



LANKA PHOSPHATE LTD
ANNUAL REPORT 2020/21

Ministry of Agriculture

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”*

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INTRODUCTION

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

Eng. Anil Ranasinghe - Chairman

Mr. N.M.S Karunadasa – Director

Mr. A.P. Moragoda - Director

Mr.D.R.T Ruwanpura - Director

Mr.J.A.W Jayasuriya – Director

Mr. Sudath Abeywardana - 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

The Ministry of Agriculture
80/5, ' Govijana Mandiraya'
Rajamalwatta Lane,
Battaramulla

Registered Office

No 73 1/1, New Kelani Bridge Rd,
Colombo 14.

Tel : 0112459906/7

Fax : 0112459908

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

Peoples Bank

National Savings Bank

BOARD OF DIRECTORS



Eng. Anil Ranasinghe
Chairman



Mr. N.M.S. Karunadasa
Director



Mr. A.P. Moragoda
Director



Mr. D.R.T. Ruwanpura
Director

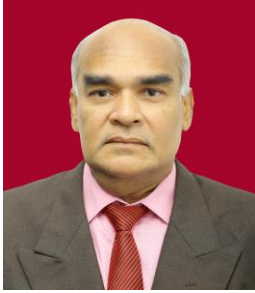


Mr. S. Abeywardana
Director



Mr. J.A.W. Jayasuriya
Director

MANAGEMENT TEAM



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



Mr. R.M.P Karunarathna
Deputy General Manager



Mr. D.G.U. Chamara
Finance Manager



Mr. S.D Rupasinghe
Operations Manager



Mr. M.M.D.Thilakerathna
Human Resource Manager



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



L.L.D.I Pathum
Production Engineer



Mr. S.A. Abeysiri
Supplies Officer



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



Mr. D.R Gunarathna
Mill Officer



R.M Maddumabandara
Supplies Officer



Mr. D.S.M Dissanayake
Stores Officer

CHAIRMAN'S STATEMENT

Rock phosphate is an important mineral source with numerous uses and applications in agriculture and other industries. Phosphate is an essential nutrient needed for plant growth and development. Global phosphate consumption has varied from fertilizer industry to detergents industry, ceramic industry and many other industries. In the world market rock phosphate is accepted and marketed as an “organic alternative” to chemical phosphate fertilizer as it is perceived as being more natural and sustainable.

The world phosphate reserves are limited and non-renewable; thus, it should be utilized with effective, optimal and sustainable mining procedures. Eppawala phosphate deposit is a valuable natural phosphate reserve in Sri Lanka with 33-40% of P₂O₅, considered to be one of the richest and unique phosphate deposits in the world. Eppawala Phosphate deposit was discovered in 1971 and the estimates show it consists of 60 million metric tons of phosphate. Rock Phosphate fertilizer is produced by Lanka Phosphate Limited (LPL) through mining and processing to fulfill the local phosphate fertilizer requirement in the country. With the current capacity, LPL produces around 50,000 mt of Eppawala Rock Phosphate (ERP) annually, for local requirement and it reaches to the farmers through private and public fertilizer companies. 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 Fertilizer mixing plant since 2014.

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.

According to the government policy framework, ‘Vistas of Prosperity & Splendours’ to build up a community who are healthy and productive through advanced agricultural development, LPL will have to play a leading and crucial role in fertilizer manufacturing industry in the country. The latest achievement in the history of LPL could be mentioned as the introduction of its own brand name “Eppawala Pohora” to enhance the direct availability of ERP for farmers and fertilizer mixtures at nominal price through government and private retail channels. The company is currently in the process of more technical advancement and productivity improvement in order to undertake the leading role in the industry.

The financial year 2020/2021 ended achieving a gross turnover of Rs.750 Million which is the highest turnover ever in the history of LPL. At the same time the company recorded an operating profit of Rs. 120.96 million for the year which is a remarkable achievement since company had not been able to record an operating profit after 2015/16. Similarly LPL recorded a PBT of Rs. 150.58 million at the year end, which is over 600% increase when compared to last year of Rs. 13.48 million.

Further, Lanka Phosphate Ltd was able to achieve a sales level of 54,499 mt of Eppawala Rock Phosphate (ERP), 8,874 mt High-Grade Eppawala Rock Phosphate (HERP) and 1,019 mt of Coconut Fertilizer and other mixtures which is the highest ever quantity sold in the LPL history.

Company board of directors is committed to work out solutions to develop the existing as well as new business opportunities for the optimal utilization of Eppawala Phosphate deposit. It has been recognized the importance and national need of a more soluble type of phosphate fertilizer for short-term crops to cater to the total requirement of the country. Therefore the company already has started initial steps in introducing local SSP

manufacturing as the next immediate requirement in the industry.

As a responsible state company, LPL works in accordance with government policies and taking steps to introduce Environmental Friendly Fertilizer such as Bio Green phosphate, Bio Film phosphate fertilizer as value added productions in due cause.

Furthermore, there are some actions have been taken to introduce human friendly working environments and staff training programs to develop the necessary skills at all levels of staff to be conversant with the new developments in their respective fields.

In conclusion, I greatly appreciate the guidance, encouragement and support extend by Political leadership, Ministry of Industries, General Treasury and Board of Directors for all achievements under many disturbances faced with Coved 19 pandemic.

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



Anil Ranasinghe
Chairman
Lanka Phosphate Limited

REPORT OF THE DIRECTORS

The Directors of Lanka Phosphate Limited, (the Company) present herewith the Audited Accounts for the year ended 31st March 2021 and the Annual Report for the year ended 31st March 2021.

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 incurred during the year on property plant and equipment by the company is Rs 3,881,307.00

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 18% for Business Income and 24% for other income on the taxable income for the year under review.

8.0 Dividends

No 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 2021, 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 31.03.2021.

12.0 Corporate Social Responsibility

The Company has contributed Rs. 12,220.00 for charitable purposes & CSR during the year under review.

13.0 Employees

The total cost of personnel during the year was Rs. 325,078,182.00.

The average number of persons employed by the Company at the end of the year was 325.

14.0 Directors

The following Directors held office during the year under review.

Eng. Anil Ranasinghe - Chairman

Mr. N.M.S Karunadasa – Director

Mr. A.P. Moragoda - Director

Mr.D.R.T Ruwanpura - Director

Mr.J.A.W Jayasuriya – Director

Mr. Sudath Abeywardana – Director

15.0 Resignation and Appointment of Directors

No newly appointment of resignation of Directors during the year

16.0 Director's remuneration

Rs. 2,339,567.81 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.

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 2021 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. 227,500/-.

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



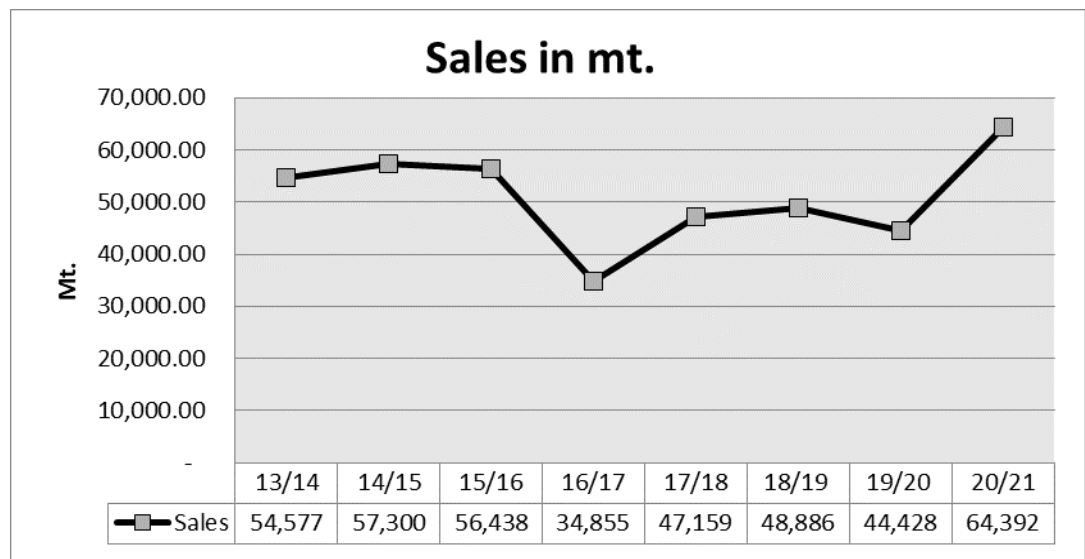
Director

Review of Operations 2020/21

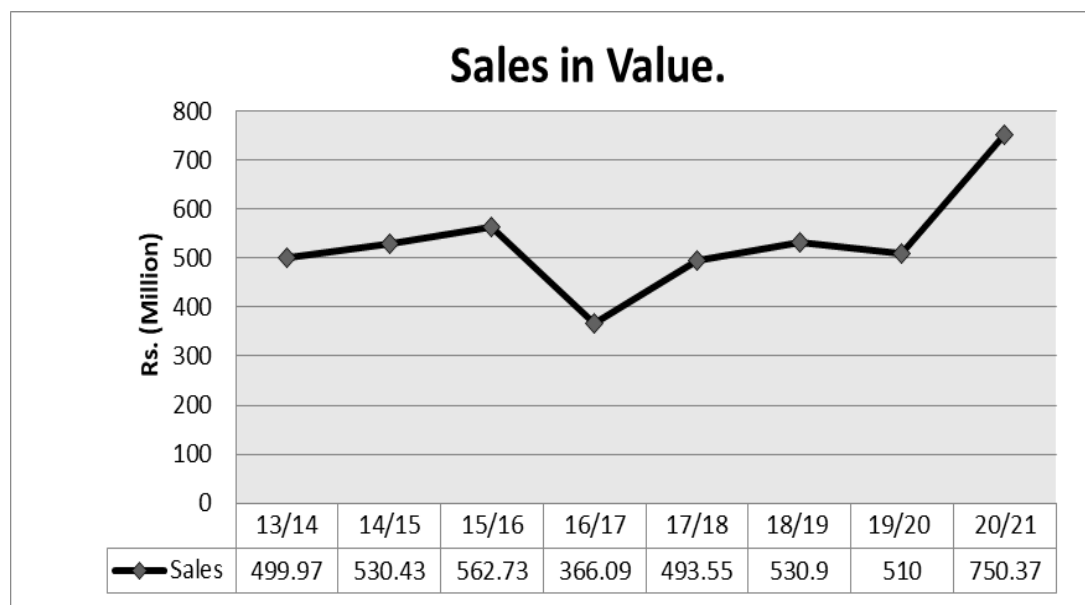
01. TURNOVER

Company has recorded the highest turnover ever in the history of LPL (Rs. 750 Million) which is a 47% increase when compared to year of 2019/20

Quantity (mt.)



