INSTRUMENT - AMORTISED COST		
5.1	Long-Term Fixed Deposits		
	Fixed Deposits - BOC - US \$	578,599,135	559,058,332
	Fixed Deposits - PB & PABC	209,097,006	210,205,108
		<u>787,696,142</u>	<u>769,263,440</u>

Investments pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in note no. 30 to these financial statements.

6 LONG TERM ADVANCES

Advance to DESMI - Relocate CMF to Badalgama

Balance at the beginning of the year	356,287,245	560,536,942
Adjustment of exchange impact	-	543,766,109
Transferred to Capital Work in Progress	(217,134,563)	(748,015,807)
Balance at the end of the year	<u>139,152,682</u>	<u>356,287,245</u>

As detailed in note no 15 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)

7 INVENTORIES

Raw and Packing Materials	7.1	321,342,530	387,696,803
Work-in-Progress		5,895,808	2,989,381
Finished Goods		218,770,084	677,601,473
Consumables	7.2	548,245,734	441,729,431
Goods in Transit	7.3	10,973,035	7,813,624
Provision for Inventory	7.4	(12,096,362)	(12,096,362)
		<u>1,093,130,830</u>	<u>1,505,734,350</u>

7.1 Raw and Packing Materials

Raw Materials - Dairy Production	70,799,062	82,419,493
Packing Material	230,784,760	274,243,365
Raw Milk Stock	12,722,205	23,997,441
Bottle Cooler Stock	3,496,313	3,496,313
Drugs and Other Stock	3,540,190	3,540,190
	<u>321,342,530</u>	<u>387,696,803</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
7.2 Consumables			
General Stores		53,108,135	50,418,442
Engineering Stores		443,052,222	339,872,187
Motor Stores		13,159,699	12,570,054
Fuel and Lubricant Stores		29,896,808	29,839,877
Milk Can Stock		9,028,871	9,028,871
		<u>548,245,734</u>	<u>441,729,431</u>
7.3 Goods In Transit			
Finished Goods in Transit		5,151,487	4,837,300
Goods in Transit Lab Equipment		125,798	125,798
Raw Milk In Transit		4,827,551	2,755,326
Yogurt Culture		868,200	95,200
		<u>10,973,035</u>	<u>7,813,624</u>
7.4 Provision For Inventory			
Packing Material		(10,163,806)	(10,163,806)
General Stores		(332,731)	(332,731)
Engineering Stores		(1,523,655)	(1,523,655)
Fuel Stores		(76,170)	(76,170)
		<u>(12,096,362)</u>	<u>(12,096,362)</u>
7.5	Inventories pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in Note No. 30 to these financial statements.		
8 TRADE AND OTHER RECEIVABLES			
Trade Receivables	8.1	755,350,643	832,713,150
Receivable from the Government of Sri Lanka	8.2	6,973,875	6,973,875
Other Debtors		48,852,088	67,564,460
Advances, Deposits and Prepayments		159,647,848	151,382,104
Staff Debtors		161,476,069	161,602,135
Import Control		58,934,995	68,197,709
		<u>1,191,235,517</u>	<u>1,288,433,432</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
8.1 Trade Receivables		
Total Debtors	806,264,268	883,626,774
Less: Provision for Impairment	(50,913,625)	(50,913,625)
	<u>755,350,643</u>	<u>832,713,150</u>
8.2 Receivable from the Government of Sri Lanka		
Receivable from the Ministry of Livestock and Development	6,879,542	6,879,542
Receivable from Government of Sri Lanka - Milk Subsidiary	278,981,206	278,981,206
Receivable from Parliament Affairs	94,333	94,333
	<u>285,955,081</u>	<u>285,955,081</u>
Less: Provision for Impairment	(278,981,206)	(278,981,206)
	<u>6,973,875</u>	<u>6,973,875</u>
9 INCOME TAX RECEIVABLE		
WHT Receivables	9,038,230	6,925,129
ESC Receivables	203,476,482	165,978,111
	<u>212,514,712</u>	<u>172,903,239</u>
10 CASH AND CASH EQUIVALENTS		
Balances at Banks	7,989,149	13,963,657
Petty Cash in Hand	4,825,402	5,305,601
	<u>12,814,551</u>	<u>19,269,258</u>
11 STATED CAPITAL		
Issued and fully paid	No of Shares 31,945,406	
	<u>319,454,060</u>	<u>319,454,060</u>
12 CAPITAL RESERVE		
12.1 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, 2019

