



CEYFISH

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கடற்றொழில் அமைச்சு
Ministry of Fisheries



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வருடாந்த அறிக்கை
ANNUAL REPORT
2016

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இலங்கை கடற்றொழில் கூட்டுத்தாபனம்
Ceylon Fisheries Corporation

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Legal Status and Establishment of Ceylon Fisheries Corporation

The Ceylon Fisheries Corporation was established in 1964 under the State Industrial Corporation Act. No. 49 of 1957 and commenced its commercial operations in 1965. At the commencement the objectives of the corporation covered the entire fisheries sectors. The objectives of the Corporation were given in the Ceylon Government Extraordinary Gazette, No. 14186 of 1st October 1964 are mentioned below.

- The Corporation should directly or through authorized agents engage in fish production using trawlers in deep sea fishing operations.
- The Corporation should directly or through authorized agents engage in fish processing (canning, drying & processing) and in the production of fish by products.
- The Corporation should directly or through authorized engage in fish distribution and sale of fish on wholesale and retail basis.
- The construction and maintenance of fishery harbours, anchorages inclusive of cold storage rooms.
- Import and Export of fish and fishery products.
- Import and sale of fishing gear and necessary equipments to the fisheries industry.
- The Corporation should act for and on behalf of the department of fisheries or any other Government Department for the purpose of development of the fishing industry.
- The construction of boats and small ships for the fisheries industry.
- To provide facilities for the repair and maintenance of fishing boats.
- Manufacture and sale of fisheries equipments.

It should be noted that some of these functions have now been withdrawn. But, under the Extraordinary Gazette Notification No. 1712/21 dated 30-06-2011, objective item (v) of the above mentioned gazette was amended and substitutes the following items.

- a. Engaging in fishing operation within the Exclusive Economic Zone and beyond in accordance with accepted rules of international law.
- b. The processing of fish.
- c. Marketing of fish at foreign and local markets
- d. Wherein appears to be so requires, to carry out such activities as are necessary for the import and export of fish and fish products.

- e. To enter into joint Venture agreements with local and foreign investors for the carrying out of any of the above activities.
- f. To represent local and foreign producers and distributors.

In addition to the above revised objectives, at present 04 primary Business activities of the Ceylon Fisheries Corporation are being carried out actively.

1. Fish trade through Corporate outlets.
2. Sale of Packeted Frozen fish.
3. Expansion of Business facilities Island wide and Increase the sale of fish.
4. Provide ice supply and Cold Room storage facilities.

Corporate Information

<i>Name of the Corporation</i>	:	<i>Ceylon Fisheries Corporation</i>
<i>Legal Form</i>	:	<i>Public Corporation</i>
<i>Date of Incorporated</i>	:	<i>1st October 1964</i>

Directors

<i>Mr.Thusitha Aluthpatabadige</i>	-	<i>Chairman (01.01.2016 – 01.07.2016)</i>
<i>Mr.S.Balasubramaniam</i>	-	<i>Chairman (15.07.2016 – 31.08.2016)</i>
<i>Mr. B.K. Jagath Kumara Perera</i>	-	<i>Chairman from 06.09.2016</i>
<i>Mr.M.A.Ruchitha Corera</i>	-	<i>Vice Chairman Up to 25.01.2015</i>
<i>Mr.W.F. Ranjith Fernando</i>	-	<i>Vice Chairman (26.01.2015 – 23.03.2015)</i>
<i>Mr.N.W.P.J.S.S. Perera</i>	-	<i>Vice Chairman (10.04.2015 – 31.12.2015)</i>
<i>Mr. N.W.P.J. Sanath Srimal Perera</i>	-	<i>Vice Chairman (01.01.2016 – 24.03.2016)</i>
<i>Mr. Ghanawansa Weerathunga</i>	-	<i>Managine Director (From 01.01.2016)</i>
<i>Mr. P.A. Sirinimal Perera</i>	-	<i>Managine Director (From 08.09.2016)</i>
<i>Mr.N.P.K. Ranaweera</i>	-	<i>Director for 18.04.2016</i>
<i>Mr.G.S.P. Lal Premanath</i>	-	<i>Director (18.04.2016 -01.07.2016)</i>
<i>Mr. G. Ashoka Wijerathna</i>	-	<i>Director From 08.04.2016</i>
<i>Mr. M.G. Sumanasinghe</i>	-	<i>Director Treasury Representative</i>
<i>Mr. Colin C. Muthumala</i>	-	<i>Director (01.01.2016 – 24.03.2016)</i>

