



LANKA PHOSPHATE LTD
ANNUAL REPORT 2019/20

Ministry of Industries

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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BOARD OF DIRECTORS



Eng. Anil Ranasinghe
Chairman & MD



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

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

Ministry of Industries,
P.O Box 570, 73/1,
Galle Rd,
Colombo 03

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

	(Rs. '000)				
<u>FOR THE YEAR</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Revenue	510,004	530,975	493,551	366,094	562,735
Net Profit / (Loss) for the Year	9,786	33,960	3,220	(10,534)	26,587
Total Comprehensive income	23,118	109,726	(4,475)	(14,577)	29,578

	(Rs. '000)				
<u>AS AT YEAR END</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Shareholder's Funds	787,765	771,646	669,834	740,738	760,315
Working Capital	527,750	480,273	419,904	442,665	451,108
Total Assets	905,035	892,603	757,572	836,113	860,451
Staff Cost	303,310	292,861	230,782	224,678	236,020
No of Employees (No)	333	328	333	335	347

<u>PER SHARE</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Earnings (Rs.)	3.19	15.13	(0.62)	(2.01)	4.08
Net Assets (Rs.)	108.64	106.42	92.38	102.16	104.86

<u>RATIOS</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Current Ratio (Times)	14.54	12.75	11.09	7.90	7.41
Return on Shareholders' Funds (%)	2.93%	14.22%	-0.67%	-1.97%	3.89%

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 P_2O_5 , 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 Coconut 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. 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 2019/2020 ended achieving a gross turnover of Rs.510 Million which is a reasonable increase compare to last year. It is further to inform that Lanka Phosphate Ltd was able to achieve a sales level of 35,171.75 mt of Eppawala Rock Phosphate (ERP), 8,689.65 mt High-Grade Eppawala Rock Phosphate (HERP) and 567.24 mt of Coconut Fertilizer 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 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.

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 Political leadership, Ministry of Industries, General Treasury and Board of Directors for all achievement of the company.

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



Eng. Anil Ranasinghe
Chairman
Lanka Phosphate Limited.

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

MANAGEMENT TEAM



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



Mr. D.G.U. Chamara
Finance Manager



Mr. S.D Rupasinghe
Operations 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

REPORT OF THE DIRECTORS

The Directors of Lanka Phosphate Limited, (the Company) present herewith the Audited Accounts for the year ended 31st March 2020 and the Annual Report for the year ended 31st March 2020.

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 4,380,431.00

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

No 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 2020, 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 31.03.2020.

12.0 Corporate Social Responsibility

The Company has contributed Rs. 120,497.06 for charitable purposes & CSR during the year under review.

13.0 Employees

The total cost of personnel during the year was Rs. 303,310,428.00.

The average number of persons employed by the Company at the end of the year was 324.

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

Mr. H.M Karunarathna Herath, - Chairman (15.01.2020), Mr. D.U Jayawardana Executive Director (15.01.2020), Mrs. D.H.S Pulleperuma - Director (15.01.2020), Mrs. P.H.Handunhewa – Director (15.01.2020), Mr. J.S. Paranagama – Director (15.01.2020), Mr.J.B.U.S de Silva – Director (15.01.2020) resigned during the year and , Eng. Anil Ranasinghe, - Chairman (15.01.2020), Mr. D.R.T Ruwanpura (15.01.2020), Mr. J.A.W Jayasuriya - Director (15.01.2020), Mr. N.M.S Karunadasa – Director (05.02.2020), Mr. A.P. Moragoda – Director (05.02.2020), Mr. Sudath Abeywardana – Director (05.02.2020) newly appointed during the year of 2019/20.

16.0 Director's remuneration

Rs. 2,515,683.85 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 request the Shareholders of the Company to appoint the Auditors for F/Y 2020/21 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 2020 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 2020 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. 218,188/-.

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



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 four times during the year of 2019/20 to discuss 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/01/2019	මගේ අංකය உமது இல. }	දිනය திகதி } 24 September 2020	
<p>Chairman Lanka Phosphate Limited</p> <p>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 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.</p> <hr/> <p>1. Financial Statements</p> <p>1.1 Opinion</p> <p>The audit of the financial statements of the Lanka Phosphate Limited (“Company”) for the year ended 31 March 2020 comprising the statement of financial position as at 31 March 2020 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.</p> <p>In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.</p> <p>1.2 Basis for Opinion</p> <p>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.</p>			
 +94 11 2 88 70 28 - 34	 +94 11 2 88 72 23	 ag@auditorgeneral.gov.lk	 www.naosl.gov.lk



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

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.
- 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.

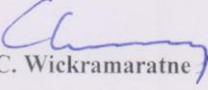
- I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit 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.
- 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.



- 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) The company had been purchase of new crusher machine at a cost of Rs. 34,654,178 to meet the increasing fertilizer demand and to reduce the cost of import of fertilizer. However, the machine has been used at a low level since year 2016 and the machine had run only 103 working days and the production was MT. 15,337 as at the end of year under review.
 - (b) The Company had purchased spare parts at a cost of Rs. 7,440,000 for the installation of a new mill machine in 2014. However, the machine was not installed in a suitable place. The spare parts and mill base amounting to Rs.11,513,434 had remained without been used. However, no actions had been taken against the officers who have responsible for the procurement.
 - (c) The Company had been installed a security camera system in the year 2015 at a cost of Rs.2,885,000 and a sum of Rs.1,165,900 had been repairs spent for from during period year 2017 to 31 March 2020. However, out of 34 cameras only 19 cameras are in active condition.


