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இலங்கை திரிபோஷ கம்பனி  
Ministry of Health  
Sri Lanka Thriposha Ltd.



துபோஷ  
THRIPOSHA  
திரிபோஷ  
A SRI LANKA FORTIFIED FOOD PROGRAMME OF  
THE MINISTRY OF HEALTHCARE & NUTRITION

2013

வார்க்கை வார்காவ  
ஆண்டறிக்கை  
Annual Report

# Sri Lanka Thriposha Ltd

## Annual Report – 2013

<b>Table of Contents</b>	<b>Page</b>
01. Our Vision / Our Mission	01-02
02. Message of the Chairman of Sri Lanka Thriposha Ltd	03-04
03. Director Board of Sri Lanka Thriposha Ltd	05
04. Recognition of Sri Lanka Thriposha Ltd in brief	06
05. Audit & Management Committee and Procurement Committee Of Sri Lanka Thriposha Ltd	07
06. History and present progress of Sri Lanka Thriposha Ltd	08-09
07. Analysis of Human Resources	10-12
08. Details of Register Suppliers	13
09. Production Details and Expected Target	14-18
10. Distribution Process of Thriposha and Information	19-27
11. Introduction of the Products and Production Process	28-31
12. Achievements and challenges in the year 2013	32-33
13. Thanks Giving	34
14. Audit Report and Financial Statement	35-59
15. Management Letter	60-67



## **Our Vision**

To create the Sri Lankan General Public  
a prosperous, proud, healthy and  
nourished nation without malnutrition

## **Our Mission**

To empower the native farmer with the assistance filled with supervision of the Ministry of Health, on cognition of the General Treasury, for a Sri Lankan national future with prosperity, pride and goodness of our mother land, triumphing the world with wonders in future, to reinforce the supplying forces, to manufacture, pack and finish the Thriposha supplementary of high standard and nutrition, in a duly hygienical manner, to grant same for the public benefit with great health expectations on continuous supply, to become a better Thriposha family, achieving victory in the land – universe in a giant mission and also to be the



# Message of the Chairman of Sri Lanka Thriposha Limited



A healthy and active labour force is required to build up a phenomenal state in Asia in its journey of reaching such a state, with a rapid economic development goal. Hence, the importance of designing a successful Community Health Development process in the health sector has been ensured through the Government. It is utmost essential for the infant to be born, to receive good nutrition from its fetus stage and grow up healthily, in order to build up a healthily fit labour force, which is of paramount importance for the economic development of a state. The Sri Lanka Thriposha Limited will bear the active contribution in giving the required nutrition to the fetus as well as infant and provide the essential guidance and sponsorship through the Ministry of Health for a healthy community, while discharging the said functions.

A human being should have received the nutrition energy required to him, during the fetus stage as well as since birth, in order to become a healthy person. The Thriposha Limited implements the monthly Thriposha Grant Programme to the beneficiary community of 10 Lakhs in the nook and corner of Sri Lanka, under the supervision of and as well as a project operated by the Ministry of Health, with a view to gifting a healthy nation to fulfill this duty. Accordingly, the Thriposha Limited discharges the greatest responsibility of supplying the Thriposha supplementary consisting of nutrients, on a continual basis, to the beneficiaries such as Pregnant mothers, lactating mothers, children and so forth.

The General Treasury makes an allocation of around Rs. 1,500 million annually for this vital project. As Thriposha is provided as a nutritious supplementary for a group of much sensitive beneficiaries, our Company makes a special effort to carry out the provision of same much carefully, in compliance of the relevant standards. Action will be taken to produce Thriposha more hygienically, under continuous tests as well as standard control processes, from the purchasing of raw materials to the distribution stage of Thriposha as a Food item. Maize and soya beans required for the manufacturing of Thriposha are supplied by the farmers' organizations in the areas, in which those crops are cultivated. They purchase those raw materials from the farmers of the area. A certified price is ordered for these raw materials, with the intervention of the Ministry of Finance. The Thriposha Limited buys them from the suppliers on the said certified price. However, I took necessary action to purchase soya beans and maize, under lesser price rates than the above mentioned certified price, on the instructions of Hon. Maithripala Sirisena, Minister of Health.

Moreover, there was a possibility of purchasing a considerable amount of the said raw materials too, from the farmers in the areas belonging to the Mahaweli Development Project. We could save a substantial amount of money to the Government by being able to purchase maize and soya beans, under the price rates lower than the certified price.

We could achieve a Record on the manufacturing of Thriposha in the year 2013. Breaking the production records up to now, I am much glad for being able to enhance the daily manufacturing of Thriposha up to 83,130 packets in July, 2013. The previous maximum production level was an amount of around 56,000 packets of daily Thriposha. The previous maximum production was recorded in the month of October in the year 2011. The number of packets of Thriposha produced within that month was 1,707,390. It was a great achievement by us to improve the production of Thriposha in July, 2013 upto 1,808,550 packets. Some machinery required for the Thriposha factory, was able to be newly installed within the year 2013. It is also stated with much happiness that the employees herein too worked with commitment and enthusiasm. Our attention has been made to improve this enthusiasm and efficiency further, enhance the production more and more and send the surplus production to the market. There will be no barrier thereby for the Thriposha Limited to become a profitable public institute.

Many activities were performed for the employees' welfare within this year. Creating the work station a pleasant location with renovation of buildings and so forth and paying more attention to the employees in granting the incentives, housing loans etc: took place within this year. We try our best to make necessary arrangements to bring forward the Sri Lanka Thriposha Limited, as a profitable and an exemplary Government Institution, while achieving the anticipatory goals for the coming up years. I pay my gratitude to all persons and sectors, who provide the essential contribution for the growth of this institution. Especially, I pay my gratitude, filled with respect to Hon. Maithripala Sirisena, the Minister of Health for his advice and guidance. We all appreciate the immense assistance received from Hon. Lalith Dissanayake, Attorney – at – Law, the Deputy Minister of Health. We pay our respect to the entire staff of the Ministry of Health, including (Dr.) Mr. Nihal Jayatilake, Secretary of Health.

Our heartiest gratitude is paid to our local farmers, who shed their sweat and tears for the manufacturing of soya beans and maize required for the production of Thriposha as well as the suppliers of same. Our due respect should also be forwarded to the Board of Directors with the genuine intention at all times, while holding the Management level of the Sri Lanka Thriposha Limited. Ultimately, I thank to the entire staff of the Sri Lanka Thriposha Limited at all levels, for carrying out their duties effectively for the progress of the institution, with the major intention of maintaining the production activities in a proper manner.

Kiran Atapattu  
Chairman  
Sri Lanka Thriposha Limited

# **Director Board of Sri Lanka Thripasha Limited - 2013**

- Mr. Kiran Atapattu, Chairman
  
- (Dr.) Mr. Palitha Gunaratne Mahipala, Director  
(Director General of Health Services)
  
- (Dr.) Mrs. Shanthi Gunawardane, Directress  
(Directress, Nutrition Co-ordination Unit)  
Ministry of Health
  
- Mrs. A. R. Ahamed, Directress  
(Legal Officer) Ministry of Health
  
- (Dr.) Mrs. Janaki Gunaratne, Directress  
(Head, Technical Institute)
  
- (Prof.) Mrs. Deepthi Samarage, Directress  
(Specialist in Paediatrics)
  
- Mrs. Rose Mary Olga, Directress  
(Directress – National Budget)
  
- Mr. D. A. W. Wanigasuriya  
Supervisor  
(Chief Accountant) – Ministry of Health
  
- Mrs. Thanuja Priyadarshani Alwis  
(Secretary to the Board of Directors)

## Recognition of Thriposha Limited in brief

- **Address** = Sri Lanka Thriposha Limited, P.O. Box 17,  
Negombo Road, Kapuwatta, Ja-Ela
- **Telephone** = **0112 - 236588**  
**0112 - 237418**  
**0112 - 233451**
- **Fax number** = **0112 - 237363**
- **E-mail address** = **thriposha@gmail.com**
- **Ministry** = Ministry of Health
- **Nature of the Institution** = Fully Government owned Institution under the  
Ministry of Health
- **Company Registration No.** = PB /3873
- **Main Product** = Thriposha supplementary food with good  
nutrition & health
- **Distribution centres** = \* Medical Centres islandwide  
\* Estates  
\* Probation & Child Protection Centres
- **Mode of distribution** = Train Wagons and Lorries
- **Beneficiaries** = \* All pregnant mothers  
\* Lactating mothers  
\* Children with nutrition requirements  
\* Certain patients
- **Total number  
of beneficiaries** = Nealy Ten Lakhs
- **Bankers** = Bank of Ceylon
- **Auditors** = Kapila Rathnasinghe Co.  
(Chartered Accountants  
7/3 A, Sri Devananda Road,  
Navinna, Maharagama



# Audit & Management Committee of Sri Lanka Thriposha Limited - 2013

- **Mrs. K. D. R. Olga**  
Chairman - Audit Management Committee  
Directress - Sri Lanka Thriposha Limited  
(Directress - Department of National Budget)
- **Prof. (Mrs.) Deepthi Kumudini Samarage**  
Member - Audit Management Committee  
Directress - Sri Lanka Thriposha Limited
- **Mr. D. A. W. Wanigasuriya**  
Observer – Chief Accountant  
Ministry of Health
- **Mrs. Rani Fernando**  
Observer – Internal Auditor  
Ministry of Health

- **Mrs. Thanuja P. Alwis, Attorney –at - Law**  
Secretary to the Board of Directors  
Sri Lanka Thriposha Limited
- **Mr. Nishantha Hewagama**  
Finance Manager  
Sri Lanka Thriposha Limited
- **Mr. R. M. N. K. B. Rathnasinghe**  
Kapila Rathnasinghe Co  
External Auditor
- **Mr. L. J. S. Premachandra**  
Internal Auditor  
Convenor – Sri Lanka Thriposha Limited

## ***Main Procurement Committee (Up to Rs. 50 million)***

- Chairman  
Sri Lanka Thriposha Limited
- Director General of Health Services  
Ministry of Health
- Chief Accountant  
Ministry of Fisheries

## ***Minor Procurement Committee (Up to Rs. 20 million)***

- Chairman  
Sri Lanka Thriposha Limited
- Senior Manager (Operations)  
Sri Lanka Thriposha Limited
- Senior Manager (Human Resources & Legal)  
Sri Lanka Thriposha Limited

# **History and present progress of Sri Lanka Thriposha Limited**

It has already been 40 years from the date of the commencement of the Thriposha Limited in our country. Manufacturing of Thriposha first commenced in the year 1973, along with the combination of major grains such as maize and soya and Non Fat Dry Milk mixture, imported from the United States of America. It took place under the Grants of the CARE Organization of the United States of America. Consequently, the contribution of the Ministry of Health was too received for the purpose. The management activities of the Thriposha Limited were vested in the Ministry of Health in the year 1976. Tenders were called up on for the management activities and Lanka Tobacco Company was selected for the purpose. From then onwards, controlling of the Institution was carried out by the Lanka Tobacco Company up until the year 2010. The reimbursement of the maintenance cost of the Thriposha factory was made since 1987, by approaching the contribution of the Ministry of Health for this project. The land, machinery and other related resources belonging to the Thriposha Limited too vested with the Ministry of Health.

The Government paid attention to vest the Thriposha Limited to the Government and improve its products, with a view to empowering the National Programme for the alleviation of malnutrition from the country. This Thriposha Limited was established as “Sri Lanka Thriposha Limited” under the Ministry of Health, as a Fully Government owned Company with effect from 2010-09-17, after the Cabinet approval for a Cabinet Memorandum submitted by Hon. Maithripala Sirisena, the Minister of Health. The new Company was registered under the Registrar of Companies, as an affiliated institution to the Ministry of Health, under P. B. No. 3873. The affairs of the Sri Lanka Thriposha Limited began thereafter under a new Board of Management, comprising of 07 members, with effect from 2011-01-07.

## **Production progress**

The total number of monthly beneficiaries entitled to the grant of Thriposha in Sri Lanka was 928,000 at the time of acquisition to the Government in the year 2011. These beneficiaries are comprised of the following;

- All pregnant mothers
- All lactating mothers (until the infant reaches 06 months)
- Infants beyond 06 months and pre school children below 05 years of age with malnutrition
- The children below the 3<sup>rd</sup> growth line in Child Development Record, in terms of weight
- The hospitalized patients belonging to the above level

1,392 MT needs to be manufactured per month to supply Thriposha required monthly, to the above mentioned beneficiaries in its entirety. Before the acquisition of the Thriposha Company, the monthly production up to September, 2010 was 1,000 MT. A huge increase occurred in the production with the acquisition of the Company to the Government, in September 2010. This increase of production was caused by the installation of modern machinery and employee incentives. Accordingly, the monthly production could be enhanced up to 1,300 MT by November, 2011 and it was 94% in its percentage out of its entire requirement.

Only 92 MT was further required to reach 100% of the total beneficiary need islandwide, which was 928,000. It was calculated that the number of monthly beneficiaries in 2014 was 1.3 million and that the monthly production requirement for the purpose would be 1,950 MT, in pursuance of the calculation of the beneficiaries in the developing areas due to the end of war. The present target is to achieve these requirements. It will be an easier task to produce 1,950 MT of Thriposha required for the entire beneficiaries, amounting to 1.3 million by 2014, to reach the 100% of the necessity of the Thriposha production under the Government Programme, as the following further improvements in this regard is already at its completion.