Senior Management

<i>Mr. Nilan Crishantha Mirenada</i>	-	<i>General Manager</i>
<i>Mr. A.Sujeewa Chamika Silva</i>	-	<i>Deputy General Manager – Finance</i>
<i>Mr. Dhahamkith Pussella</i>	-	<i>Deputy General Manager – Finance</i>
<i>Miss. A.J.C. Kumuduni</i>	-	<i>Finance Manager</i>
<i>Mr. D.C. Karunathilaka</i>	-	<i>Internal Audit Officer</i>
<i>Mrs.K.V.H.Bandaranayake</i>	-	<i>Legal Officer /Board Secretary</i>
<i>Miss. T.Anisha Fernando</i>	-	<i>Actg. Personnel Manager</i>

Registered Office -No. 15 Rock House Lane, Mutwal, Colombo -15

Auditors -Auditor General
Bankers -Bank of Ceylon & People's Bank

VISION

To be the Leading Commercial Organization, Guiding and promoting fish production and trade for the benefit of the Consumer and the Producer.

MISSION

- **To be an effective organization to contribute more to the Gross National Product**
- **To be the most significant organization responsible for marketing of fisheries production, processing and marketing.**
- **To (harness) strengthen the economic activity of fishermen and to obtain greater (achievement) development of its production capacity.**
- **Would engage in production and marketing, quality fish and value added products at a reasonable price, using modern technology.**

***Letter Submitted to the Hon. Minister of Fisheries & Aquatic Resources
Development and Rural Economy***

*Rock House Lane,
Mutwal,
Colombo -15.
15th November 2021*

*Hon Minister,
Fisheries & Aquatic Resources Development and Rural Economy,
Ministry of Fisheries & Aquatic Resource Development and Rural Economy,
Maligawatte,
Colombo – 10.*

Hon Minister,

In terms of the Section 14(2) (c) of the Finance Act. No. 38 of 1971 and Section 30 (1) of the State Trading & Industrial Corporation Act. No. 49 of 1957. I submit the Annual Report of the Ceylon Fisheries Corporation for the year ended 31st December 2016.

- 1. Report of the Board of Directors*
- 2. Statement of Financial Position & Cash Flow Statement as at 31st December 2016.*
- 3. Comprehensive Income Statement for the year ended 31st December 2016.*
- 4. Auditor General's Report for the year ended 31st December 2016.*
- 5. Reply to the Auditor General's Report by the CFC.*

It is kindly requested that this report to be submitted to the Cabinet.

Yours Faithfully,

*Chairman
Ceylon Fisheries Corporation*

Chairman's Review

As a government owned public sector entity which entered in to the Sri Lankan fish market, Ceylon Fisheries Corporation (CFC) has a responsibility to enhance the economic status of Fishermen and ensure the availability of fish to consumers at reasonable prices. This aims to guarantee fish are within the purchasing power of all groups of customers and thereby it is expected to bring down cost of living and provision of nutritious, quality fish to fulfill the protein needs of the nation..

As a government owned public sector entity, there is a huge potential to be success in long run and this is the ideal time to come up with new and expansion projects as the fisheries industry moving towards its highest capacities. Since the fisheries sector is becoming more challenging at the open market, CFC is contributing its fullest strength to face the situation by adopting Attractive Pricing strategies, Product Differentiation, Market Diversification, Promotional Campaigns, to compete in this highly competitive market.

1. Purchase and Sale of Fish

Direct fish purchasing from the fishermen ensures the paying best price for their harvest. To provide effective customer service CFC trade their products at best quality and low price. In the same time the processes finally enhance the organizations viability. CFC has negotiated with many Fishermen and fishing committees at fishing villages such as Trincomalee, Pesalai, Jaffna, for buy their fish harvest in order to strengthen livelihood of fishermen. In the same time opening up of new purchasing centers also support to enhance the purchasing ability of CFC. The Corporation during the year 2016 MT 3619 Purchased fish.

The Fish marketing operation on the same time is the salient factor of CFC. Establishing new fish retail outlets in the main demographic and geographic locations in Sri Lanka helps to tap of the mind awareness of "CEYFISH" brand to exisiting and protential consumers. Centrel fish market complex at Peliyagoda is managed by the CFC under guidance of the Ministry of Fisheries and Aquatic Resources Development and CFC operates flake Ice production plant and the cold room in same Complex.

