



ANNUAL REPORT

2018-19



KALUBOWITIYANA TEA FACTORY LIMITED
MINISTRY OF PLANTATION INDUSTRIES



VISION

To be the most recognized model in manufacturing and marketing of best Sri Lankan CTC and Orthodox Tea.

MISSION

To manufacture superior quality, tasty and consumer friendly Sri Lankan Tea aiming at Internal and External markets.

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Preamble

Corporate Profile Kalubowitiyana Tea Factory Limited

Kalubowitiyana Tea Factory Limited (KTFL) is a limited liability company incorporated under the Companies Act No; 17 of 1982 and re-registered under the new Companies Act No; 07 of 2007. The Company was established to produce Cut, Tear and Curl (CTC) Tea and commenced commercial operations on 1 August 1994, with an initial capital of Rs. 50 Million consisting of five million shares valued Rs.10 per share. The initial capital was provided under the Indian line of Credit. Our second tea factory at Derangala was established under the same line of credit and commenced its operations in March 2000. Our third Tea factory is the Hiniduma Hills Tea Factory, was previously under the Tea Shakthi Fund, was transferred to KTFL under a profit sharing agreement. The Company re-established this factory using its own funds and the Hiniduma Tea Factory commenced operations from 2012.

The latest addition to the Company is the Manikdiwela Factory which was previously belonged to the Tea Shakthi Fund, located at Manikdiwela Village, Yatinuwara Electorate in Kandy District. The Company used its own funds to re-establish this factory as well.

The Company produces approximately 2,000,000 Kgs, of quality teas annually, using the selected green leaf purchased from the smallholders.

The kalubowitiyana, Factory produces CTC Teas using the CUT, TEAR and CURL process, whilst Derangala, Hiniduma and Manikdiwela adopt the conventional orthodox process to produce range of leafy and small grades.

KTFL owns and operates 4 ISO 22000; 2005 Certified Factories, which manufacture the highest-quality Pure Ceylon Tea for the global market. Also add considerable brand value to KTFL's credentials as the leading CTC Tea manufacturer in the country. Reinforcing the commitment to be a world class Tea manufacturer, KTFL has adopted the internationally-accepted best practices including Global Gap framework, RA/UTZ standards and guidelines, in addition to Good Manufacturing Practices.

The Company's Tea production – around 90% is sold at the Colombo Tea Auction through Brokers, whilst a small proportion is destined for the local market through Sales Centers located island wide, Factories and Head Office.

The mandate of the company as per the Articles of Association is as follows:

- To carry on the business of tearing, curing, preparing, processing and manufacturing tea leaf purchased from growers.
- To cultivate, grow, manage and superintend tea plantations.

Garden Marks and Type of Teas

Kalubowitiyana which Garden Mark of CTC is famous for its premium grade ; PF1 as it helps the busy world experience the true flavours of Teas by filling easy to use Tea Bags is the leader of CTC manufacturer in the country. Other grade which gives a considerable value is BP1, uses for the local pack, is becoming popular among local consumers.

Derangala, and Hiniduma marks has its reputation for appearance of its dark Tea Leaves of various shapes, when brewed, it materialises as a rich red liquid, full flavoured, strong and robust, a liquor distinctively unique from the other six regions.

Manikdiwela mark produces typical low grown style range of Tea grades which has a distinctive bright intensely full bodied taste.