W.P.C. Wickramaratne
Auditor General

LANKA PHOSPHATE LIMITED
COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED Mar 31 2020

	Note	31st Mar, 2020	31st Mar, 2019 (Re-Stated)	Variance
Revenue	17	510,003,580	530,974,642	(20,971,062)
Cost of Sales	18	<u>(321,281,896)</u>	<u>(341,893,724)</u>	<u>20,611,828</u>
Gross Profit		188,721,684	189,080,918	(359,234)
Factory & Administrative Overheads	19	(203,476,815)	(189,166,173)	(14,310,642)
Selling and Distribution Cost	20	(3,657,774)	(3,940,926)	283,152
Finance Cost	21	<u>(133,234)</u>	<u>(476,976)</u>	<u>343,742</u>
Profit from operation		(18,546,138)	(4,503,156)	(14,042,983)
Other Income	22	36,323,614	34,197,330	2,126,284
Profit Before Taxation		17,777,475	29,694,174	(11,916,699)
Income Tax Expenses	23	(7,991,253)	3,691,204	(11,682,457)
Profit for the Year		<u>9,786,223</u>	<u>33,385,378</u>	<u>(23,599,156)</u>
Other Comprehensive Income				
Gain on revaluation of PPE		-	109,916,265	(109,916,265)
Deferred tax liability on revaluation of PPE		16,313,125	(30,776,554)	47,089,679
Actuarial loss on retirement benefit obligations		(2,981,243)	(1,768,451)	(1,212,792)
Total Other Comprehensive Income for the year		<u>13,331,882</u>	<u>77,371,260</u>	<u>(64,039,378)</u>
Total Comprehensive Income for the year		<u>23,118,105</u>	<u>109,725,714</u>	<u>(86,607,610)</u>
Earnings Per Share (Rs)	24	1.35	4.60	(3.25)

The Accounting Policies on page 15 to 23 and Notes to the Financial Statements on Pages 5 to 14 form an integral part of these Financial Statements.

LANKA PHOSPHATE LIMITED
STATEMENT OF FINANCIAL POSITION AS AT Mar 31, 2020

(Expressed in Sri Lankan Rupees)

	Note	As at 31st Mar, 2020	As at 31st Mar, 2019	Variance
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	5	337,311,234	369,490,485	(32,179,252)
Investment in Equity (GSMB Tech. Services (Pvt) Ltd)	6	1,000,000	1,000,000	-
		338,311,234	370,490,485	(32,179,252)
Current Assets				
Inventories	7	104,269,949	105,136,724	(866,775)
Trade Receivables	8	35,169,168	35,197,674	(28,507)
Deposits, Prepayments and Other Receivables	9	55,341,054	60,271,050	(4,929,996)
Income Tax Receivable	10	9,518,192	3,878,771	5,639,421
Fixed Deposits and Treasury Bills	11	336,447,850	270,119,792	66,328,058
Cash and Cash Equivalents	12	25,977,564	47,508,725	(21,531,161)
		566,723,776	522,112,735	44,611,041
Total Assets		905,035,010	892,603,221	12,431,789
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	13	72,510,000	72,510,000	-
Revaluation Reserves		95,452,836	79,139,711	16,313,125
Retained Earnings		619,801,744	619,996,764	(195,020)
Total Equity		787,764,580	771,646,475	16,118,105
Non - Current Liabilities				
Retiring Benefit Obligations	14	43,937,440	40,070,517	3,866,923
Deferred Tax Liability	15	34,358,741	36,133,599	(1,774,858)
		78,296,181	76,204,116	2,092,065
Current Liabilities				
Trade Payables		3,473,639	9,860,871	(6,387,232)
Income Tax Payable	10	-	4,741,904	(4,741,904)
Other Payables and Accrued Expenses	16	35,500,610	30,149,856	5,350,754
		38,974,249	44,752,632	(5,778,383)
Total Equity and Liabilities		905,035,010	892,603,222	12,431,787

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 Accounting Policies on page 15 to 23 and Notes to the Financial Statements on Pages 5 to 14 form an integral part of these Financial Statements.

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
 09th July 2020
 Colombo,



Director
 09th July 2020
 Colombo,

LANKA PHOSPHATE LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED Mar 31st 2020***(Expressed in Sri Lankan Rupees)*

	Stated Capital	Revaluation Reserves	Retained Earnings (Re-stated)	Total
Balance as at April 01, 2018 (Previously reported)	72,510,000	-	597,323,858	669,833,858
Adjustment on Changes in Accounting Policy on Satff Loans (Note 25)	-	-	(3,944,021)	(3,944,021)
Balance as at April 01, 2018 (Re-stated)	72,510,000	-	593,379,837	665,889,837
Profit for the Year (Re-stated)	-	-	33,385,378	33,385,378
Gain arising from 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 obligation	-	-	(1,768,451)	(1,768,451)
Dividends Paid During the Year	-	-	(5,000,000)	(5,000,000)
Balance as at March 31, 2019	72,510,000	79,139,711	619,996,764	771,646,475
Balance as at April 01, 2019	72,510,000	79,139,711	619,996,764	771,646,475
Profit for the Period	-	-	9,786,223	9,786,223
Deferred tax liability on revaluation of PPE - (Note 26)		16,313,125	-	16,313,125
Actuarial Loss on retirement benefit obligation	-	-	(2,981,243)	(2,981,243)
Dividends Paid During the Period	-	-	(7,000,000)	(7,000,000)
Balance as at Mar 31st 2020	72,510,000	95,452,836	619,801,744	787,764,580

The Accounting Policies on page 15 to 23 and Notes to the Financial Statements on Pages 5 to 14 form an integral part of these Financial Statements.

LANKA PHOSPHATE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED Mar 31, 2020

	(Expressed in Sri Lankan Rupees)	
	Mar 31st 2020	Mar 31, 2019
Cash Flow from Operating Activities		
Profit Before Taxation	17,777,475	28,663,251
Adjustments for ;		
Depreciation	34,256,995	40,387,668
Retiring Benefit Obligations	7,407,304	6,668,795
Interest Income	(35,579,877)	(31,570,392)
Dividend Income	(419,000)	(1,000,000)
Operating Profit Before Working Capital Changes	23,442,898	43,149,321
Working Capital Changes		
Inventories	866,775	2,636,829
Trade Receivables	28,507	(15,979,340)
Deposits, Prepayments and Other Receivables	4,929,996	782,245
Trade Payables	(6,387,232)	(1,532,698)
Other Payables and Accrued Expenses	5,350,754	4,794,846
Provision for impairment	2,302,687	2,302,687
Cash Generated from / (used In) Operations	30,534,385	36,153,889
Income Tax / ESC / WHT Paid	(18,372,578)	(4,012,242)
Deferred Taxation	14,538,267	-
Payment of Retirement Benefit Obligation	(6,521,624)	(5,433,106)
Net Cash Flow from / (used in) Operating Activities	20,178,450	26,708,541
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(4,380,431)	(7,146,545)
Capital work-in-Progress	-	(73,258)
Interest Received	35,579,877	31,570,392
Increase in Shortterm Deposits	(66,328,058)	(33,380,933)
Dividend Received	419,000	1,000,000
Net Cash Flow from Investing Activities	(34,709,612)	(8,030,344)
Cash Flow from Financing Activities		
Dividend Paid	(7,000,000)	(5,000,000)
Net Cash used in Financing Activities	(7,000,000)	(5,000,000)
Net Changes in Cash and Cash Equivalents During the Year	(21,531,161)	13,678,197
Cash and Cash Equivalents at Beginning of the Year	47,508,725	33,830,528
Cash and Cash Equivalents at End of the Year (Note 8)	25,977,564	47,508,725
Cash and Cash Equivalents at End of the Year Represented by ;	Mar 31st 2020	Mar 31, 2019
Fixed Deposit and Treasury Bills	-	-
Cash in Hand and Bank	25,977,564	47,508,725
	-	-
	25,977,564	47,508,725