The Corporation has sold 3847mt of fish through its sales network, mobile service network, supply of fish to Govt. Hospitals and Other govt. Institutions.

2. Production and Sale of Ice

Production and sale of Ice is another income generation of CFC where the Ice Plants operated in Peliyagoda, Anuradhapura and Hambantota . The annual sales quantity sum up to 9759 Mt and has taken special attention to upgrade the Ice plant production and sale island wide.

3. **Canned Fish sales**

Locally manufactured canned fish factory has operated in Galle Ice Plant premises as joint project between. The with joint project between CFC and Happy Cook Food Lanka (pvt) Ltd. It's operate under the "CEYFISH " brand.

Services

- **Cold Storage and Processing Facilities**

The Cold Room Complex at Mutwal, a key component of the CFC Marketing chain, which provides storage, blast freezing and processing area facilities to outside and regional offices of the Corporation. It was able to practice proper stock holding system to provide better service to all the consumers.

- **Circuit Bungalows**

An attractive experience is given to clients by CFC circuit Bungalows situated in Kalametiya, Minneriya and Nuwara – Eliya where a good demand generated among the people.

Profit and Loss

The CFC had incurred a profit amounting to Rs 247.8 Mn for the year 2016 compared with the corresponding net loss of Rs 259.9 Mn. for the preceding year.

*Chairman
Ceylon Fisheries Corporation*

Report of the Board of Directors

The Board of Directors of the Ceylon Fisheries Corporation takes pleasure in submitting the annual report for the year ended 31.12.2016 together with the audited financial statements for this period.

The Ceylon Fisheries Corporation was established in 1964 under the state Industrial Corporations Act No 49 of 1957.

The CFC is coming under purview of the Ministry of Fisheries and Aquatic Resources Development.

The activities carried out by the Corporation during the year 2016 could be summarized as follows.

- *Local Purchase and import of fish.*
- *Sale of fish on wholesale and retail basis*
- *Purchase and sales of fisheries by products.*
- *Production and Sale of Ice.*
- *Providing Cold Storage facilities.*

Review of the Business

An assessment of the corporation and its affairs is contained under the Chairman's review which is an integral part of the report of Board of Directors.

Financial Structure

Total revenue of the corporation was increased up to 2 billion during previous years. Compared to 2015 total revenue was increased by Rs. 257 million in 2016. However, administration expenses have been increased due to increasing at salary by 10,000/- per month by the national Budget and absorption at large no at employee to permanent carder in the year under review. However corporation gained a operational profit in 2016 although overhead expenses increased during. Total net profits for the year 2013, 2014 and 2015 are 54.45mill,119.19 mill and 259.9 mill respectively.Net profit for the year under review is Rs. 247 million.

Total Income & Profit & Loss				
Year	Total Income Rs.Mn	Gross Profit / Loss Rs.Mn	Net Profit / Loss Rs.Mn	
2009	912	258.48	(103.90)	
2010	1309	384.16	59.40	
2011	1977	605.17	(68.97)	
2012	2079	701.19	(41.76)	
2013	1940	657.36	(54.45)	
2014	1855	563.26	(119.18)	
2015	1783	428.97	(259.90)	
2016		445.13	247.80	



The financial performance could be summarized as follows.

Staff Strength

<i>Executive</i>	-	43
<i>Clerical , Tech Allied grade staff</i>		
<i>Minor Employees</i>	-	281
<i>Technical Officers</i>	-	279
<i>Junior Staff</i>	-	<u>151</u>
		<u>754</u>

Disciplinary Inquiries

<i>No of employees resumed duties</i>	- 05
<i>Interdicted</i>	- 06

Recruited to Staff Grade

<i>Deputy General Manager (Finance)</i>	- 01
<i>Mechanical Engineer</i>	- 01

Termination of the Service Staff Grade

<i>Resignation</i>	- 03
<i>Retired</i>	- 05
<i>Vacated of post</i>	- 01

Directors Interest in Contracts

Directors have no interest in any contracts with CFC activities.

Acknowledgement

The Board of directors of the corporation expresses thanks to the Hon. Minister of Fisheries and Aquatic Resources Development for all the valuable advice, support and guidance given towards development and success of the Corporation. The Board of Directors sincerely appreciates the valuable contributions made by the Secretary and the officials of the Ministry of Fisheries and Aquatic Resources. We thanks secretary to the Treasury and all officials of the Ministry of Finance and the General Treasury for cooperation extended to us during the year.