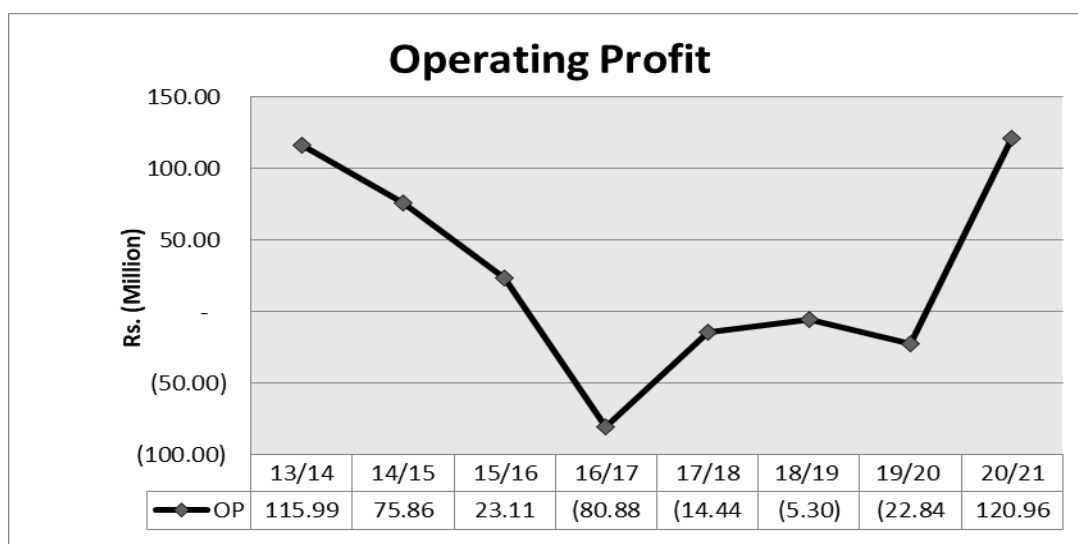
Value (Rs. Million)



02. PROFITABILITY

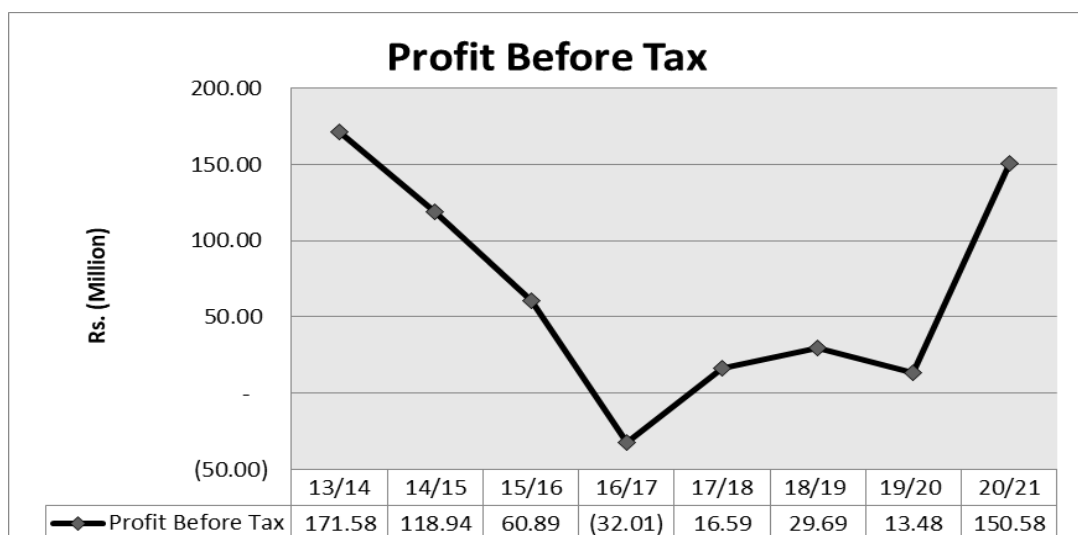
Operating Profit

Company recorded an Operating profit of Rs. 120.95 million for the financial year 2020/21. It is a remarkable achievement since company had not been able to record an Operating profit after 2015/16.



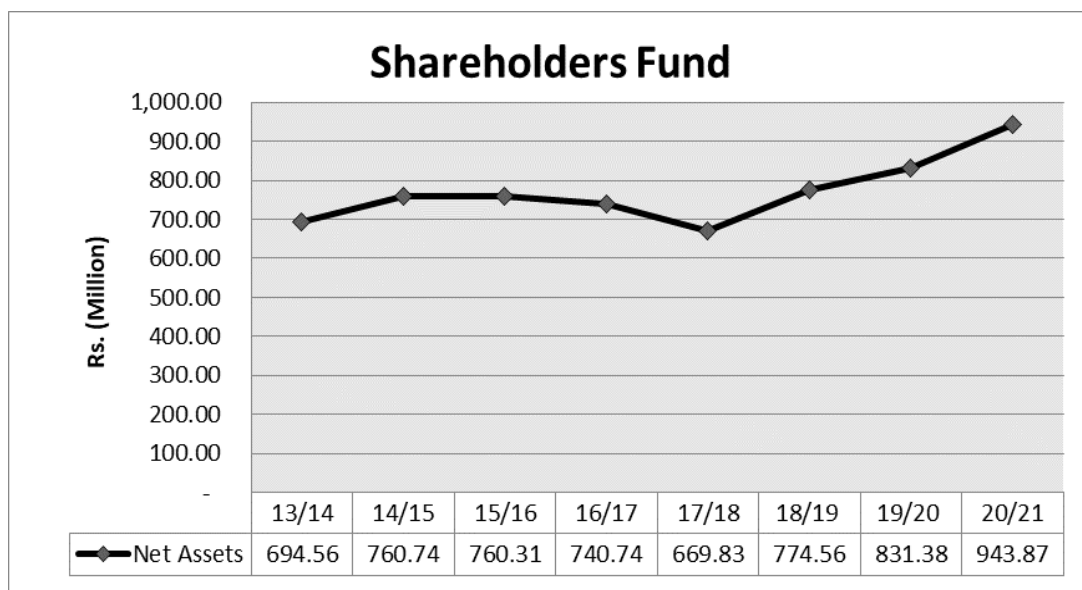
Profit before Tax (PBT)

It had been recorded a PBT of Rs. 150.58 million for the financial year 2020/21, which is a significant increase when compared to last year of Rs. 13.48 million.



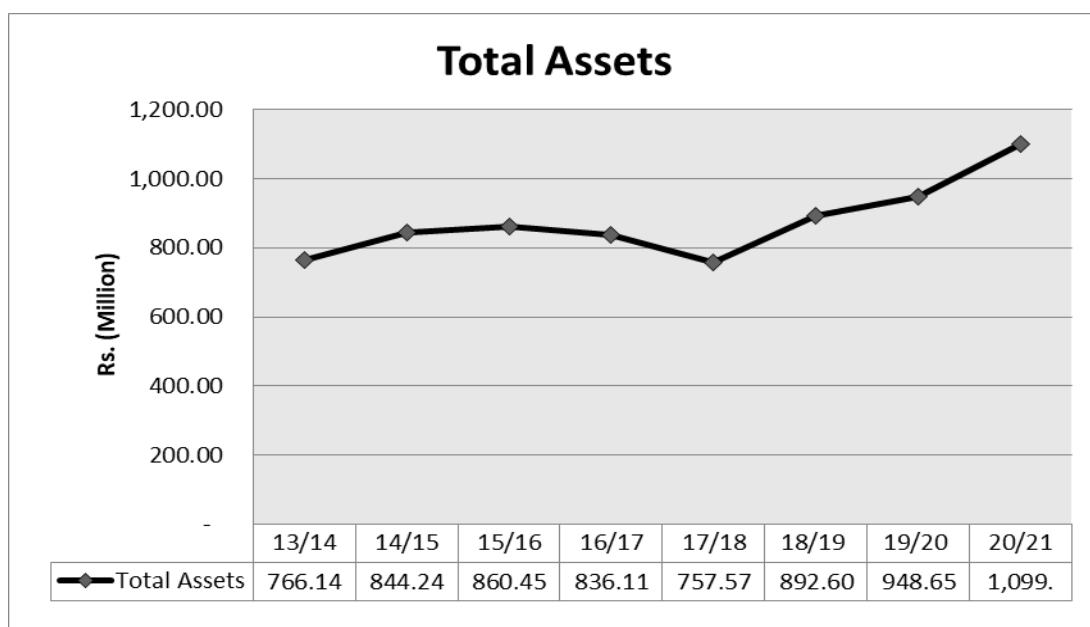
03. SHAREHOLDERS FUND

Net assets position has been gone up to Rs. 943.87 million as of year-end, which is a 13.5% increment when compare to previous year of Rs. 831.38 million.



04 TOTAL ASSETS

Total Assets value gradually increased up to 1 billion mark during the year. This is mainly because the investment on fixed deposits, increased by 124 million during the year.



Projects & Infrastructure Development

- I. Promote to produce Environmentally Friendly and cost effective Fertilizer for the country.
- II. Upgrade and utilize non-operating plant and machinery and use same for regular operations of the company. (Eg: Crusher Machine / Grinding Mill Machine etc.)
- III. Purchase new machineries and modify the existing plants in order to increase the existing production capacity to meet national requirement
- IV. Obtain ISO certification for Products and processes of the company
- V. Actions had been taken to Introduce ERP System to increase productivity, accuracy and transparency of the operations



General Manager

FINANCIAL HIGHLIGHTS

	(Rs. '000)				
<u>FOR THE YEAR</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Revenue	750,374	510,004	530,975	493,551	366,094
Net Profit / (Loss) for the Year	124,017	5,489	33,960	3,220	(10,534)
Total Comprehensive income	117,494	18,821	109,726	(4,475)	(14,577)

	(Rs. '000)				
<u>AS AT YEAR END</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Shareholder's Funds	943,872	831,378	771,646	669,834	740,738
Working Capital	678,167	528,312	480,273	419,904	442,665
Total Assets	1,099,694	948,648	892,603	757,572	836,113
Staff Cost	325,078	303,310	292,861	230,782	224,678
No of Employees (No)	325	333	328	333	335

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
<u>PER SHARE</u>					
Earnings (Rs.)	16.20	2.60	15.13	(0.62)	(2.01)
Net Assets (Rs.)	130.17	114.66	106.42	92.38	102.16

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
<u>RATIOS</u>					
GP Ration	46%	37%	36%	36%	32%
PBT Ratio	20.1%	2.6%	5%	3%	-9%
Current Ratio (Times)	9.70	14.60	12.75	11.09	7.90
Return on Shareholders' Funds (%)	12.45%	2.26%	14.22%	-0.67%	-1.97%

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
		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

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 was able to meet Three times during the year of 2020/21 due to limitations imposed by Covid 19 pandemic and discussed the issues placed before the Committee. 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.