The Accounting Policies on page 15 to 23 and Notes to the Financial Statements on Pages 5 to 14 form an integral part of these Financial Statements.

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 01.04.2019 to 31.03.2020

1.4 Date of authorization for issue

The Draft Financial Statements of company for the year ended 31 March 2020 were authorized for issue to the Auditors by the Board of Directors on 09th July 2020

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 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 2020.

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 is 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 Equipment	10
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 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, 2020 with respect to employees in service based on the assumption and methodology is Rs. 43,937,440.00. The PVDBO calculated using formula method as at 31 March 2019 is Rs. 40,070,517.00. 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.62, 711,860.89. 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 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.

4.12 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.

4.13 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 31,2020
(Expressed In Sri Lankan Rupees)
5 Property, Plant and Equipment

Cost / Revaluation	Balance as at April 01,2019	Addition	Disposal	Balance as at 31st Mar,2020
Buildings	146,712,500	2,229,834		148,942,334
Internal Roads	65,139,730			65,139,730
Plant and Machinery	100,399,984	49,000		100,448,984
Motor Vehicles	63,515,000			63,515,000
Office & Equipment	6,903,452	140,088		7,043,539
Electrical Equipment	-	354,784		354,784
Furniture and Fittings	6,764,059	631,375		7,395,433
Laboratory Equipment	-			-
Computer Hardware and Software	3,031,715	975,350		4,007,065
	392,466,440	4,380,430.88	-	396,846,870

Depreciation	Balance as at April 01,2019	Charge for the Year	Transfer	Balance as at 31st Mar,2020
Buildings	-	5,868,500		5,868,500
Internal Roads	16,141,152	3,256,987		19,398,138
Plant and Machinery	-	8,890,288		8,890,288
Motor Vehicles	-	12,703,000		12,703,000
Office Equipment	-	1,404,083		1,404,083
Electrical Equipment	-	13,653		13,653
Furniture and Fittings	-	1,410,578		1,410,578
Laboratory Equipment	-	-		-
Computer Hardware and Software	-	709,906		709,906
	16,141,152	34,256,995	-	50,398,147

Net Book Value	Balance as at April 01,2019	Charge for the Year		Balance as at 31st Mar,2020
Buildings	146,712,500	(3,638,666)	-	143,073,834
Internal Roads	48,998,578	(3,256,987)	-	45,741,592
Plant and Machinery	100,399,984	(8,841,288)	-	91,558,696
Motor Vehicles	63,515,000	(12,703,000)	-	50,812,000
Office Equipment	6,903,452	(1,263,995)	-	5,639,456
Electrical Equipment	-	341,131	-	341,131
Furniture and Fittings	6,764,059	(779,203)	-	5,984,856
Laboratory Equipment	-	-	-	-
Computer Hardware and Software	3,031,715	265,444	-	3,297,159
	376,325,288	(29,876,565)	-	346,448,723

Capital work-in-Progress	Balance as at April 01,2019	Addition	Transfer	Balance as at 31st Mar,2020
Installation of New Mill	7,440,000	-	-	7,440,000
Constuction of Wall for RM Stores	-	2,006,851	(2,006,851)	-
New Vehicle Garage	73,258	-	-	73,258
	7,513,258	2,006,851	(2,006,851)	7,513,258

Total **383,838,546** **353,961,981**

Provision for Impairment **(14,348,061)** **(2,302,687)** **-** **(16,650,748)**

369,490,485 **337,311,234**

Investment in GSMB Technical Services (Pvt) Ltd **2019/20** **2018/19**

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, 2020
(Expressed in Sri Lankan Rupees)

	31st Mar 2020	2018/19
7 Inventories		
Trade Stocks - Eppawala (Finished goods)	32,662,585	18,090,780
(Raw Material)	16,364,752	12,658,575
Trade Stocks - Wariyapola	1,059,137	2,608,619
Provision for Unrealised profits	(130,278)	(171,909)
General Stocks	58,122,084	75,758,991
	108,078,280	108,945,055
Provision for Obsolete Stocks	(3,808,331)	(3,808,331)
	104,269,949	105,136,724
TRADE RECEIVABLES		
8 Debtors ERP/HERP Sales - Eppawala	43,800,784	42,892,784
Cash Sales Collection A/C - Eppawala	(10,640)	(88,100)
Debtors - Coconut Fertiliser Project	1,947,027	2,800,645
(-) Provision for Bad & Doubtful Debts	(10,568,004)	(10,407,656)
	35,169,168	35,197,674
9 Deposits, Prepayments and Other Receivables		
Staff Loans and Advances	40,373,710	44,128,562
Deposit and Prepayments	2,093,333	4,389,811
Interest Receivable from Short Term Investments -FD	12,874,011	11,721,935
Interest Receivable from Short Term Investments -REPO	(0)	30,742
	55,341,054	60,271,050
10 PROVISION FOR TAXATION		
Balance B/F	2,274,594	4,875,373
(+) Provision for the year	447,223	(133,469)
(-) Payments during the year	(2,721,817)	-
	-	4,741,904
Credits		
(-) ESC Receivable	(6,994,237)	(2,467,310)
(-) With Holding tax Receivable	(2,523,955)	(1,411,461)
Balance C/F	(9,518,192)	863,133
11 Fixed Deposits and Treasury Bills		
Fixed Deposits	336,447,849	270,119,791
	336,447,849	270,119,791
12 Cash and Cash Equivalents		
Repo - Bank of Ceylon	0	36,000,000
Cash at Bank	25,827,564	11,358,725
Cash in Hand	136,000	136,000
Stamp Float	14,000	14,000
	25,977,564	47,508,725
12.1 - CASH AT BANK		
BOC - Eppawala (A/C No 004641100)	1,094,208	184,108
PB- Eppawala (170-100180000025)	541,022	84,040
PB - WARIYAPOLA - (A/C No 144-100200000025)	12,200,288	8,941,064
Boc-Grandpass - (A/C No 0009300713)	11,991,234	2,089,335
Boc-Grandpass - 2 - (A/C no 70951107)	-	60,178
	25,826,753	11,358,725