Our dearest asset is our employees, we thank all employees of the Corporation for their service and cooperation during the year.

The Board of Director also thanks our valued customers, state institutions, and special thanks for official of Bank of Ceylon People's Bank for their continued support and the confidence they placed on us.

Auditor general
Department of Auditor General
Polduuwa Road
Baththaramulla.

Dear Sir

**Financial statements of the Ceylon Fisheries Corporation for the year ended 31st December 2016
regarding the auditor general in term of section 14(2)(C) of the finance Act No of 1971**

Includes our comments and observations on the contents of the draft audit report that came to us on your number FLS/A/CFC/ FA/2019/10 and 2020.06.03

I submit the report herewith.

Your Faithfully

Chairman
Ceylon Fisheries Corporation.

2.2 Commenting on Financial Statements.

2.2.1 Sri Lanka Accounting Standards

- i. Financial expenses and financial income separate statements of income statements indicated under no 17

After deducting from the accounts receivable, the non-performing loans (NPLs) are offset in this manner and in the previous financial statements including 2015, the accounts were also deducted in this manner had been submitted for audit.

- ii. **Sri Lanka Accounting Standards No. 07**

- a,b,c,d,e,f**

- Agree An action will be taken to prepare the cash flow statement in accordance with accounting standards no. 07 in future financial statements.

- iii. No provision was made for taxes as it shows a cumulative loss of the Ceylon fisheries corporation. For that, Contingency tax provision must be made. Declaration will be done in next year.
- iv. Same system has been carried out since 2014 relating to revaluation reserve. However no audit quarries had been raised in previous years in this regard. Accordingly, adjustments has been made in the year under review. Appropriate adjustment will be made on particular Accounting standard as per mentioned in audit quarries.
- v. The Corporation has identified the value in the Gratuity report as an expenditure to the financial statement of the year under review. However this adjustment has been made in previous years as per the adjustment made in 2016. No audit quarries raised in this regard in previous years. Correct adjustment will be made in the financial statement in next year.

2.2.2. Accounting Policies

Agree Necessary adjustments are expected to be made in future accounting years

2.2.3. Accounting Errors

- i. It is expected that the current management will be made aware of this and move forward.
- ii. Agree to make the relevant adjustments in accordance with the corporation accounting policies will be ensured.
- iii. The department at labor has taken a step to file a case in respect of EPF & ETF liability including surcharges in 2018. It is adjusted in 2017 financial statement as it was drafted already.
- iv. There are differences in current accounts since 2016. A reconciliation has been carried out to rectify the differences. Adjustments will be made in next year accordingly.

2.2.4. Accounts Receivable and Payable

- i. Agree
- ii. Agree

2.2.5. Lack of Evidence for Audit

The Ceylon Fisheries Corporation has been updating the ledger for decades through a major journal. Journal entries for all items listed in the ledger are listed in that main journal. It can be checked for accuracy at any time. However, the preparation of the journal voucher is expected to take place from 2020 onwards.

2.2.6. Non-compliance with the rules

No changes or enhancements (upgrade) have been made to the existing bank overdraft facilities to the Ceylon Fisheries Corporation. Relevant approvals for overdraft facilities have been obtained at the initials stage in 2019.

Ii,iii,iv,v,vi

Statutory payment such as VAT, NB TAX, PAYE, stamp Duty and Economic Service Charges have been delayed due to a lack of financial viability. The surcharge have been enforced. However the corporation will settle all dues on a proper plan in due course. And also Tax returns have been delayed to submit within the relevant time period.

Vii

- I** Then DGM (F) has introduced a new format for financial statement. But as a result at his resignation it was difficult to continue to submit financial statement for 2017, 2018, and 2019. New DGM appointed on 10.09.2020 planned to expedite the preparation said financial statement.
- II** It is expected to finalize the annual Report 2016 after obtaining the approval for answer to Audit Queries 14(2) C from Board of Directors.
- III.** It was difficult to make statutory payment due to liquidity problem of the corporation.