Our Products

CTC

BP 1	PD	PF 1
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Orthodox

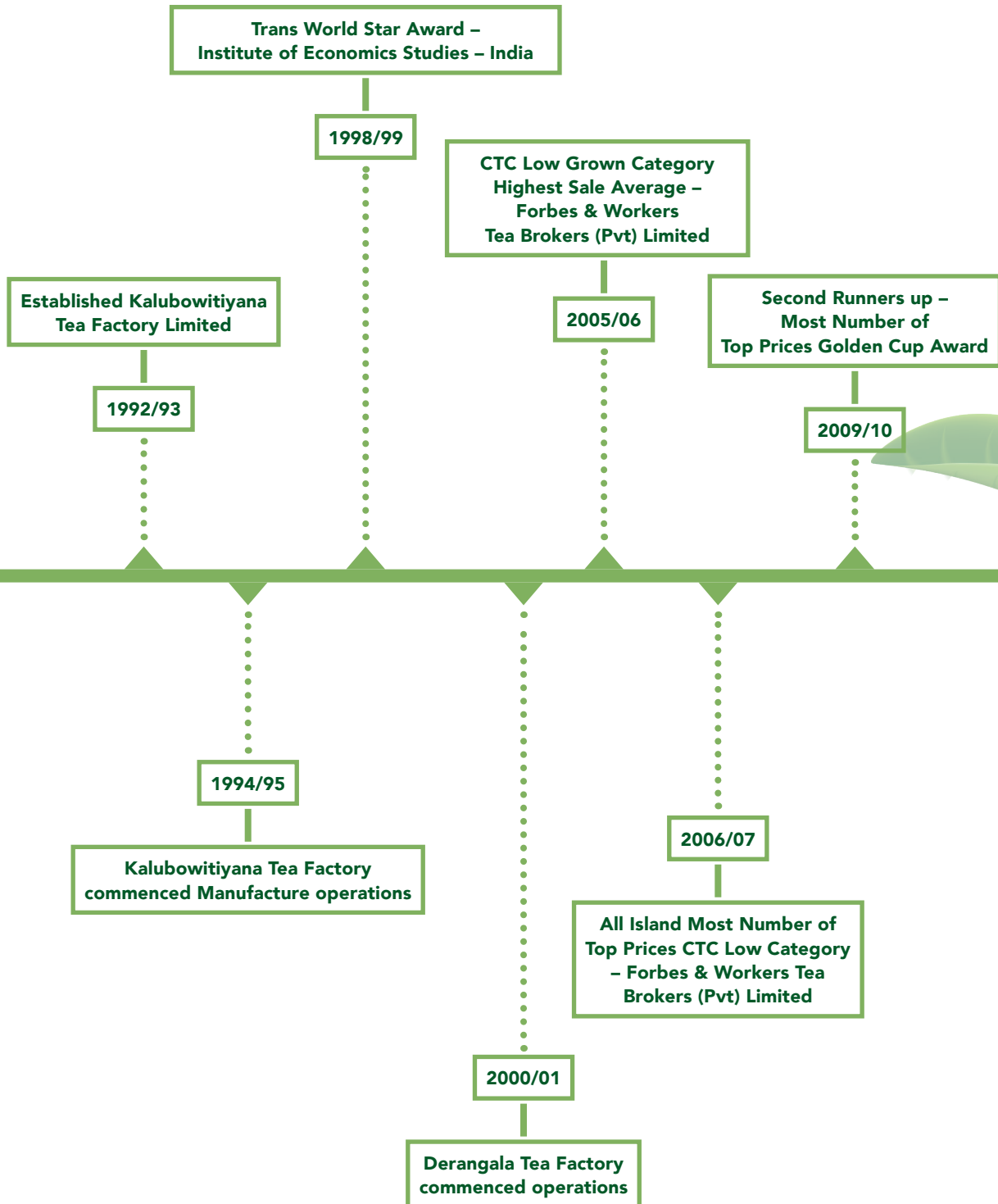
FBOP 1	FBOPF	BOP 1	FBOPF 1
FBOP	BOP	OP 1	SILVER TIP
FBOPF SP	PEKOE	OP	

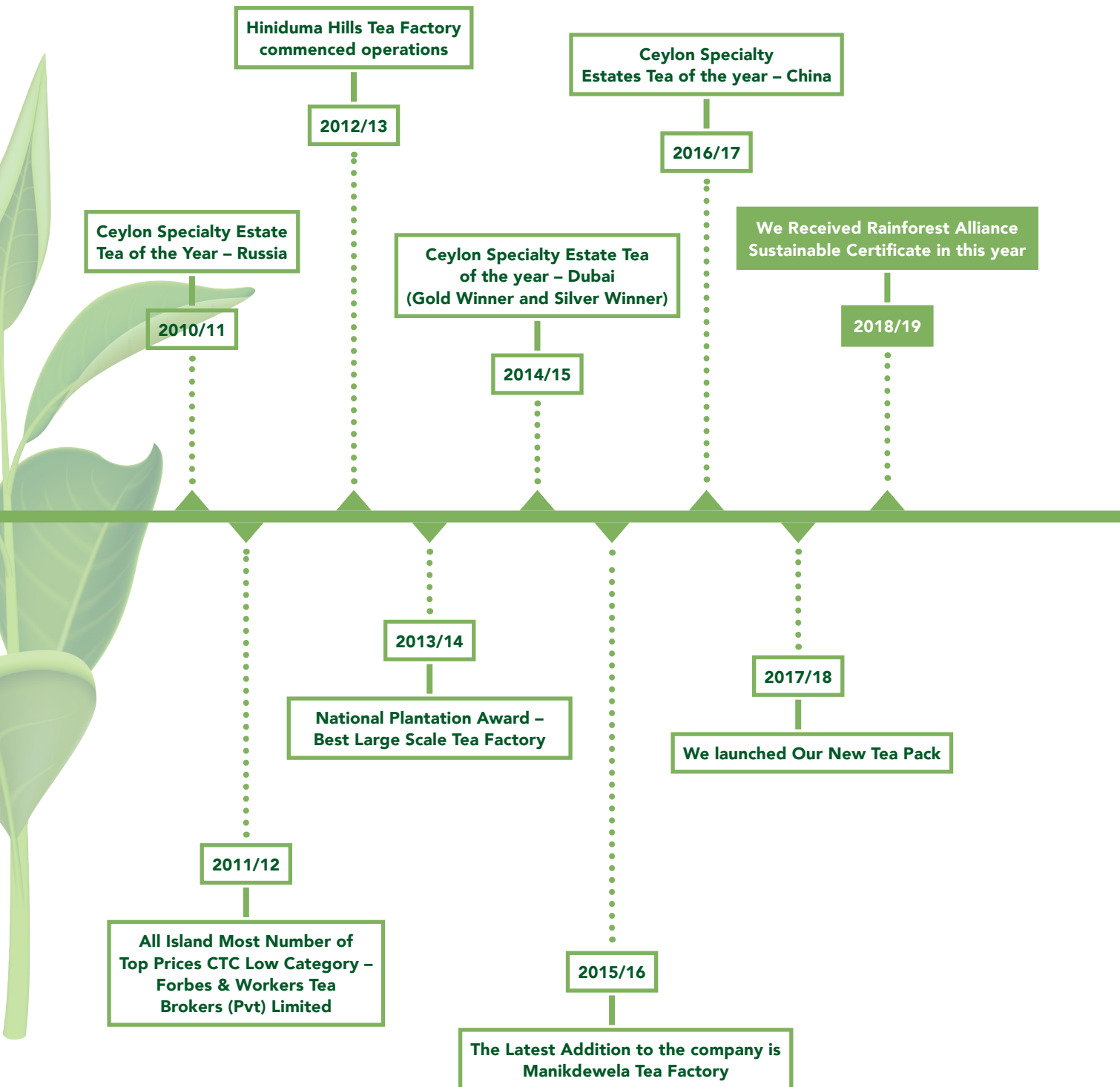
Standard

Our Teas are renowned for its excellent quality, having been certified for accepted quality certifications, product responsibility and customer health & safety. All products and processes are fully compliant with ISO 22000:2005 & HACCP certification issued by the Sri Lanka Accreditation Board and additionally all the factories have received GMP Certification. Implementation and maintaining Food Safety Management System (ISO 22000:2005 & HACCP) for all Black Tea manufacturing facilities reinforces our commitment towards product responsibility and ensures Food Safety and quality standards are maintained from end-to-end. Tea Quality is tested annually for heavy metals; Microbiological criteria and Agro-Chemical residues are per the requirement of ISO 3720 standard.



Our Journey



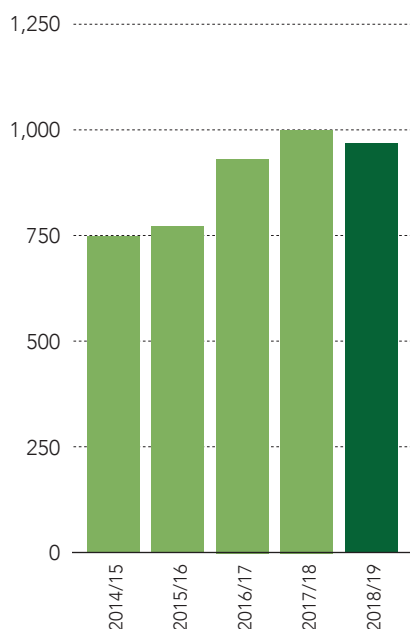


Financial Highlights

For the year ended 31st March Kalubowityana Tea Factory Limited	2019 Rs.	2018 Rs.
Revenue	971,792,179.69	1,004,319,623
Cost of sales	(985,257,848.93)	(983,007,161)
Gross profit/(Loss)	(13,465,669.24)	21,312,462
Other operating income	8,419,609.14	16,518,675
Profit/(Loss) before operating expenses	(5,046,060.10)	37,831,137
Administration expenses	(42,048,961.14)	(39,218,947)
Selling and distribution expenses	(3,116,553.01)	(1,897,947)
Profit/(Loss) from operating activities	(50,211,574.25)	(3,285,757)
Finance income	15,843,193.10	9,572,626
Finance expenses	(18,579,649.64)	(13,219,530)
Net finance income	(2,736,456.54)	(3,646,904)
Net profit/(Loss) before taxation	(52,948,030.79)	(6,932,661)
Taxation	4,167,928.45	(654,698)
Net profit/(Loss) after taxation	(48,780,102.34)	(7,587,359)
Earnings per share	(10.52)	(1.64)