### **Program launched to accomplish the goals**

1. Commencing to maintain a continuous production by installing the machinery parts with the value of Rs. 72 million, provided by the World Food Program (WFP).
2. Renovating the 30 years old railway line, which facilitates the distribution of Thriposha, at the cost of Rs. 4 million.
3. Installing the packeting machinery worth Rs. 5 million, granted by the World Food Program and thereby expedite the packeting functions.
4. Obtaining a new packeting machine out of the capital provisions allocated for the Thriposha Limited, for the year 2013.
5. Purchase a Fork Lift machine to ease functions and enhance efficiency.
6. Granting concurrence to provide Rs. 141 million directly to the Thriposha Limited by the General Treasury to purchase the essential machinery to double the Thriposha production and Rs. 70 million has already been allocated for the purpose and commenced to make arrangements to purchase the said machinery.

It is expected to double the production of Thriposha, after the installation of the new machinery. Thereafter, it will be able to provide Thriposha to the total number of 1.3 million beneficiaries in the year 2014. The next victorious target of the Company will be to provide the required Thriposha to all the Thriposha beneficiaries in the country and issue the surplus to the local market.

# The number of cadre, posts and employees approved by the Deapartment of Management Services of the Ministry of Finance

<b>01. Senior Managers</b>		
• Senior Manager (Operations)	01	
• Senior Manager (Legal and HR)	01	<b>02</b>
<b>02. Managers at medium levels</b>		
• Manager (Engineering and Prodcution Services)	01	
• Manager (Quality Control)	01	
• Manager (Finance)	01	<b>03</b>
<b>03. Junior Managers</b>		
• Distribution Officer	01	
• Internal Auditor	01	
• Finance Officer	01	
• Supply Officer	01	
• Warehouse Officer	01	
• Production Officer	01	
• Administrative Officer	01	
• Stores Officer	01	<b>08</b>
<b>04. Management Assistant (Technical)</b>		<b>03</b>
<b>05. Management Assistant (Non Technical)</b>		<b>13</b>
<b>06. Primary Services</b>		
Primary Services (Skilled)	05	
• Driver	03	<b>08</b>
• Electrician		
<b>Primary Services (Semi skilled)</b>		
• Boilers	03	
• Fitters	03	
• Lathemen	02	
• Machine Operator	22	



• Quality Controller	07	
• Fireman	01	<b>38</b>
<b>Primary Services (Non skilled)</b>		
• Gardener	02	
• Labour/Peon	01	
• Labour	111	
• Lead Girl	01	<b>115</b>
<b>Total</b>		<b>190</b>

## The spreading of our group on types of service

### ▪ Factory

(Group consists of 170)

<u>Posts</u>	<u>Number</u>
01. Senior Manager (Operations)	01
02. Manager (Engineering and Production Services)	01
03. Manager (Quality Assurance)	01
04. Manager (Production)	01
05. Production Officers	03
06. Stores Officers	02
07. Distribution Officers	01
08. Management Assistants	07
09. Electricians	03
10. Fireman	01
11. Quality Controllers	07
12. Machine Operators	22
13. Lathemen	02
14. Fitters	03
15. Boilers	03
16. Labour	112
	<b>170</b>

- **Administrative, Accounts and other sections**  
(Group consists of 170)

<b><u>Posts</u></b>	<b><u>Number</u></b>	
01. Senior Manager (Human Resources & Legal)	01	
02. Manager (Finance)	01	
03. Finance Officer	01	
04. Internal Audit Officer	01	
05. Administrative Officer	01	
06. Supply Officer	01	
07. Management Assistants	06	
08. Drivers	05	
09. Office Assistants	01	
10. Gardener	02	
		<hr/>
		20
		<hr/>
		190
		<hr/> <hr/>

# Details of the suppliers registered in terms of the Tender Process in the year 2013

## Soya beans and maize

**1. Farmers' Centre, Meegalewa**

No. 367,  
03<sup>rd</sup> floor, Dam Street  
Colombo 12

**2. People's Integrated Farmers Ltd.  
Anuradhapura**

No. 17/10, Oliyamulla  
Wattala

**3. Integrated Farmers Organization  
Ampara**

No. 169, Dutugemunu Mawatha  
Peliyagoda

**4. K. S. T. Evergreen (Pvt) Ltd.**

No. 583,  
St. Jude Mawatha  
Rilawulla  
Kandana

**5. C. I. C. Seeds (Pvt) Ltd.**

No. 205 1/1  
D. R. Wijewardane Mawatha  
Colombo 10

## Milk powder

Milco (Pvt) Ltd.  
No. 45  
Nawala Road  
Narahenpita

## Vitamin

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

## Minerals

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

## Kraft paper

Ceylon Paper Sacks  
No. 257  
Grandpass Road  
Colombo 14

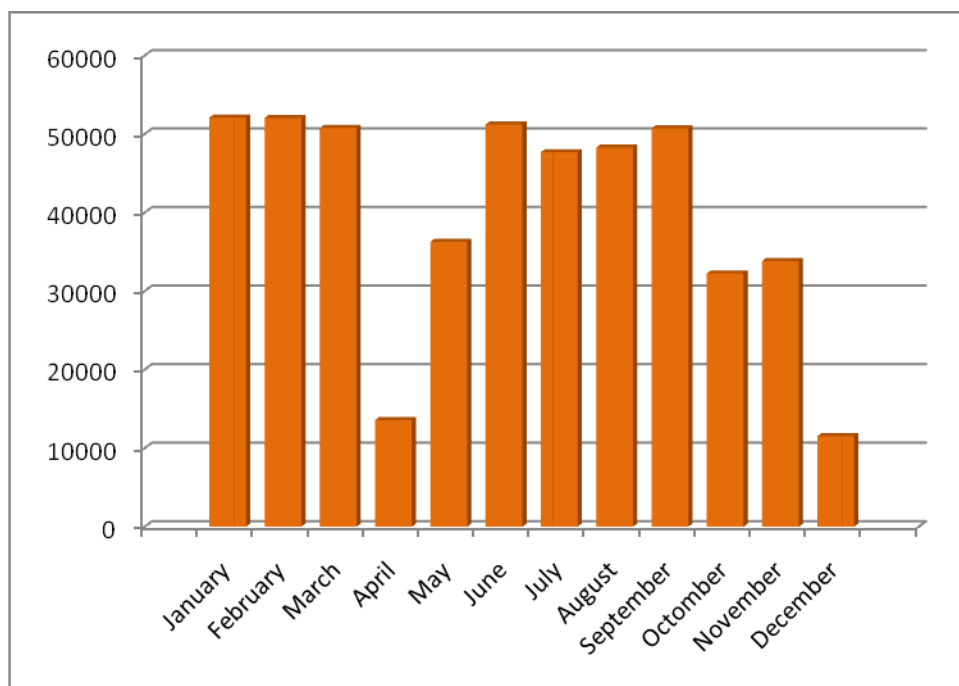
## Polythene

Toughline Limited  
No. 188  
Highlevel Road  
Meegoda

### Production of Thripasha in Master bags from the year 2009 to year 2013

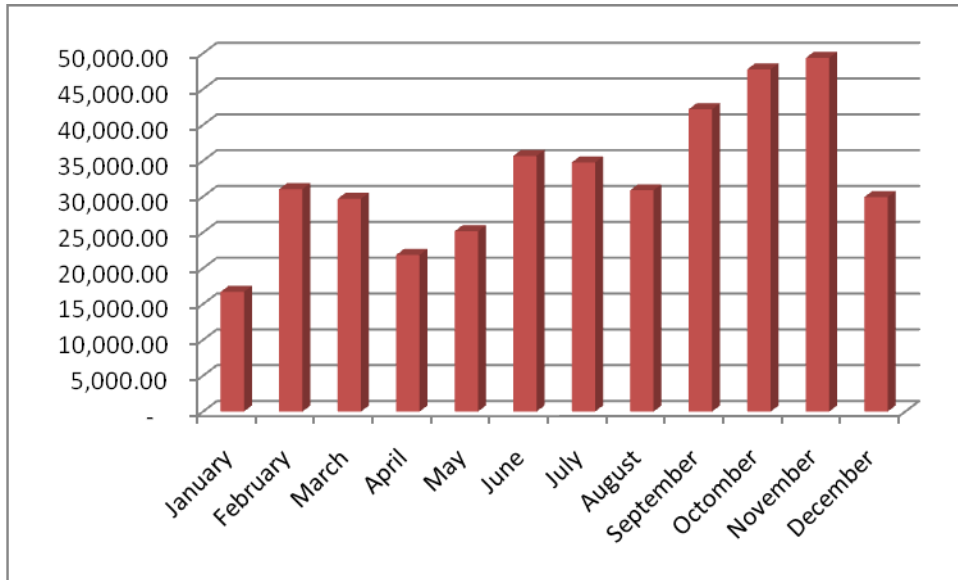
Month	2009	2010	2011	2012	2013
January	53,913	16,697	41,752	37,689	43,026
February	51,826	31,038	45,161	47,414	44,109
March	50,942	29,693	48,028	47,198	44,701
April	12,013	16,291	37,573	30,336	22,018
May	44,200	25,167	48,002	43,425	30,069
June	51,232	36,216	37,860	45,936	33,370
July	47,687	34,759	38,090	45,736	60,285
August	48,273	30,890	47,810	47,236	55,429
September	50,696	42,190	50,428	44,645	58,712
October	32,252	47,765	56,913	48,009	49,958
November	33,840	49,361	51,026	15,308	42,348
December	11,530	29,929	10,304	37,520	18,238
<b>Master bags</b>	<b>488,404</b>	<b>389,996</b>	<b>512,947</b>	<b>490,452</b>	<b>502,263</b>
<b>Metric Tons</b>	<b>10,989</b>	<b>8,775</b>	<b>11,541</b>	<b>11,035</b>	<b>11,300</b>

### Production data of the year 2009 in chart

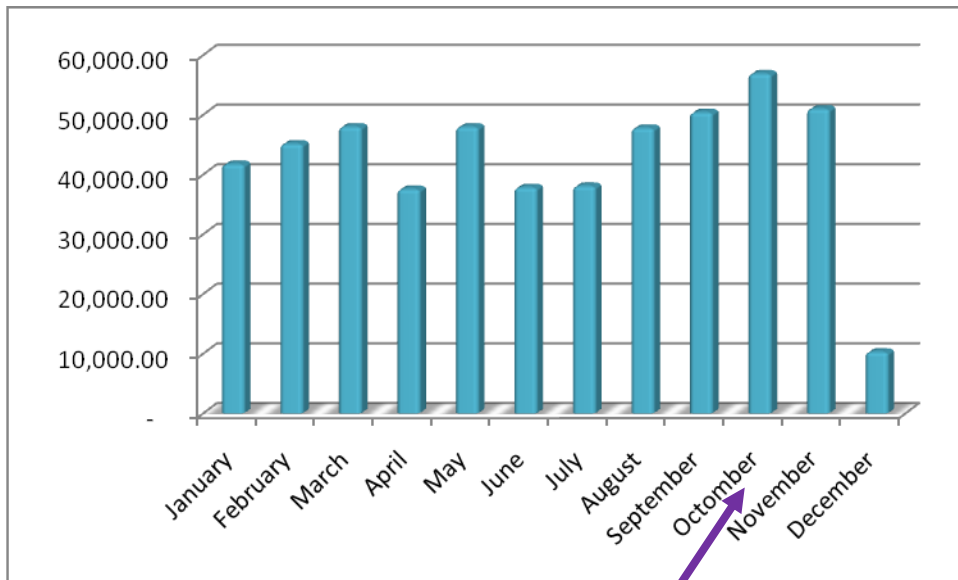




### Production data of the year 2010 in chart

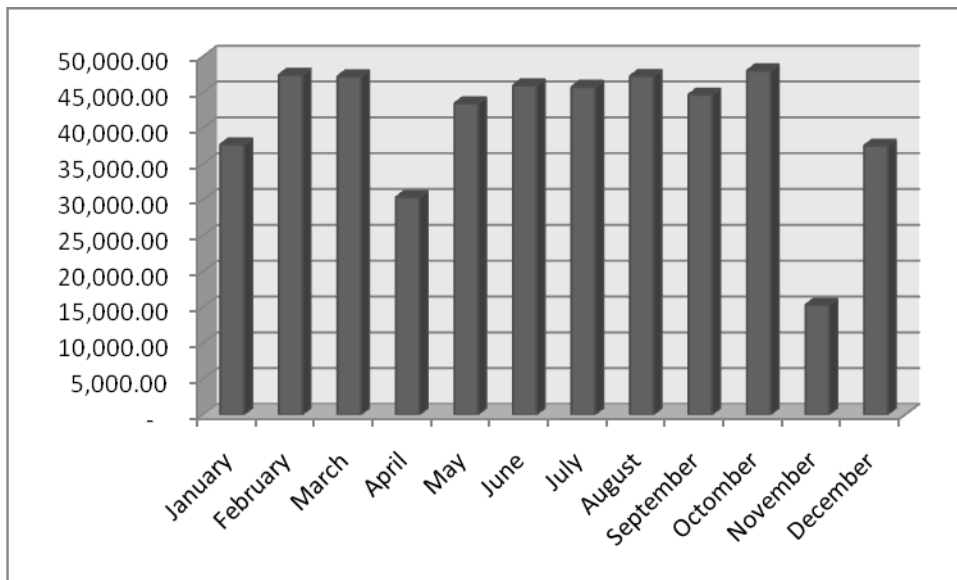


### Production data of the year 2011 in chart

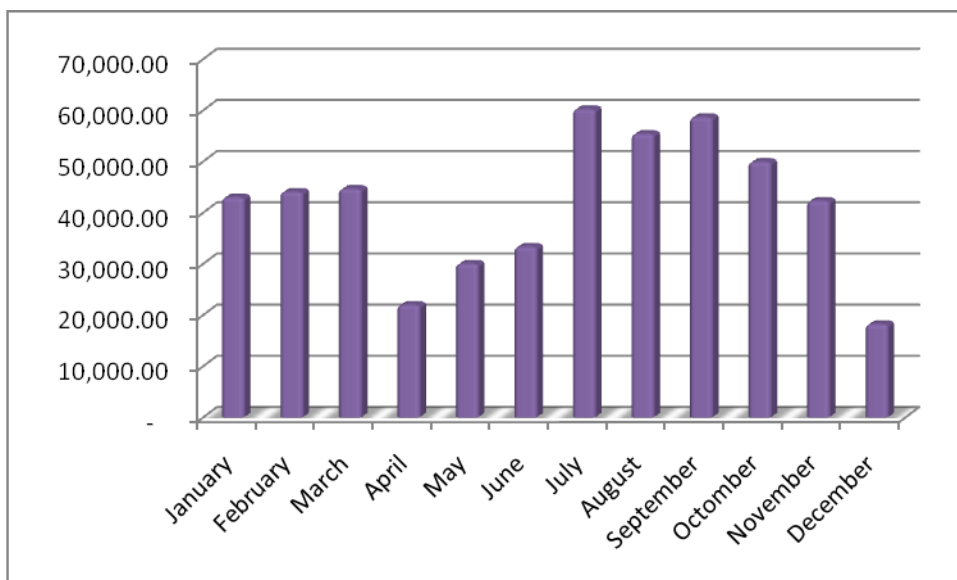


The highest production in the history was in 2011.  
The highest production took place in the month of  
October this year.

