



LANKA PHOSPHATE LTD
ANNUAL REPORT 2018/19

**Ministry of Agriculture, Rural Economic Affairs, Livestock
Development, Irrigation and Fisheries and Aquatic Resources
Development**

VISION

“To enrich the soil fertility in our motherland by providing phosphorus nutrient with the Optimum utilization of the Eppawala phosphate deposit.”



MISSION

***“To
Fulfill the National Requirement
of Phosphate Fertilizer by being Self-Sufficient in
Phosphorus
Through
an Environment friendly and State of the art process”***

CONTENTS

➤ Board of Directors	01
➤ Corporate Information	02
➤ Financial Highlights	03
➤ Chairman’s Statement	04-05
➤ Organizational Structure	06
➤ Approved Cadre	07
➤ Higher Managers	08
➤ Managers	09
➤ Report of the Directors	10-13
➤ Audit & Management Committee Report	14
Report of the Auditors	15-19
Statement of Comprehensive Income	20
Statement of Financial Position	21
Statement of Changes in Equity	22
Statement of Cash flow	23
Significant Accounting Policies & Notes to the FSs	24-46
➤ Review of Operations	47-49
➤ Notice of Meeting	50
➤ Form of Proxy	51

BOARD OF DIRECTORS



Mr. H.M Karunarathna Herath
Chairman & MD



Mr. D.U Jayawardana
Executive Director



Mrs. D.H.S. Pulleperuma
Director



Mrs. P.H Handunhewa
Director



Mr. S.J Paranagama
Director



Mr. J.B.U.S De Silva
Director

CORPORATE INFORMATION

Company Name

Lanka Phosphate Ltd

Domicile and Legal Form

Lanka Phosphate Ltd was incorporated on July 10, 1992 as a Limited Liability Company under the Companies Act No. 17 of 1982 in terms of the conversion of Public Corporations or Government Owned Business undertakings in to Public Companies Act No. 23 of 1987 to take over the Eppawala Phosphate project of the State Mining and Mineral Development Corporation. However, subsequently the Company has re-register under the Companies Act No. 07 of 2007

Principal Activities and Nature of Operations

The principal activities of the company are excavating, processing and selling of Rock Phosphate, which is used as a fertilizer for perennial agricultural crops.

Registration No

PB 308

Board of Directors

Mr.H.M Karunarathna Herath - Chairman

Mr. D. U Jayawardana- Executive Director

Mrs. D.H.S Pulleperuma - Director

Mrs.P.H.Handunhewa – Director

Mr.S.J Paranagama - Director

Mr. J.B.U.S de Silva - Director

Company Secretary

Financial Services and Commercial Agencies (Pvt)
Ltd, 300/3, Nawala Road, Nawala

Ultimate Parent Company

The company's issued shares are fully owned by the Secretary to the Treasury on behalf of the Government of Sri Lanka

Line Ministry

Ministry of Agriculture, Rural Economic Affairs, Irrigation and Fisheries and Aquatic Resources Development
No 288, Sri Jayawardhanapura Mawatha
Rajagiriya

Registered Office

73 1/1, New Kelani Bridge Rd

Colombo 14

Tel: 94112459906/7

Fax:94112459908

Auditors

Auditor General

National Audit Office

No 306/72, Polduwa Rd,

Battaramulla

Tax Consultants

Amerasekara & Co.

Chartered Accountants

12, Rotunda Gardens

Colombo 03

Bankers

Bank of Ceylon

National Savings Bank

Peoples Bank

FINANCIAL HIGHLIGHTS

FOR THE YEAR

(Rs. '000)

	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
Revenue	530,975	493,551	366,094	562,735	530,431
Net Profit / (Loss) for the Year	32,354	3,220	(10,534)	26,587	100,089
Total Comprehensive income	109,726	(4,475)	(14,577)	29,578	101,173

AS AT YEAR END

(Rs. '000)

	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
Shareholder's Funds	774,560	669,834	740,738	760,315	760,737
Working Capital	480,273	419,904	442,665	451,108	411,167
Total Assets	891,638	757,572	836,113	860,451	844,245
Staff Cost	277,976	230,782	224,678	236,020	192,571
No of Employees (No)	328	333	335	347	339

PER SHARE

	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
Earnings (Rs.)	15.13	(0.62)	(2.01)	4.08	13.95
Net Assets (Rs.)	106.82	92.38	102.15	104.86	104.91

RATIOS

	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
Current Ratio (Times)	12.75	11.09	7.90	7.41	8.91
Return on Shareholders' Funds (%)	14.17%	-0.67%	-1.97%	3.89%	13.2%

CHAIRMAN'S STATEMENT



All known phosphate deposits will be depleted within the next 50 years and the remainder of the reserve base in the next 100 years. This conclusion has a great bearing on what we do with our own resources of phosphate in this valuable deposit. Eppawala Phosphate deposit was discovered on 04th April 1971 by the Geological Survey Department. The deposit has 60 million metric tons of phosphate whereas northern area has 40 million mt. and southern area has 20 million mt. The deposit is exposed in the forms of six hills rising to maximum elevation of about 200 meters from the mean sea level and covering a surface area about 324 hectares. The ore is currently estimated at 60 million tones containing 33-40% of P₂O₅ and is considered to be one of the richest and unique phosphate deposit in the world.

Lanka Phosphate Ltd (LPL) was incorporated on 10th July, 1992 in terms of the conversion of public corporations or government owned business undertaking into Public Companies Act, No 23 of 1987 to take over the Eppawala Phosphate Project

of the State Mining & Mineral Development Corporation. It is fully owned by the Secretary to the Treasury on behalf of the Government of Sri Lanka. LPL becomes a fully independent organization with the separation from Bogala Graphite Ltd in November 1998.

Currently LPL produces two types of rock phosphate fertilizers namely Eppawala Rock Phosphate (ERP) and High-Grade Eppawala Rock Phosphate (HERP) which are used as phosphate fertilizer for perennial crops in the country. In addition, LPL has been operating a Coconut Fertilizer mixing plant since 2014. However, there is a huge potential to expand our activities to give the maximum benefit to the nation from this valuable asset.

At present we are producing about 60,000 mt Eppawala Rock Phosphate annually and marketing the same for plantation crop sector. Our fertilizers are used for perennial crops such as Tea, Rubber, Coconut, export cash crops and fruit crops. Tea plantations dominate 60 percent of the use of Eppawala Rock phosphate, whereas rubber and coconut sectors share 30 percent of the use. The export cash crops and the fruit crops mainly share the balance. Because of the use of our own Phosphate fertilizer there is a saving of substantial foreign exchange over Rs. 1,500 million annually.

The financial year 2018/2019 ended achieving a gross turnover of Rs.530.9 Million which is a favorable increase compare to last year. It is further to inform that Lanka Phosphate Ltd was

able to achieve a sales level of 38,714.25 mt of Eppawala Rock Phosphate (ERP), 9,459.55 mt of High-Grade Eppawala Rock Phosphate (HERP) and 712.42 mt of Coconut Fertilizer (APM/YPM) respectively.

Company Board is committed to work out solutions to develop the existing as well as new business opportunities for the optimal utilization of Eppawala Phosphate Deposit. We have recognized the importance and national need of a more soluble type of phosphate fertilizer in the form of Triple Super Phosphate (TSP) or Single Super Phosphate (SSP) fertilizer for short-term crops to cater to the total requirement of the country.

LPL as a responsible State organization working together to introduce value added productions, Human friendly environments and staff training programs to develop the necessary skills at all levels to be conversant with the new developments in their respective fields.

In conclusion, I greatly appreciate the guidance, encouragement and support extend by Ministry of Agriculture, General Treasury and Board of Directors with this regard.

I wish all the success to Lanka Phosphate Ltd for its future endures.

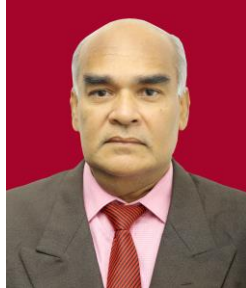


Chairman & MD
Lanka Phosphate Ltd

Approved cadre

Category	Salary Code	Designation	No of Positions
Higher Manager	HM - 2-1	General Manager	01
	HM - 1-3	Deputy General Manager - Production	01
		Deputy General Manager – Non Production	01
	HM - 1-1	Finance Manager	01
		Production Manager	01
		Operations Manager	01
		Admin. & HR Manager	01
Middle Manager	MM - 1-1	Accountant	01
		Mechanical Engineer	01
		Production Engineer	01
		Internal Auditor	01
		Assistant Supplies Manager	01
		Assistant Marketing Manager	01
		Security Manager	01
Junior Manager	JM - 1 - 1	Supplies Officer	01
		Admin. Officer (Adm. & HR)	01
		Mill Officer	01
		Stores Officer	01
Management Assistant	MA 2-1		28
	MA 1-1		30
Primary Level	PL - 3		73
	PL - 2		80
	PL - 1		120
TOTAL			349

HIGHER MANAGERS



Mr. H.R.U.D. Bandara
General Manager



Mr. U.S.P.G. Sooriyarachchi
Deputy General Manager



Mr. G.A.Chandradasa
Production Manager



Mr. D.G.U. Chamara
Finance Manager



Mr. S.D Rupasinghe
Operations Manager

MANAGERS



Capt. K.G.R.P. Kiriella
Security Manager



Mr. D.R.K. Thilakerathne
Accountant



Mr. R.A.A.P. Ranasinghe
Marketing Executive



Mr. H.A.T. Jayananda
Mechanical Engineer



Mr. D.B. Keeriyawatta
Internal Auditor



Mr. S.A. Abeysiri
Supplies Officer



Mr. S.M.A.R.K. Manchanayake
Personnel Officer (Adm. & HR)



Mr. D.R. Gunarathna
Mill Officer



Mr. R.M. Maddumabandara
Supplies Officer



Mr. D.S.M. Dissanayake
Stores Officer

REPORT OF THE DIRECTORS

The Directors of Lanka Phosphate Limited, (the Company) present herewith the Audited Accounts for the year ended 31st March 2019 and the Annual Report for the year ended 31st March 2019.