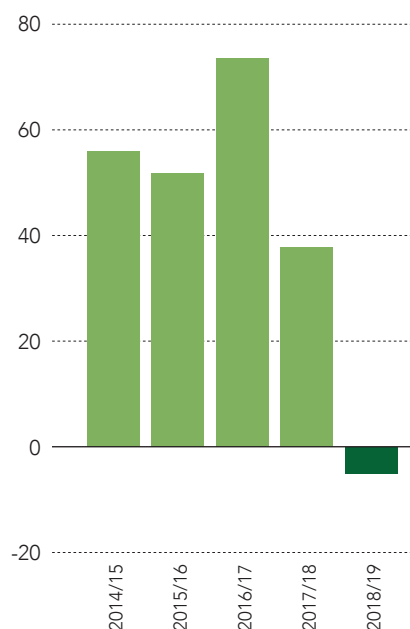
Net Sales

(Rs. Mn.)



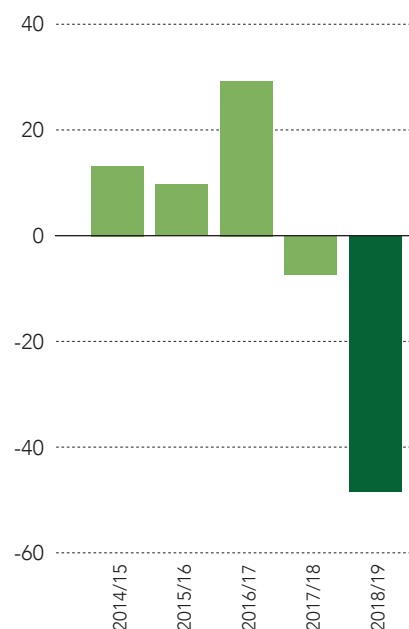
Profit/(Loss) Before Operating Expenses

(Rs. Mn.)



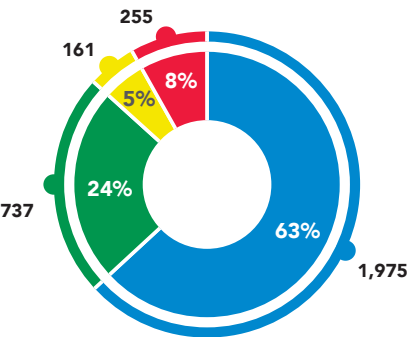
Net Profit/(Loss) After Taxation

(Rs. Mn.)



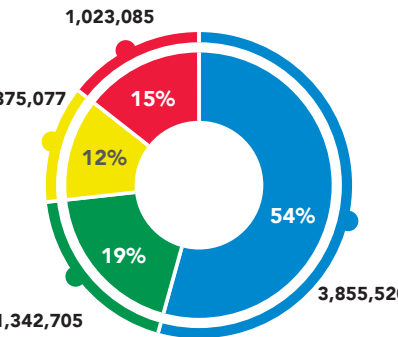
Non-Financial Highlights

Green Leaf Suppliers (Nos.)



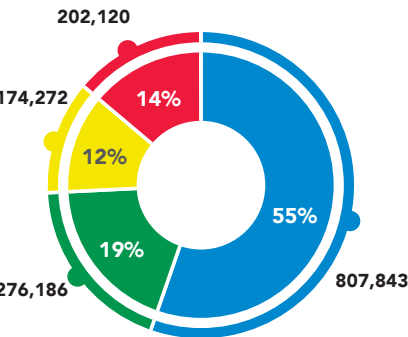
Total
3,128 Suppliers

Green Leaf Intakes (Kgs)



Total
7,096,387 Kgs

Tea Production (Kgs)



Total
1,460,421 Kgs

● Kalubowityana CTC Tea Factory
● Hiniduma Hills Tea Factory

● Derangala Tea Factory
● Manikdewela Tea Factory



Chairman's Review

I am pleased to present before you the Annual Report for the Financial Year ended 31 March 2019. The period under review proved to be a challenging one for the Sri Lankan Tea Industry, despite of favourable prices fetched for Ceylon Tea. Factories in the business of processing teas are facing financial crises as they are overcome with low crop. The macroeconomics volatility on a global scale brought forward from 2015, and with adverse, weather in month of May and June of the corresponding year 2018/19 contributed towards sluggish growth within the tea sector in respect of production and also in the year 2018 price of tea has a decreasing probability continuously until the end of the year.

Global Challenges

The Sri Lankan economy, as per the Central Bank Annual Report for the year 2018, recorded a real GDP growth of 3.2% compared to 3.3% in 2017. The real GDP from agriculture, forestry and fishing related activities contracted by 4.8% in 2018 compared to a contraction of 0.8% in 2017.

Unfavourable weather conditions adversely affected economic activities especially in the agricultural sector as in the previous year. The pendulum swings from one extreme to the other, with severe droughts followed by excessive rain. The extreme dry weather during first half of 2018 saw crops struggling to keep abreast of the performance of the previous year, which itself was disastrous. The Glyphosate - weedicide restriction and short of labour served to exacerbated matters, which should require the attention of all concern. Sri Lanka's total tea production for the year 2018 amounted to 303.8 Mn Kgs, a 1% decrease from 307.1 Mn Kgs in the previous year. Low Grown tea production for the year 2018 amounted to 192 Mn Kgs, a 2.7% decrease in the previous year. However High grown tea and Medium grown tea production have been increased by 1.3% and 3.0% respectively. On the global front, Iraq has emerged as the number one importer of Sri Lanka Tea in 2018 followed by Turkey and Russia with Iran retaining the 4th position. Meanwhile, destinations such as USA, Saudi Arabia and Belgium have shown a fairly significant growth in 2018.