### Production data of the year 2012 in chart



### Production data of the year 2013 in chart



In accordance with the above information, the highest daily production in July, 2013 within the history of around 40 years is established as a record. The production was 60,285 packets of Thripasha.

## Expected targets - 2014

Installation of an Anderson machine in lieu of a Bade machine, which is functioning at the moment, will create a surplus production and it is the second target of the Management and the staff of the Thripasha Limited to sell same in the market.

It was possible to improve the production up to 94% within a short period of one year, without making any change in the number of employees and machinery up to then, on the fidelity of the new Management with the employment security and State protection, while maintaining the employee welfare in an upgraded level. It is much delightful to be able to make an example as a feature of an excellent progress by incorporating the Thripasha project into a Government owned Company.

The sole expectation of the Company is to enhance the promotion of the production within the year 2014 as follows. Accordingly, it will acquire the capability of distribution on beneficiary requirements.

Month	2013		2014	
	Master bags	Packets	Master bags	Packets
January	43,026	1,290,780	57,012	1,710,360
February	44,109	1,323,270	51,972	1,559,160
March	44,701	1,341,030	60,036	1,801,080
April	22,018	660,540	57,348	1,720,440
May	30,069	902,070	63,060	1,891,800
June	33,370	1,001,100	60,036	1,801,080
July	60,285	1,808,550	60,036	1,801,080
August	55,429	1,662,870	60,372	1,811,160
September	58,712	1,761,360	60,036	1,801,080
October	49,958	1,498,740	62,724	1,881,720
November	42,348	1,270,440	60,372	1,811,160
December	18,238	547,140	57,348	1,720,440
<b>Total</b>	<b>502,263</b>	<b>15,067,890</b>	<b>710,352</b>	<b>21,310,560</b>

## **Data and Information**

As it will be important to establish software, enabling to obtain data instantly and easily, on the production and distribution of Thriposha, it is supposed to take place in the future.

## **Use of new machinery and enhance the production capacity**

The World Food Program has provided machinery worth Rs. 72 million, for the production of Thriposha and those machinery was used to maintain an uninterrupted production in the year 2012. The World Food Program has provided the financial provisions for the packeting machinery worth Rs. 05 million and those machinery has been used since January, 2012.

## **Purchase of production raw materials more and more**

Further action will be taken to receive the production of the local farmers via Farmers' Organization to the Thriposha Limited, in order to safeguard the local farmer more and more. Accordingly, the Mahaweli and traditional farming families affiliated to those Farmers' Organizations, amounting to about 8,000 have been able to join hand in hand directly with the Company on purchase of the production of soya beans and maize from the Farmers' Organizations of Meegalewa, Anuradhapura, Ampara and Huruluwewa. The regional development banks, major commercial banks will provide the required financial facilities to the relevant Farmers' Organizations for the purpose.

# Distribution Process of Thriposha

## Thriposha Factory (Ja-Ela)



Distribution activities (by lorries and train wagons)



Regional Directors of Health Services

Estates

Children's Centres



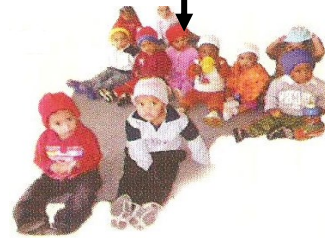
MOH



Health Centres (Clinics)



Midwife



Thriposha beneficiaries

## **Distribution section**

The distribution section is vested with the responsibility of distributing the Thriposha supplementary, which has been produced with the combination of the machinery in the Thriposha factory in Kapuwatta, Ja-Ela and human labour, in every village of the entire Sri Lanka in a methodical manner. Thriposha is distributed via MOH offices located in 26 Regional Directorates of Health Services, under the supervision of the Ministry of Health. The beneficiaries entitled to receive Thriposha are recognized through Public Health Inspectors and midwives attached to these MOH offices. The beneficiaries, who are in need of Thriposha are calculated, after assessing the questionnaire brought from the Health Centres by the Ministry of Health annually. In addition to the Health Centres, information will be retrieved from the estates and Probation and Child Protection Centres in the island as well. Hence, the Thriposha supplementary, required for the segments including pregnant mothers, lactating mothers and children under the -2SD line in the Child Development Record in terms of weight, who reside islandwide, will be produced and distributed.

The Master bags packeted with 30 packets of Thriposha of 750 gm from the Packeting section are sent to the store and will be then forwarded for the distribution process. Distribution of Thriposha from the Thriposha factory in Ja-Ela to the entire island is carried out by train wagons and lorries. Around 06 train wagons are sent from the Thriposha factory to different provinces of the island monthly. This product is transported by lorries as well. A short railway access attached to the Kapuwatta Railway Station is lead to the Thriposha Company to enable the loading of production into the train wagons within the production premises. It is therefore easier to load Thriposha into the train wagons. The relevant health authorities are apprised to remove the production from the relevant places, after loading them into the train wagons. Accordingly, action is taken to bring them into their centres. The Manufacturing date and the expiry date are mentioned on each packet of Thriposha. The expiry duration is generally 04 months. Instructions have been provided to distribute same among the beneficiaries within this period.

## **Modes of transport used in transportation of Thriposha**

### **1. by train (wagon)**

Distribution of Thriposha to the areas of Ampara, Anuradhapura, Badulla, Batticaloa, Galle, Hambanthota, Jaffna, Kalmune, Kandy, Kilinochchi, Kurunegala, Matale, Matara, Monaragala, Polonnaruwa, Trincomalee and Vavuniya is carried out by trains to the relevant Deputy Provincial Health Services Offices. The Coordinating Officer of Thriposha at the Deputy Provincial Health Services Office hands over same to the relevant Health Services Institutions/Hospitals.

### **2. by lorries**

Distribution of Thriposha to the areas of Colombo, Gampaha, Kalutara, Kegalle, Mannar, NuwaraEliya, Puttalam, Rathnapura is carried out by the direct intervention of the Deputy Provincial Health Services Institution in their own lorries. The product is handed over to the relevant Health Services Institutions/Hospitals by those lorries.

The Sri Lanka Thriposha Limited bears the only cost of transportation of Thriposha by train, in the process of distribution of Thriposha. Our division plans at least 5 shifts of train wagons per month and carries out the distribution. Production is sent to the relevant destination, while distributing by train.

The Sri Lanka Thripasha Limited produces Thripasha and carries out the distribution activities properly through the Ministry of Health.

### Thripasha Distribution Centres

<p><b>Provincial Health Services</b></p> <p><b>Directorates</b></p> <ol style="list-style-type: none"> <li>1. Central Province</li> <li>2. Eastern Province</li> <li>3. North Central Province</li> <li>4. North Western Province</li> <li>5. Northern Province</li> <li>6. Sabaragamuwa Province</li> <li>7. Southern Province</li> <li>8. Uva Province</li> <li>9. Western Province</li> </ol>	<p><b>Estate Authorities</b></p> <ol style="list-style-type: none"> <li>1. NuwaraEliya</li> <li>2. Matara</li> <li>3. Hatton</li> <li>4. Matale</li> <li>5. Rathnapura</li> <li>6. Galle</li> <li>7. Badulla</li> <li>8. Kegalle</li> <li>9. Kandy</li> <li>10. Kalutara</li> </ol>	<p><b>Other</b></p> <ol style="list-style-type: none"> <li>1. Military hospitals</li> <li>2. Municipal Councils               <ul style="list-style-type: none"> <li>- Negombo</li> <li>- Colombo</li> <li>- Matale</li> <li>- Galle</li> <li>- Kandy</li> </ul> </li> </ol>																																																		
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**ANNUAL QUESTIONNAIRE**  
**SRI LANKA THRIPOSHA LIMITED**  
**BENEFICIARIES QUESTIONNAIRE – 20.....**

1. Name of Health Center :- .....
- Address :- .....
- Telephone No :- ..... Index no. :- .....
- Year/Date of Commencement of this Programme :- .....
- Closest Railway Station :- .....
  
2. Name of RDHS Region :- .....
- Name of the MOH Area :- .....
- Name of Obstetrician :- .....
- Name of Officer in Charge of the above Center :- .....
- Designation :- .....
  
3. Method of Selection of Beneficiaries
  - Children: by weight? YES/NO
  - How often are the children weighed? 1. Monthly  2. Quarterly
  - Are weighing scales available? YES/NO :-.....
  - Type of Scales :- (1) ..... (2) .....
  
4. Total number of beneficiaries who actually need Thriplosha for a month:.....  
**Breakdown of the above total**

Ante-natal Mothers	:-.....
Lactating Mothers	:-.....
Infants (6-12 Months)	:-.....
Children (12-24 Months)	:-.....
Children (25-59 Months)	:-.....
Ward patients (Who fall in to above categories)	:-.....

Date :-.....

Signature :-.....

Designation (Seal) :-.....

Please complete this questionnaire accurately and send same to MOMCH of the district.

**Note :** Forward this for the supervision of the relevant data by the MOMCH and send same to Sri Lanka Thriplosha Limited, P. O. Box 17, Ja-Ela.

## QUESTIONNAIRE TO REQUEST THRIPOSHA BENEFICIARIES - 20.....

Code No:

(Please print/type all information)

1. Name of Health Center :- .....
- Postal Address :- .....
- Telephone No :- .....
- Year/Date of Commencement of this Programme :- .....
- Closest Railway Station for "Thripasha" Dispatch :- .....

2. Name of RDHS Region :- .....
- Name of the MOH Area :- .....
- Name of Obstetrician :- .....
- Name of Pediatrician :- .....
- Name of Officer in Charge of the above Center :- .....
- Designation :- .....

3. Method of Selection of Beneficiaries

- Children: by weight? YES/NO
- How often are the children weighed? 1. Monthly  2. Quarterly
- Are weighing scales available? YES/NO
- Type of Scales :- (1) ..... (2) .....

4. Total number of beneficiaries actually need Thripasha for a month:.....

**Breakdown of the above total**

- Ante-Natal Mothers :-.....
- Lactating Mothers :-.....
- Infants (6-12 Months) :-.....
- Children (12-24 Months) :-.....
- Children (25-59 Months) :-.....
- Ward patients (Who fall in to above categories) :-.....

Date :-.....

Signature :-.....

Designation (Seal) :-.....

**Note :**

- **All MOH/CENTERS:** Please send your completed questionnaire to **MOMCH** for tallying the beneficiaries at RDHS office records.
- **MOMCH :** Please confirm the number of beneficiaries and send to "Sri Lanka Thripasha Limited, P.O. Box 17 Kapuwatta, Ja-Ela as early as possible

## THRIPOSHA BENEFICIARIES QUESTIONNAIRE FOR ESTATES - 20.....

Code No:

1. Name of Estate :- .....
- Postal Address :- .....
- Estate Telephone No :- Office:-..... Dispensary:-.....
- Name of Transporter & Address: - .....
- Telephone No :- .....
- Head Office - Name & Address: - .....
- Address :- .....
- Telephone No :- .....
- 

2. Total Population of the Estate :- .....
- Total Number of beneficiaries actually need Thriposha for a month :- .....
- Breakdown of the above total**
- Ante-Natal Mothers :-.....
- Lactating Mothers :-.....
- Infants (6-12 Months) :-.....
- Children (13-25 Months) :-.....
- Children (26-59 Months) :-.....
- Ward patients (Who fall in to above categories) :-.....
- 

3. Is there a Dispensary/Hospital on the Estate :-.....
- Types of Clinics available :-.....
- How often are the children weighed :-.....
- Are pregnant mothers weighed monthly :-.....
- 

4. Is Estate under government poly clinic scheme
- If "YES" form which Year :- .....
- If "No" **Do you pay -/50 cents per packets as packing charges :**
- YES  No
- 

5. How many creches are there on the Estate :- .....
- Are Children fed on-site with Thriposha at the creches :- .....
- If "No" the reason for not feeding the children on-site :-.....
- Are ther any other feeding programmes in creches :- .....
- If "yes" Describe them :- .....