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31, 2020

(Expressed in Sri Lankan Rupees)

	<i>31st Mar 2020</i>	<i>2018/19</i>
13 Stated Capital		
7,251,000 Ordinary Shares	72,510,000	72,510,000
14 Retiring Benefit Obligation		
Balance as at April 01, 2019	40,070,517	37,066,377
Current Service cost	2,887,350	2,524,774.00
Interest Charge for the Year	4,519,954	4,144,021
During the Year Payment	(6,521,624)	(5,433,106)
Actuarial loss on retirement benefit obligations	2,981,243	1,768,451
Balance as at Mar 31,2020	43,937,440	40,070,517
15 Deferred Tax Liability		
Balance B/F	36,133,598.99	9,048,248.83
Recognised in Income Statement	14,538,267.02	(3,691,203.95)
Recognised in OCI	(16,313,125.04)	30,776,554.11
Balance C/F	34,358,740.97	36,133,598.99
16 Other Payables and Accrued Expenses		
Accrued Expenses	23,464,321	21,074,256
WHT Payable	-	1,197,863
Other Payable	12,036,288	7,877,738
	35,500,610	30,149,856
17 Revenue		
ERP (50KG)	388,190,020	397,972,670
UREA SALES	-	81,000
HERP	109,098,950	111,524,775
Coconut Fertiliser Sales	12,714,610	20,837,197
MOP	-	559,000
	510,003,580	530,974,642

18. COST OF SALES	2019/20	2018/19	Variance
OPENING STOCK-TRADING- 01/04/2019	30,749,355	35,483,920	
<u>EXPENSE TRANSFERS DURING THE YEAR</u>			
STAFF REMUNERATION-CRUSHER	14,646,265	9,496,602	5,149,663
POWER-CRUSHER 1 10%	131,754	133,273	(1,519)
INTERNAL TRANSPORT	362,494	-	362,494
CRUSHER SPARE PARTS.	26,109	448,585	(422,477)
NEW JAW CRUSHER MAINTENANCE	-	3,000	(3,000)
PERSONNEL SAFETY EQUIP.	33,731	15,438	18,293
TOOLS & IMPLEMENTS	-	38,078	(38,078)
DEPRECIATION-Production	16,241,221	29,456,522	(13,215,302)
ROYALTY	34,940,008	34,933,221	6,787
LAB EXPENSES	109,566	14,357	95,210
LAB BUILDING MAINT.	304,426	261,470	42,956
STAFF REMUNERATION	74,585,522	74,320,609	264,914
POLYPROPYLENE BAGS	49,590,480	33,517,322	16,073,159
BINDING HOOKS	407,538	396,310	11,228
WEIGH BRIDGE BUILDING	543	-	543
LUBRICANTS	1,816,291	1,956,333	(140,042)
POWER 5 ROLLER 75%	18,709,046	18,924,705	(215,659)
MILL SPEAR PARTS.-5 ROLLER (NEW)	13,665,985	7,246,186	6,419,799
MILL SPARES PARTS.-5 ROLLER	2,140,368	3,999,322	(1,858,954)
160 TGM MILL MAINTENANCE	2,580,044	8,897,109	(6,317,065)
FORKLIFT FUEL	58,217	217,079	(158,862)
FORKLIFT MAINT	164,550	505,735	(341,185)
WHEEL LOADER MAINT.30%	13,708	-	13,708
FORKLIFT FUEL	176,284	228,294	(52,010)
FORKLIFT MAINT	579,687	58,729	520,958
FORKLIFT FUEL (UNI CARRIER)	328,774	133,477	195,297
FORKLIFT MAINTENANCE (UNI CARRIER)	5,688	2,333	3,354
PERSONNEL SAFETY EQUIP.	119,970	93,598	26,372
TOOLS & IMPLEMENTS	1,345,676	282,806	1,062,870
BAG CLOSER MACHINE EXP.	85,507	60,180	25,327
STAFF REMUNERATION-QUARRY	4,420,443	6,095,424	(1,674,981)
WHEEL LOADER FUEL	49,046	29,225	19,821
WHEEL LOADER FUEL(NEW)	942,034	1,096,127	(154,093)
WHEEL LOADER MAINTENANCE	2,170	121,510	(119,340)
924 K WHEEL LOADER - FUEL	1,207,721	1,224,017	(16,296)
924 K WHEEL LOADER MAINTENANCE	1,488,077	703,209	784,868
WHEEL LOADER MAINTENANCE (NEW)	865,130	265,263	599,867
MINING EQUIP. & MAINT.	1,650	1,950	(300)
COMPRESSOR MAINT.	134,673	20,087	114,586
Oil & Lubricants	88,971	-	88,971
HIRE OF MACHINERY	8,354,530	7,064,617	1,289,913
INTERNALTRANS.-TRACTOR 49-7541	58,291	96,250	(37,959)
INTERNALTRANS-T. 46 SRI 5636	1,108	1,115	(7)
TRAILER -44 Sri 6600	5,357	-	5,357
NEW TRACTOR TRAILOR 1	-	18,870	(18,870)
NEW WATER BOWSER NCGA 4634	5,434	3,951	1,484
TIPPER NCLR 2142	36,091	52,407	(16,316)
TIPPER - NCLL 6146	596,215	772,201	(175,986)
WPLL 9354 DRUM TRUCK	187,828	181,712	6,116