Company Performance

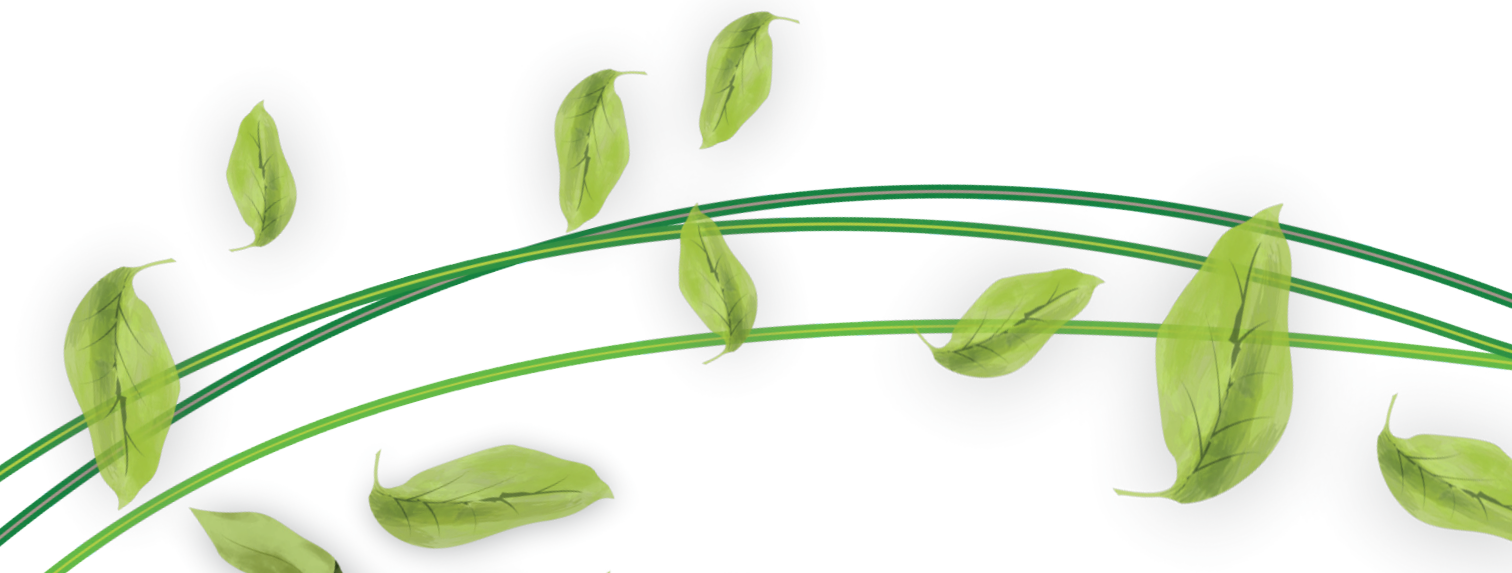
Against this challenging backdrop, the Company reported revenue of Rs. 971 Mn and a post-tax profit of Rs. (48.7) Mn for the year.

Our Strategy

Our key focus consists of following GMP to produce quality end products. In this context, the Management spearheads quality parameters on Green Leaf, processing and marketing in order to achieve the final goals of the company. From a strategic perspective, the Company intends to educate and upgrade the knowledge levels of the Tea Small Holder segment in relation to sound agricultural practices, in an effort to increase yields and add on a higher premium to the end product. The introduction of Randalu Societies intends to establish a good relationship with the smallholder segment, while the introduction of a local brand is a probability going forward. As a means to expand awareness and understanding, Kalubowityana Tea Factory Limited will continue to conduct relevant training programmes for its executive staff and workers to further enhance knowledge growth and improve overall productivity. The Company continues to operate on strong fundamentals and considers its people to be its biggest asset.

Future Prospects

The outlook of the Sri Lankan tea industry seems to be a challenging one. The domestic and trading conditions within key buyer markets, of whom bulk are oil producing nations remain critical factors. A positive factor is Russia's accession to the WTO in August 2014, which carries favourable tariff considerations. With the easing of tensions between Iran and the US, the former being Sri Lanka's second largest buyer prior to the sanctions, is expected to accrue benefits. General socio-economic unrest in the Middle East however will continue to be of concern.



Chairman's Review

On the local front, climatic conditions, labour wages and fertilizer subsidies continue to pose a challenge and need better management. Although the latter is provided at an attractive and fairly consistent rate throughout the year, one of the challenges faced by Tea small holders is the timely application of fertilizer, due to adverse weather conditions. We approached the year with cautious optimism, well aware of the formidable challenges. We are happy to note that we have stood up to the adversities thus far and achieved a number of firsts in a difficult industry landscape; with professionalism and strategic focus. We firmly believe that if we follow a similar approach with greater dynamism in the coming year, we will be able to balance the short to medium term impacts; arising from volatile commodity markets, instability in key export markets, climate change and demand for non-productivity linked wage increases.

Appreciation

On behalf of the Board of Directors I would like to extend my appreciation to the Tea Smallholder sector on whom we remain dependent, as well as the employees at Kalubowityana Tea Factory Limited and the Management, whose combined efforts continue to steer forward our operations successfully. Our appreciation extends to the Minister of Plantation Industries Hon. Navin Dissanayaka, for his valuable advice and the guidance given to us all the time and the unstinted support of the Secretary and Board of Directors of KTF, the Officials of the Ministry of Plantation Industries. We greatly valued the support rendered to us by all the Tea Brokering Companies and the Buyers of our products, who have constantly, gave us the precise premium for our Teas. Although the year ahead poses challenges on many fronts, I draw confidence from the support and loyalty of our people, our stakeholders, and their strong partnerships, which give us determination in moving forward with confidence.