1.0 Company Name

Lanka Phosphate Ltd (Reg. no PB 308)

2.0 Domicile and Legal Form

Lanka Phosphate Ltd was incorporated on July 10, 1992 as a Limited Liability Company under the Companies Act No. 17 of 1982 in terms of the conversion of Public Corporations or Government Owned Business undertakings in to Public Companies Act No. 23 of 1987 to take over the Eppawala Phosphate project of the State Mining and Mineral Development Corporation. However, subsequently the Company has re-register under the Companies Act No. 07 of 2007

3.0 Principal Activities and Nature of Operations

The principal activities of the company are excavating, processing and selling of Rock Phosphate and mixing of Coconut fertilizer, which is used as a fertilizer for perennial agricultural crops.

4.0 Financial Statement

Directors are satisfied that the financial statement attached hereto gives a true and fair view of the state of affairs of the Company as at the Balance Sheet date.

The Directors consider that in preparing these Financial Statements, suitable accounting policies have been used, which are applied consistently and supported by reasonable and prudent judgment and estimates. They are of the opinion that there been no significant change in the accounting policies which warrant disclosure in this report. The Directors have taken such steps as are responsibly open to them to safeguard the assets of the Company and to prevent and detect fraud or other irregularities.

5.0 Financial Statements and Accounting Policies

The Directors consider that in preparing these Financial Statements, suitable Accounting Policies have been selected which are applied consistently while reasonable and prudent judgments and estimates have been made so that the form and substance of transaction are properly reflected. There was no change in accounting policies made during the accounting period.

6.0 Property, Plant & Equipment, their Valuation and Depreciation

Capital Expenditure during the year on property plant and equipment by the company amounted Rs 7,146,545.00

Details of the status and movements of Property plant and Equipment, their Valuation and depreciation are given in Note 5.0 and 26 of Note to the Financial Statements.

7.0 Taxation

The company was taxable at 28% on the taxable income for the year under review.

8.0 Dividends

2.0 million Interim dividend was declared for the year under review.

9.0 Stated Capital

The Stated Capital of the Company altogether Rs. 72,510,000/- consisting of 7,251,000 ordinary shares. There was no change in the Stated Capital for the year under review.

10.0 Shareholding

In terms of Section 2(3) of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act No. 23 of 1987 the sole shareholder is the Company is Secretary to the Treasury (in his official capacity) for on behalf of the state.

As at 31st March 2019, the shareholding details of the company are as follows;

Secretary to the Treasury (in his official capacity) 7,251,000 ordinary shares

Lanka Phosphate Limited is a Shareholder of GSMB Technical Services (Private) Limited and holding 100,000 of ordinary shares (Rs. 10/- each).

The Percentage of said shareholding is 16.66%.

11.0 Changes in Shareholdings

There have been no changes to the Shareholding of the Company as at 31.03.2019.

12.0 Corporate Social Responsibility

The Company has contributed Rs. 473,254.00 for charitable purposes & CSR during the year under review.

13.0 Employees

The total cost of personnel during the year was Rs. 277,976,501.00.

The average number of persons employed by the Company at the end of the year was 328.

14.0 Directors

The following Directors held office during the year under review.

Mr. H.M Karunarathna Herath - Chairman

Mr. D.U Jayawardana – Executive Director

Mrs. D.H.S Pulleperuma - Director

Mrs.P.H.Handunhewa – Director

Mr.S.J Paranagama - Director

Mr.J.B.U.S De Silva - Director

15.0 Resignation and Appointment of Directors

Mr. U.A Dissanayake – Chairman (20.12.2018), Mr. R.N.K Ranaweera – Executive Director (20.12.2018), Mr.A.M.M Banda – Director (20.12.2018), Mr. M.R.Gnanathilake – Director (20.12.2018) resigned during the year and , Mr. H.M Karunarathna Herath, - Chairman (19.03.2019), Mr. D.U Jayawardana – Executive Director (19.03.2019), Mr. J.S. Paranagama (19.03.2019), and Mr.J.B.U.S de Silva - Director (19.03.2019) newly appointed during the year of 2018/19.

16.0 Director’s remuneration

Rs. 4,334,541.78 was paid as Directors remuneration, fees and expenses in the year under review.

17.0 Statutory Payments

The Directors, to their best of their knowledge and the belief are satisfied that all statutory payments due to the Government and to Employment Provident Fund and Employees Trust Fund have been paid accurately and on time.

18.0 Compliance

The company has not engaged in activities that contravene the laws or regulations that are applicable in Sri Lanka or elsewhere.

19.0 Going Concern

The Directors are satisfied that the company has adequate resources to continue their operations in the foreseeable future and accordingly all finance statements of the company is prepared on the going concern basis.

20.0 Corporate Governance

The Board of Directors ensures good corporate Governance. It is the duty of the Board of Directors to ensure that the performance is in line with the company objectives as a public enterprise as well as the objectives and expectations of the stakeholders.

21.0 Risk Management

The Company consciously fulfills its statutory and legal requirement to ensure that its exposure to legal risk is eliminated or minimized.

22.0 Auditors

Government Auditors, are the present Auditors of the Company.

Directors of Lanka Phosphate Limited have decided to recommend to the Shareholders of the Company to appoint the Auditor General Department (Government Auditors) for F/Y 2019/20 subject to the procedure imposed by the Companies Act No. 07 of 2007 at the Annual General Meeting scheduled to be held on 30th September 2019 at 3.00pm at Head

Office, Lanka Phosphate Ltd, No 73 1/1, New Kelani Bridge Rd, Colombo 14.

A resolution proposing that the Directors be authorized to determine the remuneration of new Auditors will be tabled at the Annual General Meeting.

Total audit fees provided by the company as at 31st March 2019 is Amount to Rs. 400,000.00 for the year under review. Fees paid for tax consultation services to Messrs Ameresekara & Company for the year is Rs. 246,432/-.

As far as the Directors are aware, the Auditors did not have any relationship with the Company or its subsidiaries that would have an impact on their independence.

FOR AND BEHALF OF THE BOARD OF DIRECTORS



Chairman & MD



Executive Director



Company Secretaries

AUDIT & MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit & Management Committee is appointed by the Board of Directors and it is responsible to the Board. The Chairman of the Committee is the Director who represents the General Treasury. The Director representing the Line Ministry and another Non-Executive Director are the other members of the Committee. Also an officer from Auditor General's Department and the Chief Internal Auditor of the Line Ministry are representing the Committee as observers.

MEETINGS

The Audit & Management Committee met two times during the year of 2018/19 to discuss the issues placed before the Committee. Meetings had to be limited to two, mainly due to resignation of Internal Auditor and Changes of Board of Directors subsequently during the year. The Committee reviewed and evaluated the quarterly Internal Audit Reports submitted by the Internal Auditor and the existing controls in order to make recommendations to the Board of Directors.

CONCLUSION

After scrutinizing the reports thoroughly the committee has given the instructions to the management for rectifying the issues highlighted in relation to the Company's Accounting policies, operational controls and risk management process. Further, some of the crucial matters were referred to the Board of Directors for their due consideration and necessary action.

Signed:

Chairman
Audit and Management Committee
Lanka Phosphate Ltd



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



1/3

මගේ අංකය
எனது இல. } IMU/A/LPL/06/19
My No. }

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி } 23 September 2019
Date }

Chairman
Lanka Phosphate Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Lanka Phosphate Limited for the year ended 31 March 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Lanka Phosphate Limited ("Company") for the year ended 31 March 2019 comprising the statement of financial position as at 31 March 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව | இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை | No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.



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www.naosl.gov.lk



1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements 2/5

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 7/5

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

- I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of Section 163 (1) (d) of the Companies Act, No. 7 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018.



- The financial statements of the Company comply with the requirement of Section 151 of the Companies Act, No. 07 of 2007.
- The financial statements presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to Law/ Direction

Description

- | | |
|--|---|
| (i) Paragraph 6.5.1 of Public Enterprises Circular No.12 of 02 June 2003 | The financial statements had been presented on 15 July 2019 with 1 1/2 months delay. |
| (ii) Financial Regulations 772 & 773 | The cost of the obsolete inventory items identified from 01 April 2016 to 31 March 2019 was Rs.3,808,331. However, actions had not been taken to dispose them even as at the date of this report. |

- to state that the Company has not performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018.



5/5

- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018 except for;
 - (a) A new crusher machine had been purchased in August 2016 at a cost of Rs. 34,654,178 in order to meet the increasing fertilizer demand and to reduce the cost of import of fertilizer. Average production of the machine is 40 metric tons per hour. However, capacity of such machine had not been utilized satisfactorily and only 15,337 MT of fertilizer had been produced during the total 103 working days of the machine.
 - (b) Spare parts procured in the year 2014 at a cost of Rs.11,513,434 for the new mill machine had been remained without being utilized for any purpose.