CEYLON FISHERIES CORPORATION
(INCORPORATED IN 1957 ACT 49 STATE INDUSTRIAL CORPORATION)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	31/12/2016 Rs	31/12/2015 Rs
ASSETS		
Non Current Asset		
Property Plant and Equipment	1,466,362,217	1,596,881,749
Investment Property	73,048,350	-
Investment in JV	110,000,000	110,376,603
Fixed Deposit	6,200,000	6,200,000
Distress loan	1,137,668	
Total Non-Current Assets	<u>1,656,748,235</u>	<u>1,713,458,352</u>
Current Asset		
Inventories	32,382,454	58,151,024
Trade and Other Receivables	345,522,973	373,784,986
Cash and Cash Equivalents	49,372,175	17,115,150
Total Current Asset	<u>427,277,601</u>	<u>449,051,160</u>
Total Assets	<u>2,084,025,836</u>	<u>2,162,509,512</u>
EQUITY AND LIABILITIES		
Equity		
Capital Contribute by Government	326,609,805	326,609,805
Capital Reserve	24,258,241	24,258,241
Revaluation Reserve	1,261,669,644	1,306,998,273
Accumulated Losses	(868,531,659)	(1,113,014,605)
Total Equity	<u>744,006,032</u>	<u>544,851,714</u>
Non-Current Liabilities		
Loans and Borrowings	142,922,000	113,582,457
Differred Income - Government Grant & Assistants	546,128,664	547,297,263
Retirement Gratuity Liability	78,633,291	92,402,489
Lease Creditor	2,839,343	8,309,676
Total-Non Current Liabilities	<u>770,523,298</u>	<u>761,591,885</u>
Current Liabilities		
Loans and Borrowings	-	142,210,000
Lease Creditor	2,712,909	
Trade and Other Payables	474,849,146	618,540,152
Amounts Due to Related Parties	17,804,078	4,233,486
Bank Overdraft	74,130,373	91,082,275
Total Current Liabilities	<u>569,496,507</u>	<u>856,065,913</u>
Total Liabilities	<u>1,340,019,805</u>	<u>1,617,657,798</u>
Total Equity and Liabilities	<u>2,084,025,837</u>	<u>2,162,509,512</u>

CEYLON FISHERIES CORPORATION
(INCORPORATED IN 1957 ACT 49 STATE INDUSTRIAL CORPORATION)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR/ PERIOD ENDED 31ST DECEMBER	2016 Rs	2015 Rs
Revenue	2,735,721,733	2,479,196,334
Cost of Sales	(2,290,586,164)	(2,050,217,485)
Gross Profit	445,135,569	428,978,849
Other Income	934,064,735	142,416,100
Administrative Expenses	(1,033,348,546)	(723,338,764)
Sales & Distribution Cost	(85,413,253)	(83,625,052)
Results from operating activities	260,438,506	(235,568,867)
Finance Costs	(12,609,568)	(24,348,606)
Profit/(Loss) Before Tax	247,828,937	(259,917,474)
Profit/(Loss) for the Year	247,828,937	(259,917,474)
Other Comprehensive Income	-	-
Actuarial Gain/Loss on pension plans	55,121,381	25,258,694
Total Comprehensive Income	302,950,318	(234,658,780)

CEYLON FISHERIES CORPORATION
(INCORPORATED IN 1957 ACT 49 STATE INDUSTRIAL CORPORATION)
STATEMENT OF CASH FLOWS

FOR THE YEAR/ PERIOD ENDED 31ST DECEMBER	31/12/2016	31/12/2015
	Rs	Rs
Cash flows from Operating Activities		
Profit/(Loss) Before Tax	247,828,937	(259,917,474)
Adjustments for:		
Interest Expenses & Finance Cost	12,609,568	23,153,382
Depreciation	77,930,509	76,742,784
Lease rent equalization	-	
Amortization	(24,644,759)	(24,644,759)
Grant Income & Amortization	(45,328,629)	(45,328,629)
Gratuity Provision	55,121,381	25,258,694
Other Non cash expenses	3,965,865	794,801
Operating loss before working capital changes	327,482,872	(203,941,201)
Working capital changes		
Change in Inventories	25,768,571	54,296,246
Change in Trade and Other Receivables	27,124,345	95,201,161
Change in Trade and Other Payables	(143,691,006)	72,471,348
Change in amounts due to Related Parties	13,570,592	
Cash Used in Operating Activities	250,255,375	18,027,554
Gratuity paid	(56,762,445)	(2,808,525)
Interest Paid	(12,609,568)	(23,711,796)
Net Cash Used in Operating Activities	180,883,362	(8,492,767)
Cash flows from Investment Activities		
Acquisition and construction of Property, Plant and Equipment	(32,137,188)	(4,260,021)
Decrease in Stall Establishment cost	10,670,403	(1,575,221)
Interest Received		558,414
Disposal Income	6,132,232	
Net Cash Used in Investing Activities	(15,334,553)	(5,276,828)
Cash flows from Financing Activities		
Borrowings from parent Company	-	-
Repayment of Borrowings to Parent Company	-	-
Repayment of Lease rent	(2,757,424)	(9,291,290)
Decrease in interest bearing loan	(113,582,457)	(12,471,409)
Net movement in loans from Directors	-	-
Net Cash from Financing Activities	(116,339,881)	(21,762,699)
Net Increase / (Decrease) in Cash and Cash Equivalents	49,208,927	(35,532,294)
Cash and Cash Equivalents at beginning of the Year	(73,967,125)	(38,434,830)
Cash and Cash equivalents at end of the Year	(24,758,198)	(73,967,124)