A. N. S. Pussallage
Chairman



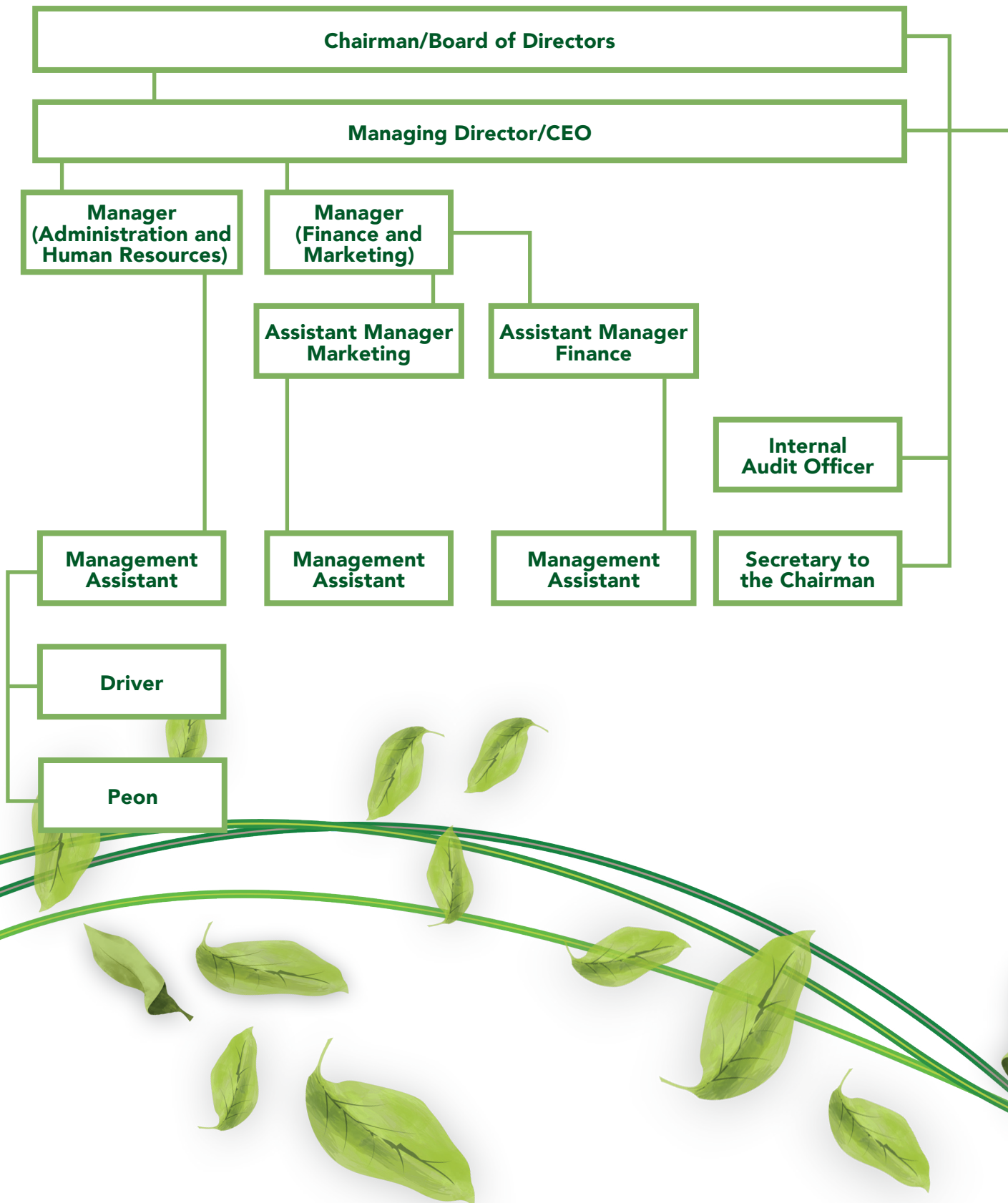
Board of Directors

Mr. A. N. S. Pussallage	.....▶.....	Chairman
Mrs. K. Satharasinghe	.....▶.....	Executive Director
Mrs. W. A. Indranie Sugathadasa	.....▶.....	Director
Mr. H. Hemal Kasthuriarachchi	.....▶.....	Director
Mr. M. A. L. S. N. K. Manthrinayaka	.....▶.....	Director
Mr. P. Rasaiah	.....▶.....	Director
Mr. T. P. Rathnayaka	.....▶.....	Director
Mr. M. M. D. Thilakarathne	.....▶.....	Director

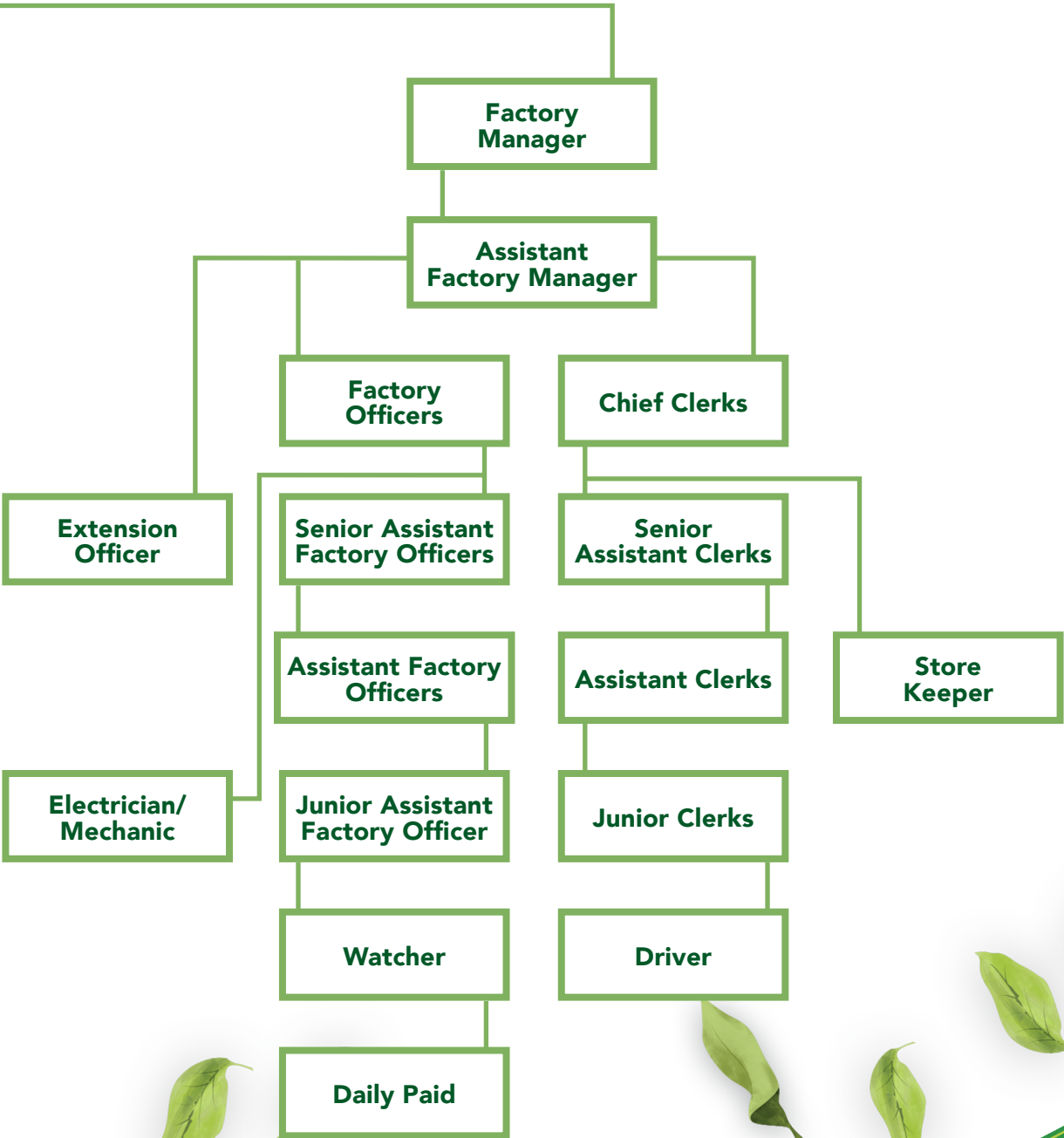
Corporate Management

Dr. M. N. Jayawardena	.....▶.....	Managing Director/CEO
Mr. T. W. M. S. P. Bandara	.....▶.....	Manager/Administration and Human Resources
Mr. P. Dehiwalage	.....▶.....	Acting Manager/Finance
Mr. T. A. D. J. C. Thilakarathna	.....▶.....	Manager/Kalubowitiyana Tea Factory
Mr. T. Siriwardana	.....▶.....	Manager/Derangala Tea Factory
Mr. K. A. P. Dharmarathna	.....▶.....	Manager/Hiniduma Hills Tea Factory
Mr. R. J. K. Hettiarachchi	.....▶.....	Manager/Manikdewela Tea Factory