Chairman
Audit and Management Committee
Lanka Phosphate Ltd

Report of the Auditors



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல. } IMU/A/LPL/FA/2020/06
My No. }

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி } 2021 දෙසැම්බර් 15 දින
Date }

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ලංකා පොස්පේට් සමාගම

ලංකා පොස්පේට් සමාගමේ (“සමාගම”) 2021 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන සහ වෙනත් තෛතික හා නියාමන අවශ්‍යතා පිළිබඳව 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 වන වගන්තිය ප්‍රකාරව විගණකාධිපති වාර්තාව

1. මූල්‍ය ප්‍රකාශන

1.1 මතය

ලංකා පොස්පේට් සමාගමේ 2021 මාර්තු 31 දිනට මූල්‍ය තත්ත්ව ප්‍රකාශනය සහ එදිනෙන් අවසන් වර්ෂය සඳහා වූ විස්තීර්ණ ආදායම් ප්‍රකාශනය, හිමිකම් වෙනස්වීමේ ප්‍රකාශනය සහ එදිනෙන් අවසන් වර්ෂය සඳහා මුදල් ප්‍රවාහ ප්‍රකාශනය සහ මූල්‍ය ප්‍රකාශන වලට අදාළ සටහන්, සාරාංශගත වැදගත් ගිණුම්කරණ ප්‍රතිපත්තිවලින් සමන්විත 2021 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(1) ව්‍යවස්ථාව සමඟ සංයෝජිතව කියවිය යුතු 2018 අංක 19 දරණ ජාතික විගණන පනතේ විධිවිධාන ප්‍රකාර මාගේ විධානය යටතේ විගණනය කරන ලදී. ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154 (6) ව්‍යවස්ථාව ප්‍රකාරව මාගේ වාර්තාව යථා කාලයේදී පාර්ලිමේන්තුවේ සභාගත කරනු ලැබේ.

සමාගමේ මූල්‍ය ප්‍රකාශන තුළින් 2020 මාර්තු 31 දිනට මූල්‍ය තත්ත්වය සහ එදිනෙන් අවසන් වර්ෂය සඳහා එහි මූල්‍ය ක්‍රියාකාරිත්වය හා මුදල් ප්‍රවාහ ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිතීන්ට අනුකූලව සත්‍ය හා සාධාරණ තත්ත්වයක් පිළිබිඹු කරන බව මා දරන්නා වූ මතය වේ.

1.2 මතය සඳහා පදනම

ශ්‍රී ලංකා විගණන ප්‍රමිතීන්ට (ශ්‍රී.ලං.වි.ප්‍ර) අනුකූලව මා විගණනය සිදු කරන ලදී. මෙම විගණන ප්‍රමිතීන් යටතේ වූ මාගේ වගකීම, මෙම වාර්තාවේ මූල්‍ය ප්‍රකාශන විගණනය සම්බන්ධයෙන් විගණකගේ වගකීම යන කොටසේ තවදුරටත් විස්තර කර ඇත. මාගේ මතය සඳහා පදනමක් සැපයීම උදෙසා මා විසින් ලබාගෙන ඇති විගණන සාක්ෂි ප්‍රමාණවත් සහ උචිත බව මාගේ විශ්වාසයයි.



1.3 සමාගමේ 2020 වාර්ෂික වාර්තාවේ ඇතුළත් අනෙකුත් තොරතුරු.

මෙම විගණන වාර්තාවේ දිනට පසුව මට ලබා දීමට බලාපොරොත්තු වන සමාගමේ 2020 වාර්ෂික වාර්තාවේ ඇතුළත් කර ඇති නමුත් මූල්‍ය ප්‍රකාශන සහ ඒ පිළිබඳව වූ මගේ විගණන වාර්තාවේ ඇතුළත් නොවන තොරතුරු, අනෙකුත් තොරතුරු යන්නෙන් අදහස් වේ . මෙම අනෙකුත් තොරතුරු සඳහා කළමනාකරණය වගකිව යුතුය.

මූල්‍ය ප්‍රකාශන සම්බන්ධයෙන් වූ මගේ මතයෙන් අනෙකුත් තොරතුරු ආවරණය නොකරන අතර මම ඒ පිළිබඳ කිසිදු ආකාරයක සහතිකවීමක් හෝ මතයක් ප්‍රකාශ නොකරමි.

මූල්‍ය ප්‍රකාශන පිළිබඳ මගේ විගණනයට අදාළව, මගේ වගකීම වන්නේ ඉහත හඳුනාගත් අනෙකුත් තොරතුරු ලබා ගත හැකි වූ විට කියවීම සහ එසේ කිරීමේදී අනෙකුත් තොරතුරු මූල්‍ය ප්‍රකාශන සමඟ හෝ විගණනයේදී හෝ වෙනත් ආකාරයකින් ලබාගත් මගේ දැනුම අනුව ප්‍රමාණාත්මක වශයෙන් නොගැලපෙනවාද යන්න සලකා බැලීමයි.

සමාගමේ 2020 වාර්ෂික වාර්තාව කියවන විට, එහි ප්‍රමාණාත්මක වරදවා දැක්වීම් ඇති බව මම නිගමනය කළහොත්, නිවැරදි කිරීම සඳහා පාලනය කරන පාර්ශවයන් වෙත එම කරුණු සන්නිවේදනය කළ යුතුය. තව දුරටත් නිවැරදි නොකළ වරදවා දැක්වීම් තිබේ නම්, ඒවා ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154 (6) ව්‍යවස්ථාව ප්‍රකාරව මා විසින් යථා කාලයේදී පාර්ලිමේන්තුවේ සභාගත කරනු ලබන වාර්තාවට ඇතුළත් කරනු ඇත.

1.4 මූල්‍ය ප්‍රකාශන පිළිබඳ කළමනාකරණයේ සහ පාලනය කරන පාර්ශවයන්ගේ වගකීම්

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

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

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



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

1.5 මූල්‍ය ප්‍රකාශන විගණනය සම්බන්ධයෙන් විගණකගේ වගකීම

සමස්තයක් ලෙස මූල්‍ය ප්‍රකාශන, වංචා සහ වැරදි නිසා ඇති වන ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් තොර බවට සාධාරණ තහවුරුවක් ලබාදීම සහ මාගේ මතය ඇතුළත් විගණන වාර්තාව නිකුත් කිරීම මාගේ අරමුණ වේ. සාධාරණ සහතිකවීම උසස් මට්ටමේ සහතිකවීමක් වන නමුත්, ශ්‍රී ලංකා විගණන ප්‍රමිති ප්‍රකාරව විගණනය සිදු කිරීමේදී එය සෑමවිටම ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන් අනාවරණය කරගන්නා බවට වන තහවුරු කිරීමක් නොවනු ඇත. වංචා සහ වැරදි තනි හෝ සාමූහික ලෙස බලපෑම නිසා ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන් ඇතිවිය හැකි අතර, එහි ප්‍රමාණාත්මක භාවය මෙම මූල්‍ය ප්‍රකාශන පදනම් කරගනිමින් පරිශීලකයන් විසින් ගනු ලබන ආර්ථික තීරණ කෙරෙහි වන බලපෑම මත රඳා පවතී.

ශ්‍රී ලංකා විගණන ප්‍රමිති ප්‍රකාරව විගණනයේ කොටසක් ලෙස මා විසින් විගණනයේදී වෘත්තීය විනිශ්චය සහ වෘත්තීය සැකමුසු බවින් යුතුව ක්‍රියා කරන ලදී. මා විසින් තවදුරටත්,

- ප්‍රකාශ කරන ලද විගණන මතයට පදනමක් සපයා ගැනීමේදී වංචා හෝ වැරදි හේතුවෙන් මූල්‍ය ප්‍රකාශනවල ඇති විය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන් ඇතිවීමේ අවදානම් හඳුනාගැනීම හා තක්සේරු කිරීම සඳහා අවස්ථාවෝචිතව උචිත විගණන පරිපාටි සැලසුම් කර ක්‍රියාත්මක කරන ලදී. වරදවා දැක්වීම හේතුවෙන් සිදුවන ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් සිදුවන බලපෑමට වඩා වංචාවකින් සිදුවන්නා වූ බලපෑම ප්‍රබල වන්නේ ඒවා දුස්සන්ධානයෙන්, ව්‍යාජ ලේඛන සැකසීමෙන්, වේතනාන්විත මහඟුරීමෙන්, වරදවා දැක්වීමෙන් හෝ අභ්‍යන්තර පාලනයන් මහ ඟුරීමෙන් වැනි හේතු නිසා වන බැවිනි.
- අභ්‍යන්තර පාලනයේ සඵලදායීත්වය පිළිබඳව මතයක් ප්‍රකාශ කිරීමේ අදහසින් නොවූවද, අවස්ථාවෝචිතව උචිත විගණන පරිපාටි සැලසුම් කිරීම පිණිස අභ්‍යන්තර පාලනය පිළිබඳව අවබෝධයක් ලබාගන්නා ලදී.
- භාවිතා කරන ලද ගිණුම්කරණ ප්‍රතිපත්තිවල උචිතභාවය, ගිණුම්කරණ ඇස්තමේන්තුවල සාධාරණත්වය සහ කළමනාකරණය විසින් කරන ලද සම්බන්ධිත හෙළිදරව් කිරීම් අගයන ලදී.
- සිද්ධීන් හෝ තත්ත්වයන් හේතුවෙන් සමාගමේ අඛණ්ඩ පැවැත්ම පිළිබඳ ප්‍රමාණාත්මක අවිනිශ්චිතතාවයක් තිබේද යන්න සම්බන්ධයෙන් ලබාගත් විගණන සාක්ෂි මත පදනම්ව ගිණුම්කරණය සඳහා ආයතනයේ අඛණ්ඩ පැවැත්ම පිළිබඳ පදනම යොදා ගැනීමේ අදාලත්වය තීරණය කරන ලදී. ප්‍රමාණවත් අවිනිශ්චිතතාවයක් ඇති බවට මා නිගමනය කරන්නේ නම් මූල්‍ය



ප්‍රකාශනවල ඒ සම්බන්ධයෙන් වූ හෙළිදරව් කිරීම් වලට මාගේ විගණන වාර්තාවේ අවධානය යොමු කළ යුතු අතර, එම හෙළිදරව් කිරීම් ප්‍රමාණවත් නොවන්නේ නම් මාගේ මතය විකරණය කළ යුතුය. කෙසේ වුවද, අනාගත සිද්ධීන් හෝ තත්ත්වයන් මත අඛණ්ඩ පැවැත්ම අවසන් වීමට හැකිය.