R.M.J. Rathnayaka
Auditor General (Acting)

RECEIVED
Date: 11.08.2018
Time: 11.00 AM
E. P. V. M. Rathnayaka

LANKA PHOSPHATE LIMITED
COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED Mar 31 2019

	Note	31st Mar, 2019	31st Mar, 2018 (Re-Stated)	Variance
Revenue	17	530,974,642	493,551,238	37,423,405
Cost of Sales	18	<u>(341,893,724)</u>	<u>(315,948,330)</u>	<u>(25,945,394)</u>
Gross Profit		189,080,918	177,602,908	11,478,011
Factory & Administrative Overheads	19	(189,960,227)	(186,889,976)	(3,070,251)
Selling and Distribution Cost	20	(3,940,926)	(3,560,858)	(380,068)
Finance Cost	21	<u>(476,976)</u>	<u>(1,594,578)</u>	<u>1,117,603</u>
Profit from operation		(5,297,211)	(14,442,505)	9,145,294
Other Income	22	33,960,461	31,036,324	2,924,137
Profit Before Taxation		28,663,251	16,593,820	12,069,431
Income Tax Expenses	23	3,691,204	(13,373,636)	17,064,840
Profit for the Year		<u>32,354,455</u>	<u>3,220,183</u>	<u>29,134,271</u>
Other Comprehensive Income				
Gain on revaluation of PPE		109,916,265	-	109,916,265
Deferred tax liability on revaluation of PPE		(30,776,554)		(30,776,554)
Actuarial loss on retirement benefit obligations		(1,768,451)	(7,695,396)	5,926,945
Total Other Comprehensive Income for the year		<u>77,371,260</u>	<u>(7,695,396)</u>	<u>85,066,656</u>
Total Comprehensive Income for the year		<u>109,725,714</u>	<u>(4,475,213)</u>	<u>114,200,927</u>
Earnings Per Share (Rs)	24	4.46	0.44	4.02

LANKA PHOSPHATE LIMITED
STATEMENT OF FINANCIAL POSITION AS AT Mar 31, 2019

		<i>(Expressed in Sri Lankan Rupees)</i>		
		<i>As at 31st March, 2019</i>	<i>As at 31st March, 2018</i>	<i>Variance</i>
	Note		<i>(Re-Stated)</i>	
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	5	369,490,485	295,044,771	74,445,714
Investment in Equity (GSMB Tech. Services (Pvt) Ltd)	6	1,000,000	1,000,000	-
Deferred Taxation		-	-	-
		370,490,485	296,044,771	74,445,714
Current Assets				
Inventories	7	105,136,724	107,773,553	(2,636,829)
Trade Receivables	8	35,197,674	19,218,334	15,979,340
Deposits, Prepayments and Other Receivables	9	63,184,147	63,966,392	(782,245)
Fixed Deposits and Treasury Bills	10	270,119,792	236,738,858	33,380,933
Cash and Cash Equivalents	11	47,508,725	33,830,528	13,678,197
		521,147,062	461,527,665	59,619,397
Total Assets		891,637,547	757,572,436	134,065,110
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	12	72,510,000	72,510,000	-
Revaluation Reserves		79,139,711	-	79,139,711
Retained Earnings		622,909,862	597,323,858	25,586,004
Total Equity		774,559,572	669,833,858	104,725,714
Non - Current Liabilities				
Retiring Benefit Obligations	13	40,070,517	37,066,377	3,004,140
Deferred Tax Liability	14	36,133,599	9,048,249	27,085,350
		76,204,116	46,114,626	30,089,490
Current Liabilities				
Trade Payables		9,860,871	11,393,569	(1,532,698)
Income Tax Payable	15	863,131	4,875,373	(4,012,242)
Other Payables and Accrued Expenses	16	30,149,856	25,355,010	4,794,846
Bank Overdrafts		-	-	-
		40,873,858	41,623,952	(750,094)
Total Equity and Liabilities		891,637,547	757,572,436	134,065,110

I certify that the Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.



Finance Manager



General Manager

The Board of Directors is Responsible for Preparation and Presentation of these Financial Statements.

These Financial Statements were approved by the Board of Directors and signed on their behalf



Chairman
11th July 2019
Colombo,



Executive Director
11th July 2019
Colombo,

LANKA PHOSPHATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED Mar 31st 2019
(Expressed in Sri Lankan Rupees)

	Stated Capital	Revaluation Reserves	Retained Earnings (Re-stated)	Total
Balance as at April 01, 2017 (Previously Reported)	72,510,000	-	668,227,563	740,737,563
Adjustment - Staff Loans - (Note 25)	-	-	(63,428,492)	(63,428,492)
Balance as at April 01, 2017 (Re-stated)	72,510,000	-	604,799,071	677,309,071
Profit for the Year (Re-stated)	-	-	3,220,183	3,220,183
Actuarial Loss on retirement benefit obligation	-	-	(7,695,396)	(7,695,396)
Dividends Paid During the Year	-	-	(3,000,000)	(3,000,000)
Balance as at March 31, 2018	72,510,000	-	597,323,858	669,833,858
Balance as at April 01, 2018	72,510,000	-	597,323,858	669,833,858
Profit for the Period	-	-	32,354,455	32,354,455
Gain arising from Revaluation of PPE - (Note 26)		109,916,265	-	109,916,265
Deferred tax liability on revaluation of PPE		(30,776,554)		(30,776,554)
Actuarial Loss on retirement benefit obligation	-	-	(1,768,451)	(1,768,451)
Dividends Paid During the Period	-	-	(5,000,000)	(5,000,000)
Balance as at Mar 31st 2019	72,510,000	79,139,711	622,909,862	774,559,572

LANKA PHOSPHATE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED Mar 31, 2019

	(Expressed in Sri Lankan Rupees)	
	As at 31.03.2019	As at 31.03.2018
Cash Flow from Operating Activities		
Profit Before Taxation	28,663,251	38,679,281
Adjustments for ;		
Depreciation	40,387,668	33,660,940
Retiring Benefit Obligations	6,668,795	5,791,136
Fixed Assets Disposal	-	-
Profit on Disposed Assets	-	-
Interest Income	(31,570,392)	(50,950,768)
Dividend Income	(1,000,000)	(800,000)
Operating Profit Before Working Capital Changes	43,149,321	26,380,589
Working Capital Changes		
Inventories	2,636,829	9,381,588
Trade Receivables	(15,979,340)	17,402,480
Deposits, Prepayments and Other Receivables	782,245	(34,404,537)
Trade Payables	(1,532,698)	(2,454,903)
Other Payables and Accrued Expenses	4,794,846	(19,018,539)
Provision for impairment	2,302,687	2,302,687
Cash Generated from / (used In) Operations	36,153,889	(410,635)
Income Tax / ESC / WHT Paid	(4,012,242)	(5,386,187)
Deferred Taxation		-
Payment of Retirement Benefit Obligation	(5,433,106)	(7,637,671)
Net Cash Flow from / (used in) Operating Activities	26,708,541	(13,434,493)
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(7,146,545)	(2,718,545)
Cash Proceed from Disposal of Asses	-	-
Cash Proceed from Insurance Claim	-	-
Capital work-in-Progress	(73,258)	-
Interest Received	31,570,392	50,950,768
Increase in Shortterm Deposits	(33,380,933)	(20,182,966)
Dividend Received	1,000,000	800,000
Net Cash Flow from Investing Activities	(8,030,344)	28,849,257
Cash Flow from Financing Activities		
Dividend Paid	(5,000,000)	(3,000,000)
Net Cash used in Financing Activities	(5,000,000)	(3,000,000)
Net Changes in Cash and Cash Equivalents During the Year	13,678,197	12,414,764
Cash and Cash Equivalents at Beginning of the Year	33,830,528	21,415,764
Cash and Cash Equivalents at End of the Year (Note 8)	47,508,725	33,830,528
Cash and Cash Equivalents at End of the Year Represented by ;	Mar 31st 2019	Mar 31, 2018
Fixed Deposit and Treasury Bills	-	-
Cash in Hand and Bank	47,508,725	33,830,528
	-	-
	47,508,725	33,830,528

1. CORPORATE INFORMATION

1.1 Domicile and Legal form

Lanka Phosphate Limited (“The Company”) is a limited liability company registered under the Companies Act No. 07 of 2007. In accordance with Act No. 23 of 1987, the Eppawala Phosphate Project of the State Mining and Mineral Development Corporation was converted to a limited liability company.

The registered office of the company is located at No. 73/1/1, New Kelani Bridge Road, Colombo 14 and Rock Phosphate (Apatite) deposit is located at Eppawala.

1.2 Principal activities and nature of operations

The principal activities of the company are excavating, processing and selling of Rock Phosphate, which is used as fertilizer for perennial agricultural crops. In addition, company commenced the mixing operations of fertilizer at Wariyapola, Kanaththewewa in 2014.

1.3 Reporting Period

The period covered by the financial statements are from 01.04.2018 to 31.03.2019

1.4 Date of authorization for issue

The Draft Financial Statements of company for the year ended 31 March 2019 were authorized for issue to the Auditors by the Board of Directors on 11th July 2019

2.0 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with summary of significant accounting policies and notes) are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except in respect of for the following material items in the statement of financial position:

- Available for sale financial assets are measured at fair value
- Liability of defined benefit obligation is recognized as the present value of the defined benefit obligation

- Phosphate Deposit which is utilized to generate income to the company had not been recognized as an assets in the financial statement since the value of the assets couldn't be measured reliably.

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency and presentational currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

2.4 Comparative information

The accounting policies have been consistently applied by the Company with those of the previous financial year in accordance with LKAS 01 - presentation of financial statements.

2.5 Materiality & aggregation

In compliance with LKAS 01 on presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the company to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and Estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, actual experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

a) Taxation

The company is subject to income taxes and other taxes. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the

issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

b) Useful life-time of the property and equipment

The company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

c) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

d) Post Balance Sheet Events

No post balance sheet events reported which made a significant impact on the results of the company as of 31st March 2019.

e) Impairment losses on financial assets

The Company assesses at each reporting date or more frequently to determine whether there is any objective evidence whether an impairment loss should be recorded in the statement of comprehensive income.

f) Impairment of available for sale investments

The Company reviews its loan given to the share trust classified as available for sale investments at each reporting date to assess whether they are impaired. This requires similar judgment as applied on the individual assessment of loans and advances.

g) Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and tax credits to the extent it is probable that taxable profits will be available against which these losses/credits can be utilized. Significant management judgments are required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies.

h) Defined benefit plans

The carrying value of defined benefit plans is determined using a formula which considers the actuarial assumption. This involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, labour turnover rates, etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise is indicated.

4.1 Revenue recognition

4.1.1 Sale of goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- a) The company has transferred significant risks and rewards of ownership of the goods to the buyer.
- b) The company retaining, neither a continuing managerial involvement to the degree usually associated with ownership nor an effective control over the goods sold.
- c) The amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity; and
- d) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.1.2 Interest income

Interest income is recognized using the Effective Interest Rate (EIR) method.