NCLS-9309 Dump Truck	687,311	527,147	160,164
INTERNALTRANS-TRACTOR 270-0809	41,860	269,576	(227,716)
INTERNALTRANS-TRACTOR 49-2011	40,253	81,853	(41,601)
INTERNALTRANS-T. 44 SRI 6603	2,685	4,034	(1,349)
INTERNALTRANS-T. 44 SRI 6606	2,685	3,621	(936)
INTERNALTRANS-T. 44 SRI 6607	14,325	1,108	13,217
MINING LICENSE	7,227,313	2,856,992	4,370,321
STAFF REMUNERATION	33,139,219	30,521,530	2,617,689
GENERATOR FUEL	536,166	660,793	(124,627)
POWER 5.25%	790,523	799,635	(9,112)
GENERATOR MAINTENANCE	31,928	128,488	(96,560)
MAINT. OF TOOLS & EQUIPMENT	357,933	459,610	(101,677)
Unrealised Profit	(41,631)	(288,978)	247,347
WORK SHOP	78,215	112,114	(33,899)
CRUSHER BUILDING	69,024	50,946	18,078
MINING OFFICE	14,191	36,718	(22,527)
WATER SUPPLY MAINT	247,821	324,153	(76,333)
MILL BUILDING	154,274	837,013	(682,739)
WEIGHING SCALE MAINT.	69,893	-	69,893
MEDICAL SCHEME	3,888,950	3,625,528	263,422
ANNUAL BONUS	2,406,862	2,284,281	122,582
MEDICAL LEAVE ENCASHMENT	16,475,499	14,486,340	1,989,159
WEIGH BRIDGE MAINTENANCE	323,919	451,352	(127,433)
Total Expenses	318,173,438	301,622,463	16,550,975
	348,922,792	337,106,383	11,816,410
CLOSING STOCK-TRADING as at 31.03.2020	(49,027,337)	(30,749,355)	(18,277,982)
Cost of Sales - LPL	299,895,455	306,357,028	(6,461,573)
Cost of Sales - CFP	21,386,440	35,536,695	(14,150,255)
		<i>(Re-stated)</i>	
19. FACTORY & ADMINISTRATION OVERHEADS	2019/20	2018/19	Variance
STAFF REMUNERATION	112,412,770.41	112,070,167.95	342,602.46
STAFF WELFARE	10,895,671.81	9,920,598.91	975,072.90
POWER 9.75%	6,719,445.94	6,796,900.92	(77,454.98)
VEHICLE HIRING	67,000.00	268,385.00	(201,385.00)
TRAVELING & SUBSISTENCE	3,258,310.00	3,349,806.00	(91,496.00)
PRINTING & STATIONERY	1,048,153.45	911,351.51	136,801.94
DEPRECIATION-HO	18,015,774.85	10,935,308.58	7,080,466.27
BOOKS & PERIODICALS	56,045.00	91,642.08	(35,597.08)
FESTIVAL EXPENSES	181,180.50	156,458.07	24,722.43
SECURITY ITEMS	11,136.25	153,390.00	(142,253.75)
SUNDRY EXPENSES	3,049,930.34	535,560.84	2,514,369.50
STUDENT SCHOLAR SHIP SCHEME	390,000.00	495,000.00	(105,000.00)
POSTAGE & TELEGRAMS	53,837.00	55,062.50	(1,225.50)
STAFF TRAINING	72,250.00	6,000.00	66,250.00
FIRE EXTINGUISHERS	628,302.50	-	628,302.50
MAIN STORES	12,182.81	39,864.51	(27,681.70)
SECURITY BILLET	34,500.00	473.00	34,027.00
SECURITY HUT- 3 [BARRIER]	11,290.95	1,171.72	10,119.23
SECURITY AND TRANSPORT OFFICE	1,107.44	19,404.31	(18,296.87)
BICYCLE SHED _1	40,937.93	-	40,937.93

CANTEEN & WELFARE BUILDING	47,545.31	(18,698.83)	66,244.14
WORKERS QUARTERS near Cannel	26,210.33	4,568.82	21,641.51
GM's QUARTERS	15,873.08	719.95	15,153.13
WORKERS QUARTERS Town	-	1,251.06	(1,251.06)
Chairman's QUARTERS	22,682.23	804.63	21,877.60
S.O.'s QUARTERS	-	151.72	(151.72)
SERVICE STATION	-	275.00	(275.00)
FIRST AID BUILDING	-	3,815.56	(3,815.56)
GENERATOR BUILDING	290.00	1,677.83	(1,387.83)
MAIN OFFICE	57,034.95	68,544.89	(11,509.94)
OFFICE MAINTENANCE	7,850.00	2,392.60	5,457.40
WORKERS REST ROOM MINING	19,436.24	2,826.88	16,609.36
WORKERS REST ROOM - MILL	22,417.87	25,436.79	(3,018.92)
DRIVERS' REST ROOM	-	5,486.77	(5,486.77)
G.M./A.G.M. OFFICE	1,233.62	25,122.85	(23,889.23)
TOILETS	52,897.97	28,890.63	24,007.34
Chairman's/ED'S QUARTERS	15,641.82	2,173.95	13,467.87
POWER LINE MAINT.	126,178.82	413,547.98	(287,369.16)
TEL. LINE MAINT.	102,134.00	14,850.00	87,284.00
RAW MATERIAL STORES	20,307.84	6,501.23	13,806.61
MEDICAL SCHEME	2,592,633.30	2,417,018.66	175,614.64
OFFICE EQUIPMENT.	63,852.95	62,536.35	1,316.60
OFFICE UPKEEP & MAINT.	79,937.61	73,079.79	6,857.82
ELECTRICAL EQUIPMENT.	240,345.72	168,173.44	72,172.28
PREMISES/SERVICES	781,011.63	406,802.20	374,209.43
MISE.ASSETS UPKEEP & MAINT.	-	12,121.64	(12,121.64)
COMPUTER S/W & H/W MAINTANCE.	516,451.29	69,966.53	446,484.76
FURNITURE AND FITTINGS MAINT.	1,860.00	19,061.45	(17,201.45)
TELEPHONE-02549121	17,494.93	116,035.71	(98,540.78)
TELEPHONE-02549290	14,378.90	32,067.42	(17,688.52)
TELEPHONE-02549400	40,554.48	56,729.52	(16,175.04)
TELEPHONE-2249601	19,324.59	25,789.76	(6,465.17)
TELEPHONE-2249647	29,821.49	27,230.63	2,590.86
ACCIDENT INSURANCE	867,007.76	413,902.73	453,105.03
CASH IN TRANSITS INSURANCE	17,623.89	-	17,623.89
SITE INSURANCE	527,586.71	337,096.80	190,489.91
ANNUAL BONUS	1,604,574.98	1,522,853.79	81,721.19
MEDICAL LEAVE ENCASHMENT	10,983,665.96	9,657,559.77	1,326,106.20
AUDIT FEES	891,518.00	384,740.00	506,778.00
DIRECTORS FEES	374,000.00	345,100.00	28,900.00
DIRECTORS EXPENSES	-	296,150.00	(296,150.00)
TENDER BOARD EXPENSES	1,000.00	70,000.00	(69,000.00)
ELECTRICITY	689,004.16	753,698.44	(64,694.28)
ADSL/LEASED LINE CHGS	203,862.91	51,770.16	152,092.75
GENERAL EXPENSES	478,690.52	430,489.28	48,201.24
NEWSPAPERS & PERIODICALS	41,470.00	102,930.00	(61,460.00)
OFFICE EQUIPMENT MAINTENANCE	121,212.50	43,540.00	77,672.50
POSTAGE & STAMPS	11,425.00	12,752.00	(1,327.00)
PRINTING & STATIONARY	226,727.50	246,467.50	(19,740.00)
PROFESSIONAL CHARGES	1,284,038.00	1,287,703.85	(3,665.85)
RENT-HEAD OFFICE	1,152,124.10	1,141,507.25	10,616.85
SECRETARIAL FEES	276,984.30	371,507.75	(94,523.45)
LAND LEASE	508,021.88	508,021.88	-
IMPAIRMENT	2,302,687.00	2,302,686.84	0.16
TEL 459907	53,965.65	51,073.16	2,892.49
TEL 459908	119,619.72	123,304.61	(3,684.89)