- මූල්‍ය ප්‍රකාශනවල ව්‍යුහය හා අන්තර්ගතය සඳහා පාදක වූ ගනුදෙනු හා සිද්ධීන් උචිත හා සාධාරණව ඇතුළත් වී ඇති බව සහ හෙළිදරව් කිරීම් ඇතුළත් මූල්‍ය ප්‍රකාශනවල සමස්ත ඉදිරිපත් කිරීම් අගයන ලදී.

මාගේ විගණනය තුළදී හඳුනාගත් වැදගත් විගණන සොයාගැනීම්, ප්‍රධාන අභ්‍යන්තර පාලන දුර්වලතා හා අනෙකුත් කරුණු පිළිබඳව පාලනය කරනු ලබන පාර්ශවයන් දැනුවත් කරමි.

2. වෙනත් නෛතික හා නියාමන අවශ්‍යතා පිළිබඳ වාර්තාව

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

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

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

2.1.3 2018 අංක 19 දරණ ජාතික විගණන පනතේ 6 (1) (ඇ) (iii) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ මූල්‍ය ප්‍රකාශන ඉකුත් වර්ෂය සමඟ අනුරූප වේ.

2.1.4 2018 අංක 19 දරණ ජාතික විගණන පනතේ 6 (i) (ඇ) (iv) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව ඉකුත් වර්ෂයේදී මා විසින් සිදුකරන ලද නිර්දේශයන් ඉදිරිපත් කරන ලද මූල්‍ය ප්‍රකාශනවල ඇතුළත්ව ඇත.

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

2.2.1 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (ඇ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ පාලක මණ්ඩලයේ යම් සාමාජිකයෙකුට සමාගම සම්බන්ධ වී යම් ගිවිසුමක්



සම්බන්ධයෙන් සෘජුව හෝ අන්‍යාකාරයකින් සාමාන්‍ය ව්‍යාපාරික තත්ත්වයෙන් බැහැරව සම්බන්ධයක් ඇති බව.

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

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

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

2.3 වෙනත් විගණන නිරීක්ෂණ

(අ) 2014 පෙබරවාරි 14 දින ආරම්භ කරන ලද පොල් පොහොර ව්‍යාපෘතිය සඳහා රු.21,226,633 ක ප්‍රාග්ධන වියදමක් දරා තිබුණ අතර ව්‍යාපෘතිය මඟින් වාර්ෂිකව රු. මිලියන 72 ක පොල් පොහොර ආදායමක්, රු.මිලියන 10 ක ශුද්ධ ලාභයක් හා වාර්ෂිකව ආදායම සියයට 10 කින් වර්ධනය කර ගැනීමට අපේක්ෂා කර තිබුණි. නවද පොල් පොහොර වෙළඳපලෙන් සියයට 10ක වෙළඳපල කොටසක් අත්පත් කර ගැනීම දිගුකාලීන අරමුණ වී තිබුණි. එසේ වුවද 2020 මැයි සිට නොවැම්බර් දක්වා ව්‍යාපෘතියට අමුද්‍රව්‍ය ලබා නොදීම මත පොල් පොහොර නිෂ්පාදනය සිදුවී නොතිබුණු අතර 2020 දෙසැම්බර් සිට 2021 මාර්තු කාලය තුළ පොහොර නිෂ්පාදනයට අවශ්‍ය අමුද්‍රව්‍ය ලැබීම නිසා පොහොර නිෂ්පාදනය හා අලෙවියද ඉහළ ගොස් තිබුණි.


(ආ) 2011 වර්ෂයේදී විනයේ පුද්ගලික ආයතනයකින් මිලදී ගන්නා ලද 6 Roller (TGM 160) මිල යන්ත්‍රයට අවශ්‍ය අමතර කොටස් සැපයීමට නම් රු. 43,435,115ක වටිනාකමින් යුතු 6 Roller (TGM 160) නව මිල ඇඹරුම් යන්ත්‍රයක් මිලදී ගත යුතුය යන කොන්දේසිය මත විනයේ වෙනත් පුද්ගලික ආයතනයකින් 2014 වර්ෂයේදී මිලදී ගත් නව මිල යන්ත්‍රයේ රු.11,513,434 ක් වූ මිල පාදම කොටස, 2014 – 2016 අතර කාලය තුළ මිල යන්ත්‍ර සඳහා මිලදී ගත් රු.14,290,237 ක අමතර කොටස් හා මෙම මිල යන්ත්‍රය ස්ථාපිත කිරීම සඳහා නොනිමි වැඩ ලෙස පෙන්වා ඇති රු.7,440,000 ක ඉදිකිරීමද 2021 ජූලි 30 දින දක්වා ප්‍රයෝජනයට ගැනීමකින් තොරව පැවතිණි.

(ඇ) ඉහළ යන පොහොර ඉල්ලුමට ප්‍රමාණවත් පරිදි පොහොර සැපයීමට හා පොහොර ආනයන වියදම අඩුකර ගැනීමේ අරමුණින් රු.34,654,178 කට පාවිච්චි කරන ලද ක්‍රමයක් මිලදී ගෙන තිබූ අතර එම යන්ත්‍රයේ කිසිම කොටසක යන්ත්‍රයේ වර්ගය, මාදිලිය, නිෂ්පාදන



සමාගම හෝ නිෂ්පාදිත රට පිළිබඳව තොරතුරු අඩංගු නොවන බව එවකට සිටි නිෂ්පාදන කළමනාකරු විසින් ලිඛිතව ඡායාරූපමය සාක්ෂි සහිතව, සාමාන්‍යාධිකාරීට දැනුම් දී තිබුණි. එම යන්ත්‍රය ස්ථාපිත දින සිට 2021 ජූලි 30 දින දක්වා කිසිදු ප්‍රයෝජනයකට ගෙන නොතිබුණි. තවද නව ක්‍රමයක් යන්ත්‍රයක් වෙනුවට පාවිච්චි කරන ලද යන්ත්‍රයක් මිලදී ගැනීමෙන් පොස්පේට් සමාගමට සිදුවී ඇති අලාභය හා අදාළ යන්ත්‍රය භාවිතයට නොගැනීම සම්බන්ධයෙන් වගකිව යුතු පුද්ගලයන් හඳුනා ගෙන ඔවුන් සම්බන්ධයෙන් සමාගමේ බලධාරීන් කටයුතු කර නොතිබුණි. එසේම මෙම යන්ත්‍රය 2014 වර්ෂයේ සිට අනාරක්ෂිතව තැබීම නිසා මේ වන විට යන්ත්‍රය විනාශ වී තිබුණු බව නිරීක්ෂණය විය.

- (ඇ) රු.71,447,853ක් වූ ණයගැති ශේෂය තුළ වාරියපොල පොල් පොහොර ව්‍යාපෘතියේ වසර 3කට වැඩි කාලයක සිට හා එජපාවල පොස්පේට් සමාගමේ වසර 6කට වැඩි කාලයක සිට පැවත එන පිළිවෙලින් රු.1,487,567ක හා රු.10,100,566ක ණයගැති ශේෂයන් පැවති අතර මෙම ණය ශේෂයන් අයකර ගැනීමට සමාගමට නොහැකි වී තිබුණි. මෙම ණයගැති ශේෂයට වර්ෂ කිහිපයක සිට පැවත එන රු.550,000 ක බැර ශේෂ හා 2005 වර්ෂයේ සිට පැවත එන මුදලට විකුණුම් රු.2,475,958 ක ශේෂයන් ඇතුළත් කර තිබුණි. මෙම බැරශේෂ හා ඉහත සඳහන් මුදලට විකුණුම් පිළිබඳ තොරතුරු විගණනයට ඉදිරිපත් කිරීමට ආයතනය අපොහොසත් විය.
- (ඉ) 2019 ජනවාරි 07 දින සිට ධාවනයෙන් ඉවත් කර වෙන්දේසි කිරීමට නිර්දේශ කර තිබූ ඩබල් කැබ් රථය 2021 නොවැම්බර් 10 දින වන විටත් වෙන්දේසි කිරීමට හෝ ධාවනය සඳහා යොදාගැනීමට කටයුතු කර නොතිබුණි.
- (ඊ) සමාගමේ ප්‍රාථමික මට්ටමේ අනුමත කාර්ය මණ්ඩලයට අදාළව අනුමත සේවක සංඛ්‍යාව ඉක්මවා කම්කරු තනතුරු එකක්ද, දෛනික පදනම මත සේවකයන් 29 ක්ද, වතු සභායක තනතුරේ 03 ක්ද බඳවාගෙන තිබුණි.
- (උ) 2016, 2017, 2018 වර්ෂයන් වල සිට පැවත එන රු.3,808,331 ක යල් පිනු නොග ඉවත් කිරීම සඳහා විගණන දිනය වන විටත් සමාගම විසින් කටයුතු කර නොතිබුණි.
- (ඌ) වසර ගණනාවක සිට බැහැර කරන ලද අබලි යකඩ හා වෙනත් යන්ත්‍ර කොටස් යන්ත්‍රාගාර පරිශ්‍රයේ තැනින් තැන අනාරක්ෂිතව දමා තිබූ අතර ඒවා අපහරණය කිරීමට කටයුතු කර නොතිබුණි.