Organisational Structure



Organisational Structure







Management Discussion and Analysis



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Operational Information

Head Office

Address	No. 556, Nagahamulla, Pannipitiya Road, Palawatta, Thalangama South, Sri Lanka.				
Human Resources	Managing Director	-	1	Account Assistant	- 2
	Manager/Administration & HR	-	1	Management Assistant	- 11
	Acting Manager Finance	-	1	Peon	- 5
	Assistant Manager Marketing	-	1	Driver	- 3
	Internal Audit Officer	-	1		



Kalubowitiyana CTC Tea Factory

District	Matara	Sub District	Morawaka	
Village	Kalubowitiyana	Elevation	Low Country	
Trade Mark	Kalubowitiyana	Type of Production	CTC Teas	
Human Resources	Factory Manager	– 1	Factory Staff	– 7
	Office Staff	– 13		



Derangala Tea Factory

District	Matara	Sub District	Morawaka	
Village	Kiriwelkelle	Elevation	Low Country	
Trade Mark	Derangala/ Kiriwelkelle	Type of Production	Orthodox Teas	
Human Resources	Factory Manager	– 1	Factory Staff	– 10
	Office Staff	– 3		



Hiniduma Hills Tea Factory

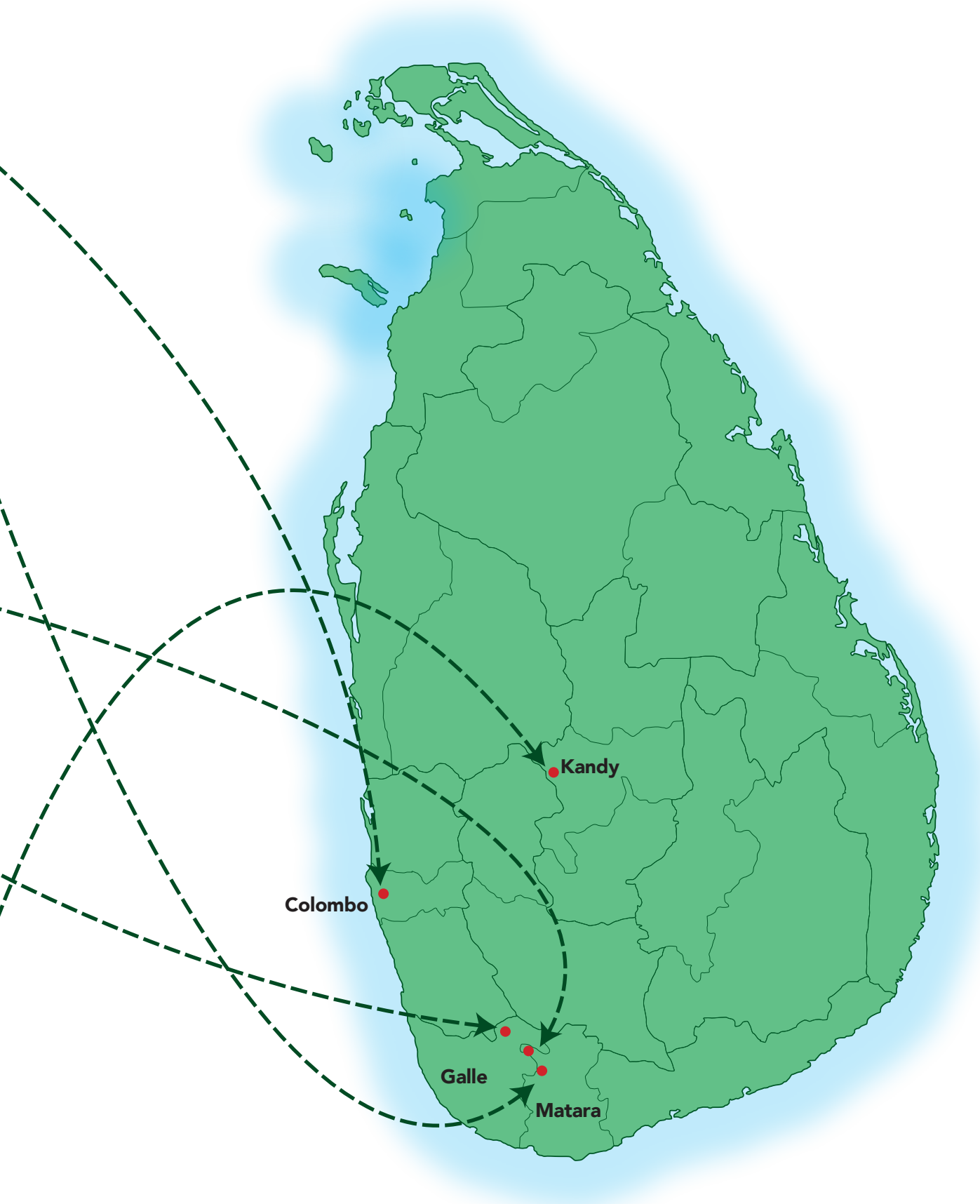
District	Galle	Sub District	Thawalama			
Village	Jasmine valley	Elevation	Low Country			
Trade Mark	Hiniduma Hills/ Thawalama Hills	Type of Production	Orthodox Teas			
Human Resources	Factory Manager	-	1	Factory Staff	-	10
	Office Staff	-	3			



Manikdewela Tea Factory

District	Kandy	Sub District	Yatinuwara	
Village	Manikdewela	Elevation	Wentern Medium	
Trade Mark	Manikdewela	Type of Production	Orthodox Teas	
Human Resources	Factory Manager	– 1	Factory Staff	– 5
	Office Staff	– 3		

Operational Information



Factory wise Profit/(Loss)

Kalubowitiyana Tea Factory

During the financial year of 2018/19, Kalubowitiyana Tea Factory secured a crop of 3,855,520 kgs which recorded as 80.24% of the estimated crop of 4,800,000 kgs, in spite of unfavourable weather conditions prevailed in the region. As the prices for Low grown and CTC increased, there was heavy competition among the Factories for sourcing of Green Leaf which was inevitable, however Kalubowitiyana Factory continued to pay the highest rate in the region during the year 2018/19. Factory achieved 9 Top Prices for its premium grade of PF1 during the year 2018/19 also awarded with local and international accolades for its achievements in prices.