TEL-459906	42,576.17	62,421.58	(19,845.41)
TEL-459909	10,465.02	13,944.09	(3,479.07)
USB Internet - 0711884200 for Chir	4,044.30	8,455.23	(4,410.93)
TRAVELING & SUBSISTENCE	1,139,728.00	1,377,188.00	(237,460.00)
TELEPHONE BILL REIMBURSEMENT	1,441,676.43	1,659,583.98	(217,907.55)
WATER	35,218.89	50,654.04	(15,435.15)
TEL 472698	25,327.53	24,125.36	1,202.17
COMPUTER H/W & S/W MAINT:	848,191.67	925,932.43	(77,740.76)
GRATUITY	7,407,304.00	6,668,795.00	738,509.00
LEGAL EXPENSES	-	72,400.00	(72,400.00)
DUMP TRUCK VEHI. NO.NCLJ9309	197,528.30	-	197,528.30
AUDIT & MGT.COMM.EXPENNCES	209,000.00	111,000.00	98,000.00
VEHI. No. NC GA 1627	281,685.29	407,795.61	(126,110.32)
VEHI. NO.NCJR 9672	375,757.37	602,332.28	(226,574.91)
VEHI. NO.NCJR 9680	478,556.11	384,859.99	93,696.12
VEHI. NO.NC PA 7906	261,709.02	328,438.78	(66,729.76)
VEHI. NO.252-5963	64,402.18	104,759.58	(40,357.40)
VEHI. NO.154 - 3641	1,447.00	5,417.24	(3,970.24)
VEHI. NO.NCMA-8755	444,431.59	612,522.97	(168,091.38)
VEHI. BUS.NCNB 5469	286,627.73	282,842.24	3,785.49
VEHI. NO.WPPC 6891	672,650.48	475,419.38	197,231.10
VEHI. DOUBLE CAB - WPPF 5672	1,162,177.69	770,259.91	391,917.78
VEHI. DOUBLE CAB - WPPF 5673	1,124,123.76	1,153,667.22	(29,543.46)
SERVICE STATION MATERIALS	194,135.13	270,238.96	(76,103.83)
VEHI. NO.WPKQ4329	1,357,298.62	1,246,135.56	111,163.06
VEHI. NO.HK-4629	6,532.00	6,815.36	(283.36)
MOTOR BIKE - NC BCB 8782	6,600.00	11,991.11	(5,391.11)
MOTOR BIKE - NC BCB 8777	3,000.00	11,991.11	(8,991.11)
IP VPN CHARGES	762,581.89	1,177,830.43	(415,248.54)
	203,476,814.86	189,166,172.56	14,310,642.31
20. SELLING & DISTRIBUTION EXPENSES			
	2019/20	2018/19	Variance
ADVERTISEMENTS	543,288.75	498,874.50	44,414.25
SALES PROMOTION	509,492.50	437,180.00	72,312.50
BUSINESS PROMOTION	120,497.06	473,254.00	(352,756.94)
MINERAL TAX	2,484,496	2,531,617.38	(47,121.80)
	3,657,773.89	3,940,925.88	(283,151.99)
21. FINANCE COST			
	2019/20	2018/19	Variance
Bank Charges	133,233.67	124,824.04	8,409.63
LOAN INTEREST	-	352,151.60	(352,151.60)
	133,233.67	476,975.64	(343,741.97)

LANKA PHOSPHATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED Mar 31 2020

(Expressed In Sri Lankan Rupees)

	31st Mar 2020	31st Mar, 2019
22 Other Income		
Miscellaneous Income	324,737	1,390,069
Dividend Received	419,000	1,000,000
Interest Received from Fixed Deposits	30,204,990	26,910,059
Interest Received from Loans Given to Staff	2,928,709	3,057,523
Interest Received from Repo	2,446,177	1,839,679
	36,323,614	34,197,330

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

Staff Cost	303,310,428	292,861,104
Depreciation	34,256,995	40,391,831
Audit Fees	891,518	384,740
Directors Fees	374,000	345,100
Payment of Gratuity	6,521,624	5,433,106

23 Income Tax Expenses		
Taxation on Profit for the Year	(6,547,014)	-
Transferred from Deferred Tax	14,538,267	(3,691,204)
	7,991,253	(3,691,204)