Date :-.....

Signature :-.....

Designation (Seal) :-.....

**Note :**

- Please send your completed questionnaire to "Sri Lanka Thriposha Limited, P.O. Box 17 Kapuwatta, Ja-Ela" as early as possible.

## Details of distribution of Thriposha in 2013

Regional Directorates of Health Services	Number of beneficiaries	Monthly allocations		
		Mothers	Children	Total
Ampara	26,542	1,193	1,769	2,962
Anuradhapura	55,166	1,225	2,456	3,681
Badulla	42,261	945	1,873	2,818
Batticaloa	44,055	974	1,961	2,935
Colombo Hospital	5,487	79	287	366
Colombo Municipal Council	9,385	211	416	627
Colombo (South)	44,688	982	1,996	2,978
Galle	47,365	1,048	2,109	3,157
Gampaha	51,159	1,155	2,256	3,411
Hambanthota	34,747	776	1,542	2,318
Jaffna	30,975	715	1,350	2,065
Kalmune	38,302	848	1,704	2,552
Kalutara	39,054	951	1,657	2,608
Kandy	59,408	1,320	2,641	3,961
Kegalle	33,125	715	1,493	2,208
Kilinochchi	13,849	308	614	922
Kurunegala	66,798	1,471	2,983	4,454
Mannar	7,398	163	330	493
Matale	31,218	623	1,464	2,087
Matara	50,908	1,132	2,260	3,392
Monaragala	29,952	666	1,330	1,996
NuwaraEliya	28,178	624	1,253	1,877
Polonnaruwa	32,622	725	1,450	2,175
Puttalam	27,855	661	1,197	1,858
Rathnapura	42,236	938	1,879	2,816
Trincomalee	42,299	938	1,882	2,820
Vavuniya	9,015	202	400	602
<b>Total</b>	<b>944,047</b>	<b>21,588</b>	<b>42,552</b>	<b>64,139</b>

Probation and Child Protection Centres	Number of beneficiaries	Monthly allocation for children
09	19,323	1,288
<b>Total</b>	<b>19,323</b>	<b>1,288</b>

Estates	Number of beneficiaries	Monthly allocation		
		Mothers	Children	Total
Hatton	10,575	686	1,422	2,108
Matale	2,903	180	401	581
Kegalle	4,482	262	634	896
Kandy	5,379	334	742	1,076
Kalutara	2,574	175	340	515
NuwaraEliya	11,595	756	1,563	2,319
Matara	1,077	74	141	215
Badulla	11,090	733	1,485	2,218
Galle	1,110	69	153	222
Rathnapura	4,767	313	640	953
<b>Total</b>	<b>55,552</b>	<b>3,582</b>	<b>7,521</b>	<b>11,103</b>

## Number of Thriposha distribution centres and beneficiaries in 2013

	Number of Centres	Number of beneficiaries
For the 26 Regional Directorates of Health Services	740	917,026
Estates	447	55,552
Children's homes of the Department of Probation and Child Protection	09	24,249
<b>Total</b>	<b>1,196</b>	<b>946,827</b>

# **Introduction of the products and production process**

## **Introduction**

The Thriposha factory located in Kapuwatta, Ja-Ela is engaged in the production of Thriposha throughout 24 hours, under 03 day and night shifts. Pregnant mothers, lactating mothers, infants and patients are the beneficiaries to whom Thriposha is distributed. Hence, it needs to be in good and high standard. The Thriposha manufacturing activities are therefore carried out under frequent quality control. The number of monthly Thriposha beneficiaries is around 10 Lakhs and about 1,500 MT needs to be manufactured monthly for the purpose. By the end of 2013, the employees' community attempted to enhance the production level up to 94% of the total requirement. The Sri Lanka Thriposha Limited is carrying out its responsibility to achieve the aim of building up a State with nourishment, by providing the highly nourished and valued Thriposha supplementary, to the beneficiary segments.

## **Purchase of raw materials required for Thriposha production**

While involved in providing the Supplementary nourishment to the beneficiary community, through the production of Thriposha, the Company is working in line for a great mission of agro-economic development of Sri Lanka. Maize and soya beans are the major raw materials required for the production of Thriposha. One of the most important services by our Company is to encourage the local farmers through purchasing of maize and soya beans, cultivated in mass by the farmers in the districts such as Anuradhapura, Ampara, Polonnaruwa, Badulla and Monaragala on a certified price and thereby contribute to improve their economic level to spread those cultivations. Their harvest is utilized by adding pride to these farmers. The quality tests to ensure whether the maize and soya so purchased from the farmers are in compliance with the required standards, are carried out before purchasing.

**The production process of Thripasha is carried out in a methodical manner under few stages.**

### **Initial stage**

What happens here is to remove the coating of maize and soya beans without weevil, hollow, refuse etc.:. A machine named Cleaning Machine is utilized for the purpose. It is a speciality that the soya waste so dumped is used for the manufacturing of animal foods. It too generates an additional means of income to the Company.

### **Second stage**

The maize and soya beans seeds of which the coating is so removed, are mixed under the ratio of 66% - 30%. (a machinery called Proposanall Mill is utilized for the purpose)

### **Third stage**

Soya and maize seeds are ground into pieces. The Hummer Mill machinery is used for the purpose.

### **Fourth stage**

The maize and soya beans so crushed into powder is directed to a tank located in a higher level, by way of a wind pipe line and a paste is made by adding water to the required level.

### **Fifth stage**

The paste so made is forwarded through a pipe line and it is subject to a process of cooking combined with steam. Here the mixture takes the form of jelly.

### **Sixth stage**

Thripasha raw material mixture, subject to a mechanic process in the form of cog wheels, is cut into small bits of Murukku. Then, they are dried.

### **Seventh stage**

The mixture of maize and soya in different sizes of golden colored pieces of Murukku is subject to a drying process by the drying machine for 12 minutes, under the temperature of 76 Celcius. (This drying machine is used to heat and uses the steam released out of the boiler)

### **Eighth stage**

The dried Thriposha raw materials are known as CSB. (maize, soya biscuit) The CSB pieces are then crushed into powder. Mega Mill 18 Grinding machine is used in this regard.

### **Ninth stage**

The crushed CSB pieces are mixed with milk powder (Milko), minerals and vitamins, in a ratio respectively of 03%, 0.9% and 0.1%.

### **Tenth stage**

CSB powder, accumulated into the giant Blower through pipe lines, is mixed with milk powder, minerals and vitamins and are thereafter sent to the Packaging section.

### **Eleventh stage**

The female employees of Thriposha Production Company carry out the packaging of Thriposha packets of 750 gm. The Master bags, comprising of such 30 Thriposha packets are packaged thereafter.

### **Twelfth stage**

The Thriposha Master bags, prepared to be eligible for transportation, are distributed islandwide by using train wagons and lorries.

These Thriposha products assist in strengthening the health condition of local mothers and children.



## **Ultimate Target**

The necessary improvements will be completed in the short coming up period with the achievement of these requirements and it will be the ultimate target to reach 100% target of providing Thriposha to the entire number of beneficiaries of nearly one million. Accordingly, it is the expectation of Sri Lanka Thriposha Limited to improve the production level, in appropriation with the beneficiary requirement of the country and maintain a better service status.

# **Achievements and challenges in the year 2013**

An achievement in the year 2013 was to succeed in our major expectation of alleviating malnutrition from the country viz the malnutrition status has gone down by the distribution of Thriposha, in comparison with the other years. For an instance, we were informed by the Deputy Directorate of Health to the effect that, the malnutrition percentage has declined in the district of Monaragala.

## **The awards and victories by us at the National Level in 2013**

### **National Productivity Award**

Sri Lanka Thriposha Limited achieved the Second place in the manufacturing sector at the productivity awards competition held islandwide in respect of the Government sector, Semi Government sectors and other sectors in the year 2013 by the National Productivity Secretariat under the Ministry of Productivity Promotion. As a first place was not announced in this regard, we mention it with delight that we became the most outstanding Institution on productivity in the manufacturing sector from the entire island.

### **S5 Concept Award**

Our Company also represented the National Level Competition on S5 Concept, sponsored by the National Productivity Secretariat. It was able to enhance the efficiency of the modernization affairs of the Institution and its services and make several positive changes, in terms of the 5S Concept on the instructions of the National Productivity Secretariat. Sri Lanka Thriposha Limited was able to achieve the Grade D – 1 from the entire island, in manufacturing sector at the Productivity Awards Competition held islandwide.

### **Suggestions for success**

1. If a lorry is available with the Company for the distribution purposes to follow an easy method of a streamline distribution, it will facilitate the continuous process of Thriposha distribution.
2. It is important to establish an Observation Committee to observe the Thriposha distributing agencies, in order to avoid the irregularities caused as the Company does not follow a due methodology to maintain stocks and regularize the provision of Thriposha to the ultimate beneficiary.
3. It has been difficult to prepare the required records on the stocks of Thriposha distributed by our Company, due to the delay in sending the data records and non-receipt of the monthly data in a proper manner and therefore, it is important to make arrangements to send them by the relevant Institution on the due date.

# Our production achievements in the year 2013

We could achieve the highest production in the history of Thripasha production.

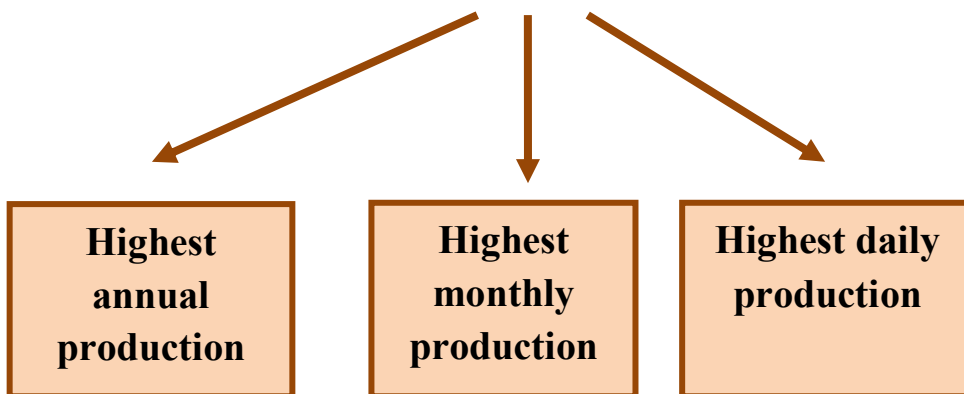


## Background for the victory

- Working as a team
- Utilizing the modern machinery
- Improving the attitudes on work



**Output**



**Our next target is to win the market.  
We will win it!**

## **Thanks Giving**

It is a satisfactory fact to witness a happy staff, serving in a hierarchy, flowing from up to down and vice versa at our Institution. Their contribution to this Company should be appreciated. We all pay our gratitude to Hon. Maithripala Sirisena, the Minister of Health to have made the arrangements required to establish this Company as a State Company under the Ministry of Health and encourage all and provide the necessary instructions, sponsorship etc.:

It also needs to be admired the continuous support provided by the Deputy Minister of Health, Hon. Lalith Dissanayake (Attorney-at-Law). Our gratitude is too paid on (Dr.) Mr. Ravindra Ruberu, Secretary of Health and (Dr.) Mr. Nihal Jayasinghe, the Present Secretary of Health, for the proper guidance and for providing the due instructions and the required approvals without any delay. We remind with gratitude the Chief Accountant of the Ministry of Health, Mr. M. H. B. Karunaratne, who provides the necessary recommendations and approvals in financial facilities and financial affairs.

We consider admirably the assistance by (Dr.) Mr. P. B. Jayasundara, Secretary of the Ministry of Finance and General Treasury, who has properly recognized the requirements of Sri Lanka Thripasha Limited, with a prior understanding of its functions.

It was indeed a blessing to all of us the collaboration provided by all the ladies and gentlemen of the Director Board, bearing the Management of the Company. Moreover, we remind with great respect our suppliers and those who serve us being outside.

Ultimately, we pay our gratitude to the entire staff of Sri Lanka Thripasha Limited, who makes a great effort to safeguard the reputation built up in the Thripasha Company.

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF SRI LANKA THRIPOSHA LTD**

**1. Report on the Financial Statements**

We have audited the accompanying financial statements of **Sri Lanka Thriposha Ltd**, which comprise the statement of financial position as at 31<sup>st</sup> December 2013, and the statement of comprehensive income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**2. Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**3. Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the paragraph 04 below, we conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements.

Except as discussed in paragraph 4 below, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our qualified opinion.