Kalubowitiyana Tea Factory recorded a profit of Rs. 37.55 Mn during the financial year.

Kalubowitiyana Tea Factory contributed to support the Tea Small Holders by way of improving their income and living standards by paying a reasonable price for Green Leaf Supplied by them.

Derangala Tea Factory

Although Derangala Tea Factory secured 1,342,705 kgs as against the estimated crop of 1,977,000kgs, it made a considerable loss of Rs. (5.4) at the end of the financial year 2018/19. One of the areas which resulted the adverse outcome was the securing of Good Quality Leaf, which was limited and

challenging, also the competition prevailed among factories too affected, obtaining desired Quality Leaf to the Factory. Management has addressed the issues faced by the Factory, in relation to securing of Good Quality Leaf, is in the process of strategizing same to optimize the profits of this unit.

Hiniduma Tea Factory

Due to unfavourable climatic conditions prevailed in the area, factory recorded 875,077 kg green leaf which is 46.06% of the estimated crop. During the year management of the factory had made attempts to introduce new bought leaf lines which would ensure increases in crop intakes during ensuing period. The focus of the factory is to accept only good quality leaf in order to produce a better end product to achieve a NSA above the Elevation Average.

Manikdewela Tea Factory

Due to unfavourable climate conditions, the factory recorded 1,023,085 kg Green Leaf, which is 57.99% of the estimated crop. There were multiple reasons for the loss of (Rs.25.86), securing of Good Quality Leaf, artificial rates paid by the competing factories, lack of competency of the employees were few concerns, which are been address by the corporate management at present. Management is optimistic that Factory would produce a reasonable end product, obtain premium prices, enabling Factory to make profits during ensuring period.

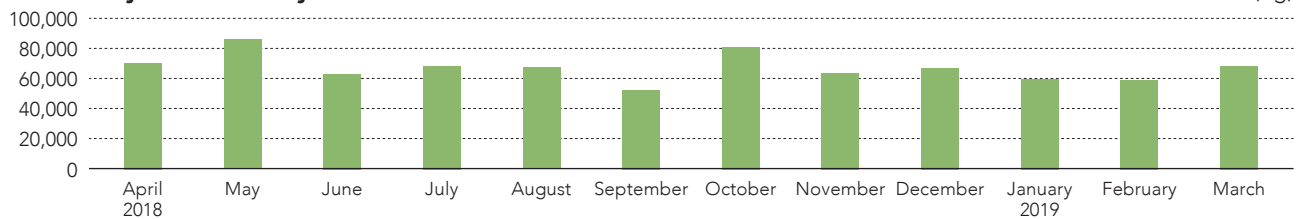
	Kalubowitiyana Tea Factory (Rs.)	Derangala Tea Factory (Rs.)	Hiniduma Hills Tea Factory (Rs.)	Manikdewela Tea Factory (Rs.)
Revenue				
Gross Sales	597,181,790.00	114,468,860.00	94,282,910.00	98,775,775.00
Brokerage & Sales Expenses	(7,166,350.87)	(1,914,707.16)	(1,599,021.52)	(1,823,037.52)
Net Sales	590,015,439.13	112,554,152.84	92,683,888.48	96,952,737.61
Inter Factory Transaction	(72,958,159.02)	53,375,107.64	19,583,051.38	—
Add - Local Sales	33,958,103.14	3,742,096.50	1,645,734.00	3,694,400.69
Total Revenue	551,015,383.25	169,671,356.98	113,912,673.86	100,647,138.30
Cost of Sales				
Bought leaf	366,886,374.08	125,550,355.49	79,841,933.04	75,565,752.59
Production Cost	70,902,774.22	32,095,868.17	29,355,849.42	25,099,617.76
General Charges	34,069,454.84	21,314,828.13	16,494,766.64	18,494,615.38
Add: Opening Stock	86,240,269.20	18,117,478.38	17,893,265.54	12,628,909.76
Less: Closing Stock	(44,636,630.24)	(21,997,224.72)	(7,469,199.70)	(5,278,027.29)
	513,462,242.10	175,081,305.45	136,116,614.94	126,510,868.20
Profit/(Loss)	37,553,141.15	(5,409,948.47)	(22,203,941.08)	(25,863,729.90)

Monthly Production of Tea

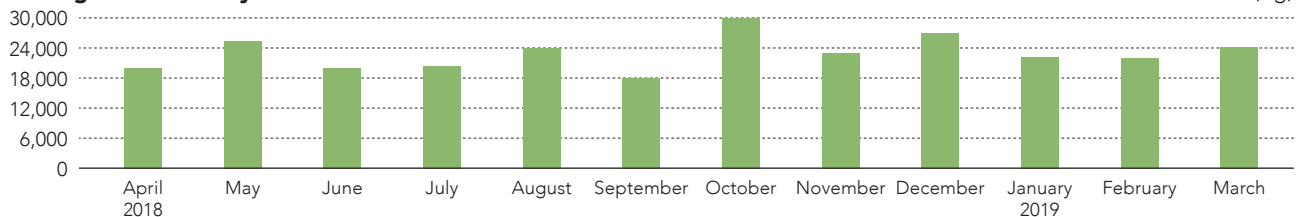
Month	Kalubowitiyana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
April 2018	70,594	19,981	24,023	26,236	140,834
May	86,152	25,360	14,230	29,983	155,725
June	63,012	20,004	5,445	20,639	109,100
July	68,452	20,335	9,095	14,799	112,681
August	67,508	24,014	16,938	14,407	122,867
September	52,465	18,070	19,669	14,767	104,971
October	81,079	29,868	32,808	28,059	171,814
November	63,797	23,027	20,917	16,938	124,679
December	67,150	26,959	6,434	10,966	111,509
January 2019	59,878	22,277	6,875	8,539	97,568
February	59,134	22,068	7,562	7,154	95,918
March	68,622	24,223	10,276	9,634	112,755
Total	807,843	276,186	174,272	202,120	1,460,420

Kalubowitiyana Tea Factory

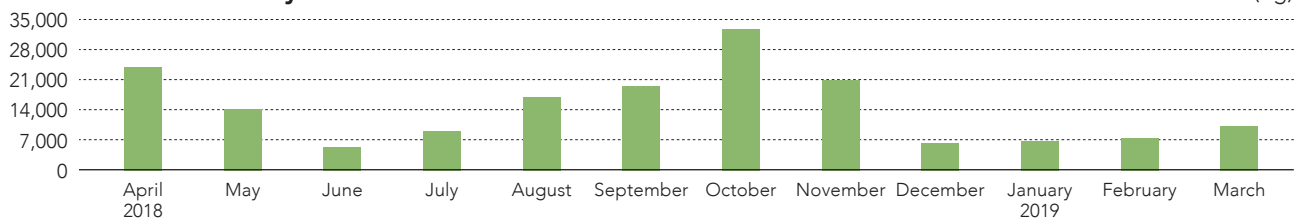
(Kg)