CEYLON FISHERIES CORPORATION
(INCORPORATED IN 1957 ACT 49 STATE INDUSTRIAL CORPORATION)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR/ PERIOD ENDED 31ST DECEMBER 2016

	Capital Con. By Gov.of Sri Lanka Rs	Capital Reserve Rs	Revaluation Reserve Rs	Accumulated Losses Rs	Total Rs
As at 1st January 2015	326,609,805	24,258,241	1,352,326,902	(853,436,066)	849,758,883
Adjustment			(45,328,629)		(45,328,629)
Net Profit/(loss) For the Year				(259,578,539)	(259,578,539)
As at 31st December 2015	<u>326,609,805</u>	<u>24,258,241</u>	<u>1,306,998,273</u>	<u>(1,113,014,605)</u>	<u>544,851,715</u>
As at 1st January 2016	326,609,805	24,258,241	1,306,998,273	(1,113,014,605)	544,851,715
Adjustments		-	(45,328,629)	(3,345,991)	(48,674,620)
Profit/(Loss) for the Year		-	-	247,828,937	247,828,937
As at 31st December 2016	<u>326,609,805</u>	<u>24,258,241</u>	<u>1,261,669,644</u>	<u>(868,531,659)</u>	<u>744,006,032</u>

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Corporation set out on pages 6 to 23.

CEYLON FISHERIES CORPORATION
(INCORPORATED IN 1957 ACT 49 STATE INDUSTRIAL CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR/PERIOD ENDED 31ST DECEMBER 2016

2 PROPERTY, PLANT AND EQUIPMENT

	Land	Motor Vehicle	Boat and Trawlers	Buildings	Equipment	Ice Plant and Cold Room	Furniture and Fittings	Computer Hardware	Computer Software	Total 2016	Total 2015
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Cost											
As at the beginning of the year	822,700,950	157,250,000	66,731,516	373,148,656	43,917,102	317,354,500	10,410,469	3,540,701	100,000	1,795,153,895	1,790,893,873
Additions During the year		6,250,000		349,324	8,996,530	16,302,348	162,185	76,800		32,137,188	4,260,021
Disposal During the year		(4,200,000)	(66,731,516)							(70,931,516)	-
As at the end of the year/period	<u>822,700,950</u>	<u>159,300,000</u>	<u>-</u>	<u>373,497,980</u>	<u>52,913,632</u>	<u>333,656,848</u>	<u>10,572,654</u>	<u>3,617,501</u>	<u>100,000</u>	<u>1,756,359,566</u>	<u>1,795,153,894</u>
Accumulated Depreciation											
As at 1st January		62,900,000	66,731,497	14,915,267	7,649,624	63,468,896	1,986,923	1,444,320	14,583	219,111,110	142,363,233
Charge for the year		30,363,333		7,468,795	4,745,218	33,326,456	1,048,214	893,075	85,417	77,930,509	76,742,784
Depreciation on Disposal		(1,680,000)	(66,731,497)							(68,411,497)	
As at the end of the year/period	<u>-</u>	<u>91,583,333</u>	<u>-</u>	<u>22,384,063</u>	<u>12,394,842</u>	<u>96,795,352</u>	<u>3,035,137</u>	<u>2,337,395</u>	<u>100,000</u>	<u>228,630,122</u>	<u>219,106,017</u>
Net Carrying Value											
As at 31 st December 2016	822,700,950	67,716,667	-	351,113,918	40,518,790	236,861,496	7,537,517	1,280,106	(0.00)	1,527,729,444	
As at 31st December 2015	<u>822,700,950</u>	<u>94,350,000</u>	<u>19</u>	<u>358,233,388</u>	<u>36,272,572</u>	<u>253,885,604</u>	<u>8,423,546</u>	<u>2,181,798</u>			<u>1,576,047,877</u>
Stall Establishment cost										9,726,470	20,396,873
Jaffna Stall										1,954,653	442,094
Schedule No.										<u>1,539,410,567</u>	<u>1,596,886,844</u>
INVESTMENT PROPERTY			1.1							<u>(73,048,350)</u>	
										<u>1,466,362,217</u>	