**4. We could not satisfactorily verify the ownership of the land reflected in the financial statement amounting to Rs.220, 000,000/-**

**5. Opinion**

In our opinion, so far as appears from our examination, except for the effect of such adjustments if any, as might have been determined to be necessary and had we been able to satisfy ourselves as to the matter referred in the paragraph 4 above, the Company maintained proper accounting records for the year ended 31<sup>st</sup> December 2013 and the financial statements give a true and fair view of the company's state of affairs as at 31<sup>st</sup> December 2013 and its deficits and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

**6. Report on Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of section 151(2) of the Companies Act No.07 of 2007.

**Chartered Accountants**  
**Colombo**  
**Date: 28<sup>th</sup> January 2015**

Sri Lanka Thripasha Ltd

STATEMENT OF COMPREHENSIVE INCOME & EXPENDITURE

For the year ended 31<sup>st</sup> December 2013

	Notes	2013		2012
		Rs.	Cts.	Rs.
Expenditure Reimbursement During the Year	3.	<u>1,381,208,414.97</u>		<u>1,310,246,316</u>
		<b>1,381,208,414.97</b>		<b>1,310,246,316</b>
<b><u>Less</u></b> : Cost of Manufacturing	4.	<u>(1,382,271,150.76)</u>		<u>(1,287,623,017)</u>
		<b>(1,062,735.79)</b>		<b>22,623,299</b>
<b><u>Add</u></b> : Other Income	5.	<u>24,622,143.25</u>		<u>21,433,055</u>
		<b>23,559,407.46</b>		<b>44,056,354</b>
<b>Less</b> : Expenses				
Administration expenses		<b>(33,211,215.90)</b>		<b>(25,083,563)</b>
Distribution cost		<b>(8,986,705.12)</b>		<b>(7,029,846)</b>
Financial and other expenses		<u><b>(1,209,922.05)</b></u>		<u><b>(688,274)</b></u>
Income over expenditure for the year	6.	<b>(19,848,435.60)</b>		<b>11,254,672</b>
<b><u>Other Comprehensive Income</u></b>				
Revaluation of property, Pant & Equipment			-	<b>26,259,462</b>
Total Comprehensive Income for the year		<u><b>(19,848,435.60)</b></u>		<u><b>37,514,133</b></u>

The above statement of comprehensive income is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 6 to 21 which form an integral part of these financial statements.

# Sri Lanka Thriposha Ltd

## STATEMENT OF FINANCIAL POSITION

As at 31st December 2013

	Notes	31/12/2013 Rs. Cts.	31/12/2012 Rs.
<b><u>ASSESTS</u></b>			
<b><u>Non Current Assets</u></b>			
Property, Plant & Equipment	7.	<b>439,429,678.73</b>	434,425,073
		<b>439,429,678.73</b>	434,425,073
<b><u>Current Assets</u></b>			
Inventories	7.	<b>128,718,591.60</b>	155,307,597
Trade & Other Receivables	8.	<b>33,467,322.33</b>	27,797,334
Cash & Cash Equivalents	9.	<b>3,907,649.73</b>	64,601,878.85
Investments	10.	<b>60,456,528.00</b>	-
		<b>226,550,091.66</b>	247,706,809
<b>Total Assets</b>		<b>665,979,770.39</b>	682,131,882
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Capital and Reserves</u></b>			
Capital Reserves	11.	<b>152,359,461.64</b>	147,354,856
Revaluation Reserves	12.	<b>307,170,027.56</b>	307,170,028
Container Fund	13.	-	4,296,065
Accumulated Income Over Expenditure		<b>154,060,207.30</b>	173,818,496
<b>Total Equity</b>		<b>613,589,696.50</b>	632,639,444
<b><u>Non Current Liabilities</u></b>			
Retirement Benefit Obligation	14.	<b>30,086,347.50</b>	28,201,125
Medical Fund	15.	<b>62,794.50</b>	64,657
		<b>30,149,142.00</b>	28,265,781
<b><u>Current Liabilities</u></b>			
Trade & Other Payables	16.	<b>22,240,931.89</b>	21,226,657
		<b>22,240,931.89</b>	21,226,657
<b>Total Equity &amp; Liabilities</b>		<b>665,979,770.39</b>	682,131,882

The above statement of financial position is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 6 to 21 which form an integral part of these financial statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

.....  
**Head of Finance**

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

**Approved and signed for and on behalf of the Board**

.....  
**Chairman**

.....  
**Director**

**Ja-Ela, Kapuwatta**

**Date: 28th January 2015**

Sri Lanka Thriposha Ltd

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2013

	Capital Reserves		Grant from CARE		Container Fund		Revaluation Reserves		Accumulated Income Over Expenditure		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance as at 01/01/2013	127,132,391.91		22,636,578.17		4,296,065.15		246,452,131.00		162,563,824.19		563,080,990.42	
Revaluation Reserves		-		-		-	60,717,896.56			-	60,717,896.56	
Transfer to Capital Reserve	22,636,578.17		(22,636,578.17)			-		-		-		-
Capital grant from Ministry of Health	16,470,144.75			-		-		-		-	16,470,144.75	
Depreciation - Capital Assets Grant by MOH	(18,884,258.82)			-		-		-		-	(18,884,258.82)	
Income over expenditure 2012		-		-		-		-	11,254,671.54		11,254,671.54	
Balance as at 31/12/2012	<b>147,354,856.01</b>		<b>-</b>		<b>4,296,065.15</b>		<b>307,170,027.56</b>		<b>173,818,495.73</b>		<b>632,639,444.45</b>	
Balance as at 01/01/2013	147,354,856.01			-	4,296,065.15		307,170,027.56		173,818,495.73		632,639,444.45	
Prior Adjustment		-			(4,296,065.15)			-	90,147.17		(4,205,917.98)	
Capital grant from Ministry of Health	27,425,002.45			-		-		-		-	27,425,002.45	
Depreciation - Capital Assets Grant by MOH	(22,420,396.82)			-		-		-		-	(22,420,396.82)	
Income over expenditure 2013		-		-		-		-	(19,848,435.60)		(19,848,435.60)	
Balance as at 31/12/2013	<b>152,359,461.64</b>		<b>-</b>		<b>-</b>		<b>307,170,027.56</b>		<b>154,060,207.30</b>		<b>613,589,696.50</b>	



Sri Lanka Thriposha Ltd  
CASH FLOW STATEMENTS  
For the year ended 31<sup>st</sup> December 2013

	2013	2012
	Rs. Cts.	Rs.
<b><u>Cash Flow from Operating Activities</u></b>		
Income over expenditure for the year	(19,848,436)	11,254,672
<b><u>Adjustments for</u></b>		
Gratuity Provision for the year	3,661,583	122,427
Provision for Medical Contribution	103,600	105,800
	3,765,183	228,227
Operating Profit Before Changes in Working Capital	(16,083,253)	11,482,899
<b><u>Changes in Working Capital</u></b>		
Increase / (Decrease) in Debtors & Other Receivables	(5,669,989)	22,137,659
Increase / (Decrease) in Trade & Other Payables	1,014,275	(37,240,067)
Increase / (Decrease) in Inventories	26,589,005	30,610,593
	21,933,291	15,508,185
Net Cash Flow from Operating Activities Before Gratuity Payment	5,850,039	26,991,083
<b>Less: Gratuity Paid</b>	<b>(1,776,360)</b>	4,598,472
Payment of medical benefits	(105,462)	(41,144)
Net Cash Flow from Operating Activities After Taxation	3,968,217	31,548,411
<b><u>Cash Flow from Investing Activities</u></b>		
Acquisition of Property, Plant & Equipment	(27,425,002)	(16,486,915)
Acquisition of Treasury Bills	(60,456,528)	-
Net Cash Flow from Investing Activities	(87,881,530)	(16,486,915)
<b><u>Cash Flow from Financing Activities</u></b>		
Capital Grant from Ministry of Health	27,425,002	16,470,145
Net Cash Flow from Financing Activities	27,425,002	16,470,145
Changes in Cash & Cash Equivalent	(60,694,229)	31,531,641
Cash & Cash Equivalent Brought Forward	64,601,879	33,070,238
Cash & Cash Equivalent Carried Forward	3,907,650	64,601,879
<b><u>Analysis of the Cash &amp; Cash Equivalent shown in the statement of financial position</u></b>		
Bank of Ceylon - Ja Ela-71324617	3,633,719	990,193
Bank of Ceylon - Ja Ela -72059803	273,931	63,160,686
Cash In Transit	-	400,000
Contingent Fund	-	50,000
Cash Imprest	-	1,000
	3,907,650	64,601,879

**1. Significant Accounting Policies**

**1.1.1 Reporting Entity**

Sri Lanka Thriposha Ltd. is a limited liability company incorporated and domiciled in Sri Lanka as a fully Government owned company under the supervision of Ministry of Health. The registered office of the Company and the principal place of business is located at P O Box 17, Kapuwatta, Ja-Ela, Sri Lanka.

**1.1.2 Principal Activities and Nature of Operations**

The Company is the sole company for manufacturing “Thriposha”; for “Thriposha distribution program” of Ministry of Health.

The other principal activities of the company were:

- To facilitate to development, production and distribution of “Thriposha” – a Sri Lanka fortified supplementary food product in order to reduce maternal and child malnutrition in Sri Lanka.
- To encourage the income generation path for local farmers who supply the raw material for Thriposha Production as far as possible.
- To reduce and market any other form of fortified blended food items based on Government policy.
- To assess the annual requirement of Thriposha and take necessary action to supply.

**1.1.3 Board of Directors**

1. Mr.Kiran Atapattu (Chairman)
2. Mrs.KD.Rosmary Olga
3. Dr.Palitha Gunarathna Maheepala
4. Dr.Shanthi Renuka Hemamali Pathirage Gunawardana
5. Dr.Deepthi Kumudini Samarage
6. Mrs.Ahamed Riyaza Ahamed
7. Dr. Janaki Goonaratne
8. Mr.S.R.Rajapaksha (Observer)

**Board Secretary**

Mrs.Thanuja Priyadharshani Alwis

**1.1.4 Auditors**

Kapila Rathnasinghe & Co,  
(Chartered Accountants)  
83/1/2, Subaddarama Road, Gangodawila, Nugegoda.

**1.1.5 Bankers**

Bank of Ceylon

**1.1.6 Date of Authorization for Issue**

The Financial Statements of Sri Lanka Thriposha Limited for the year ended 31<sup>st</sup> December 2013 was authorized for issue in accordance with the resolution of the Board of Directors on 28<sup>th</sup> January 2015.

**1.1.7 Basis of Preparation**

**a. Statement of Compliance**

The financial statements which comprise the income statement, statement of comprehensive income & expenditure, statement of financial position, statement of changes in equity and the cash flow statement, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Company of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No.7of 2007. These financial statements for the year ended 31 December 2013 are the first financial statements the company has prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 01 January 2013.

**b. Basis of Measurement**

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

**c. Comparative Information**

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

**d. Functional and Presentation Currency**

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Company.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stated otherwise.

**e. Use of Key Estimates and Critical Judgments**

The preparation and presentation of financial statements in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**1.2 Assets and the Bases of their Valuation**

**1.2.1 Property, Plant & Equipment**

**a. Recognition and Measurement**

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

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

**b. Cost**

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

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

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

**c. Depreciation**

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

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

**d. De recognition**

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on De recognition of the assets is included in the statement of comprehensive income in the year the asset is derecognized.

### 1.2.2 Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset category in property, plant & equipment when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Company. Capital work-in-progress is stated at cost, including borrowing costs, less any accumulated impairment losses.

### 1.2.3 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 - Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5 years on the straight-line method.

Curriculum development cost is written-off on the straight-line method over a period of 5 years.

### 1.2.4 Inventories

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

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

Raw Materials	- At cost
Finished Goods and Work –in- Progress	- At the cost of direct materials, direct labor an appropriate proportion of fixed Production overheads based on normal operating capacity.
Goods in Transit	- At actual cost

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make sale.

### 1.2.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

### 1.2.6 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable to transaction costs.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets of the Company include cash and short-term investments and trade and other receivables.

**a. Financial Assets at Fair Value through Profit or Loss**

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

The Company has not designated any financial asset upon initial recognition at fair value through profit or loss.

**b. Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

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

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in Government Securities and fixed deposits have been classified under HTM investments.

**e. Available-for-Sale Financial Investments**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The Company has not designated any financial asset upon initial recognition as available-for-sale investment.

**1.2.7.1 Impairment of Financial Assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

**1.2.8 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, deposits at bank and repurchase agreements.

Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the 'indirect method'.

**1.3 Liabilities and Provisions**

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the Reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

**1.3.1 Employee Benefits**

**a. Provision for Retiring Gratuity**

The Company has adopted the benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The benefit plan is not externally funded.

The key assumptions used for calculating the provision include the following:

Discounted Rate	12%
Future Salary Increment Rate	10%
Staff Turn Over	02%
Retirement Age	55 Years

That the Company will continue as a going concern

**b. Defined Contribution Plan**

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plan are recognized as an expense in the statement of comprehensive income as and when they are due.

**c. Employees' Provident Fund**

The Company and employees, contribute 12% and 08% respectively, on the salary of each employee to the approved provident fund.

**d. Employees' Trust Fund**

The Sri Lanka Thripasha Ltd. contributes 3% on the salary of each employee to the Employees' Trust Fund.

**1.3.2 Trade and Other Payables**

Trade and other payables are stated at cost.

**1.3.3 Taxation**

The surplus and income of the Company other than the surplus and income from dividends or interest is exempt from income tax under Section 7b (ixiv) of the Inland Revenue Act No. 10 of 2006.

**1.3.4 Deferred Taxation**

Provision has not been made for deferred tax, as surplus and income of the Company since exempt from income tax under Section 7b (ixiv) of the Inland Revenue Act No. 10 of 2006.

**1.3.5 Capital Commitments and Contingent Liabilities**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

**1.4 Statement of Comprehensive Income**

**Capital Reserve – (Related to Capital Grants)**

Funds spend on fixed assets since year 2000 provided by the Ministry of Health, CARE, and Ceylon Tabaco Ltd have been treated as capital grant and as such the depreciation in respect of these items has been charged to the relevant capital grant accounts while setting off same against the total depreciation charge for the year



#### **1.4.1 Grant**

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

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

#### **1.4.3 Expenditure**

- a. Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Company and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

#### **1.4.4 Finance Expense/Income**

Finance income comprises interest received on accrual basis on funds invested.