23.1 Reconciliation of Income Tax Expenses

Profit Before Taxation	17,777,475	29,694,174
Non Business Income	(35,998,877)	(32,807,261)
Aggregate Disallowable Items	44,148,167	47,170,351
Aggregate Allowable Expenses	(28,690,609)	(48,947,218)

Assessable income from business **(2,763,843)** **(4,889,953)**

Income from Other Sources & Exempt Income	35,998,877	32,807,261
Exempt Income	(419,000)	(1,000,000)
Loss Claimed 23.2	(35,579,877)	(31,807,261)

Assessable income from Investment -

Total Assessable Income -

Qualifying Payment -

Taxable Income -

Income Tax at 28% -

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

Current Income Tax Expenses **(6,547,014)**

23.2 Tax Losses

Losses brought forward	48,710,552	75,627,859
Losses incurred	2,763,843	4,889,953
	51,474,395	80,517,812
Loss utilised	(35,579,877)	(31,807,261)
Loss C/F to next Year	15,894,518	48,710,552

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.)	9,786,223	33,385,378
Weighted Average Number of Ordinary Shares (Nos.)	7,251,000	7,251,000
Earnings Per Share (Rs.)	1.35	4.60

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

(Expressed In Sri Lankan Rupees)

25 Changes in Accounting policy on staff loans and Adjustment for Carrying value of Staff loans and Pre-paid staff compensation

Staff loans were measured at fair value using the interest rate of 7.2% p.a. The Board of Management decided to change the accounting policy from 2019/20 and recognise them at its carrying value and financial results have been done retrospectively.

The impact to the previous financial year is summarized below.

Description	Balance as per Ledger	Balance as per Loan Package	Impact to Equity
Adjustment as at 01 April 2018			<i>Impact to Assets</i>
Staff Loans	41,374,563	43,031,403	(1,656,840)
Prepaid Staff Compensation	5,600,861	-	5,600,861
Adjustment Made in the Carrying Values - (01 April 2019)			<u>3,944,021</u>
			<i>Impact to Equity</i>
Prepaid Staff Compensation - Amotization for The Year	1,030,924	-	1,030,924
Profit for the Year for the Year Ended 31 March 2019 - (Previously Reported)			32,354,455
Adjustments Made During the Year			1,030,924
Profit for the Year for the Year Ended 31 March 2019 - (Re-stated)			33,385,378

26 Deferred tax adjustment on Revaluation Reserves - 31.03.2020

Revaluation Surplus (01.04.2019)	109,916,265		
(-) Revaluation surplus on Motor Vehicle	(53,985,179)		
(-) Depreciation on revalued amount during the year	<u>(4,275,982)</u>		
	51,655,104	28%	
Deferred tax liability as at 01/04/2020			14,463,429
Deferred tax liability as at 01/04/2019			<u>30,776,554</u>
Adjustment for the year			<u>16,313,125</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 deposits with banks. At the reporting date, the company held deposits of Rs. 336,447,850 (31/03/2019 Rs. 270,119,791) 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 2019/20	2,522,232.00
- Electricity Bill Payment – March 2020	1,952,751.50
- Payment on Hire of Machinery – March 2020	1,119,900.06
- Royalty Payable Jan – Mar 2020 to GSMB	7,366,415.40

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:

		2019/2020	2018/2019
Short term benefits	(Rs.)	2,515,684	2,541,174

30.2 Transaction with other related parties.

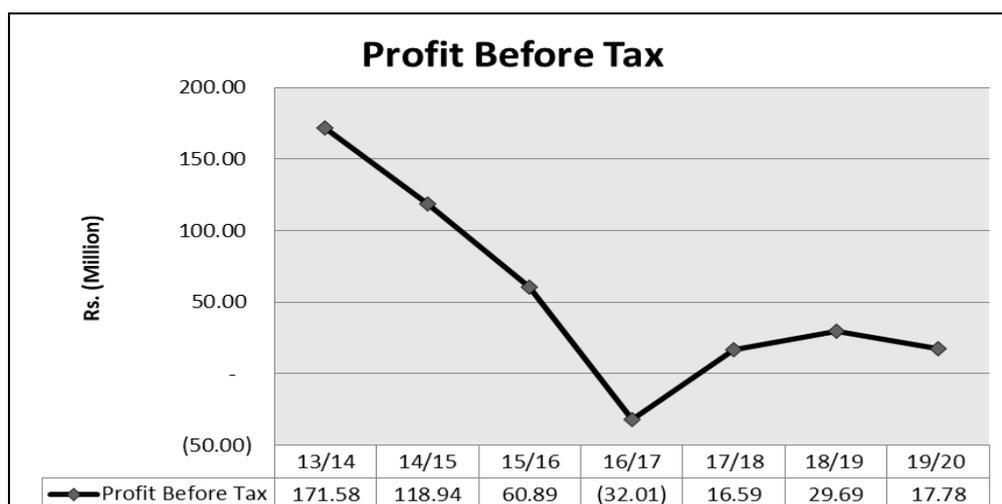
During the financial year, no parties and transactions were identified as related parties defined under the LKAS 24.

REVIEW OF OPERATIONS

A brief review of operations and operational results for the year 2019/20 of the company are presented as follows.

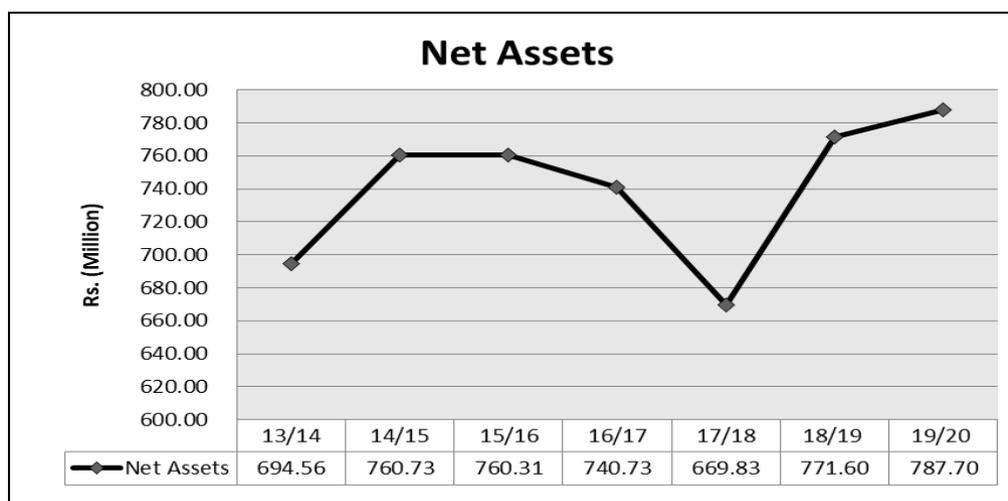
01. PROFITABILITY

Company recorded a Profit before tax amounting to Rs. 17.77 million for the year which was Rs. 29.69 million (revised) in previous year. It is a 40% decrease when compare to last year. Drop of sales and fixed overhead had resulted such a decrease.