4.1.3 Dividend income

Dividend income is recognized in the statement of comprehensive income on an accrual basis when the Company's right to receive the dividend is established.

4.1.4 Other income

Other income is recognized on an accrual basis.

4.2 Expenditure recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income.

For the purpose of presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income.

4.3 Taxation

4.3.1 Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.

4.3.2 Deferred tax

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

Deferred tax assets are recognised for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each Statement of financial position date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

4.4 Non-financial asset

4.4.1 Property Plant and equipment

Recognition and measurement

Property & equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 - property, plant & equipment. Initially property and equipment are measured at cost.

Cost model

Property and equipment is stated at cost or revalued amount, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Subsequent cost

Subsequent expenditure incurred for the purpose of acquiring, extending, or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognized in the carrying amount of an asset. The costs associated with day-to-day servicing of property and equipment is recognized in the statement of comprehensive income as incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation begins when the item is available for use. Land is not depreciated. The rates of depreciations based on the estimated useful lives are as follows:

Category of asset	Depreciation rate (%)
Building	4
Plant and Machinery	10
Laboratory	10
Equipment	
Electrical equipment	10
Miscellaneous assets	10
Motor vehicle	20
Office equipment	20
Furniture & Fittings	20
Computer Hardware and software	20
Land Improvement	05

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Any assets, the value get changed significantly, based on the changes in the technology or due to other reasons, should be depreciated on a reasonable basis or either charge against the income of the company, depending on the nature and the value of the items (eg: Mobile Phones, Cameras)

The Assets, the total value is above Rs. 5,000/- could be recognized as Fixed Assets in the financial statement. Any assets value is below Rs. 5,000/-, is charged to Income Statement. A record is maintained by respective Department in order for future verification purpose.

De-recognition

Property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'other operating income' in the statement of comprehensive income in the year the asset is derecognized.

4.4.2 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

4.5 Operating leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership over the leased term are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term or on a basis which is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.6 Inventories

Stocks are stated at the lower of cost and net realizable value. Cost is determined on weighted average basis based on the cost of production. It has been the practice to apportion 40% of the costs of the Mine to “Crushed” production (Unprocessed) and to apportion the balance 60% to “Ground” production (Processed) when valuing the Phosphate stocks. Net realizable value is the price at which stock can be sold in the ordinary course of business after allowing for the cost of realization. Provision is made where necessary for obsolete, slow-moving and defective stocks.

4.7 Financial assets – recognition and measurement

4.7.1 Initial recognition

All financial assets are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes ‘regular way trades’: purchases or sales of financial assets that require delivery of assets within the time-frame generally established by regulation or convention in the market place.

4.7.2 Initial measurement

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management’s intention in acquiring them. All financial instruments are measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

4.7.3 Subsequent measurement

The Company subsequently measures non-derivative financial assets categorizing them in to the categories of financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available-for-sale financial assets.

4.7.4 Reclassification of financial assets

The Company may reclassify non-derivative financial assets other than those designated at FVTPL upon initial recognition, in certain circumstances:

- Out of the held-for-trading category and into the available for sale, loans and receivables, or held-to-maturity categories.
- Out of the ‘available-for-sale’ category and into the ‘loans and receivables’, ‘held for trading category’ or ‘held-to-maturity’. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost. For a financial asset reclassified out of the ‘available-for-sale’ category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If

the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the statement of comprehensive income.

– Out of the ‘held-for-trading’ category and into the ‘loans and receivables’ category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase are recognized as an adjustment to the EIR from the date of the change in estimate. Reclassification is at the election of the management, and is determined on an instrument by instrument basis.

4.7.5 De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either:
 - The Company has transferred substantially all the risks and rewards of the asset or
 - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4.7.6 Identification, measurement and assessment of impairment

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a Company of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

The Company writes off loans and advances and investment securities when they are determined to be uncollectible.

4.8 Cash and bank balances

Cash and bank balances are defined as cash in hand and balances with banks.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4.9 Stated capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

4.10 Retirement benefit obligations

4.10.1 Defined benefit plan – gratuity

The Company is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which an obligation to pay gratuity arises only on completion of 5 years of continued service. The valuation has been carried out using the Projected Unit Credit Method by an Actuary under actuarial assumptions. The present value of the Defined Benefit Obligation as at 31st March, 2019 with respect to employees in service based on the assumption and methodology is Rs. 40,070,517.00. The PVDBO calculated using formula method as at 31 March 2018 is Rs. 37,066,377.00. Liability is externally funded by way of a Fixed Deposit at Bank of Ceylon, Grandpass branch. The value of the fixed deposit as of year-end is Rs.57, 423,515.48. The amount invested is reviewed annually, based on the determined liability at the each year end.

4.10.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of comprehensive income as in the periods during which services are rendered by employees.

a. Employees' Provident Fund

The company and employees contribute 12% and 10% respectively on the salary of each employee to the approved Provident Fund.

b. Employees' Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund.

4.11 Financial liabilities

4.11.1 Initial recognition and measurement

The Company classifies financial liabilities in to financial liabilities at Fair Value through Profit or Loss (FVTPL) or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

The Company recognizes financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

i. Financial liability at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and changes there in recognized in profit or loss.

Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred. The criteria for designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

ii. Other financial liabilities

Other financial liabilities including deposits, debt issued by the Company and the other borrowed funds are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

4.11.2 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4.13 Cash flow statement

The cash flow statement has been prepared using the indirect method, as stipulated in LKAS 7- statement of cash flows. Cash and cash equivalents comprise of cash in hand, cash at bank and bank overdrafts.

4.14 Segmental information

A Segment is a distinguishable component engaged in providing services and that is subject to risks and returns that are different to those of other segments. The company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31,2019
(Expressed In Sri Lankan Rupees)
5 Property, Plant and Equipment

Cost / Revaluation	Balance as at April 01,2018	Addition/ Revaluation	Disposal	Balance as at 31st Mar ,2019
Buildings	172,743,345.77	147,059,101	(173,089,947)	146,712,500
Internal Roads	65,139,730.22	-	-	65,139,730
Plant and Machinery	138,802,269.39	104,985,484	(143,387,769)	100,399,984
Motor Vehicles	98,753,161.00	63,515,000	(98,753,161)	63,515,000
Office Equipment	2,581,399.00	7,140,988	(2,818,936)	6,903,452
Electrical Equipment	13,346,907.65	52,475	(13,399,383)	-
Furniture and Fittings	7,618,383.79	7,197,147	(8,051,472)	6,764,059
Laboratory Equipment	1,976,293.00	46,000	(2,022,293)	-
Computer Hardware and Software	14,828,998.30	4,477,060	(16,274,343)	3,031,715
Miscellaneous Assets	11,283,522.01	-	(11,283,522)	-
	527,074,010	334,473,255.18	(469,080,826)	392,466,440

Depreciation	Balance as at April 01,2018	Charge for the Year	Transfer	Balance as at 31st Mar ,2019
Buildings	41,516,849	15,754,847	(57,271,696)	-
Internal Roads	12,884,165	3,256,986	-	16,141,152
Plant and Machinery	52,372,300	10,287,039	(62,659,340)	-
Motor Vehicles	80,455,352	8,767,988	(89,223,340)	-
Office Equipment	2,178,138	80,865	(2,259,003)	-
Electrical Equipment	7,525,143	429,817	(7,954,959)	-
Furniture and Fittings	5,901,921	707,299	(6,609,220)	-
Laboratory Equipment	407,463	157,650	(565,113)	-
Computer Hardware and Software	13,567,144	612,378	(14,179,522)	-
Miscellaneous Assets	10,615,389	332,798	(10,948,187)	-
	227,423,865	40,387,668	(251,670,381)	16,141,152

Net Book Value	Balance as at April 01,2018	Charge for the Year		Balance as at 31st Mar ,2019
Buildings	131,226,496	15,486,004	-	146,712,500
Internal Roads	52,255,565	(3,256,986)	-	48,998,578
Plant and Machinery	86,429,969	13,970,015	-	100,399,984
Motor Vehicles	18,297,809	45,217,191	-	63,515,000
Office Equipment	403,261	6,500,190	-	6,903,452
Electrical Equipment	5,821,765	(5,821,765)	-	-
Furniture and Fittings	1,716,463	5,047,596	-	6,764,059
Laboratory Equipment	1,568,830	(1,568,830)	-	-
Computer Hardware and Software	1,261,854	1,769,861	-	3,031,715
Miscellaneous Assets	668,133	(668,133)	-	-
	299,650,145	76,675,143	-	376,325,288

Capital work-in-Progress	Balance as at April 01,2018	Addition	Transfer	Balance as at 31st Mar ,2019
Installation of New Mill	7,440,000	-	-	7,440,000
New Vehicle Garage	-	73,258	-	73,258
	7,440,000	73,258	-	7,513,258

Total 307,090,145 383,838,546

Provision for Impairment (12,045,374) (2,302,687) - (14,348,061)

295,044,771 369,490,485

2018/19 2017/18

6 100,000/- Shares of Rs.10/- each

1,000,000 1,000,000

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31st, 2019
(Expressed in Sri Lankan Rupees)