 ඩබ්ලිව්.පී.සී. වික්‍රමරත්න
 විගණකාධිපති

LANKA PHOSPHATE LIMITED
COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED Mar 31 2021

	Note	31st Mar, 2021	31st Mar, 2020 (Re-Stated)	Variance
Revenue	17	750,374,365	510,003,580	240,370,785
Cost of Sales	18	(404,998,186)	(321,281,896)	(83,716,290)
Gross Profit		345,376,179	188,721,684	156,654,495
Factory & Administrative Overheads	19	(213,959,775)	(208,317,417)	(5,642,358)
Selling and Distribution Cost	20	(10,034,935)	(3,114,485)	(6,920,450)
Finance Cost	21	(425,040)	(133,234)	(291,806)
Profit from operation		120,956,430	(22,843,451)	143,799,881
Other Income	22	29,626,039	36,323,614	(6,697,575)
Profit Before Taxation		150,582,469	13,480,162	137,102,306
Income Tax Expenses	23	(26,565,277)	(7,991,253)	(18,574,024)
Profit for the Year		124,017,192	5,488,910	118,528,282
Other Comprehensive Income				
Deferred tax liability on revaluation of PPE	24	5,502,938	16,313,125	(10,810,187)
Actuarial loss on retirement benefit obligations		(12,025,911)	(2,981,243)	(9,044,668)
Total Other Comprehensive Income for the year		(6,522,973)	13,331,882	(19,854,855)
Total Comprehensive Income for the year		117,494,219	18,820,792	98,673,427
Earnings Per Share (Rs)	25	17.10	0.76	16.35

LANKA PHOSPHATE LIMITED
STATEMENT OF FINANCIAL POSITION AS AT Mar 31st 2021

(Expressed in Sri Lankan Rupees)

	Note	As at 31st Mar,2021	As at 31st March,2020 (Re-Stated)	Variance
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	5	342,927,249	380,361,981	(37,434,732)
Investment in Equity (GSMB Tech. Services (Pvt) Ltd)	6	1,000,000	1,000,000	-
		343,927,249	381,361,981	(37,434,732)
Current Assets				
Inventories	7	107,190,952	104,269,949	2,921,003
Trade Receivables	8	64,756,536	35,169,168	29,587,368
Deposits, Prepayments and Other Receivables	9	60,823,750	55,903,816	4,919,934
Income Tax Receivable	15	-	9,518,192	(9,518,192)
Fixed Deposits and Treasury Bills	10	461,124,816	336,447,850	124,676,966
Cash and Cash Equivalents	11	61,870,868	25,977,564	35,893,304
		755,766,922	567,286,538	188,480,384
Total Assets		1,099,694,171	948,648,519	151,045,652
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	12	72,510,000	72,510,000	-
Revaluation Reserves		133,955,774	128,452,836	5,502,938
Retained Earnings		737,406,534	630,415,254	106,991,281
Total Equity		943,872,308	831,378,089	112,494,219
Non - Current Liabilities				
Retiring Benefit Obligations	13	56,318,245	43,937,440	12,380,805
Deferred Tax Liability	14	21,903,935	34,358,741	(12,454,806)
		78,222,180	78,296,181	(74,001)
Current Liabilities				
Trade Payables		9,747,690	3,473,639	6,274,051
Income Tax Payable	15	17,673,641	-	17,673,641
Other Payables and Accrued Expenses	16	50,178,353	35,500,610	14,677,743
Bank Overdrafts		-	-	-
		77,599,683	38,974,249	38,625,434
Total Equity and Liabilities		1,099,694,171	948,648,519	151,045,652

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
 27.10.2021
 Colombo,



Director
 27.10.2021
 Colombo,

LANKA PHOSPHATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED Mar 31 2021

(Expressed in Sri Lankan Rupees)

	Stated Capital	Revaluation Reserves (Re-stated)	Retained Earnings (Re-stated)	Total (Re-stated)
Balance as at April 01, 2019 (Previously Reported)	72,510,000	79,139,711	619,996,764	771,646,475
Adjustment - Motor Vehicle - (Note 26 - I)	-	33,000,000	-	33,000,000
Adjustment - Provision for Impairment - (Note 26 - II)			14,348,061	14,348,061
Adjustment - Staff Loans - (Note 26 - III)			562,762	562,762
Balance as at April 01, 2019 (Re-stated)	72,510,000	112,139,711	634,907,587	819,557,297
Profit for the Year (Re- Stated)	-	-	5,488,910	5,488,910
Deferred tax liability on revaluation of PPE		16,313,125		16,313,125
Actuarial Loss on retirement benefit obligation	-	-	(2,981,243)	(2,981,243)
Dividends Paid During the Year	-	-	(7,000,000)	(7,000,000)
Balance as at March 31, 2020	72,510,000	128,452,836	630,415,254	831,378,089
Balance as at April 01, 2020	72,510,000	128,452,836	630,415,254	831,378,089
Profit for the Period	-	-	124,017,192	124,017,192
Deferred tax liability on revaluation of PPE - (Note 24)		5,502,938	-	5,502,938
Actuarial Loss on retirement benefit obligation	-	-	(12,025,911)	(12,025,911)
Dividends Paid During the Period	-	-	(5,000,000)	(5,000,000)
Balance as at Mar 31st 2021	72,510,000	133,955,774	737,406,534	943,872,308

LANKA PHOSPHATE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED Mar 31, 2021

	(Expressed in Sri Lankan Rupees)	
	(Re-stated)	
	31st Mar, 2021	Mar 31st 2020
Cash Flow from Operating Activities		
Profit Before Taxation	150,582,469	13,480,162
Adjustments for ;		
Depreciation	41,316,039	40,856,995
Retiring Benefit Obligations	8,172,671	7,407,304
Provision for impairment	-	2,302,687
Interest Income	(26,947,471)	(35,579,877)
Dividend Income	-	(419,000)
ESC Write-off	2,278,392	-
Operating Profit Before Working Capital Changes	175,402,100	28,048,272
Working Capital Changes		
Inventories	(2,921,003)	866,775
Trade Receivables	(29,587,368)	28,507
Deposits, Prepayments and Other Receivables	(4,919,934)	4,929,996
Trade Payables	6,274,051	(6,387,232)
Other Payables and Accrued Expenses	14,677,743	5,350,754
Provision for impairment	-	-
Provision for Taxation (Income Tax / ESC /WHT Paid)	-	-
Cash Generated from / (used In) Operations	158,925,588	32,837,072
Income Tax Paid	(8,603,704)	(2,721,817)
Deferred Taxation	-	-
Payment of Retirement Benefit Obligation	(7,817,778)	(6,521,624)
Net Cash Flow from / (used in) Operating Activities	142,504,107	23,593,631
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(3,881,307)	(4,380,431)
Capital work-in-Progress	-	-
Interest Received	26,947,471	35,579,877
Increase in Shortterm Deposits	(124,676,966)	(66,328,058)
Dividend Received	-	419,000
Net Cash Flow from Investing Activities	(101,610,803)	(34,709,612)
Cash Flow from Financing Activities		
Dividend Paid	(5,000,000)	(7,000,000)
Net Cash used in Financing Activities	(5,000,000)	(7,000,000)
Net Changes in Cash and Cash Equivalents During the Year	35,893,304	(18,115,980)
Cash and Cash Equivalents at Beginning of the Year	25,977,564	47,508,725
Cash and Cash Equivalents at End of the Year (Note 8)	61,870,868	25,977,564
Cash and Cash Equivalents at End of the Year Represented by ;	31st Mar, 2021	Mar 31, 2020
Fixed Deposit and Treasury Bills	-	-
Cash in Hand and Bank	61,870,868	25,977,564
	-	-
	61,870,868	25,977,564

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31,2021
(Expressed In Sri Lankan Rupees)
5 Property, Plant and Equipment

Cost / Revaluation	Balance as at April 01,2020	Addition	Transfer	Balance as at 31st Mar, 2021
	(Re-stated)			
Buildings	148,942,334.00	813,255		149,755,589
Internal Roads	65,139,730.22	-		65,139,730
Plant and Machinery	100,448,984.21	19,500	11,513,434	88,955,050
Motor Vehicles	96,515,000.00	-		96,515,000
Office & Equipment	7,043,539.41	192,030		7,235,569
Electrical Equipment	354,784.26	216,942		571,726
Furniture and Fittings	7,395,433.37	557,331		7,952,764
Computer Hardware and Software	4,007,065.00	2,082,250		6,089,315
	429,846,870	3,881,307	11,513,434	422,214,744

Depreciation	Balance as at April 01,2020	Charge for the Year	Transfer	Balance as at 31st Mar, 2021
	(Re-stated)			
Buildings	5,868,500	5,957,693		11,826,193
Internal Roads	19,398,138	3,247,924		22,646,062
Plant and Machinery	8,890,288	8,894,042		17,784,331
Motor Vehicles	19,303,000	19,303,000		38,606,000
Office Equipment	1,404,083	1,431,812		2,835,896
Electrical Equipment	13,653	41,199		54,852
Furniture and Fittings	1,410,578	1,516,719		2,927,296
Computer Hardware and Software	709,906	923,650		1,633,557
	56,998,147	41,316,039	-	98,314,186

Net Book Value	Balance as at April 01,2020	Charge for the Year		Balance as at 31st Mar, 2021
	(Re-stated)			
Buildings	143,073,834	(5,144,438)	-	137,929,396
Internal Roads	45,741,592	(3,247,924)	-	42,493,668
Plant and Machinery	91,558,696	(20,387,977)	-	71,170,719
Motor Vehicles	77,212,000	(19,303,000)	-	57,909,000
Office Equipment	5,639,456	(1,239,783)	-	4,399,674
Electrical Equipment	341,131	175,743	-	516,874
Furniture and Fittings	5,984,856	(959,388)	-	5,025,468
Computer Hardware and Software	3,297,159	1,158,600	-	4,455,759
	372,848,723	(48,948,166)	-	323,900,557

Capital work-in-Progress	Balance as at April 01,2020	Addition	Transfer	Balance as at 31st Mar, 2021
Installation of New Mill	7,440,000	11,513,434	-	18,953,434
New Security Gard Room	-	556,551	(556,551)	-
Toilet for Drivers	-	256,704	(256,704)	-
New Vehicle Garage	73,258	-	-	73,258
	7,513,258	12,326,689	(813,255)	19,026,692

Total **380,361,981** **342,927,249**

Provision for Impairment - - - -

380,361,981 **342,927,249**

2020/21 - Mar 2019/20

Investment in GSMB Technical Services (Pvt) Ltd

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 31, 2021

(Expressed in Sri Lankan Rupees)