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
13 SINKING FUND			
Transferred from Retained Earnings			1,689,978
		-	1,689,978
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.			
14 DEFERRED TAX LIABILITY			
At the Beginning of the Year			190,386,471
Charge (to)/from Statement of Comprehensive Income			(190,386,471)
At the End of the Year		-	-
14.1	Tax effect on Temporary Difference on Property, Plant and Equipment		589,435,761
	Tax effect on Temporary Difference on Retirement Benefit Obligations		(73,823,134)
Less:	Tax effect on Temporary Differences on Tax Losses		(704,424,211)
	Probable Deferred Tax Liability	-	(188,811,584)
Deferred tax assets amounting to LKR 188,811.584 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.			
15 LOANS AND BORROWINGS			
15.1 Interest Bearing Borrowings			
Payable within One Year	15.1.1 to 15.1.4	135,419,841	123,568,773
Payable after One Year	15.1.1 to 15.1.4	18,572,055,438	18,202,111,219
		18,707,475,279	18,325,679,992
15.1.1 Short term loans			
Short term loans taken from Pan Asia Bank		15,727,311	-
		15,727,311	-
15.1.2 Gross Lease Creditor			
Balance at the Beginning of the Year		48,772,108	77,273,391
During the Year Additions		27,049,248	-
During the Year Payments		(30,448,356)	(28,501,283)
Balance at the end of the Year		45,373,000	48,772,108
Interest in Suspense			
Balance at the Beginning of the Year		5,860,539	12,590,628
On Lease Facility Obtained During the Year		6,236,748	-
Amount Transferred to Statement of Comprehensive Income		(5,225,511)	(6,730,089)
Balance at the End of the Year		6,871,776	5,860,539
Net Liability		38,501,224	42,911,569
Current Maturity Portion		19,454,480	23,549,207
Long-Term Maturity Portion		19,046,744	19,362,363
		38,501,224	42,911,569

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
15.1.3 Bank Loans and Borrowings		
Balance at the Beginning of the Year	361,686,067	363,545,693
Received During the Year	-	100,000,000
Less: During the Year Payments	(122,936,197)	(101,859,626)
Balance at the End of the Year	238,749,870	361,686,067
Current Maturity Portion	100,238,050	100,019,567
Long-Term Maturity Portion	138,511,820	261,666,500
	238,749,870	361,686,067

Assets pledged as collaterals to above loans and borrowings are disclosed in note no. 30 to these financial statements.

15.1.4 Borrowings From Treasury of The Government of Sri Lanka

Balance at the Beginning of the Year	17,921,082,356	15,781,118,709
Granted During the Year	493,414,518	2,139,963,647
Balance at the End of the Year	18,414,496,875	17,921,082,356
Current Maturity Portion	-	-
Long-Term Maturity Portion	18,414,496,875	17,921,082,356
	18,414,496,875	17,921,082,356

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

Cabinet paper No.12/1141/504/104 (Revision of original cabinet decision dated 23rd November 2011) presented by the Minister of Finance and Planning on “Modernization of processing Factories of Milco (Private) Limited” had been approved by the Cabinet on 18th August 2012 and accordingly, it was authorized to the Department of External Resources to Borrow Euro 33.7mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Finance and Planning. It also authorized the Treasury of Government of Sri Lanka to sign an on-lending agreement with Milco (Private) Limited.

Subsequently, the Government of Sri Lanka entered into an on-lending agreement with Milco (Private) Limited for the borrowings of Euro 33.7mn 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 2,274,016.40 is payable up-front as EKF Premium.
- iii. Overdue charges at 2% per annum, in the event of default of payments.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

- (b) 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 dairy processing plant at Badalgama (The Project) of the company at a cost of Euro 63.9Mn.