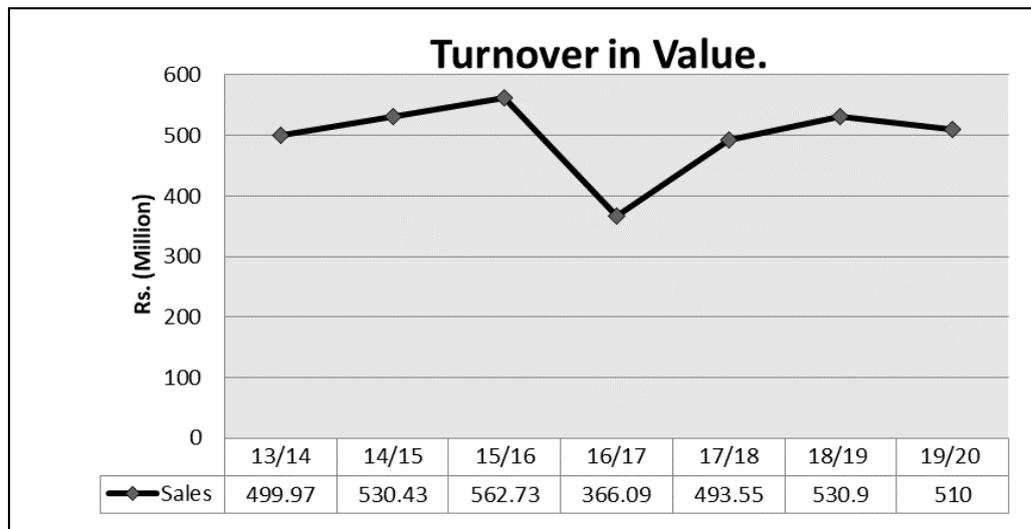
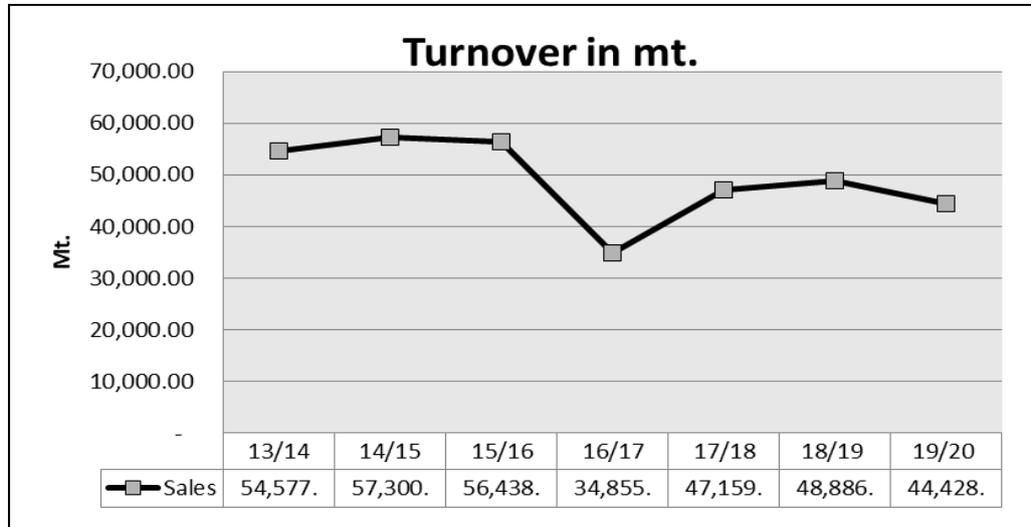
02. NET ASSETS

Net assets position at the yearend has gone up to Rs. 787.76 million when compare to previous year of Rs. 771.65 million (revised).



03. REVENUE

The financial year 2019/2020 ended achieving a gross turnover of Rs.510.00 Million which is a slight decrease compared to last year. Organization was able to record a sales level of 44,428.64 mt, which is a 9% drop when compare with 48,886.22 mt. last year.



CAPITAL EXPENDITURE

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

Acquisition & Capital Work-In-Progress

Year	Amount (Rs.)
2015/16	53,251,881.57
2016/17	9,274,995.81
2017/18	2,718,545.20
2018/19	7,146,545.44
2019/20	4,380,430.88

The company limited its investment on fixed assets and other construction to urgent and essentials, depending on the prevailed market conditions and cash flow situation.

04. PAYMENTS TO GENERAL TREASURY & GOVERNMENT INSTITUTIONS

General Treasury to Sri Lanka is the sole shareholder of Lanka Phosphate Ltd. No interim dividend paid for the year 2019/20. 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 2020 at 4.00pm at the Head Office of Lanka Phosphate Limited at No. 73 1/1, New Kelani Bridge Road, Colombo 14 for the following purposes:

1. Tabling written consent by the Secretary to the Treasury (as the registered owner of all the shares in the Company) 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 2019.
3. To receive, consider and adopt the Audited Statement of Accounts for the year ended 31.03.2020 and the Balance Sheet as at 31.03.2020 and the Report of the Auditors thereon.
4. To receive, consider and adopt the Annual Report.
5. To declare a dividend for the year 2019/20 as recommended by Board to the Treasury as the sole Shareholder of the Company.
6. To re-elect Directors Mr. DRT Ruwanpura and Mr. JAW Jayasooriya 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 Auditor General be the Auditor of the Company for the year 2020/2021.
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 2020 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed thisday oftwo thousand and twenty

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**