#### **1.5 Statement of Cash Flows**

The statement of cash flows has been prepared in accordance with LKAS 7.

Interest paid is classified under operating cash flows and interest received is classified under investing cash flows.

#### **1.6 Events after the Reporting Period**

The materiality of events occurring after the reporting period has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

#### **1.7 Standards Issued but not yet Effective**

Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

- a. SLFRS 9 - Financial Instruments:

Classification and Measurement SLFRS 9 replaces LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The mandatory effective date of this Standard has been deferred. The adoption of the first phase of SLFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurement of financial liabilities. The Company will quantify the effect in conjunction with other phases, when issued, to present a comprehensive picture.

**1.8 Non-Current Assets Held For Sale**

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are re-measured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Sri Lanka Thripasha Ltd					
NOTES TO THE FINANCIAL STATEMENTS					
For the year ended 31st December 2013					
			2013		2012
			Rs.	Cts.	Rs.
<b>3.</b>	<b><u>EXPENDITURE REIMBUSMENT DURING THE YEAR</u></b>				
	Reimbursement of expenses from Ministry of Health			<b>1,376,678,444.97</b>	1,283,090,316
	Income from supply of Thripasha to World Food Program			<b>4,529,970.00</b>	27,156,000
				<b>1,381,208,414.97</b>	1,310,246,316
<b>4.</b>	<b><u>COST OF MANUFACTURING</u></b>				
	Material Consumption			<b>1,190,839,955.88</b>	1,137,091,223.85
	Direct Labour			<b>101,811,366.67</b>	100,770,308.77
	Factory Overheads			<b>85,610,450.32</b>	70,957,503.74
	Prime Cost			<b>1,378,261,772.87</b>	1,308,819,036.36
	Add: Finished Products at the Beginning of the year			<b>20,730,175.36</b>	7,802
	Sundry Products at the Beginning of the year			<b>101,938.96</b>	-
	Less: Finished Products at the End of the year			<b>(16,187,069.56)</b>	(20,730,175)
	Sundry Products at the End of the year			<b>(86,007.73)</b>	(101,939)
	Re Processing Loss			<b>(544,244.40)</b>	(371,708)
				<b>1,382,276,565.49</b>	1,287,623,017
<b>5.</b>	<b><u>OTHER INCOME</u></b>				
	Sweeping Sales			<b>10,175,629.66</b>	9,109,331.34
	Other Income			<b>2,337,677.51</b>	5,374,502.02
	Interest income on Treasury Bills			<b>6,787,846.68</b>	4,113,711.68
	Gunnies Sales			<b>3,955,398.35</b>	2,538,952.50
	Sundry income miscellaneous			<b>291,917.00</b>	194,459.57
	Housing loan interest			<b>814,674.05</b>	102,098.13
	Donation from Mr. Kiran Athapaththu			<b>259,000.00</b>	-
				<b>24,622,143.25</b>	21,433,055
<b>6.</b>	<b><u>INCOME OVER EXPENDITURE FOR THE YEAR</u></b>				
The following items have been charged in arriving at Income Over Expenditure for the year					
	Basic Salaries & Incentive			<b>6,537,733.36</b>	5,842,280.52
	Security Charges			<b>5,261,941.61</b>	3,843,692.84
	Building Repair & Maintenance			<b>7,535,071.30</b>	3,704,885.54
	Management Salaries			<b>3,589,420.26</b>	3,150,426.80
	Audit fees			<b>90,750.00</b>	82,500.00
	Other Administration Expenses			<b>10,196,299.37</b>	8,459,776.89
	Distribution expenses			<b>8,986,705.12</b>	7,029,845.92
	Finance and other expenses			<b>1,209,922.05</b>	688,274.17
				<b>43,407,843.06</b>	32,801,682.68

Sri Lanka Thriposha Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

<b>07. PROPERTY, PLANT AND EQUIPMENT</b>											
	<b>Land</b>	<b>Building</b>	<b>Plant and Machinery</b>	<b>Motor Vehicles</b>	<b>Equipment and Tools</b>	<b>Laboratory Equipment</b>	<b>Agricultural Equipment</b>	<b>Electrical Works</b>	<b>Office Equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>
<b>Cost/ Revaluation</b>											
Balance as at 01/01/2012	220,000,000.00	69,325,599.28	125,410,903.88	1,178,750.00	7,857,421.38	4,645,558.00	138,650.00	1,028,397.45	7,016,025.00	3,062,307.50	<b>439,663,612.49</b>
Additions	-	-	11,351,132.51	12,080,000.00	1,974,900.00	276,292.00	-	64,349.00	1,197,037.74	481,291.20	<b>27,425,002.45</b>
Balance as at 31/12/2013	220,000,000.00	69,325,599.28	136,762,036.39	13,258,750.00	9,832,321.38	4,921,850.00	138,650.00	1,092,746.45	8,213,062.74	3,543,598.70	467,088,614.94
<b>Accumulated Depreciation</b>											
Balance as at 01/01/2012	-	754,336.64	2,731,254.32	39,292.17	832,644.19	91,463.21	2,310.83	314,858.65	363,803.41	108,575.97	<b>5,238,539.39</b>
Depreciation Charge for the Year	-	3,461,279.96	13,273,345.41	2,047,750.00	1,860,086.94	466,158.20	13,865.00	208,896.94	763,442.86	325,571.51	<b>22,420,396.82</b>
Balance as at 31/12/2013	-	4,215,616.60	16,004,599.73	2,087,042.17	2,692,731.13	557,621.41	16,175.83	523,755.59	1,127,246.27	434,147.48	27,658,936.21
W.D.V. as at 01/01/2013	<b>220,000,000.00</b>	<b>68,571,262.64</b>	<b>122,679,649.56</b>	<b>1,139,457.83</b>	<b>7,024,777.19</b>	<b>4,554,094.79</b>	<b>136,339.17</b>	<b>713,538.80</b>	<b>6,652,221.59</b>	<b>2,953,731.53</b>	<b>434,425,073.10</b>
W.D.V. as at 31/12/2013	<b>220,000,000.00</b>	<b>65,109,982.68</b>	<b>120,757,436.66</b>	<b>11,171,707.83</b>	<b>7,139,590.25</b>	<b>4,364,228.59</b>	<b>122,474.17</b>	<b>568,990.86</b>	<b>7,085,816.47</b>	<b>3,109,451.22</b>	<b>439,429,678.73</b>

Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

	2013		2012
	Rs.	Cts.	Rs.
<b><u>07 INVENTORIES</u></b>			
<b><u>Raw Materials</u></b>			
Soya	56,235,685.52		47,541,110
Mineral	13,254,809.61		1,796,109
Milk Powder	7,729,827.82		10,605,439
Engineering Stores	5,711,489.85		6,755,482
Kraft Paper Bags	5,316,859.97		4,582,947
Maize	4,289,327.52		50,026,136
Vitamins	3,958,319.53		4,585,233
Diesel	3,538,040.00		2,233,146
Multy Layer Film- Children	2,870,097.03		-
Polythene Bags - Red	2,013,634.33		208,936
Multy Layer Film- Mother	1,776,946.04		-
Polythene Bags - Yellow	1,166,294.55		314,552
Twine	147,504.10		153,406
Used Poly Bags	78,292.00		16,194
Used Milk Powder Bags	6,171.00		583
Sweepings	1,378.00		102,057
Empty Containers	166.73		85,518
Gummed Tape	-		3,360
Used Gunny Bags	-		418,724
Work in progresses	4,431,263.70		5,148,490
Finished Goods	16,192,484.30		20,730,175
	<b>128,718,591.60</b>		<b>155,307,597</b>
<b><u>08. DEBTORS AND OTHER RECEIVABLES</u></b>			
Housing Loan - Asset Loan AccII	17,688,013.56		5,598,000
Housing Loan - Distress Loan II	6,051,337.45		1,096,291
Debtors	4,011,700.17		3,869,568
Sundry Deposits & Prepayments	3,608,799.60		10,531,956
Refundable Deposit CEB	987,500.00		987,500
Housing Loan 5%	382,748.88		2,319,861
Picnic Advance	244,000.00		365,500
Unexpired Expenses	189,981.67		1,450,842
Deposits	152,041.00		164,012
Festival Advance	151,200.00		162,700
Housing Loan 5%	-		1,047,525
Housing Loan 5% BOC II	-		203,578
Withholding Tax	-		1
	<b>33,467,322.33</b>		<b>27,797,334</b>

Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

	<b>2013</b>		<b>2012</b>
	<b>Rs.</b>	<b>Cts.</b>	<b>Rs.</b>
<b><u>09. CASH AND CASH EQUIVALENTS</u></b>			
BOC - Ja Ela -72059803	273,930.75		63,160,686
BOC-Ja Ela-71324617	3,633,718.98		990,193
Cash In Transit	-		400,000
Contingent Fund	-		50,000
Cash Impress	-		1,000
	<b>3,907,649.73</b>		<b>64,601,879</b>
<b><u>10. INVESTMENTS</u></b>			
Treasury Bills	60,000,000.00		-
Treasury Bill Interest Income receivable	456,528.00		-
	<b>60,456,528.00</b>		-
<b><u>11. CAPITAL RESERVES</u></b>			
Balance as at beginning of the year	147,354,856.01		127,132,392
Grant from Care	-		22,636,578
Capital grant from Ministry of Health	27,425,002.45		16,470,145
Less: Depreciation charge for the year	(22,420,396.82)		(18,884,259)
Balance as at end of the year	<b>152,359,461.64</b>		<b>147,354,856</b>
<b><u>12. REVALUATION RESERVES</u></b>			
Balance as at beginning of the year	307,170,027.56		246,452,131
Revaluation during the year	-		60,717,897
Balance as at end of the year	<b>307,170,027.56</b>		<b>307,170,028</b>
<b><u>13. CONTAINER FUND</u></b>			
Container fund	-		4,296,065
	-		4,296,065
<b><u>14. RETIREMENT BENEFIT OBLIGATION</u></b>			
Balance as at beginning of the year	28,201,124.50		23,480,226
Less: Payments during the year	(1,776,360.00)		4,598,472
Provision for the year	3,661,583.00		122,427
Balance as at end of the year	<b>30,086,347.50</b>		<b>28,201,125</b>
	<b>2013</b>		<b>2012</b>
Discounted Rate	12%		12%
Future Salary Increment Rate	10%		10%
Staff Turn Over	2%		2%
Retirement Age	<b>55 Years</b>		<b>55 Years</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

	2013		2012
	Rs.	Cts.	Rs.
<b><u>15. MEDICAL FUND</u></b>			
Balance as at beginning of the year	64,656.50		-
Contributions During the year	103,600.00		105,800
Payments during the year	(105,462.00)		(41,144)
Balance as at end of the year	62,794.50		64,657

**16. CREDITORS AND OTHER PAYABLES**

Creditors	21,903,671.98		20,240,546
Provision for expenses	93,272.41		730,973
Refundable Deposit	153,237.50		153,238
Auditors Remuneration payable	90,750.00		82,500
Accounts Payable(CTC)	-		19,400
	22,240,931.89		21,226,657

**17. DEPRECIATION RELATED TO CAPITAL GRANTS**

Depreciations in respect of the fixed assets granted by the Ministry of Health have been charged to the relevant Capital Grant account while setting off same against the total depreciation charge for the year.

**18. COMMITMENT AND CONTINGENCIES**

There are no significant commitment or contingencies as at the reporting date.

**19. RELATED PARTED DISCLOSURES****Transaction with key management personnel**

The key management personnel of the company are the members of its Board of Directors.

**20. EVENTS OCCURRING AFTER THE REPORTING DATE**

There have been no material events occurring after the reporting date which require adjustment to or disclosure in the financial statements.

**21. FREE ISSUED THRIPOSHA PACKETS**

During the year the Company has issued 12 number of Master Bags of Thriposha consisting 360 packets to its employees who need additional nutrition with the approval of Board of Directors.