Cabinet paper No.14/1399/511/001-i (Dated 9th October 2014) presented by the Ministry of Livestock and Rural Community Development on “Establishment of a Dairy Processing Plant at Badalgama” was approved by the Cabinet on 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.

As at 31st December 2018, the project was in progress, 43 shipments have been arrived to the location for a value of EURO 36,630,705.55 (100% of the shipment value) and 14 milestone payments were released to the contractor amounting to EURO 21,721,006.23

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

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

As at	As at
31st December,	31st December,
2019	2018
Rs.	Rs.

15.2 Non-Interest Bearing Borrowings

Long-Term Portion

National Milk Board

2,108,063	2,108,063
2,108,063	2,108,063

16 RETIREMENT BENEFIT OBLIGATION - GRATUITY

Balance at the Beginning of the Year	527,308,101	559,394,914
Current Service Cost	36,401,372	29,093,239
Interest Cost	61,853,240	57,953,313
(Gain)/ Loss from Changes in Assumption	67,714,812	(80,551,142)
Payment Made During the Year	(41,712,485)	(38,582,223)
Balance at the End of the Year	651,565,041	527,308,101

Messrs. Actuarial & Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the projected unit credit method as at 31st December, 2018. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The Principal Assumptions Used were as Follows:

Expected Salary Increment	10% p.a
Discount Rate	10.23% p.a
Staff Turnover Factor	5% p.a
Maximum Retirement Age	60 Years

Sensitivity of Assumptions Employed in Actuarial Valuation

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

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

Increase/	Increase/ (Decrease)	Effect on	Effect on
(Decrease)	in Salary Increment	Change to	Employee Benefit
in Discount	Rate	Statement of	Obligation
Rate	Rate	Comprehensive	Rs.
Rs.	Rs.	Income	Rs.
1%	*	43,607,265	607,957,776
-1%	*	(49,189,955)	700,754,996
**	1%	(51,822,354)	703,387,395
**	-1%	46,677,102	604,887,939

* Salary Increment Rate 10% for the Company

** Discount Rate 10.23%

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

As at
31st December,
2018
Rs.

17 GOVERNMENT GRANT

17.1	Balance at the Beginning of the Year	41,712,392	56,896,504
	Grant Received During the Year	-	4,573,003
	Grant Recognized to the Statement of Comprehensive Income During the Year	(12,632,398)	(19,757,115)
	Balance at the End of the Year	<u>29,079,994</u>	<u>41,712,392</u>

17.2 Deferred Government Grant

Grant of Samanthurai	764,401	910,000
Grant of Thimilathive	945,000	1,125,000
Grant of Milk Cans	114,392	114,392
Grant of 14 Sales Outlets	543,750	618,750
Grant of LCRD	16,000,582	17,335,969
Grant of Cooling tanks	6,086,091	16,982,502
Grant of Electric Grass Cutters	52,776	52,776
Grants of Coolers	4,573,003	4,573,003
	<u>29,079,994</u>	<u>41,712,392</u>

18 TRADE AND OTHER PAYABLES

Trade Creditors	222,900,853	261,537,239
Expense Creditors	424,278,363	237,010,677
Other Payables	114,908,066	342,557,755
	<u>762,087,282</u>	<u>841,105,671</u>