	<i>31st Mar 2019</i>	<i>2017/18</i>
7 Inventories		
Trade Stocks - Eppawala (Finished goods)	18,090,779.78	23,706,481.83
(Raw Material)	12,658,574.72	11,777,438.44
Trade Stocks - Wariyapola	2,608,619.24	5,523,274.07
Provision for Unrealised profits	(171,909.32)	(460,887.24)
General Stocks	75,758,990.94	71,035,576.88
	<u>108,945,055.36</u>	<u>111,581,883.98</u>
Provision for Obsolete Stocks	(3,808,331.00)	(3,808,331.00)
	<u>105,136,724.36</u>	<u>107,773,552.98</u>
TRADE RECEIVABLES		
8 Debtors ERP/HERP Sales - Eppawala	42,892,784.46	25,354,284.46
Cash Sales Collection A/C - Eppawala	(88,099.88)	(81,759.88)
Debtors - Coconut Fertiliser Project	2,800,645.20	4,353,465.20
(-) Provision for Bad & Doubtful Debts	(10,407,655.70)	(10,407,655.70)
	<u>35,197,674.08</u>	<u>19,218,334.08</u>
9 Deposits, Prepayments and Other Receivables		<i>(Re-stated)</i>
Staff Loans and Advances	47,041,658.91	50,451,054.95
Deposit and Prepayments	4,389,811.11	2,650,156.20
Interest Receivable from Short Term Investments -FD	11,721,935.27	10,840,653.21
Interest Receivable from Short Term Investments -REPO	30,741.76	24,527.47
	<u>63,184,147.05</u>	<u>63,966,391.83</u>
10 Fixed Deposits and Treasury Bills		
Fixed Deposits	270,119,791.19	236,738,858.36
	<u>270,119,791.19</u>	<u>236,738,858.36</u>
11 Cash and Cash Equivalents		
Repo - Bank of Ceylon	36,000,000.00	22,000,000.00
Cash at Bank	11,358,724.67	11,695,526.74
Cash in Hand	136,000.00	121,000.00
Stamp Float	14,000.00	14,000.00
	<u>47,508,724.67</u>	<u>33,830,526.74</u>
11.1 - CASH AT BANK		
BOC - Eppawala (A/C No 004641100)	184,108.34	201,116.32
PB- Eppawala (170-100180000025)	84,039.67	1,505,061.31
PB - WARIYAPOLA - (A/C No 144-100200000025)	8,941,063.56	6,365,089.52
Boc-Grandpass - (A/C No 0009300713)	2,089,334.72	3,564,081.21
Boc-Grandpass - 2 - (A/C no 70951107)	60,178.38	60,178.38
	<u>11,358,724.67</u>	<u>11,695,526.74</u>
12 Stated Capital		
<i>Issued and Fully Paid</i>		
7,251,000 Ordinary Shares	<u>72,510,000.00</u>	<u>72,510,000</u>

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31, 2019

(Expressed in Sri Lankan Rupees)

	<i>31st Mar, 2019</i>	<i>2017/18</i>
13 Retiring Benefit Obligation		
Balance as at April 01, 2018	37,066,377	31,217,517
Current Service cost	2,524,774	2,301,017.13
Interest Charge for the Year	4,144,021	3,490,118
During the Year Payment	(5,433,106)	(7,637,671)
Actuarial loss on retirement benefit obligations	1,768,451	7,695,396
	<u>40,070,517</u>	<u>37,066,377</u>
Balance as at Mar 31,2019	40,070,517	37,066,377
14 Deferred Tax Liability		
Balance B/F	9,048,248.83	9,048,248.83
Recognised in Income Statement	(3,691,203.95)	-
Recognised in OCI	30,776,554.11	-
Balance C/F	<u>36,133,598.99</u>	<u>9,048,248.83</u>
15 PROVISION FOR TAXATION		
Balance B/F	4,875,373	4,875,373
(+) Provision for the year	-	-
(-) Payments during the year	(2,600,779)	-
(-) With Holding tax Receivable	(1,411,461)	-
Balance C/F	<u>863,131</u>	<u>4,875,373</u>
16 Other Payables and Accrued Expenses		
Accrued Expenses	21,074,256	20,207,839
WHT Payable	1,197,863	-
Other Payable	7,877,738	5,147,172
	<u>30,149,856</u>	<u>25,355,010</u>
17 Revenue		
ERP (50KG)	397,972,670	360,912,445
UREA SALES	81,000	2,018,250
TSP SALES	-	1,132,100
HERP	111,524,775	97,490,490
Coconut Fertiliser Sales	20,837,197	29,676,203
MOP	559,000	2,321,750
	<u>530,974,642</u>	<u>493,551,238</u>

18. COST OF SALES	2018/19	2017/18	Variance
OPENING STOCK-TRADING- 01/04/2018	35,483,920.27	32,289,838.82	
<u>EXPENSE TRANSFERS DURING THE YEAR</u>			
STAFF REMUNERATION-CRUSHER	9,496,601.90	8,559,102.20	937,499.70
POWER-CRUSHER 1 10%	133,272.59	123,562.08	9,710.51
CONCRA ET MIXCHURE MECICNE MAIN	-	365.00	(365.00)
CRUSHER SPARE PARTS.	448,585.49	342,195.80	106,389.69
NEW JAW CRUSHER MAINTENANCE	3,000.00	-	3,000.00
PERSONNEL SAFETY EQUIP.	15,438.00	16,380.00	(942.00)
TOOLS & IMPLEMENTS	38,077.99	19,926.80	18,151.19
DEPRECIATION-Production	29,456,522.14	18,979,703.81	10,476,818.33
ROYALTY	34,933,220.57	32,541,007.45	2,392,213.12
LAB EXPENSES	14,356.60	65,499.45	(51,142.85)
LAB BUILDING MAINT.	261,470.33	11,134.34	250,335.99
STAFF REMUNERATION	74,320,608.60	72,435,047.16	1,885,561.44
POLYPROPYLENE BAGS	33,517,321.60	30,534,608.00	2,982,713.60
BINDING HOOKS	396,309.99	330,305.99	66,004.00
WEIGH BRIDGE BUILDING	-	305.36	(305.36)
LUBRICANTS	1,956,332.99	1,660,909.50	295,423.49
POWER 5 ROLLER 75%	18,924,704.62	17,546,100.59	1,378,604.03
MILL MAINT.-3- ROLLER	-	2,372,598.82	(2,372,598.82)
MILL SPEAR PARTS.-5 ROLLER (NEW)	7,246,185.58	3,083,061.17	4,163,124.41
MILL SPARES PARTS.-5 ROLLER	3,999,321.93	1,923,588.38	2,075,733.55
160 TGM MILL MAINTENANCE	8,897,108.87	10,026,231.56	(1,129,122.69)
FORKLIFT FUEL	217,078.93	234,760.31	(17,681.38)
FORKLIFT MAINT	505,734.99	361,499.79	144,235.20
WHEEL LOADER MAINT.30%	-	81,072.00	(81,072.00)
FORKLIFT FUEL	228,294.17	198,706.84	29,587.33
FORKLIFT MAINT	58,729.25	235,118.61	(176,389.36)
FORKLIFT FUEL (UNI CARRIER)	133,477.48	-	133,477.48
FORKLIFT MAINTENANCE (UNI CARRIER)	2,333.33	-	2,333.33
PERSONNEL SAFETY EQUIP.	93,598.46	49,830.00	43,768.46
TOOLS & IMPLEMENTS	282,805.79	901,951.90	(619,146.11)
BAG CLOSER MACHINE EXP.	60,179.88	19,469.40	40,710.48
STAFF REMUNERATION-QUARRY	6,095,424.06	6,004,269.41	91,154.65
WHEEL LOADER FUEL	29,225.44	278,655.88	(249,430.44)
WHEEL LOADER FUEL(NEW)	1,096,127.41	583,897.94	512,229.47
WHEEL LOADER MAINTENANCE	121,509.56	273,898.48	(152,388.92)
924 K WHEEL LOADER - FUEL	1,224,017.13	1,136,980.53	87,036.60
924 K WHEEL LOADER MAINTENANCE	703,208.80	1,260,313.21	(557,104.41)
WHEEL LOADER MAINTENANCE (NEW)	265,262.93	1,137,849.45	(872,586.52)
MINING EQUIP. & MAINT.	1,950.00	-	1,950.00
COMPRESSOR MAINT.	20,086.88	10,306.74	9,780.14
HIRE OF MACHINERY	7,064,616.81	10,423,724.94	(3,359,108.13)
INTERNALTRANS.-TRACTOR 49-7541	96,250.46	84,249.13	12,001.33
INTERNALTRANS-T. 46 SRI 5636	1,115.03	900.00	215.03
TRAILER -44 Sri 6600	-	1,305.19	(1,305.19)
NEW TRACTOR TRAILOR 1	18,870.00	-	18,870.00
NEW WATER BOWSER NCGA 4634	3,950.69	1,782.67	2,168.02
TIPPER NCLR 2142	52,407.18	260,692.92	(208,285.74)
TIPPER - NCLL 6146	772,200.73	385,949.84	386,250.89

WPLL 9354 DRUM TRUCK	181,712.18	163,042.26	18,669.92
NCLS-9309 Dump Truck	527,147.25	259,430.72	267,716.53
INTERNALTRANS-TRACTOR 270-0809	269,576.11	131,329.86	138,246.25
INTERNALTRANS-TRACTOR 49-2011	81,853.48	50,318.41	31,535.07
INTERNALTRANS-T. 44 SRI 6603	4,033.87	1,513.00	2,520.87
INTERNALTRANS-T. 44 SRI 6606	3,620.87	1,815.00	1,805.87
INTERNALTRANS-T. 44 SRI 6607	1,107.87	34,124.98	(33,017.11)
MINING LICENSE	2,856,992.01	2,384,561.30	472,430.71
STAFF REMUNERATION	30,521,530.22	27,211,548.67	3,309,981.55
GENERATOR FUEL	660,792.90	174,364.40	486,428.50
POWER 5.25%	799,635.37	741,384.54	58,250.83
GENERATOR MAINTENANCE	128,488.31	6,815.22	121,673.09
MAINT. OF TOOLS & EQUIPMENT	459,610.27	280,397.38	179,212.89
Unrealised Profit	(288,977.92)	91,634.78	(380,612.70)
WORK SHOP	112,114.15	97,642.42	14,471.73
CRUSHER BUILDING	50,945.79	32,989.20	17,956.59
MINING OFFICE	36,718.04	77,588.70	(40,870.66)
WATER SUPPLY MAINT	324,153.36	344,135.62	(19,982.26)
MILL BUILDING	837,012.70	153,225.87	683,786.83
WEIGHING SCALE MAINT.	-	196,769.20	(196,769.20)
MEDICAL SCHEME	3,625,527.99	3,399,814.06	225,713.93
ANNUAL BONUS	2,284,280.68	2,933,895.92	(649,615.24)
MEDICAL LEAVE ENCASHMENT	14,486,339.65	11,893,399.10	2,592,940.55
WEIGH BRIDGE MAINTENANCE	451,352.17	202,173.62	249,178.55
Total Expenses	301,622,462.50	275,362,732.87	26,259,729.63
	337,106,382.77	307,652,571.69	29,453,811.08
CLOSING STOCK-TRADING	(30,749,354.50)	(35,483,920.27)	4,734,565.76
Cost of Sales - LPL	306,357,028.27	272,168,651.43	34,188,376.84
Cost of Sales - CFP	35,536,695.28	43,779,678.21	(8,242,982.93)