Sri Lanka Thriposha Ltd  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2013

**22. BLEND COMPOSITION**

The blend composition used during the year is as follow as recommended by the ministry of health

	<b>Recommended</b>	<b>Actual</b>	<b>Variation</b>
Maize	66.00%	68.94%	2.94%
Soya	30.00%	27.41%	-2.59%
Milk	3.00%	2.77%	-0.23%
Vitamin	0.10%	0.80%	0.70%
Mineral	0.90%	0.09%	-0.81%

**23.STANDARD WASTAGE**

	<b>Moisture</b>	<b>Process</b>	<b>Total</b>
Maize	14.00%	6.50%	20.50%
Soya	12.00%	9.50%	21.50%
Milk	4.00%	-	4.00%
Vitamin	3.00%	-	3.00%
Mineral	3.00%	-	3.00%

**24. RAW MATERIAL CONSUMPTION ( IN VALUE)**

	<b>Quantity</b>		<b>Value</b>		<b>Average per kg Value (Actual)</b>		<b>Per kg Value (Budgeted)</b>		<b>Variance against Budgeted</b>	
			Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Maize (Kg)	8,512,268	418,785,016.38		49.20		53.65		(4.45)		
Soya (Kg)	3,383,920	417,067,872.84		123.25		128.80		(5.55)		
Milk (Kg)	341,875	214,475,244.87		627.35		672.00		(44.65)		
Mineral (Pkt)	98,625	30,528,021.08		309.54		321.44		(11.91)		
Vitamin (Pkt)	10,700	33,301,023.70		3,112.25		3,080.00		32.25		
Kraft Paper (Bags)	505,900	20,605,559.37		40.73		42.56		(1.83)		
Polithene (Bags)	10,486,000	36,217,840.89		3.45		4.50		(1.05)		
Twine	1,107	197,010.07		177.97		228.00		(50.03)		

**25.PRODUCTION**

	<b>Budgeted</b>	<b>Actual</b>	<b>Variation</b>
Produced Master Bags in Qty	644,195	502,263	(141,932)
Production Cost including Administration, Distribution and other exp (Rs)	1,800,000,000	1,425,678,994	374,321,006
Cost per Master Bag (Rs)	2,794.18	2,838.51	(44)



Sri Lanka Thriposha Ltd  
 DETAILED NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31<sup>st</sup> December 2013

		2013		2012
		Rs.	Cts.	Rs.
<b><u>03. EXPENDITURE REIMBUSMENT DURING THE YEAR</u></b>				
Reimbursement of expenses from Ministry of Health		1,376,678,444.97		1,283,090,316
Income from supply to Thriposha to World Food Program		<u>4,529,970.00</u>		<u>27,156,000</u>
		<u>1,381,208,414.97</u>		<u>1,310,246,316</u>
 <b><u>04. COST OF MANUFACTURING</u></b>				
Material Consumption	2.1	1,190,839,955.88		1,137,091,224
Direct Labour	2.2	101,811,366.67		100,770,309
Factory Overheads	2.3	<u>85,610,450.32</u>		<u>70,957,504</u>
Prime Cost		1,378,261,772.87		1,308,819,036
Add: Finished Products at the Beginning of the year		20,730,175.36		7,802
Sundry Products at the Beginning of the year		101,938.96		-
Less: Finished Products at the End of the year		(16,192,484.30)		(20,730,175)
Sundry Products at the End of the year		(86,007.73)		(101,939)
Re-Processing Loss		<u>(544,244.40)</u>		<u>(371,708)</u>
		<b><u>1,382,271,150.76</u></b>		<b><u>1,287,623,017</u></b>
 <b><u>4.1 RAW MATERIAL CONSUMPTION</u></b>				
Opening Stock		120,232,592.22		176,135,468
<b>Add: Purchases</b>				
Maize		373,048,208.16		455,579,905
Soya		425,762,447.96		340,197,001
Milk Powder		207,828,125.00		176,722,325
Mineral Premix		36,461,740.00		29,818,350
Vitamin		41,970,600.00		27,720,000
Kraft Paper Bags		21,339,472.00		21,161,916
Polythene Bags (Red and Yellow)		57,819,422.68		33,069,763
Multi Layer Film (Mother and Children)		4,228,319.52		-
Twine		191,108.56		277,974
Closing Stock		<u>(98,759,306.02)</u>		<u>(119,813,869)</u>
		1,190,122,730.08		1,140,868,832
Add: Work in Progress Beginning of the year		5,148,489.50		1,370,881
Less: Work in Progress End of the year		<u>(4,431,263.70)</u>		<u>(5,148,490)</u>
		<b><u>1,190,839,955.88</u></b>		<b><u>1,137,091,224</u></b>

Sri Lanka Thriposha Ltd  
 DETAILED NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31<sup>st</sup> December 2013

	2013	2012
	Rs. Cts.	Rs. Cts.
<b><u>4.2 DIRECT LABOUR AND MANAGEMENT COST</u></b>		
<b><u>Salaries &amp; Wages Factory</u></b>		
Basic Salary	41,957,206.44	41,700,125
Overtime	15,343,231.26	13,946,064
Cost of Living	13,790,836.43	12,218,497
Gratuity	2,929,269.84	6,905,388
Incentive	6,182,385.90	6,391,645
EPF	4,340,088.87	4,368,412
Target	3,386,821.77	3,644,025
Leave Pay	2,372,371.88	2,035,638
ETF	1,089,129.06	1,106,890
Meal Allowance	761,641.00	773,175
Medical Retainer	194,772.25	165,000
Shift Allowance	501,945.00	122,427
Management Fees	122,750.45	115,576
Special Allowance	100,500.00	18,700
Contingencies	5,151.00	-
Terminal Payment	29,341.47	-
Productivity Allowance	-	12,400
<b><u>Contractual Wages</u></b>		
Factory Stores Out pool	813,933.71	662,686
Overtime	595,066.96	405,978
EPF	162,491.09	79,522
ETF	40,622.78	19,881
Other Contracts/CL	663,523.77	-
<b><u>Welfare and Medical</u></b>		
Uniforms, Head gear & Laundry	3,055,505.87	3,113,807
Tea Expenses	2,157,690.00	1,948,311
Staff Welfare	92,000.00	-
Gas & Other Canteen Expenses	511,401.36	604,893
Medical / Other Consultation	243,572.51	244,920
Medical Reimbursement	337,891.00	133,882
Papers & Periodicals	30,225.00	32,468
	<b>101,811,366.67</b>	<b>100,770,309</b>
<b><u>4.3 DIRECT OVERHEAD COST</u></b>		
Electricity Boiler & Generator Fuel	54,873,201.61	43,091,798
Plant & Machinery Maintenance	24,989,831.48	20,606,354
Indirect production materials	196,763.46	1,084,843
Depreciation	-	1,078,998
Insurance	827,059.86	810,095
Vehicle repair charges	1,152,492.75	798,456
Factory Maintenance Charges	718,689.38	773,287

Fuel - Motor vehicles	931,219.12	677,550
Rate & Taxes	8,500.00	605,084
Pest control	384,522.50	375,817
Chemicals fogging	100,423.07	351,963
Other factory overheads	559,922.87	335,697
Telephone	257,948.81	174,057
Other Laboratory expenses	494,906.53	125,278
Licence and Insurance	107,604.88	67,467
Medical Centre Maintenance	445.00	760
Management fees	6,919.00	-
	<b>85,610,450.32</b>	<b>70,957,504</b>

#### **05.OTHER INCOME**

Sweeping Sales	10,175,629.66	9,109,331
Interest income on Treasury Bills	6,787,846.68	4,113,712
Gunnies Sales	3,955,398.35	2,538,953
Other Income	2,337,677.51	5,374,502
Housing loan interest	814,674.05	102,098
Sundry income miscellaneous	291,917.00	194,460
Donation from Mr. Kiran Athapaththu	259,000.00	-
	<b>24,622,143.25</b>	<b>21,433,055</b>

#### **06. ADMINISTRATIVE EXPENSES**

Building Repair & Maintenance	7,535,071.30	3,704,886
Basic Salaries	5,662,494.76	4,981,438
	5,261,941.61	3,843,693
Security Charges		
Management Salaries	3,589,420.26	3,150,427
Staff Welfare/Picnic expenses	1,897,657.50	1,615,879
Cost of Living	1,155,000.00	967,326
Stationary	1,132,571.33	1,056,072
Overtime	966,799.84	813,766
Incentive	875,238.60	860,842
Gratuity	732,316.60	-
EPF	502,567.90	515,781
Advertising	445,088.00	388,752
Allowances	384,250.00	150,596
Leave Pay	371,941.04	311,166
Insurance Charges	281,061.97	6,265
General Expenses	271,226.90	69,090
Postage Charges	264,671.00	243,280
Telephone Charges	215,234.22	313,922
Tea Expenses	185,941.00	162,820
Drivers Subsistence	170,475.00	136,697
Sanitary	160,738.45	110,531
Other Expenses	140,228.44	126,657
Office Equipment Maintenance	138,522.96	89,029
	135,399.00	353,944
Fuel - Motor Vehicles		

Stationary - Admin	132,267.75	15,526
Garden Maintenance	125,896.74	91,993
Staff Training Charges	122,160.00	576,954
ETF	121,535.03	114,158
Audit fees	90,750.00	82,500
Repairs - Motor Vehicles	71,084.00	175,483
Printing Materials	53,575.20	-
Books & Periodicals	14,589.50	24,950
Printing	3,500.00	6,740
Legal Expenses	-	22,400
	<b>33,211,215.90</b>	<b>25,083,563</b>

#### **07. DISTRIBUTION COST**

Distribution Charges	11,235.00	1,370,586
Transport Charges	8,975,470.12	5,659,260
	<b>8,986,705.12</b>	<b>7,029,846</b>

#### **08. FINANCE AND OTHER EXPENSES**

Re - Processing loss	544,244.40	371,708
LC Charges	135,147.95	273,592
Cost of staff Loans Granted at concessionary rates	475,226.53	-
Bank Charges	55,303.17	42,975
	<b>1,209,922.05</b>	<b>688,274</b>

#### **09. DEBTORS**

Ministry of Health	4,011,700.17	3,869,568
	<b>4,011,700.17</b>	<b>3,869,568</b>

#### **10. CREDITORS**

Milco Pvt Ltd	7,161,875.00	5,910,000
JK Trade Link PVT LTD	5,775,000.00	-
Wickramaratnes (Pvt) Limited	3,530,100.00	-
Tuffline Limited	1,413,751.62	-
Rakna Arakshaka Lanka Ltd	1,202,124.00	-
API Machinery PVT LTD	1,140,750.00	113,026
SL State Trading Cop.ltd	607,300.00	7,950
Cristal Engineering Works	298,500.00	-
Ceylon Paper Sacks Limited	290,080.00	3,350,144
Magnetic Solutions pvt	83,229.40	-
M.G Sarath & Sons	74,500.00	125,000
Ceylon Weighing Machines Limit	62,577.00	-
T.A.D Enterprises	39,954.88	-
S.R.B. Enterprises	36,100.00	36,100
Bearings Inn Lanka Enterprises	25,816.00	4,766
Golden Trading Company	24,935.68	42,297
Bearings & Spares Pvt Ltd	22,641.92	19,793
St. Francis Xavious Hardware	16,786.00	10,800

Liberty Motor Stores (Pvt) Ltd	16,094.40	5,822
Analytical Scientific Services	14,313.60	-
Sajith Engineers	13,200.00	-
Diesel & Motor Engineering PLC	12,714.24	-
Chandimal Perera	11,460.00	-
Asian Industrial Tradeways	9,128.00	-
Metropolitan Communications Lt	5,768.00	2,016
J.P Electrical & Iron Work	4,250.00	22,600
Sunthri Marine Service	4,000.00	-
Jayabima Stours	2,950.00	-
S.V.P Trading Co. Pte Ltd	2,762.50	-
Victories	1,350.00	81,611
M.L.B.C. Perera	104.21	1,288
A G N K Enterprises	-	559
Ambro Electricals	-	25,397
Chatham Trader	-	1,850
Dilshan Trading Com	-	60,295
Elite Radio & Engineering Co.L	-	16,770
Firetech (Private) Ltd	-	21,902
Goodwills Trading & Co	-	7,127
Govi Madyasthanaya Meegalewa	-	5,141,287
GP Janakantha	-	8,500
Hara Traders	-	6,400
JF Packaging pvt Ltd	-	450,141
K S T Evergreen (Pvt) Ltd.	-	4,035,830
Lanco Rubber Industries	-	134,025
M.D.A. Appuhamy - Invoice: 2232	-	(4,500)
M.L.B.C. Perera - Shift & Meal allowance	-	216
Prasanna Pharmacy & Grocery	-	2,300
Rex Iron Works (LDM Roshantha)	-	10,000
Rex Iron Works(LDM Roshantha)	-	18,000
Sinha Engineering (Pvt) Compan	-	263,200
SM International (pte) Ltd.	-	53,088
Sonalee Motors & Tinker Works	-	34,080
Srimal Electricals	-	15,000
St. Francis Xavious Hardware	-	840
Sudesh Electrical Works	-	9,400
Super Service Station	-	23,550
Technokaru pvt ltd	-	170,533
WSS Auto Fuels (Pvt) Ltd	-	1,590
Salaries Control Acc.	(443.53)	(47)
	<b>21,903,672.92</b>	<b>20,240,546</b>

**28 January 2015**

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

Dear Sir

**Sri Lanka Thriposha Ltd (PB 3873)**  
**Audit for the year ended 31<sup>st</sup> December 2013**

As the Auditors of Sri Lanka Thriposha Ltd (the Company) for the year ended 31<sup>st</sup> December 2013, our primary responsibility was to express an opinion on your financial statements for the said period. However, in keeping with the tradition of our firm in providing maximum value to our clients, we strive to provide you a service, which we extend beyond our statutory duty, by providing with you value-added ideas, information and solutions to your accounting problems. The purpose of this document is to set out the key points arising from our Audit of the financial statements for the year ended 31<sup>st</sup> December 2013.

**1. Unsettled Advances and Part payment – More than three months**

We observed that following advances paid for procurement activities of the Company for year 2012 are still lying in the advance account since agreed service has not been obtained by the company until 31<sup>st</sup> December 2013.

No	Date of payment	Description of Advance	Amount Rs.	No of dates in the advance account
1	24/10/2012	Perfect Business Solution (Part Payment)	458,640.00/-	433Days

**Management Comments**

Sri Lanka Thriposha Ltd has been using “Peachtree” accounting package since 2008. That package unable to completed company requirements at present. Therefore an advance Rs.458,640/- is paid to Perfect Business Solution Services (Pvt) Ltd on 24<sup>th</sup> October 2012 for buy a new accounting package which is Sage 50. That package was installed November 2012. But this package was not used some problems. We discuss with Management of the Perfect Business Solution Services (Pvt) Ltd to use the new package at present. We will plan to use this package from January 2015.

**2. Lack of Documentary Evidence**

Following assets and liabilities could not be satisfactorily verified due to lack of documentary evidence.