	<i>31st Mar 2021</i>	<i>2019/20</i>
7 Inventories		
Trade Stocks - Eppawala (Finished goods)	8,939,023	32,662,585
(Raw Material)	20,428,571	16,364,752
Trade Stocks - Wariyapola	4,499,504	447,014
Provision for Unrealised profits	(550,178)	(130,278)
Other Material Stock - Wariyapola	2,377,209	612,123
General Stocks	75,305,154	58,122,084
	110,999,283	108,078,280
Provision for Obsolete Stocks	(3,808,331)	(3,808,331)
	107,190,952	104,269,949
TRADE RECEIVABLES		
8 Debtors ERP/HERP Sales - Eppawala	71,447,853	43,800,784
Cash Sales Collection A/C - Eppawala	-	(10,640)
Debtors - Coconut Fertiliser Project	3,876,687	1,947,027
(-) Provision for Bad & Doubtful Debts	(10,568,004)	(10,568,004)
	64,756,536	35,169,168
9 Deposits, Prepayments and Other Receivables		
Staff Loans and Advances	37,270,275	40,373,710
Deposit and Prepayments	14,678,101	2,093,333
Interest Receivable from Short Term Investments -FD	8,838,504	12,874,011
Interest Receivable from Short Term Investments -REPO	36,870	(0)
	60,823,750	55,341,054
10 Fixed Deposits and Treasury Bills		
Fixed Deposits	461,124,815	336,447,849
	461,124,815	336,447,849
11 Cash and Cash Equivalents		
Repo - Bank of Ceylon	53,000,000	0
Cash at Bank	8,720,868	25,827,564
Cash in Hand	136,000	136,000
Stamp Float	14,000	14,000
	61,870,868	25,977,564
12 Stated Capital		
<i>Issued and Fully Paid</i>		
7,251,000 Ordinary Shares	72,510,000	72,510,000

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31, 2021

(Expressed in Sri Lankan Rupees)

	31st Mar 2021	2019/20
13 Retiring Benefit Obligation		
Balance as at April 01, 2020	43,937,440	40,070,517
Current Service cost	3,778,927	2,887,350
Interest Charge for the Year	4,393,744	4,519,954
During the Year Payment	(7,817,778)	(6,521,624)
Actuarial loss on retirement benefit obligations	12,025,911	2,981,243
Balance as at Mar 31, 2021	56,318,245	43,937,440
14 Deferred Tax Liability		
Balance B/F	34,358,741	36,133,599
Recognised in Income Statement	(6,951,868)	14,538,267
Recognised in OCI	(5,502,938)	(16,313,125)
Balance C/F	21,903,935	34,358,741
15 PROVISION FOR TAXATION		
Balance B/F	-	2,274,594
(+) Provision for the year	33,517,145	447,223
(-) Payments during the year	(8,603,704)	(2,721,817)
	24,913,441	-
Credits		
(-) ESC Receivable	(4,715,845)	(6,994,237)
(-) With Holding tax Receivable	(2,523,955)	(2,523,955)
Balance C/F	17,673,641	(9,518,192)
16 Other Payables and Accrued Expenses		
Accrued Expenses	36,428,896	23,464,321
Other Payable	13,749,456	12,036,288
	50,178,353	35,500,610
17 Revenue		
ERP (50KG)	599,124,595	388,190,020
WARIYAPOLA (ERP) SALES	629,875	-
HERP	117,691,931	109,098,950
ERP (25KG)	9,680	-
Coconut Fertiliser Sales - Old	1,080,160	12,714,610
COCONUT FERTILIZER YPM WHOLE SALES	1,080,800	-
COCONUT FERTILIZER YPM RETAIL SALES	28,000	-
COCONUT FERTILIZER APM WHOLE SALES	26,275,880	-
HERP SALES GOVIJANA SEVA & DEALERS	31,250	-
COCONUT FERTILIZER APM RETAIL SALES	571,400	-
ERP (1KG)	262,975	-
ERP SALES GOVIJANA SEVA & DEALERS	3,328,644	-
ERP SALES (10 KG BAGS)	259,175	-
	750,374,365	510,003,580

18. COST OF SALES	2020/21 - Mar	2019/20	Variance
OPENING STOCK-TRADING- 01/04/2020	49,027,337	30,749,355	(18,277,982)
<u>EXPENSE TRANSFERS DURING THE YEAR</u>			
STAFF REMUNERATION-CRUSHER	24,161,809	14,646,265	(9,515,544)
POWER-CRUSHER 1 10%	143,479	131,754	(11,725)
INTERNAL TRANSPORT	-	362,494	362,494
CRUSHER SPARE PARTS.	233,634	26,109	(207,526)
PERSONNEL SAFETY EQUIP.	35,324	33,731	(1,592)
TOOLS & IMPLEMENTS	2,208	-	(2,208)
DEPRECIATION-Production	14,892,934	16,241,221	1,348,286
ROYALTY	44,224,542	34,940,008	(9,284,534)
LAB EXPENSES	115,572	109,566	(6,006)
LAB BUILDING MAINT.	1,571	304,426	302,855
STAFF REMUNERATION	77,390,385	74,585,522	(2,804,862)
POLYPROPYLENE BAGS	53,556,198	49,590,480	(3,965,718)
BINDING HOOKS	476,226	407,538	(68,688)
WEIGH BRIDGE BUILDING	-	543	543
LUBRICANTS	1,712,171	1,816,291	104,120
POWER 5 ROLLER 75%	20,374,061	18,709,046	(1,665,015)
MILL SPEAR PARTS.-5 ROLLER (NEW	10,570,942	13,665,985	3,095,043
MILL SPARES PARTS.-5 ROLLER	811,211	2,140,368	1,329,157
160 TGM MILL MAINTENANCE	4,352,501	2,580,044	(1,772,457)
FORKLIFT FUEL	163,930	58,217	(105,713)
FORKLIFT MAINT	292,494	164,550	(127,944)
WHEEL LOADER MAINT.30%	9,929	13,708	3,779
FORKLIFT FUEL	198,432	176,284	(22,148)
FORKLIFT MAINT	274,647	579,687	305,040
FORKLIFT FUEL (UNI CARRIER)	326,499	328,774	2,275
FORKLIFT MAINTENANCE (UNI CARRIER)	204,180	5,688	(198,492)
PERSONNEL SAFETY EQUIP.	253,273	119,970	(133,302)
TOOLS & IMPLEMENTS	505,457	1,345,676	840,219
BAG CLOSER MACHINE EXP.	46,649	85,507	38,858
STAFF REMUNERATION-QUARRY	10,272,335	4,420,443	(5,851,891)
WHEEL LOADER FUEL	43,649	49,046	5,398
WHEEL LOADER FUEL(NEW)	1,224,886	942,034	(282,852)
WHEEL LOADER MAINTENANCE	-	2,170	2,170
924 K WHEEL LOADER - FUEL	1,494,553	1,207,721	(286,832)
924 K WHEEL LOADER MAINTENANCE	1,628,527	1,488,077	(140,449)
WHEEL LOADER MAINTENANCE (NEW)	632,420	865,130	232,709
MINING EQUIP. & MAINT.	129,751	1,650	(128,101)
COMPRESSOR MAINT.	188,945	134,673	(54,272)
Oil & Lubricants	107,443	88,971	(18,472)
HIRE OF MACHINERY	8,713,018	8,354,530	(358,489)
PERSONNEL SAFETY EQUIP.	165,640	-	(165,640)
INTERNALTRANS.-TRACTOR 49-7541	197,878	58,291	(139,586)
INTERNALTRANS-T. 46 SRI 5636	1,658	1,108	(549)
TRAILER -44 Sri 6600	49,105	5,357	(43,748)
NEW TRACTOR TRAILOR 1	182,679	-	(182,679)
NEW WATER BOWSER NCGA 4634	4,236	5,434	1,198
TIPPER NCLR 2142	3,778	36,091	32,313
TIPPER - NCLL 6146	764,074	596,215	(167,859)
WPLL 9354 DRUM TRUCK	423,703	187,828	(235,875)
NCLS-9309 Dump Truck	89,452	687,311	597,859
INTERNALTRANS-TRACTOR 270-0809	175,574	41,860	(133,713)
INTERNALTRANS-TRACTOR 49-2011	118,416	40,253	(78,163)

INTERNALTRANS-T. 44 SRI 6603	2,363	2,685	322
INTERNALTRANS-T. 44 SRI 6606	2,363	2,685	322
INTERNALTRANS-T. 44 SRI 6607	2,363	14,325	11,962
MINING LICENSE	11,443,525	7,227,313	(4,216,212)
STAFF REMUNERATION	29,250,149	33,139,219	3,889,070
GENERATOR FUEL	334,868	536,166	201,298
POWER 5.25%	860,876	790,523	(70,353)
GENERATOR MAINTENANCE	41,465	31,928	(9,537)
MAINT. OF TOOLS & EQUIPMENT	355,682	357,933	2,251
Unrealised Profit	419,900	(41,631)	(461,531)
WORK SHOP	76,876	78,215	1,339
CRUSHER BUILDING	1,280,587	69,024	(1,211,564)
MINING OFFICE	45,691	14,191	(31,501)
WATER SUPPLY MAINT	177,939	247,821	69,882
MILL BUILDING	13,454	154,274	140,819
WEIGHING SCALE MAINT.	67,370	69,893	2,523
MEDICAL SCHEME	3,559,265	3,888,950	329,685
ANNUAL BONUS	2,364,000	2,406,862	42,862
MEDICAL LEAVE ENCASHMENT	17,911,058	16,475,499	(1,435,559)
WEIGH BRIDGE MAINTENANCE	462,978	323,919	(139,060)
STAFF REMUNERATION-ELECTRICAL	5,313,287	-	(5,313,287)
Total Expenses	355,928,035	318,173,438	(37,754,597)
	404,955,372	348,922,792	(56,032,580)
CLOSING STOCK-TRADING as at 31.03.2021	(29,367,595)	(49,027,337)	(19,659,742)
Cost of Sales - LPL	375,587,778	299,895,455	(75,692,322)
Cost of Sales - CFP	29,410,408	21,386,440	(8,023,968)