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 2016

Accounting

1. Reporting Entity

Ceylon Fisheries Corporation formerly known as CFC (the “Corporation”) is a Corporation domiciled in Sri Lanka. The Corporation was incorporated an Industrial Act. In 1957 no 49 and commencement of operation since 1964. The registered office of the Corporation is Rock House Lane, Colombo 15.

The principal activity of the Corporation during the financial year was the sale of Fish harvest throughout the country and sale of Ice production to the fisherman.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards (SLFRS) adopted by the Institute of Chartered Accountants in Sri Lanka and the requirements of the Public accounting standards.

The financial statements were authorized for issue by the directors on 22nd October 2019

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except where stated.

2.3 Functional currency

The financial statements have been prepared in Sri Lankan Rupees ("LKR") which is the Corporation's functional currency.

2.4 Comparative Information

The accounting policies have been consistently applied by the Corporation and previous year figures have been re arrange wherever necessary to confirm the current year presentation.

2.5 Event After the Reporting Period

All the favorable and unfavorable material event after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the financial statement.

2.6 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

Note 2 - Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 2016

Note 5 - Trade receivables

Note 4 - Inventories

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this financial statements.

3.1 Financial instruments

Financial assets

The Corporation initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Corporation's contractual rights to the cash flows from the financial assets expire or if the Corporation transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Corporation commits itself to purchase or sell the asset.

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

The Corporation classifies financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The company's financial liabilities include trade and other payable and borrowings. All financial liabilities, except for derivatives, are recognized initially at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability and subsequently measured at amortized cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

3.2 Impairment

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 2016

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3.3 Property, plant and equipment

The Corporation applies the requirements of LKAS 16 on "Property Plant and Equipment" in accounting for its owned assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

Basis of Recognition.

Property Plant and Equipment is recognized if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Measurement

Items of Property, Plant & Equipment are measured at cost (or at fair value in the case of land) less accumulated depreciation and accumulated impairment losses, if any.

3.3.1 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realized within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
-
- All other assets are classified as non-current.
-
- A liability is current when:
 - It is expected to be settled in normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 2016

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3.3 Owned Assets

The cost of property, plant & equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long terms construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

3.3.4 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs’.

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

The amount so capitalized and the capitalization rates are disclosed in Notes to the Financial Statements.

3.3.5 Depreciation and Amortization

Depreciation

Depreciation is recognized in Income Statement on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 2016

owned assets unless it is reasonably certain that the CFC will have ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings	50	2.00
Plant & Machinery	10	10.00
Motor Vehicles	5	20.00
Equipment	10	10.00
Furniture & Fittings	10	10.00
Computer Accessories	4	25.00
Locally developed software	1	100.00

- Stall Establishment cost depreciate over the 5 year.
- Locally manufactured Computer Software depreciate over one year which is 100% charge to profit & Loss account in the year of purchase.
- The assets which are received as grant are being amortized in accordance with depreciation rate.

3.3.6 Investment Property

Investment properties including freehold and leasehold properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are held at cost. Rental income from investment properties is accounted for as described in accounting policy

An external, independent property valuer, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, is hired to carry out the valuation on a five yearly basis. Increments and/or decrements to these property valuations are recognized in profit or loss.

Expenditure incurred to replace a component of an item of investment property, that is accounted for separately, including major improvements, renovations and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of investment property. All other expenditure is recognized in profit or loss as an expenses as incurred.

3.4 Inventories

Inventories were consist of two main segments such as Trading and General Stocks. Trading inventories include fish, dry fish and ice stocks and it has been valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses and non trading stocks are valued at cost.