19 BANK OVERDRAFTS

Bank of Ceylon - 1758	855,850,737	725,746,361
Bank of Ceylon - 1766	34,087,742	6,861,252
People's Bank - 41180210331	209,859,167	203,436,653
People's Bank - 41120210937	22,120,066	28,474,311
People's Bank - Polgahawela	330,793	3,380,062
BOC - Kandy City Branch - 9326	8,015,636	711,964
People's Bank - 210332	9,932,147	15,108,872
Bank of Ceylon	93,622	93,622
Pan Asia 100311007597	248,602,840	257,935,810
Bank of Ceylon - 7963	1,582,596	1,918,545
People's Bank - Kaduruwela	10,196,989	8,485,295
People's Bank - Nuwara Eliya	5,860	
Pan Asia Bank	159,706	
	<u>1,400,837,901</u>	<u>1,252,152,747</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
20 REVENUE		
Gross Sales	10,509,415,104	11,849,851,230
Nation Building Tax	(195,594,831)	(237,507,209)
	<u>10,313,820,273</u>	<u>11,612,344,021</u>
21 OTHER INCOME		
Surcharges on Returned Cheques	6,415,722	11,213,726
Non Refundable Deposit	42,500	142,000
Non Refundable tender Deposit	513,000	1,395,837
Subsidy on Milk Powder Sales	-	212,222,190
Differed Income	12,632,398	19,757,115
Registration of Suppliers	3,572,000	2,881,000
Sundry Income	2,226,434	231,951
Exchange Gain	-	88,548,642
Fines & Surcharges	1,159,556	645,893
House Rent	1,782,804	1,421,552
Sale of Unserviceable Items	579,231	1,306,862
Disposal gain	566,035	12,600,907
Margin on Liquid Milk Sale	220,042	13,936,616
	<u>29,709,723</u>	<u>366,304,291</u>
22 FINANCE INCOME		
Interest on Call/Fixed Deposit - Local	19,930,044	18,586,884
Interest on Fixed Deposit - Foreign Currency (USD)	23,178,274	20,727,052
Interest on Staff Loans	6,818,527	6,821,755
	<u>49,926,845</u>	<u>46,135,691</u>
23 FINANCE COSTS		
Interest on Finance Lease	5,218,823.28	6,668,083
Interest on Loans	38,258,234.33	38,063,199
Interest on Bank Overdrafts	152,362,290.35	144,433,083
	<u>195,839,348</u>	<u>189,164,365</u>

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019

24 INCOME TAX EXPENSES

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
Current Income Tax Provision	24.1	-	-
Deferred Tax Charge for the Year	14	-	(190,386,471)
Deferred Tax Charge against other comprehensive income		9,480,074	(11,277,160)
		<u>9,480,074</u>	<u>(201,663,631)</u>

24.1 Accounting Profit Before Taxation			(683,449,491)
Less: Income Considered Separately			(134,684,332)
Profit from Trade or Business		-	(818,133,823)
Less: Net allowable and Disallowable Expenses for Tax Purpose			(1,450,464,440)
Business (Loss)/Profit Applicable Taxation			-
Tax Rate			14%
Exempt Other Income			-
Liable Other Income			134,684,332
Tax Rate			14%
Tax on Chargeable Profit or Income			13,982,705
Tax Effect on Deductions			(13,982,705)
Provision for the Year (Tax on Adjusted Income)		<u>-</u>	<u>-</u>

25 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.

	2019 Rs.	2018 Rs.
Net Profit/(loss) Attributable to Ordinary Shares	(872,194,622)	(481,785,860)
Weighted Average Number of Ordinary Share	31,945,406	31,945,406
	<u>(27.30)</u>	<u>(15.08)</u>

25.1 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, 2019

26 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.

27 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

27.1 Contingent Liabilities

There are no contingent liabilities as at the reporting date.

27.2 Contingent Assets

There are no contingent assets as at the reporting date.

28 RELATED PARTY DISCLOSURE

28.1 Substantial Shareholding and Ultimate Ownership

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

28.2 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 31st December 2019	For the Year 31st December 2018
Short-term employee benefits	<u>3,957,907</u>	<u>5,545,434</u>

28.3 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.