19. FACTORY & ADMINISTRATION OVERHEADS	2020/21 - Mar	2019/20	Variance
		<i>(Re-Stated)</i>	
STAFF REMUNERATION	34,929,049	112,412,770	77,483,721
STAFF REMUNERATION-ACCOUNTS & FINANCE	8,509,521	-	(8,509,521)
STAFF REMUNERATION-AUDIT	1,250,320	-	(1,250,320)
STAFF REMUNERATION-ESTATE	7,073,566	-	(7,073,566)
STAFF REMUNERATION-IT	1,238,275	-	(1,238,275)
STAFF REMUNERATION-SECURITY	18,947,856	-	(18,947,856)
STAFF REMUNERATION-SUPPLIES	3,911,390	-	(3,911,390)
STAFF REMUNERATION-TRANSPORT	9,590,467	-	(9,590,467)
STAFF REMUNERATION-MAIN STORES	14,896,095	-	(14,896,095)
STAFF WELFARE	14,461,879	10,895,672	(3,566,207)
POWER 9.75%	7,317,444	6,719,446	(597,998)
VEHICLE HIRING	695,899	67,000	(628,899)
TRAVELING & SUBSISTENCE	2,938,472	3,258,310	319,838
PRINTING & STATIONERY	1,297,866	1,048,153	(249,713)
DEPRECIATION-HO	26,423,105	24,615,775	(1,807,330)
BOOKS & PERIODICALS	114,566	56,045	(58,521)
FESTIVAL EXPENSES	36,240	181,181	144,941
SECURITY ITEMS	749	11,136	10,387
SUNDRY EXPENSES	325,438	3,049,930	2,724,492
STUDENT SCHOLAR SHIP SCHEME	430,000	390,000	(40,000)
POSTAGE & TELEGRAMS	42,276	53,837	11,561
STAFF TRAINING	962,950	72,250	(890,700)
FIRE EXTINGUISHERS	35,300	628,303	593,003
MAIN STORES	86,745	12,183	(74,562)
SECURITY BILLET	2,276	34,500	32,224
SECURITY HUT- 3 [BARRIER]	3,333	11,291	7,958
SECURITY AND TRANSPORT OFFICE	55,229	1,107	(54,122)
VEHICAL GARAGE	8	-	(8)
BICYCLE SHED _1	360,053	40,938	(319,115)
CANTEEN & WELFARE BUILDING	67,760	47,545	(20,215)
EXECUTIVE QUARTERS	3,947	-	(3,947)
WORKERS QUARTERS near Cannel	67,629	26,210	(41,418)
GM's QUARTERS	7,799	15,873	8,074
WORKERS QUARTERS Town	56,024	-	(56,024)
Chairman's QUARTERS	56,632	22,682	(33,950)
S.O.'s QUARTERS	300	-	(300)
EXPLOSIVE STORES	124	-	(124)
FIRST AID BUILDING	15,546	-	(15,546)
GENERATOR BUILDING	43,540	290	(43,250)
MAIN OFFICE	97,808	57,035	(40,773)
OFFICE MAINTENANCE	34,800	7,850	(26,950)
WORKERS REST ROOM MINING	71	19,436	19,366
WORKERS REST ROOM - MILL	70,898	22,418	(48,481)
DRIVERS' REST ROOM	28,050	-	(28,050)
G.M./A.G.M. OFFICE	-	1,234	1,234
TOILETS	198,650	52,898	(145,752)
Chairman's/ED'S QUARTERS	5,230	15,642	10,412
POWER LINE MAINT.	26,927	126,179	99,252
TEL. LINE MAINT.	31,951	102,134	70,183
RAW MATERIAL STORES	-	20,308	20,308
MEDICAL SCHEME	2,372,843	2,592,633	219,790

OFFICE EQUIPMENT.	139	63,853	63,714
OFFICE UPKEEP & MAINT.	58,330	79,938	21,607
ELECTRICAL EQUIPMENT.	1,284,189	240,346	(1,043,843)
PREMISES/SERVICES	1,064,886	781,012	(283,874)
COMPUTER S/W & H/W MAINTANCE.	325,059	516,451	191,393
FURNITURE AND FITTINGS MAINT.	160	1,860	1,700
TELEPHONE-02549121	13,279	17,495	4,216
TELEPHONE-02549290	22,986	14,379	(8,607)
TELEPHONE-02549400	52,842	40,554	(12,287)
TELEPHONE-2249601	26,419	19,325	(7,094)
TELEPHONE-2249647	32,381	29,821	(2,560)
ACCIDENT INSURANCE	504,081	867,008	362,927
CASH IN TRANSITS INSURANCE	-	17,624	17,624
SITE INSURANCE	399,326	527,587	128,261
ANNUAL BONUS	1,576,000	1,604,575	28,575
MEDICAL LEAVE ENCASHMENT	11,940,705	10,983,666	(957,039)
STAFF REMUNERATION-HEAD OFFICE	6,395,244	-	(6,395,244)
AUDIT FEES	224,362	891,518	667,156
DIRECTORS FEES	842,615	374,000	(468,615)
DIRECTORS EXPENSES	42,759	-	(42,759)
TENDER BOARD EXPENSES	77,750	1,000	(76,750)
ELECTRICITY	691,341	689,004	(2,337)
ADSL/LEASED LINE CHGS	234,468	203,863	(30,605)
GENERAL EXPENSES	2,851,138	478,691	(2,372,447)
NEWSPAPERS & PERIODICALS	40,840	41,470	630
OFFICE EQUIPMENT MAINTENANCE	62,330	121,213	58,883
POSTAGE & STAMPS	7,690	11,425	3,735
PRINTING & STATIONARY	517,591	226,728	(290,863)
PROFESSIONAL CHARGES	1,363,750	1,284,038	(79,712)
RENT-HEAD OFFICE	1,275,483	1,152,124	(123,359)
SECRETARIAL FEES	426,556	276,984	(149,572)
LAND LEASE	406,418	508,022	101,604
SSP PROJECT	1,461,468	-	(1,461,468)
IMPAIRMENT	-	-	-
STAFF TRAINING	291,228	-	(291,228)
TEL 459907	64,575	53,966	(10,609)
TEL 459908	134,179	119,620	(14,560)
TEL-459906	61,088	42,576	(18,512)
TEL-459909	24,292	10,465	(13,827)
USB Internet - 0711884200 for Chir	-	4,044	4,044
TRAVELING & SUBSISTENCE	1,367,391	1,139,728	(227,663)
TELEPHONE BILL REIMBURSEMENT	1,561,963	1,441,676	(120,286)
WATER	39,223	35,219	(4,004)
TEL 472698	24,713	25,328	615
COMPUTER H/W & S/W MAINT:	1,183,666	848,192	(335,474)
GRATUITY	8,172,671	7,407,304	(765,367)
DUMP TRUCK VEHI. NO.NCLJ9309	317,863	197,528	(120,335)
AUDIT & MGT.COMM.EXPENNCS	192,500	209,000	16,500
VEHI. No. NC GA 1627	103,211	281,685	178,474
VEHI. NO.NCJR 9672	278,434	375,757	97,323
VEHI. NO.NCJR 9680	274,984	478,556	203,572
VEHI. NO.NC PA 7906	207,277	261,709	54,432

VEHI. NO.252-5963	48,685	64,402	15,717
VEHI. NO.154 - 3641	5,546	1,447	(4,099)
VEHI. NO.NCMA-8755	471,829	444,432	(27,397)
VEHI. BUS.NCNB 5469	156,517	286,628	130,111
VEHI. NO.WPPC 6891	832,198	672,650	(159,548)
VEHI. DOUBLE CAB - WPPF 5672	681,200	1,162,178	480,977
VEHI. DOUBLE CAB - WPPF 5673	917,862	1,124,124	206,262
SERVICE STATION MATERIALS	172,228	194,135	21,907
VEHI. NO.WPKQ4329	1,192,503	1,357,299	164,796
VEHI. NO.HK-4629	6,626	6,532	(94)
MOTOR BIKE - NC BCB 8782	27,113	6,600	(20,513)
MOTOR BIKE - NC BCB 8777	28,268	3,000	(25,268)
IP VPN CHARGES	1,140,195	762,582	(377,613)
RESEARCH AND DEVELOPMENT	43,632	-	(43,632)
ADVERTISEMENTS	590,635	543,289	(47,346)
	213,959,775	208,317,417	(5,642,358)
20. SELLING & DISTRIBUTION EXPENSES			
	2020/21 - Mar	2019/20	Variance
STAFF REMUNERATION-MARKETING	5,812,471	-	(5,812,471)
HOT LINE 071 4 223 222	29,377	-	(29,377)
SALES PROMOTION	283,931	509,493	225,561
BUSINESS PROMOTION	313,557	120,497	(193,060)
MINERAL TAX	3,595,598	2,484,496	(1,111,102)
	10,034,935	3,114,485	(6,920,450)
21. FINANCE COST			
	2020/21 - Mar	2019/20	Variance
Bank Charges	290,334	133,234	(157,100)
LOAN interest	64,951	-	(64,951)
OD Interest	69,754	-	(69,754)
	425,040	133,234	(291,806)

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31 2021
(Expressed in Sri Lankan Rupees)

	31st Mar 2021	2019/20
22 Other Income		
Miscellaneous Income	261,683	324,737
Dividend Received	-	419,000
Interest Received from Fixed Deposits	24,725,722	30,204,990
Interest Received from Repo	2,221,749	2,446,177
Interest Received from Loans Given to Staff	2,416,885	2,928,709
	29,626,039	36,323,614

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

Staff Cost	325,078,182	303,310,428
Depreciation	41,316,039	34,256,995
Audit Fees	224,362	891,518
Directors Fees	842,615	374,000
Payment of Gratuity	7,817,778	6,521,624

23 Income Tax Expenses		
Taxation on Profit for the Year	33,517,145	(6,547,014)
Transferred from Deferred Tax	(6,951,868)	14,538,267
	26,565,277	7,991,253

23.1 Reconciliation of Income Tax Expenses

Profit Before Taxation	150,582,469	17,777,475
Non Business Income	(26,947,471)	(35,998,877)
Aggregate Disallowable Items	51,767,102	44,148,167
Aggregate Allowable Expenses	(25,125,703)	(28,690,609)

Assessable income from business **150,276,398** **(2,763,843)**

Income from Other Sources & Exempt Income **26,947,471** **35,998,877**

Exempt Income	-	(419,000)
Loss Claimed 23.2	-	(35,579,877)

Assessable income from Investment **26,947,471** **-**

Total Assessable Income **177,223,868** **-**

Qualifying Payment - -

Taxable Income **177,223,868** **-**

Tax on Taxable Income from Business 18% 27,049,752 -

Tax on Taxable Income from Investments 24% 6,467,393 -

Under / (Over) Provision in Respect of Previous Year - (6,547,014)

Current Income Tax Expenses **33,517,145** **(6,547,014)**

23.2 Tax Losses

Losses brought forward 15,894,518 48,710,552

Losses / (Profit) incurred (15,894,518) 2,763,843

- 51,474,395

Loss utilised - (35,579,877)

Loss C/F to next Year - **15,894,518**

24 Deferred tax adjustment on Revaluation Reserves - 31.03.2021

Revaluation Surplus (01.04.2019) - Re-stated	142,916,265		
(-) Revaluation surplus on Motor Vehicle	(86,985,179)		
(-) Depreciation on revalued amount during the year	<u>(8,551,964)</u>		
	47,379,122		
Deferred tax liability as at 31/03/2021	40,174,971	18%	7,231,495
	7,204,151	24%	1,728,996
Deferred tax liability as at 01/04/2020			<u>14,463,429</u>
Adjustment for the year			<u>5,502,938</u>

25 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.