19. FACTORY & ADMINISTRATION OVERHEADS	2018/19	(Re-stated) 2017/18	Variance
STAFF REMUNERATION	112,070,167.95	105,584,381.52	6,485,786.43
STAFF WELFARE	9,920,598.91	10,956,246.25	(1,035,647.34)
POWER 9.75%	6,796,900.92	6,301,768.52	495,132.40
VEHICLE HIRING	268,385.00	180,460.00	87,925.00
TRAVELING & SUBSISTENCE	3,349,806.00	2,862,822.00	486,984.00
PRINTING & STATIONERY	911,351.51	736,948.39	174,403.12
DEPRECIATION-HO	10,935,308.58	14,681,236.07	(3,745,927.49)
BOOKS & PERIODICALS	91,642.08	121,374.30	(29,732.22)
FESTIVAL EXPENSES	156,458.07	226,701.27	(70,243.20)
SECURITY ITEMS	153,390.00	15,547.02	137,842.98
SUNDRY EXPENSES	535,560.84	1,057,888.78	(522,327.94)
STUDENT SCHOLAR SHIP SCHEME	495,000.00	415,000.00	80,000.00
POSTAGE & TELEGRAMS	55,062.50	39,231.50	15,831.00
STAFF TRAINING	6,000.00	32,000.00	(26,000.00)
FIRE EXTINGUISHERS	-	254,821.86	(254,821.86)
MAIN STORES	39,864.51	86,178.89	(46,314.38)
SECURITY BILLET	473.00	99,561.03	(99,088.03)
SECURITY HUT- 3 [BARRIER]	1,171.72	-	1,171.72
SECURITY AND TRANSPORT OFFICE	19,404.31	17,045.86	2,358.45
CANTEEN & WELFARE BUILDING	(18,698.83)	339,514.37	(358,213.20)
WORKERS QUARTERS near Cannel	4,568.82	73.57	4,495.25
GM's QUARTERS	719.95	1,630.87	(910.92)
WORKERS QUARTERS Town	1,251.06		1,251.06
Chairman's QUARTERS	804.63	10,128.86	(9,324.23)
S.O.'s QUARTERS	151.72	1,484.39	(1,332.67)
SERVICE STATION	275.00	3,003.00	(2,728.00)
FIRST AID BUILDING	3,815.56	3,256.80	558.76
GENERATOR BUILDING	1,677.83	678.31	999.52
MAIN OFFICE	68,544.89	58,623.94	9,920.95
OFFICE MAINTENANCE	2,392.60		2,392.60
WORKERS REST ROOM MINING	2,826.88	1,310.67	1,516.21
WORKERS REST ROOM - MILL	25,436.79	15,498.50	9,938.29
DRIVERS' REST ROOM	5,486.77		5,486.77
G.M./A.G.M. OFFICE	25,122.85	2,729.79	22,393.06
TOILETS	28,890.63	4,786.32	24,104.31
Chairman's/ED'S QUARTERS	2,173.95	5,529.21	(3,355.26)
POWER LINE MAINT.	413,547.98	38,881.41	374,666.57
TEL. LINE MAINT.	14,850.00	17,254.99	(2,404.99)
RAW MATERIAL STORES	6,501.23	5,393	1,108.73
MEDICAL SCHEME	2,417,018.66	2,266,542.71	150,475.95
OFFICE EQUIPMENT.	62,536.35	181,654.03	(119,117.68)
OFFICE UPKEEP & MAINT.	73,079.79	82,692.10	(9,612.31)
ELECTRICAL EQUIPMENT.	168,173.44	326,027.26	(157,853.82)
PREMISES/SERVICES	406,802.20	1,111,237.71	(704,435.51)
MISE.ASSETS UPKEEP & MAINT.	12,121.64	11,717.10	404.54
COMPUTER S/W & H/W MAINTANCE.	69,966.53	1,665,712.30	(1,595,745.77)
FURNITURE AND FITTINGS MAINT.	19,061.45	5,810.00	13,251.45
TELEPHONE-02549121	116,035.71	147,784.61	(31,748.90)
TELEPHONE-02549290	32,067.42	27,679.08	4,388.34
TELEPHONE-02549400	56,729.52	66,545.07	(9,815.55)
TELEPHONE-2249601	25,789.76	31,053.62	(5,263.86)
TELEPHONE-2249647	27,230.63	34,606.99	(7,376.36)
ACCIDENT INSURANCE	413,902.73	960,586.26	(546,683.53)
SITE INSURANCE	337,096.80	377,479.07	(40,382.27)
ANNUAL BONUS	1,522,853.79	1,955,930.61	(433,076.82)
MEDICAL LEAVE ENCASHMENT	9,657,559.77	7,928,932.74	1,728,627.03
AUDIT FEES	384,740.00	100,000.00	284,740.00
DIRECTORS FEES	345,100.00	401,950.00	(56,850.00)
DIRECTORS EXPENSES	296,150.00		296,150.00
TENDER BOARD EXPENSES	70,000.00	47,750.00	22,250.00
ELECTRICITY	753,698.44	661,246.26	92,452.18

ADSL/LEASED LINE CHGS	51,770.16	-	51,770.16
GENERAL EXPENSES	430,489.28	364,711.70	65,777.58
NEWSPAPERS & PERIODICALS	102,930.00	33,060.00	69,870.00
OFFICE EQUIPMENT MAINTENANCE	43,540.00	-	43,540.00
POSTAGE & STAMPS	12,752.00	9,615.00	3,137.00
PRINTING & STATIONARY	246,467.50	158,559.00	87,908.50
PROFESSIONAL CHARGES	1,287,703.85	657,372.19	630,331.66
RENT-HEAD OFFICE	1,141,507.25	1,087,157.90	54,349.35
SECRETARIAL FEES	371,507.75	435,857.00	(64,349.25)
IMPAIRMENT	2,302,686.84	2,302,686.84	-
STAFF TRAINING	-	46,500.00	(46,500.00)
TEL 459907	51,073.16	41,624.84	9,448.32
TEL 459908	123,304.61	161,959.50	(38,654.89)
TEL-459906	62,421.58	76,773.68	(14,352.10)
TEL-459909	13,944.09	9,339.72	4,604.37
USB Internet - 0711884200 for Chir	8,455.23	8,502.35	(47.12)
TRAVELING & SUBSISTENCE	1,377,188.00	1,482,315.90	(105,127.90)
TELEPHONE BILL REIMBURSEMENT	1,659,583.98	1,744,983.89	(85,399.91)
WATER	50,654.04	52,672.61	(2,018.57)
TEL 472698	24,125.36	27,388.65	(3,263.29)
COMPUTER H/W & S/W MAINT:	925,932.43	662,701.08	263,231.35
GRATUITY	6,668,795.00	5,791,135.50	877,659.50
LEGAL EXPENSES	72,400.00	157,697.00	(85,297.00)
DUMP TRUCK VEHI. NO.NCLJ9309	-	-	-
AUDIT & MGT.COMM.EXPENNCES	111,000.00	149,900.00	(38,900.00)
VEHI. No. NC GA 1627	407,795.61	218,097.72	189,697.89
VEHI. NO.NCJR 9672	602,332.28	807,367.62	(205,035.34)
VEHI. NO.NCJR 9680	384,859.99	442,513.40	(57,653.41)
VEHI. NO.NC PA 7906	328,438.78	137,740.10	190,698.68
VEHI. NO.252-5963	104,759.58	228,420.53	(123,660.95)
VEHI. NO.154 - 3641	5,417.24	6,087.24	(670.00)
VEHI. NO.NCMA-8755	612,522.97	380,150.82	232,372.15
VEHI. BUS.NCMB 5469	282,842.24	226,723.79	56,118.45
VEHI. NO.WPPC 6891	475,419.38	573,055.11	(97,635.73)
VEHI. DOUBLE CAB - WPPF 5672	770,259.91	983,542.35	(213,282.44)
VEHI. DOUBLE CAB - WPPF 5673	1,153,667.22	797,268.53	356,398.69
SERVICE STATION MATERIALS	270,238.96	203,612.66	66,626.30
VEHI. NO.WPKQ4329	1,246,135.56	1,531,619.76	(285,484.20)
VEHI. NO.HK-4629	6,815.36	7,965.36	(1,150.00)
MOTOR BIKE - NC BCB 8782	11,991.11	13,328.07	(1,336.96)
MOTOR BIKE - NC BCB 8777	11,991.11	13,328.07	(1,336.96)
Staff Compensation	794,054.92	1,258,414.82	(464,359.90)
IP VPN CHARGES	1,177,830.43	1,026,297.80	151,532.63
	189,960,227.48	186,889,976.38	3,070,251.10

20. SELLING & DISTRIBUTION EXPENSES

	2018/19	2017/18	Variance
ADVERTISEMENTS	498,874.50	188,094.00	310,780.50
SALES PROMOTION	437,180.00	67,096.75	370,083.25
BUSINESS PROMOTION	473,254.00	495,187.00	(21,933.00)
MINERAL TAX	2,531,617.38	2,810,480.12	(278,862.74)
	3,940,925.88	3,560,857.87	380,068.01

21. FINANCE COST

	2018/19	2017/18	Variance
Bank Charges	124,824.04	111,969.11	12,854.93
LOAN INTEREST	352,151.60	1,482,609.29	(1,130,457.69)
	476,975.64	1,594,578.40	(1,117,602.76)

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31 2019

(Expressed In Sri Lankan Rupees)

	31st Mar, 2019	31st Mar, 2018
22 Other Income		<i>(Re-stated)</i>
Miscellaneous Income	1,390,069	112,604
Dividend Received	1,000,000	800,000
Interest Received from Fixed Deposits	26,910,059	24,308,792
Interest Received from Loans Given to Staff	2,820,654	4,613,711
Interest Received from Repo	1,839,679	1,201,217
	33,960,461	31,036,324

Profit Before Taxation is Calculated After Charging / (crediting) Followings.