29 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, 2019

30 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 31.12.2019 Rs.	Balance Outstanding As At 31.12.2018 Rs.	Repayment	Assets Pledged
Loan granted by Bank of Ceylon	700,000,000	11,666,500	186,666,520	Repayable in 120 equal monthly instalments of Rs.5,833,335/-	Fixed Deposits Amounting US\$ 2,920,652.78 of Bank of Ceylon.
Loan granted by Bank of Ceylon	120,000,000	45,000,000	75,000,000	Repayable in 48 equal monthly instalments of Rs.2,500,000/-	Fixed Deposits Amounting US\$ 2,920,652.78 of Bank of Ceylon.
Loan granted by Central Finance	12,484,000	47	19,547	Repayable in 60 monthly instalments of Rs.319,586/- at the first 48 months and Rs. 4,998/- per month for the rest.	Linear ice cream cup and cone filler with accessories
Bank Overdraft facility provided by Bank of Ceylon	600,000,000	629,192,300	597,682,334	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.
Bank Overdraft facility provided by People's Bank	139,500,000	187,669,547	181,026,572	On Demand	Fixed deposit amounting to Rs. 155,000,000.
Post Dated Cheque discounting facility provided by Bank of Ceylon	75,000,000	58,983,395	85,545	On Demand	Lodgment of Trade related Post dated Cheques.
Post Dated Cheque discounting facility provided by Pan Asia Bank	300,000,000	100,000,000	75,805,603	On Demand	Lodgment of Trade related Post dated Cheques.
Bank Overdraft facility provided by by Pan Asia Bank	100,000,000	100,000,000	-	On Demand	Fixed deposit amounting to Rs. 50,000,000 and lodgment of Trade related Post dated Cheques.

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

31 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, except following.

Cabinet paper no. 21/0199/323/012 dated 11.01.2021, presented by the Ministry of Agriculture on "Modernization project of Polonnaruwa, Ambewela and Digana dairy factories" was approved by the cabinet on 08.02.2021.

Accordingly, approval was grant to;

- a. convert the loan on-lent to Milco (Pvt) Ltd, as equity contribution of General Treasury.
- b. waive off the outstanding loan interest as at 31.12.2020

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

32.1 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	787,696,142	787,696,142
Trade and Other Receivables	1,031,587,670	1,031,587,670
Cash and Cash Equivalents	12,814,551	12,814,551
Total Financial Assets	1,832,098,363	1,832,098,363
Financial Liabilities		
Trade and Other Payables	723,395,542	723,395,542
Interest Bearing Loans and Borrowings	254,477,181	254,477,181
Payable to the Treasury of Government of Sri Lanka	18,414,496,875	18,414,496,875
Bank Overdraft	1,400,837,901	1,400,837,901
Total Financial Liabilities	20,793,207,498	20,793,207,498

MILCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER, 2019

32.1 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.

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.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

33.1 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

33.2 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, 2019

33.3 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.

33.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

	On Demand	Less than 2 Months	2 to 12 Months	1 to 5 Years	Over 5 Years	Total
Company	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Instrument - Held to Maturity	-	-	-	787,696,142	-	787,696,142
Trade and Other Receivables	-	1,031,587,670	-	-	-	1,031,587,670
Cash and Cash Equivalents	12,814,551	-	-	-	-	12,814,551
Total Financial Assets	<u>12,814,551</u>	<u>1,031,587,670</u>	<u>-</u>	<u>787,696,142</u>	<u>-</u>	<u>1,832,098,363</u>
Financial Liabilities						
Trade and Other Payables	-	723,395,542	-	-	-	723,395,542
Interest Bearing Loans and Borrowings	-	28,661,075	118,316,270	107,499,836	-	254,477,181
Payable to the Treasury of Government of Sri Lanka	-	-	-	-	18,414,496,875	18,414,496,875
Bank Overdraft	1,400,837,901	-	-	-	-	1,400,837,901
Total Financial Liabilities	<u>1,400,837,901</u>	<u>752,056,617</u>	<u>118,316,270</u>	<u>107,499,836</u>	<u>18,414,496,875</u>	<u>20,793,207,498</u>
Total Net Financial Assets/ (Liabilities)	<u>(1,388,023,349)</u>	<u>279,531,053</u>	<u>(118,316,270)</u>	<u>680,196,306</u>	<u>(18,414,496,875)</u>	<u>(18,961,109,135)</u>