			<i>(Re-Stated)</i>
Net Profit Attributable to Ordinary Shareholders (Rs.)	124,017,192		5,488,910
Weighted Average Number of Ordinary Shares (Nos.)	7,251,000		7,251,000
Earnings Per Share (Rs.)		<u>17.10</u>	<u>0.76</u>

26 - I 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 in 2019. 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 recognised revaluation surplus of Rs. 109,916,264.67 over net book value as at 31.03.2019 to the credit of the Revaluation Reserves. However, due to a technical error, carrying value of Motor Vehicle and Revaluation Reserves have understated whilst recognizing lesser amount of depreciation in the statement of profit or loss reported those years. This error was identified during the year 2020/21 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 as per Valuation Report	
Adjustment as at 31 March 2019			
			Impact to Assets
Motor Vehicle	63,515,000	96,515,000	<u>33,000,000</u>
Adjustment Made in the Carrying Values - (31 March 2019) - Correction of Understatement			<u>33,000,000</u>
			Impact to Equity
Revaluation Reserves	109,916,265	142,916,265	<u>33,000,000</u>
Adjustment Made in the Revaluation Reserves - (31 March 2019) - Correction of Understatement			<u>33,000,000</u>
Adjustment as at 31 March 2020			
	Balance as per Ledger	Corrected Balance	
			Impact to Equity
Acc. Depreciation - Motor Vehicles	12,703,000	19,303,000	<u>(6,600,000)</u>
Adjustment Made in the Statement of Profit or Loss - (for the Year Ended 31 March 2020) - Correction of Overstatement of Profits			<u>(6,600,000)</u>

26 - II Provisio for impairment,

The Company started to install a new TGM Mill Machine in 2014, in order to enhance the production capacity of the company. Main Mill parts were imported and some parts were locally fabricated. However, due to changes in management decision and demand changes in the rock phosphate market, it was decided to suspend the project in 2015. Accordingly, an impairment provision for items already purchased and capital work in progress were made since 2015, in the financial statement . However, since the action has already been taken to install the new mill machine, adjustments in carrying values and financial results were done retrospectively in order to comply with SLFRS .

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

Description	Balance as per Ledger	Balance with Corrections	
Adjustment as at 01 April 2019			
Provision for Impairment	14,348,061	-	14,348,061
Adjustment Made in the Retained Earning and Carrying Values - (01 April 2019)			<u>14,348,061</u>
Adjustment as at 31 March 2020			
Provision for Impairment	2,302,687	-	2,302,687
Adjustment Made in the Carrying Values - (31 March 2020) - Correction of Understatement			<u>2,302,687</u>
			Impact to Equity
Impairment	2,302,687	-	2,302,687
Adjustment Made in the Statement of Profit or Loss - (for the Year Ended 31 March 2020) - Correction of Understatement of Profits			<u>2,302,687</u>
Profit for the Year for the Year Ended 31 March 2020 - (Previously Reported)			3,186,223
Adjustments Made During the Year			2,302,687
Profit for the Year for the Year Ended 31 March 2020 - (Re-stated)			5,488,910

26 - III Staff Loan,

Due to an application error, carrying value of staff loans have under stated in 2018/19 recognising an loss to the income statement. This deficiency was identified during the year 2020/21 and adjustments in carrying values and financial results have been done retrospectively.

Description	Balance as per Ledger	Balance as per Schedule	
Adjustment as at 31 March 2019			
Distress Loan	13,324,466	13,590,666	266,200
Motor Bike Loan	16,054,462	16,351,024	296,562
Adjustment Made in the Carrying Values - (31 March 2019) - Correction of Understatement			<u>562,762</u>
			Impact to Equity
Prepaid Staff Compensation	5,525,626	4,962,864	562,762
Adjustment Made in the Statement of Profit or Loss - (for the Year Ended 31 March 2019) - Correction of Understatement of Profits			<u>562,762</u>

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 State banks. At the reporting date, the company held deposits of Rs. 461,124,816 (31/03/2020 Rs. 336,447,850) 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.

	Rs.
- Retention Money on 2 Nos Brand-new Jaw Crushers [Keshara Engineering (Pvt) Ltd – Piliyandala]	4,386,358.40
- M/S E.M.L Consultants (Private) Ltd – IFS on SSP Project	13,868,250.00

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 output Feb & Mar 2021	4,908,224.00
- Electricity Bill Payment – March 2021	3,033,962.50
- Hire of Machinery – Limac Multi Solutions	1,300,565.58
- Retention money on WPP Bag supply- Central Polysack	1,596,000.00
- Royalty Payable Jan – Mar 2021 to GSMB	13,214,242.80
- Mineral Tax Jan – Mar 2021	983,571.97
- Vehicle Repair – KQ 4229 – Matara Garage (Pvt) Ltd	512,325.00

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

Lanka Phosphate Ltd has started a project to manufacture Single Super Phosphate (SSP), locally with the approvals of National Planning Division, during the year of 2020/21. Accordingly, company has taken initial steps to conduct an Independent Feasibility Study by appointing a Project team and project consultant as at 31.03.2021. The cost incurred for project handling and committee payments as at 31.03.2021 was Rs. 1,461,468.40. After balance sheet date, it was reported that the government has decided to ban the chemical fertilizer in Sri lank and therefore, the continuation of the project is in doubt. Since this post balance sheet event made a significant impact on the results of the company as of 31st March 2021, it was determined to recognize above cost incurred as at 31.03.2021 in the financial statement as at 31.03.2021

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:

	2020/2021	2019/2020
	Rs.	Rs.
Short term benefits	2,339,568	2,588,434

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.

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 01.04.2020 to 31.03.2021

1.4 Date of authorization for issue

The Financial Statements of company for the year ended 31 March 2021 were authorized for issue to the Auditors by the Board of Directors on 27th October 2021

2. 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

Lanka Phosphate Ltd has started a project to manufacture Single Super Phosphate (SSP), locally with the approvals of National Planning Division, during the year of 2020/21. Accordingly, company has taken initial steps to conduct an Independent Feasibility Study by appointing a Project team and project consultant as at 31.03.2021. The cost incurred for project handling and committee payments as at 31.03.2021 is Rs. 1,461,468.40. After balance sheet date, it was reported that the government has decided to ban the chemical fertilizer in Sri lank and therefore, the continuation of the project is in doubt. Since this post balance sheet event made a significant impact on the results of the company as of 31st March 2021, it was determined to recognize above cost incurred as at 31.03.2021 in the financial statement as at 31.03.2021

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

- (a) Buyers have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (b) When the company can identify each party's rights regarding the goods or services to be transferred;
- (c) When the company can identify the payment terms for the goods or services to be transferred;
- (d) Where the contract has commercial substance.
- (e) When it is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

4.1.2 Interest income

Interest income from fixed deposits and REPO investments are recognized on accrual basis using the Actual Interest Rate. However the interest income from staff loans are recognized on actual basis as and when occurred.

4.1.3 Dividend income

Dividend income is recognized in the statement of comprehensive income on actual basis as and when they are received. (Net Income)

4.1.4 Other income

Other income is recognized on actual basis as and when occurred.

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 recognized 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 utilized.

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 utilized. Unrecognized deferred tax assets are reassessed at each

Statement of financial position date and are recognized 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, Plant & equipment are recognized 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, plant and equipment are measured at cost.

Cost model

Property, plant 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 plant and equipment are 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, plant 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 Assets	Depreciation (%)
Building	04
Plant & Machinery and Electrical Equipment	10
Motor Vehicle	20
Office Equipment	20
Furniture & Fittings	20
Computer Hardware and Software	20
Land & 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 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 considered as immaterial and charge against Income of the company. A record is maintained by respective Department for such assets in order for future verification purpose.

De-recognition

Property plant 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 recognized 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 recognized 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

Company classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) The Company’s business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- (a) The financial asset is held within the business to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business with the objective of collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Company has obtained Permanent Bank Overdraft facilities from BOC Grandpass (Rs. 35.0 Million) and Peoples Bank, Eppawala (Rs. 8.0 Million) against Fixed Deposits, to ensure the uninterrupted operations, under Covid 19 Pandemic. However the Overdraft amounts remain zero at the year end.

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, 2021 with respect to employees in service based on the assumption and methodology is Rs. 56,318,245.00. The PVDBO calculated using Projected Unit Credit Method as at 31 March 2020 is Rs. 43,937,440.00. 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.66, 634,101.88. 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

Company classify all financial liabilities as subsequently measured at amortized cost, except for:

- (a) Financial liabilities at fair value through profit or loss.
- (b) Financial liabilities that arise when a transfer of a financial asset does not qualify for de recognition or when the continuing involvement approach applies.

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.

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 22nd December 2021 at 3.00pm at the Head Office of Lanka Phosphate Limited at No. 73 1/1, New Kelani Bridge Road, Colombo 14 for the following purposes:

1. To confirm the Minutes of the Annual General Meeting held on 30th September 2020.
2. To receive, consider and adopt the Audited Statement of Accounts for the year ended 31.03.2021 and the Balance Sheet as at 31.03.2021 and the Report of the Auditors thereon.
3. To receive, consider and adopt the Annual Report.
4. To declare a dividend for the year 2020/21 as recommended by Board to the Treasury as the sole Shareholder of the Company.
5. 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.
6. To declare that the Auditor General be the Auditor of the Company for the year 2021/2022.
7. 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 22nd December 2021 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed thisday oftwo thousand and twenty one

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**