Staff Cost	277,976,501	230,782,595
Depreciation	40,391,831	33,660,940
Audit Fees	384,740	100,000
Directors Fees	345,100	401,950
Payment of Gratuity	5,433,106	7,637,671

23 Income Tax Expenses

Taxation on Profit for the Year	-	13,373,636
Transferred from Deferred Tax	(3,691,203.95)	-
	(3,691,203.95)	13,373,636

23.1 Reconciliation of Income Tax Expenses

Profit Before Taxation	28,663,251	38,679,281
Non Business Income	(32,570,392)	(51,863,371)
Aggregate Disallowable Items	47,170,351	49,241,519
Aggregate Allowable Expenses	(48,947,218)	(40,045,210)
Interest Income / Profit On Disposal Of Fixed Asset	28,749,738	51,750,768
Qualifying Payment	(28,749,738)	-
Taxable Income	(5,684,008)	47,762,986
Income Tax at 28%	-	13,373,636
Under / (Over) Provision in Respect of Previous Year	-	-
Notional Tax Credit	-	-
Current Income Tax Expenses	-	13,373,636

24 Earnings Per Share

The calculation of Basic Earnings Per Share is based on the Net Profit Attributable to Ordinary Shareholders divided by the Weighted Average Number of Ordinary Shares in issue during the year.

Net Profit Attributable to Ordinary Shareholders (Rs.)	32,354,454.70	3,220,183.50
Weighted Average Number of Ordinary Shares (Nos.)	7,251,000	7,251,000
Earnings Per Share (Rs.)	4.46	0.44

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31 2019

(Expressed In Sri Lankan Rupees)

25 Adjustment Staff Loans - Carrying value of Staff loans and Pre-paid staff compensation

Due to, application of erroneous basis in measuring staff loans at amortized costs over the years, carrying value of staff loans and pre-paid staff compensation have overstated whilst recognizing higher amount of loans interest in the statement of profit or loss, which has resulted overstatement of profit or losses reported those years. This deficiency has been identified during the year 2018/19 and adjustments in carrying values and financial results have been done retrospectively.

The impact to the previous year financial year is summarized below.

Description	Balance as per Ledger	Balance Under EIR Method	Impact to Equity
Adjustment as at 01 April 2017			
Staff Loans	87,415,541.27	41,392,182.86	46,023,358.41
Prepaid Staff Compensation	22,019,943.86	4,614,810.17	17,405,133.69
Adjustment Made in the Retained Earning and Carrying Values - (01 April 2017)			63,428,492.10
Adjustment as at 31 March 2018			
Staff Loans	64,446,074.91	41,374,562.89	23,071,512.02
Prepaid Staff Compensation	4,614,810.17	5,600,860.56	(986,050.38)
Adjustment Made in the Carrying Values - (31 March 2018) - Correction of Overstatement			22,085,461.63
Impact to Equity			
Prepaid Staff Compensation - Amotization for The Year	531,092.31	1,258,414.82	(727,322.51)
Interest income Received from Loans Given to Staff	25,971,850.59	4,613,711.47	(21,358,139.12)
Adjustment Made in the Statement of Profit or Loss - (for the Year Ended 31 March 2018) - Correction of Overstatement of Profits			(22,085,462)
Profit for the Year for the Year Ended 31 March 2018 - (Previously Reported)			25,305,645.13
Adjustments Made During the Year			(22,085,461.63)
Profit for the Year for the Year Ended 31 March 2018 - (Re-stated)			3,220,183.50

26 Revaluation of land and buildings Accounting judgements, estimates and assumptions

The Company engaged independent expert valuers (Government Valuation Department) to determine the fair value of its Property Plant and Equipments other than Internal Roads. Fair value is determined based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. The company recognised revaluation surplus of Rs. 109,916,264.67 over net book value as at 31.03.2019 to the credit of the rRevaluation Reserves. Company had not carried out a revaluation of its PPE previously.

The carrying amount of revalued PPE, if they were carried at cost less depreciation and impairment, would be as follows;

	As at 31.03.2019			Revaluation amounts	Revaluation surplus
	Cost	Accumulated Depreciation	Carrying Value		
Buildings	173,089,946.77	57,271,696.07	115,818,250.70	146,712,500.00	
Plant and Machinery	143,387,769.39	62,659,339.83	80,728,429.56	100,399,984.21	
Motor Vehicles	98,753,161.00	89,223,340.10	9,529,820.90	63,515,000.00	
Office Equipment/Electri. Equip/Lab. Equip/Miscellaneous	29,524,133.32	21,727,262.66	7,796,870.66	6,903,451.66	
Furniture and Fittings	8,051,472.29	6,609,220.13	1,442,252.16	6,764,058.50	
Computer Hardware and Software	16,274,342.95	14,179,522.23	2,094,820.72	3,031,715.00	
Total	469,080,825.72	251,670,381.02	217,410,444.70	327,326,709.37	109,916,264.67

Gain or losses arising from changes in fair value are recognised in other comprehensive income and in the statement of equity. Fair values are revaluated at least every 5 years by an accredited external, independent valuer.

27. Financial risk management

The company's activities are exposed to variety of financial risks such as Market risk (including currency) risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management process focuses on the unpredictability of finance risk and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is performed by the Finance Department under policies approved by the Board of Directors.

The principal financial instruments of the company comprise of short term deposits, money market investments, and cash. The main purpose of these financial instrument is to raise and maintain liquidity for the company's operations, and maximize returns on the company's financial reserves. The company has various other financial instruments such as trade receivables and trade payables witch arise directly from its business activities.

(a) Credit risk

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Credit risk arises from cash and cash equivalents and deposit with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

(b) Trade receivables

Trade receivables consist of local customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The company does not have a significant credit risk exposure to any single counterparty or any group of counterparties. The company has established policies and procedures to evaluate the clients before approving credit items.

(c) Liquidity risk

Cash flow forecasting is performed by the Finance Division. The Finance Division monitors rolling forecast of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Surplus cash held over and above balance required for working capital management is invested in deposits with banks. At the reporting date, the company held deposits of Rs. 270,119,791 (31/03/2018 Rs. 236,738,858) that are expected to readily generate cash inflows for managing liquidity risk.

(d) Interest rate risk

The company has cash and bank balance including deposits placed with government and creditworthy banks. The company monitors interest rate risk by actively monitoring the yield curve trend and interest rate movement.

(e) Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

28. Capital commitments and contingent liabilities

The company has no material capital commitment and contingent liabilities except the following.

- Retention Money on 2 Nos Brand-new Jaw Crushers [Keshara Engineering (Pvt) Ltd – Piliyandala]	Rs. 4,386,358.40
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28.1 Financial commitments

There were no material financial commitments outstanding at the end of the reporting date except followings.

	Rs.
- Fee for Mahaweli Authority on mined output 2018/19	1,868,850.00
- Electricity Bill Payment – March 2019	1,952,751.50
- Employee Provident Fund – March 2019	3,543,973.22
- Royalty Payable Jan – Mar 2019 to GSMB	8,641,722.76

28.2 Pending litigation

Case No.'s LPL/COU/03-1 & LPL/COU/03-02 have been filed by third parties claiming damages Rs. 2.5mn for the accident met.

29. Event after the reporting period

No circumstances have arisen since the statement of financial position date which requires adjustments to or disclosure in the financial statements.

30. Related party transactions

30.1 Transaction with Key Management Personnel

Related parties includes key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel includes the directors of the company. Compensation to key management personnel for the year was as follows:

	2018/2019	2017/2018
	Rs.	Rs.
Short term benefits	2,541,174	4,334,542

30.2 Transaction with other related parties.

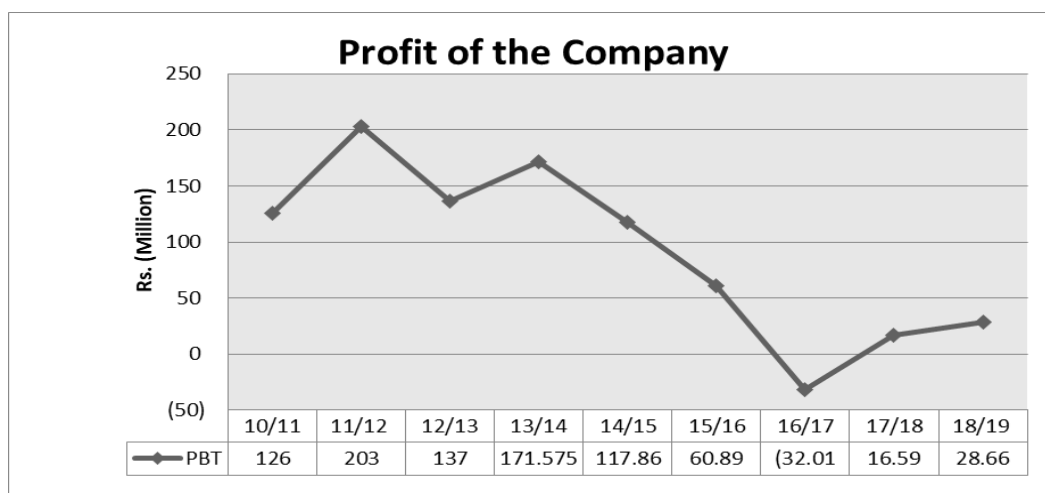
During the financial year, no parties and transactions were identified as related parties defined under the LKAS 24.