33.4 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, 2018

		For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
	Note		
Revenue		10,313,820,273	11,612,344,021
Cost of Sales	I	(9,917,539,530)	(11,385,405,568)
Gross Profit		396,280,743	226,938,453
Other Operating Income	II	29,709,723	366,304,291
		425,990,466	593,242,745
Administrative Expenses	III	(688,427,005)	(640,583,272)
Distribution Expenses	IV	(399,206,715)	(475,008,669)
Other Expenses	V	(55,158,791)	(18,071,620)
Profit/ (Loss) from Operations		(716,802,045)	(540,420,816)
Finance Income	VI	49,926,845	46,135,691
Finance Expenses	VII	(195,839,348)	(189,164,365)
Net Profit/ (Loss) Before Taxation		(862,714,548)	(683,449,491)
Income Tax Expenses		(9,480,074)	201,663,631
Net Profit/(Loss) for the Year after Taxation		(872,194,622)	(481,785,860)

MILCO (PVT) LTD
DETAIL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
I. COST OF SALES		
Cost of Purchase of Raw Milk	4,629,414,135	6,254,217,942
Chilling Cost	425,531,416	421,442,468
Development Cost	260,485,819	288,963,699
Bowser Cost	247,967,584	294,113,152
Net Stock Adjustments on Raw Materials	488,424	605,463
Cost of Other Raw Materials	1,099,619,705	968,969,461
Total Cost of Raw Materials	6,663,507,082	8,228,312,184
Cost of Packing Materials	1,313,757,788	1,131,363,981
Cost of Processing and Packing Labor	552,336,471	470,948,130
Prime Cost	8,529,601,341	9,830,624,295
Energy Cost		
Furnace Oil	329,252,004	377,083,401
Electricity	141,676,555	132,079,297
Diesel	55,173,113	98,022,919
Water	22,103,605	25,782,779
Other Energy Cost	92,153	56,439
Total Energy Cost	548,297,430	633,024,835
Other Consumables		
Lab Chemicals	10,615,442	11,693,558
Detergent & Cleaning Material	68,056,539	66,220,434
Wages and Staff Welfare of Factory Staff	355,224,055	279,215,650
Marginal Cost	9,511,794,807	10,820,778,773
Factory Overheads		
Depreciation of Plant and Machinery	459,788,527	459,494,249
Repairs and Maintenance of Plant and Machinery	194,149,607	195,496,533
Repairs and Maintenance of Buildings	9,643,643	22,053,156
Transport	3,591,535	2,128,738
Insurance	30,730,303	29,049,708
Total Factory Overheads	697,903,615	708,222,383
Total Cost of Production	10,209,698,421	11,529,001,156
Net Stock/ Transfer Adjustments on Finish Goods	(224,638,837)	(224,449,597)
Adjustment for Changes in Actuary Assumption	(67,714,812)	80,551,142
Unrealised profit adjustment	194,758	302,867
	<u>9,917,539,530</u>	<u>11,385,405,568</u>

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
II. OTHER INCOME		
Surcharges on Returned Cheques	6,415,722	11,213,726
Non Refundable Deposit	42,500	142,000
Non Refundable tender Deposit	513,000	1,395,837
Subsidy on Milk Powder Sales	-	212,222,190
Differed Income	12,632,398	19,757,115
Registration of Suppliers	3,572,000	2,881,000
Sundry Income	2,226,434	231,951
Exchange Gain	-	88,548,642
Fines & Surcharges	1,159,556	645,893
House Rent	1,782,804	1,421,552
Sale of Unserviceable Items	579,231	1,306,862
Disposal gain	566,035	12,600,907
Margin on Liquid Milk Sale	220,042	13,936,616
	<u>29,709,723</u>	<u>366,304,291</u>
III. PERSONNEL EXPENSES		
Staff Salaries	229,043,057	225,812,029
Staff Allowances	13,608,970	18,625,959
Contributions to Employees' Provident Fund	21,496,286	20,783,117
Contributions to Employees' Trust Fund	5,360,949	5,205,863
Provision for Defined Benefit Plans - Gratuity	40,298,106	903,430
Overtime	13,037,938	12,065,910
Staff Bonus	13,952,543	10,276,133
Casual Wages	1,781,277	2,931,757
Overtime	22,200	23,800
E.P.F.	10,720	12,443
E.T.F.	2,680	3,111
Incentives	1,220,359	1,315,510
Leave Payment	10,330,764	14,624,543
Transport Allowance	3,853,696	3,192,222
Fuel Allowances	1,235,848	1,563,935
Staff Training	671,600	1,113,450
Medical expenses	1,982,018	2,408,865
Death Donation	280,000	150,000
Gift Vouchers	350,378	364,146
Staff Welfare	13,497,107	13,926,488
Mid day Allowance	359,010	490,721
Field Allowance	560,600	562,050
Uniform	243,935	54,157
Telephone Allowances	123,500	195,166
	<u>373,323,541</u>	<u>336,604,805</u>