No	Description of Account	Type of evidence required	Amount Rs.
01	Electricity Deposit – Colombo	Confirmations	200,000/-
02	Land	Deed	220,000,000/-

## **Management Comments**

### **Electricity Deposit – Colombo**

Confirmation for the Rs.200, 000/- has been required from Electricity Board in writing on 2015/01/14.

### **Land – Title deed →RS. 220,000,000.00**

We took action to submit the deed after discussing with management of the Ministry of Health and in the Audit and management committee meeting. After Audit and management committee recommended, decided to take legal advice from legal officer of the Ministry of Health.

### **3. Increase of expenses compared with last year (2012)**

Following expenses have been increased considerably when comparing with the last year.

<b>Description</b>	<b>2012</b>	<b>2013</b>	<b>Variation %</b>
Building repair & maintenance	3,704,886.00	7,535,071.30	103%
Plant & Machinery Maintenance	20,606,354.46	24,989,831.48	21%
Vehicle repair charges	798,455.89	1,152,492.75	44%
Staff Welfare/Picnic expenses	1,615,879.00	1,989,657.50	23%
Insurance	816,359.78	1,108,121.83	35.74%

## **Management Comments**

### **Building repair & maintenance**

This expense has increased mainly since following constructions work performed during the year 2013

- > Anti Fungus Formed Spray Painting For Production Floor Rs.1, 950,799.99
- > Construction of Septic Tank Rs.2, 019,925.00

### **Plant & Machinery Maintenance**

This expense has increased mainly since following spare parts have imported for Anderson machine during the year 2013 as follows.

- > Motor FTMT0 ,100 HP,3/50/200-400 V,1500 RPM Rs.4,117,829.00
- > Anderson Parts Customs Duty Rs.1, 221,256.00
- > Swift Transfer to Supplier + Bank Charges Rs.3, 797,491.00
- > Other main reason is machinery purchased Rs.11, 351,132.51 during the year 2013

### **Vehicle repair charges**

This expense has increased since following special repair & maintenance are done during the year 2013

- > Check all Joints,Arms, Balance Bars, Front axel Wheel Bearing Front & Engine Gear Box Mount (V/No.251-6441) Rs.195,650.00

- > Install of dual air conditioner unit to (V/No.48-0148) Rs.182, 700.00
- > Dismantling & Repairing of Front Axle & Sustention Rack Ends, Lower Arm, Link Bushes (V/No.48-0148) Rs.78, 500.00
- > Other main reason is vehicle purchased Rs.12, 080,000 during the year 2013

**Staff Welfare/Picnic expenses**

Sri Lanka Thriposha Ltd organize annual picnic every year. Staff welfare/ Picnic expenses have increased mainly due to increase of picnic expenses. Other reasons are non management staff's medical expenses are increased up to Rs.12, 000/- and management's medical expenses are increased up to Rs.20, 000/-

**3.5 Insurance**

Insurance cost should be Rs.1,108,121.83/- for the year 2013. Vehicle insurance expense has increased during the year 2013 since new two cabs were purchased during the year.

**4. Generator Repair Expenses. Rs. 4,895,953.17**

We observed that service agreement has signed with service provider for the service and maintenance of Generator. During the year company has paid Rs. 4,895,953.17 to Premium International (Pvt) Ltd for repair and maintenance of this Generator. Company has not followed the proper procurement procedures when selecting this service provider.

**Management Comments**

According to the Board decision (Board Paper No. 03/42/02), Generator Repair and maintenance are handing over to new supplier who is Dimo Lanka since these expenses are very high. Therefore we can reduce this expenses at present.

**5. Financial and Performance Review**

**5.1. Financial Review**

**Performance Review**

The operation of the company during the year under review has shown a net deficit of Rs. 19,848,435.60/- comparing with the net surplus of Rs.11,254,671.50/- for the year 2012 thus showing a decline of Rs. 31,103,107.10/-in the financial result.

Thriposha production of year under the review has been increased by 2.41% to 502,263 Master Bags of Thriposha with compared to the last year production of 490,452 of Master Bags. During the year budgeted production was 644,195 of master bags; accordingly production shortage was 141,932 of Master Bags during the year under the review. Mainly material shortage, machines breakdowns, etc were observed to report this shortfall in production.

Actual cost per master bag has been increase by Rs.146.25/- against the previous year cost.

Description	Budgeted units/ value (Rs.)	Actual units / Values (Rs)	Variation Increase/decrease
Production (Master Bags)	644,195	502,317	(141,878)
Recurring Expenses (Rs)	1,800,000,000	1,425,678,994	374,321,006
Cost of Master Bag (Rs)	2,794.18	2,838.21	44.03



### **Management Comment**

Budgeted recurrent expenses should be Rs.1,800,000,000/- According to the above change budgeted cost of the master bag is Rs.2,794.18/-, actual cost of the master bag is Rs.2,838.21/- and cost of the per master bag has increased by Rs.44/- than budget. Mainly thriposha storage tanks full, Machinery breakdowns, Man power are efficiency also affect this difference.

### **6. Major Variations against the Budget**

Major variations between the items in the accounts for the current period with those of the budget have been noted below.

<b>Item</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Result</b>
Production (Master Bags)	644,195	502,317	141,878	Adverse
Production Cost (Rs)	1,800,000,000	1,425,678,994	374,321,006	Favorable
Cost per master bag	2,794.18	2,838.21	44.03	Adverse

Further we observed that company has not used the budget as effective control mechanism and realistic budgetary control has not implement by the company in order to meet the annual projected production and controlling of cost.

### **Management Comment**

Budgeted recurrent expenses should be Rs.1, 800,000,000/- According to the above change budgeted cost of the master bag is Rs.2,794.18/-, actual cost of the master bag is Rs.2,838.21/- and cost of the per master bag has increased by Rs.44/- than budget. Mainly Thriposha storage tank full, Machinery breakdowns, Man power efficiency also affect for this difference.

### **7. Statistics on Company Performance-Compared with 2012**

<b><u>Item</u></b>	<b><u>2011</u></b> <b>(a)</b>	<b><u>2012</u></b> <b>(b)</b>	<b><u>2013</u></b> <b>(c)</b>	<b><u>Variance</u></b> <b>(b-c)</b>	<b><u>Result</u></b>
Production (Master Bags)	512,947	490,452	502,263	11,811	Improved
Production Cost (Rs)	1,368,423,401	1,287,623,017	1,425,678,994	138,055,977	Cost Increased
Cost per master bag (Rs)	2,667.77	2,625.38	2,838.51	213.13	Cost Increased
Direct Labor & Management Cost(Rs)	88,678,808	100,770,309	101,811,367	1,041,058	Cost Increased by 1%
Administration Cost (Rs)	24,920,109	25,083,563	33,211,216	8,127,653	Cost Increased by 32%

## **Management Comment**

### **Production**

Following reasons effected mainly to show less improvement in production in the year 2013.

- Thripasha power storage problems
- Machinery breakdown problems
- Man power problems
- Electricity power failure

Finish goods storage capacity problems, are reduced than 2012.

### **Production Cost**

Main reasons for increased production cost by Rs.138, 055,977 during the year 2013.

- Administration cost is increased by 32% than 2012
- Average mineral cost, average Polithine (Red) cost, average Polithine (Yellow) cost and average kraft paper cost are increased by 4.38%, 48.46%, 64.47% and 16.14% respectively than 2012.

### **Cost per Master Bag**

Production cost is increased more than number of production master bags during the year 2013. Therefore cost per master bags is increased by Rs.213.13.

### **Direct Labor & Management Cost**

Direct Labor and management cost is increased by 1% than 2012, since salary increased through budget.

### **Administration Cost**

Administration cost is increased by 32% than 2012 since following reason.

<b>Expenses</b>	<b>Increased by</b>	<b>Reason</b>
Basic salary, OT, Cost of Living, Allowance, Management fees	1,694,411.89	Salary & Allowance are increased. Therefore OT also increased.
Gratuity	732,316.60	Gratuity provision is presented under direct labor and management cost in the final account 2012. But this provision is presented under direct labor & management cost and Administration cost in the final account 2013.
Building Repair & Maintenance	3,830,185.76	This expense has increased mainly since following construction during the year 2013 <ul style="list-style-type: none"><li>&gt; Anti Fungus Formed Spray Painting For Production Floor Rs.1, 950,799.99</li><li>&gt; Construction of Septic Tank Rs.2, 019,925.00</li></ul>
Security Charges	1,418,248.77	Security service is supplied a new security company (Rakna Arakshaka Lanka Ltd) from August 2013 and security charges also higher than existing company.
Insurance Charges	274,797.37	Vehicle insurance expense has increased during the year 2013 since new two cabs were purchased during the year.

## **8. Insurance cover over cash in transit**

We noted that there was no insurance cover in relation to cash in transit, where the Company is still pays its salary by encasing from bank. In the event of theft or loss of such cash the Company would suffer huge loss in the absence of adequate insurance cover over the cash in transit.

It is recommended to obtain adequate insurance cover to minimize any losses of cash in transit.

### **Management Comments**

Mainly salary is paid through bank account at present and therefore risk on the cash in transit can be minimized. But salary is paid by encasing from bank for casual & contract employees. We will take correct action to salary payment through bank account for those employees also.

## **9. Advances and prepayments – More than three months**

We observed that following advances paid for various procurement activities of the Company for year 2013 are still lying in the advance account due to the absence of the supporting documents to charge the relevant expense account. Details are as follows;

<b>No</b>	<b>Date of payment</b>	<b>Description of Advance</b>	<b>Amount Rs.</b>	<b>No of dates in the advance account</b>
2	24/09/2013	Alcobronz (Pvt) Ltd	305,200/-	98 Days
3	17/09/2013	J. Abeythilaka - Advance for Uniform Allowance	150,000/-	105 Days

### **Management Comments**

#### **(i) Alcobronz (Pvt) Ltd**

Advance amount Rs.305, 200/- is settled on 24/09/2014 (GRN No.5529) as Plant & Machinery maintenance (A/c Code 25165).

#### **(ii) J. Abeythilaka - Advance for Uniform Allowance**

Advance amount Rs.150, 000/- is settled on 20/01/2014 as uniforms for the staff & management (A/c Code 25040).

## **10. Submission of Annual Reports of 2011,2012 to the Parliament**

According to the Public Enterprise Circular No 12, annual report of the company should table the Annual report within 150 days. We observed that Annual report of 2011 and 2012 still not tabled in the Parliament.

### **Management Comments**

Annual reports of 2011, 2012, and 2013 are completed. According to the information which is taken from Department of official languages we selected a translated and those annual reports are handed over to translate.

## **11. Inland Revenue Act No 06 of 2006 and its subsequent amendments o Interest Income.**

According to the section 7 b (ixvi) Profits and income, other than profits and income from dividends or interest of any Public Corporation to the extent of provision of services on behalf of the Government of Sri Lanka, free of charge out of the funds voted by Parliament from the Consolidated Fund or out of any loan arranged through the Government. Accordingly Interest income from the treasury bills amounting to Rs. 6,787,846/-) Liable for income tax and company have not provided for Income Tax liability on interest income.

### **Management Comments**

We will hope to give comments about income tax payment on interest income after discussion at next Audit and Management Committee meeting.

## **12. Board Paper No: 03/05/08 on Sweeping Sales.**

According to the above board paper board of Directors have been empowered to make the expenses from the sweeping sales and other income for staff welfare activities and other expenses without transferring to the Ministry of Health. We observed that this is not in conformity with the Finance Regulation and there should be a mechanism to obtain approval for the expenses made from that money.

Other income reported in the past three (03) years is as follows.

Year	2011	2012	2013
Amount (Rs.)	18,122,992	21,433,055	24,622,143

### **Management Comments**

Sweeping sales income also are deposited in the main account from 2014 December and other bank account was closed. Therefore sweeping sales incomes are expend finance regulation at present.

## **13. Lack of Strong Internal Audit Function and Reporting**

Even though the Company is carrying out an internal audit function it is only limited to financial accounting aspects of the company. Consequentially, there is a lack of an independent reporting framework on the Company's internal control environment.

Business complexities along with growth envisaged in the ensuing years makes it a necessity for Management to take the necessary steps to ensure the implementation of an effective internal audit function.

Accordingly, a forward plan should be established and approved by the Management. In terms of its contents, the plan should address the objectives, resources, scope, risk assessment, strategy, and timing of reviews; establish protocols for communication of work performed and findings, deliverables, satisfaction surveys etc.

The effective internal control function should cover following areas of the Company.

- Payments / Expenses
- Procurements Process of raw materials / consumables and other related services
- Payroll including HR function
- Fixed Assets.
- Production Process
- Stores related function.
- Product Distribution.
- Information Systems

#### **14. Lack of Procedures manual**

Currently, the Company does not have Procedures Manual. As the Company expects to expand its operations in the coming years, a Procedures Manual will be a critical necessity to ensure accurate and consistent accounting treatment for complex and recurring transactions.

We suggest that an appropriate manual be developed to deal with the more important financial and accounting aspects of the day-to-day operations of the Company. This manual does not need be unduly complex nor does it need to be time consuming in preparation. This manual can serve as a useful reference for all employees. It will provide a guide to establish uniformity and consistency throughout the organization and aid in evaluating present procedures, formulating new ones and should prove helpful in training new Personnel.

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

- Statement of responsibility and chart of the accounting function
- Description of positions, duties, and responsibilities
- Description of methods, procedures, and controls to be followed, including explanations and illustrations of principal transactions such as standard and recurring journal entries
- Chart of accounts
- Description of any other standard documents or forms that should be used in the processing and rapid keying of data.