REVIEW OF OPERATIONS

A brief review of operations and operational results for the year 2018/19 of the company are presented as follows.

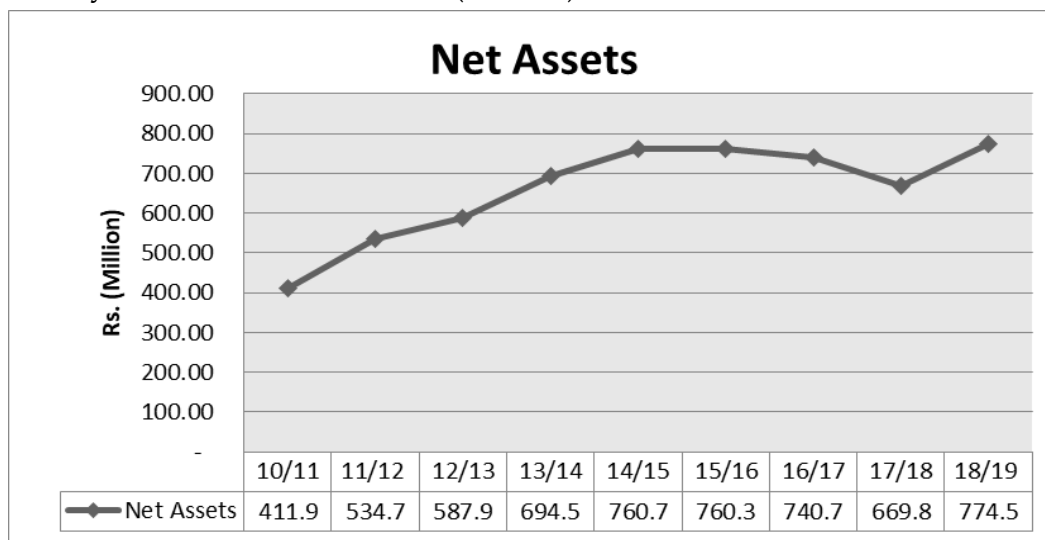
01. PROFITABILITY

Company recorded a Profit before tax amounting to Rs. 28.66 million for the year. Last year it was Rs. 16.59 million (revised). Therefore, it is a favorable increase when compare with the previous year. Uneven weather pattern, drought, unstable fertilizer policy, high cost of supportive fertilizer, higher OHs, determine the profitability of the business.



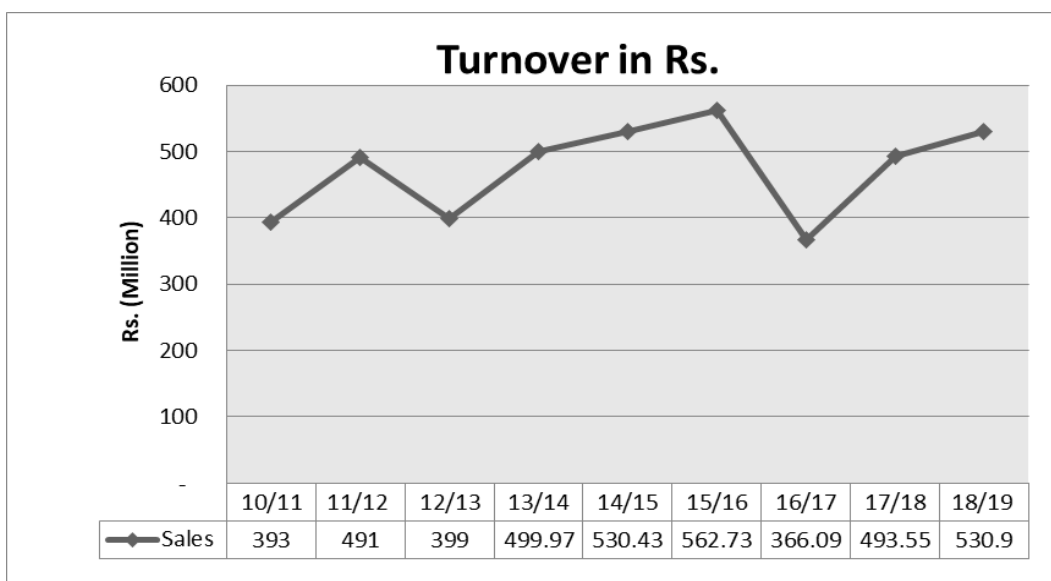
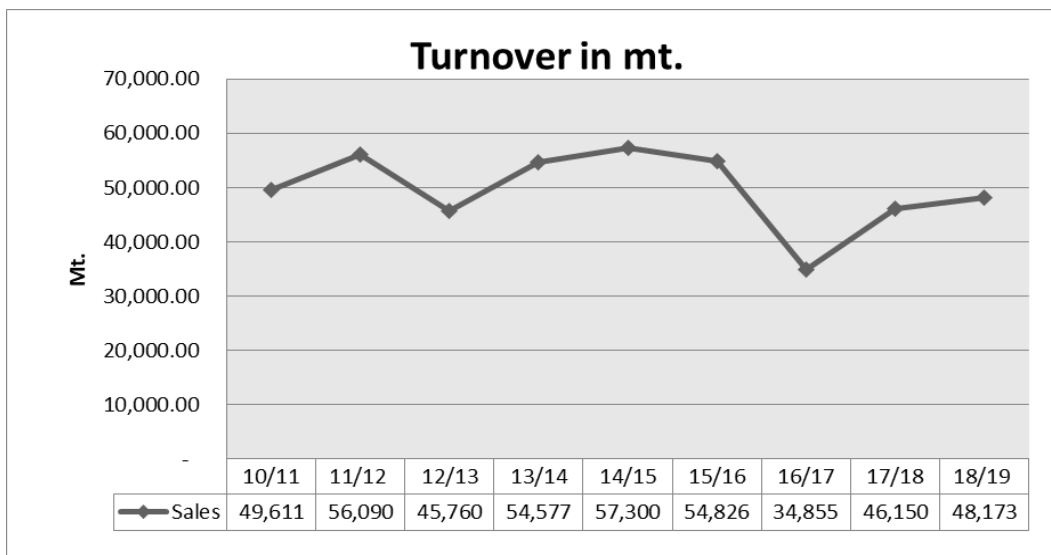
02. NET ASSETS

Net assets position at the yearend has gone up to Rs. 774.56 million when compare with last year of Rs. 669.83 million (revised).



03. REVENUE

The financial year 2018/2019 ended achieving a gross turnover of Rs.530.90 Million which is a favorable increase compared to last year. Organization was able to record a sales level of 38,714.25 mt of Eppawala Rock Phosphate (ERP), 9,459.55 mt of High-Grade Eppawala Rock Phosphate (HERP) and 712.42 mt of Coconut Fertilizer (APM/YPM) during the year.



CAPITAL EXPENDITURE

The capital expenditures incurred during the last five years are as follows;

Acquisition & Capital Work-In-Progress

Year	Amount (Rs.)
2014/15	121,097,086.38
2015/16	53,251,881.57
2016/17	9,274,995.81
2017/18	2,718,545.20
2018/19	7,146,545.44

The Company engaged independent expert valuers (Government Valuation Department) to determine the fair value of its Property Plant and Equipment, other than Internal Roads. Fair value was determined based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. The company recognized revaluation surplus of Rs. 109,916,264.67 over net book value as at 31.03.2019. Company had not carried out a revaluation of its PPE previously.

04. PAYMENTS TO GENERAL TREASURY & GOVERNMENT INSTITUTIONS

General Treasury to Sri Lanka is the sole shareholder of Lanka Phosphate Ltd. The interim dividend paid for the year 2018/19 is Rs. 2.0 million. The final dividend for the year will be proposed and approved at the upcoming Annual General Meeting by considering the prevailing profitability and cash flows of the company.



General Manager

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN to the shareholders of Lanka Phosphate Limited that the Annual General Meeting of the Shareholders of Lanka Phosphate Limited would be held on 30th September 2019 at 3.30pm at the Head Office of Lanka Phosphate Limited at No. 73 1/1, New Kelani Bridge Road, Colombo 14 for the following purposes:

1. Tabling written consent by the Secretary to the Treasury to have an Annual General Meeting at 'Short Notice' in terms of the Article 53 of the Articles of Association of the Company
2. To confirm the Minutes of the Annual General Meeting held on 20th September 2018.
3. To receive, consider and adopt the Audited Statement of Accounts for the year ended 31.03.2019 and the Statement of Financial Position as at 31.03.2019 and the Report of the Auditors thereon.
4. To receive, consider and adopt the Annual Report sent herewith.
5. To declare a dividend for the year 2018/19 as recommended by Board to the Treasury as the sole Shareholder of the Company.
6. To re-elect Directors who retire (at the Annual General Meeting) in terms of the Article 92 & 93 of the Articles of Association of the Company and who being eligible offer for re-election in term of the Article 94 of the Article of Association of the Company.
7. To declare that the Auditors General be the Auditor of the Company for the year 2019/2020.
8. Any other business of which due notice has been given.

By Order of the Board,

FINANCIAL SERVICES AND COMMERCIAL AGENCIES (PRIVATE) LIMITED
Company Secretaries to Lanka Phosphate Limited

Notes:

A shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a member of the company. A form of proxy is attached for this purpose.

FORM OF PROXY

Lanka Phosphate Ltd

P R O X Y

I/We

Of

Being a member of the above named Company hereby appoint

.....ofor

Failing him

Of

As my/our proxy to vote for me/us an on my/our behalf at the Annual General Meeting of the company to be held on 30th September 2019 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed thisday oftwo thousand and nineteen

Signature

NOTE

- **A Proxy may vote as he thinks fit on any resolution brought before the Meeting**
- **A Proxy need not to be a Member of the Company**
- **Instructions as to completion are noted on the reverse hereof**