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
III.I ADMINISTRATION AND ESTABLISHMENT EXPENSES		
Repairs and Maintenance	38,610,720	40,141,160
Directors Expense	6,518,158	7,640,118
Travelling	9,923,389	7,014,862
Garden Maintains	11,617,039	12,323,610
Bank Charges	2,685,539	2,858,392
Bungalow Expenses	1,480,378	1,738,269
Quality Control Expenses	1,622,190	2,253,062
Depreciation on Property, Plant and Equipment	29,342,782	34,457,858
Legal Charges	4,982,320	3,538,723
Printing and Stationary	12,495,734	10,549,616
Security Charges	54,222,339	54,228,567
PEST control	556,800	122,400
Sundry Expenses	1,011,907	3,898,369
Electricity expenses	13,900,139	13,012,863
Water expenses	718,818	679,352
Rent & Rates	20,959,813	20,695,776
Stamp Expenses	16,826	(7,915)
Postage Expenses	338,883	385,724
Advertisement	546,171	688,210
News Papers & Periodicals	524,480	528,010
Vehicle License	359,693	145,895
Vehicle Hiring	3,484,858	2,677,101
Accounting & Auditing expenses	8,628,939	9,970,428
Consultancy Charges	5,656,123	4,943,731
Insurance	28,002,155	15,318,689
Fuel Expenses	29,320,421	31,840,428
DESMI Project Expenses	3,004,165	-
Telephones Expenses	5,480,713	6,995,889
ESC - Write Off	15,364,873	12,434,370
Other Expense	94,511	983,153
Entertainment Expenses	1,066,002	904,242
Stud Bull Project	-	661,016
Non Refundable Deposits	-	356,500
Exchange loss	2,566,588	-
	<u>315,103,463</u>	<u>303,978,467</u>
Total Administration Expenses	<u>688,427,005</u>	<u>640,583,272</u>

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
IV. SELLING AND DISTRIBUTION EXPENSES		
Advertisements and Sales Promotion	68,377,727	83,447,686
Transport Expenses	115,743,779	135,416,772
Sales Commission	28,282,771	58,593,641
Warehousing Chargers	8,948,457	22,690,119
Vehicle hiring chargers	40,137,026	40,534,143
Out Let Expense	124,688,644	106,614,058
Repair & Maintanance of Motor Vehicle	476,827	14,903
Repairs & Maintenance of Bottle Coolers	63,266	48,383
Fuel	731,999	1,014,951
Free issues and write off of Finish Goods	11,756,219	26,634,013
	<u>399,206,715</u>	<u>475,008,669</u>
V. OTHER EXPENSES		
Loss on Milk Transfers		15,057,783
Stock write-off- Finish goods	47,180,280	3,013,837
Discarded Milk		
Stock write-off- Raw & packing materials	7,978,511	-
	<u>55,158,791</u>	<u>18,071,620</u>
VI. FINANCE INCOME		
Interest on call/fixed deposit	19,930,044	18,586,884
Interest on Fixed Deposit - Foreign Currency (USD)	23,178,274	20,727,052
Interest on Distress Loan	6,453,526	6,512,797
Interest on Motor Cycle Loan	204,218	202,634
Interest on Flood Loans		-
Interest on Special Loan	160,782	106,324
	<u>49,926,845</u>	<u>46,135,691</u>
VII. FINANCE COSTS		
Interest on Bank Overdrafts	152,362,290	144,433,083
Lease Interest	5,218,823	6,668,083
Loan Interest	38,258,234	38,063,199
	<u>195,839,348</u>	<u>189,164,365</u>