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 2016

The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.5. Trade and other receivables

Trade and other receivables are stated at cost less allowance for un collectability. The recoverability of receivables is assessed annually and all known bad debts are written off. In addition, a specific allowance is made for debts considered to be doubtful. It is intended that the allowance for un collectability will continue to be reviewed annually and maintained at a level appropriate to the environment and circumstances of the time.

3.6. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash on hand. Bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.7. Equity capital

Equity

Capital represents the amount of Funds contributed by Government to commence the Corporation operation from the beginning of establishment.

Reserve

The amount consist in the reserve balance coming from the beginning of the Corporation, which has no indication of reason of provide the reserve or way of utilize the reserve.

3.8. Trade, Other Payable and Provisions

Trade and other payable are not interest-bearing and are stated at cost. A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent Assets and Liabilities

Provision for Contingent assets are not recognize in financial statement since this may result in the recognition of income that may never be realized.

Contingent liability is a potential liability that may occur, depending on the outcome of an uncertain future event. A contingent liability is recorded in the accounting records if the contingency is likely and the amount of the liability can be reasonably estimated. However Contingent liability has not been provided since CFC Legal Division did not provide any estimation.

Define Contribution Plan

Ceylon Fisheries Corporation contributes 15% and 3% from the Employee's salary to the Employee's Provident fund and Employee's Trust Fund Define respectively. This statutory expenses has been recognized in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 2016

3.9 Other Disclosures

Voluntary Retirement Scheme has been implemented by the Corporation in line with the cabinet decision to reduce the excess staff by considerable amount and further advised to restructure the corporation by way of public Private Partnership (PPP).

4. New Accounting Standards Issued but not yet Effective

The following SLFRS issued by the Institute of Chartered Accountants of Sri Lanka, not effective for a financial year commencing on the 1st January 2016 unless early adopted, have not been applied in preparing these Financial Statements.

- a) SLFRS 9, issued in 2014, replaces LKAS 39 – Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 01st January 2018.

- b) SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. New qualitative and quantitative disclosure requirements aim to enable Financial Statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

SLFRS 15 introduce a five-step model to determine when to recognize revenue and at what amount. The model specified that revenue recognized when or as an entity transfers control of goods and services to a consumer at the amount to which entity expects to be entitled.

It replaces existing revenue recognition guidance, LKAS 18 on “Revenue”, LKAS 11 on “Construction Contracts”.

SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018.

RATIO ANALYSIS

	2016	2015	2014	2013	2012	2011	2010
CURRENT RATIO	353,147,228.00	<u>358,068,208.00</u>	<u>543,097,889.00</u>	<u>488,531,057.00</u>	<u>434,550,735.93</u>	<u>460,371,620.06</u>	<u>317,514,504.86</u>
	495,366,134.00	773,392,616.00	728,141,127.00	768,654,822.00	661,261,994.96	536,446,231.13	401,241,785.06
	0.71	0.46 :1	0.75 :1	0.64 :1	0.66 :1	0.86 :1	0.79 :1
QUICK ASSETS RATIO	320,764,774.00	<u>302,475,213.00</u>	<u>433,208,648.00</u>	<u>405,310,021.00</u> x 100	<u>331,140,489.47</u>	<u>351,107,455.10</u>	<u>241,266,058.17</u>
	495,366,134.00	773,392,616.00	728,141,127.00	768,654,822.00	661,261,994.96	536,446,231.13	401,241,785.06
	0.65	0.39 :1	0.59 :1	0.53 :1	0.50 :1	0.65 :1	0.60 :1
SALES RETURNS (%)	247,828,937.00	(259,917,474.00)	<u>(119,187,719.00)</u>	<u>(54,446,218.00)</u> x 100	<u>(41,763,563)</u> x 100	<u>(68,969,869)</u> x 100	<u>(59,423,907.55)</u> x100
	2,735,721,733.00	2,479,196,333.00	2,822,779,492.00	1,969,485,805.00	2,078,840,744	1,977,444,527	1,904,765,517.35
	9.06	(10.48) %	(4.22) %	(2.76) %	(2.01) %	(3.49) %	(3.12) %

OUR HUMAN RESOURCES

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL NUMBER OF EMPLOYEES	763	718	652	1038	1315	1325	1275	1228	1120	
EXECUTIVE (INCLUDING TRAINEES)	66	58	49	58	80	78	76	68	66	
CLERICAL TECHNICAL	301	290	289	210	756	751	733	695	641	
MINOR EMPLOYEES	396	370	314	770	479	496	466	465	413	