Derangala Tea Factory

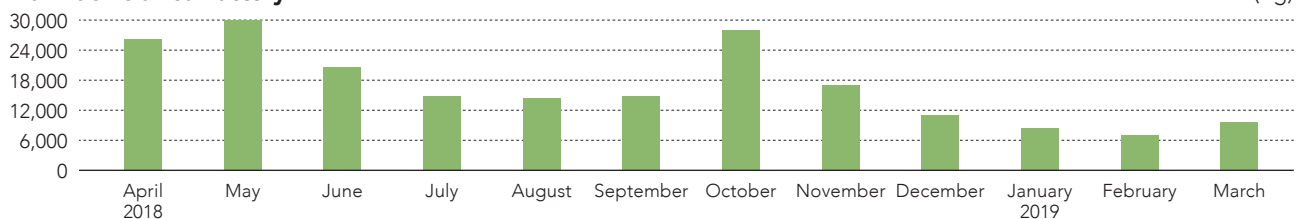
(Kg)


Hiniduma Hills Tea Factory

(Kg)


Manikdewela Tea Factory

(Kg)

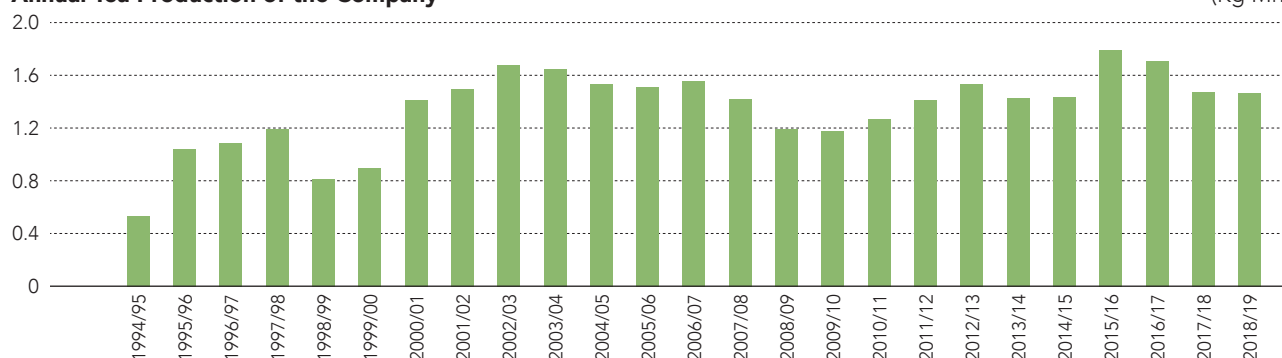


Annual Production of Tea

Year	Kalubowityana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
1994/95	536,780	–	–	–	536,780
1995/96	1,038,739	–	–	–	1,038,739
1996/97	1,082,973	–	–	–	1,082,973
1997/98	1,194,418	–	–	–	1,194,418
1998/99	809,741	–	–	–	809,741
1999/00	884,197	14,584	–	–	898,781
2000/01	914,433	494,894	–	–	1,409,327
2001/02	954,905	536,601	–	–	1,491,506
2002/03	1,039,447	636,762	–	–	1,676,209
2003/04	1,154,969	488,915	–	–	1,643,884
2004/05	1,173,659	361,154	–	–	1,534,813
2005/06	1,161,031	348,651	–	–	1,509,682
2006/07	1,272,903	278,828	–	–	1,551,731
2007/08	1,097,681	320,512	–	–	1,418,193
2008/09	967,631	227,617	–	–	1,195,248
2009/10	950,347	222,824	–	–	1,173,171
2010/11	994,746	269,314	–	–	1,264,060
2011/12	1,170,972	240,901	–	–	1,411,873
2012/13	1,110,907	254,706	168,425	–	1,534,038
2013/14	995,844	281,666	146,031	–	1,423,541
2014/15	943,706	315,854	171,751	–	1,431,311
2015/16	994,541	460,860	219,765	117,017	1,792,183
2016/17	811,708	429,382	253,157	209,464	1,703,711
2017/18	731,750	289,634	242,955	210,107	1,474,446
2018/19	807,843	276,186	174,272	202,120	1,460,421
Total	24,795,871	6,749,845	1,376,356	738,708	33,660,780

Annual Tea Production of the Company

(Kg Mn.)

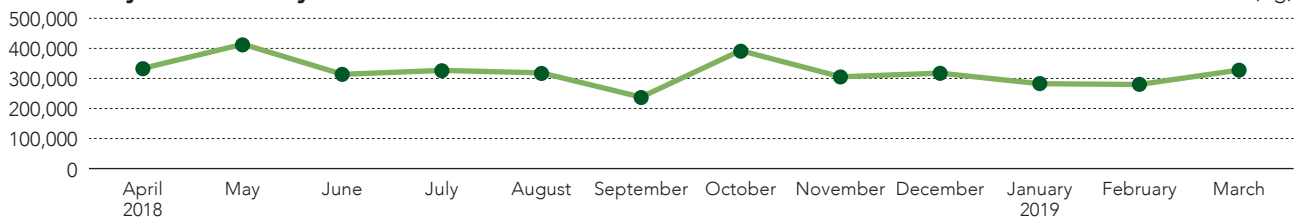


Monthly Green Leaf Intakes

Month	Kalubowityana Tea Factory		Derangala Tea Factory		Hiniduma Hills Tea Factory		Manikdewela Tea Factory		Total	
	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)
April 2018	1,950	335,124	716	103,902	304	116,124	298	125,794	3,268	680,944
May	1,965	419,070	734	132,508	279	72,642	416	147,458	3,394	771,678
June	1,926	313,937	736	99,361	203	34,165	440	113,596	3,305	561,059
July	1,928	327,649	737	98,350	167	43,870	364	77,704	3,196	547,573
August	1,932	318,933	730	113,436	183	81,409	278	72,021	3,123	585,799
September	1,872	233,849	722	82,363	164	95,474	300	73,363	3,058	485,049
October	1,952	396,724	749	145,801	184	162,349	309	147,491	3,194	852,365
November	1,925	305,140	747	112,775	171	105,436	292	86,551	3,135	609,902
December	1,917	318,058	750	130,601	155	42,486	278	55,598	3,100	546,743
January 2019	1,883	280,651	743	103,664	152	32,917	255	42,386	3,033	459,618
February	1,915	278,156	733	102,761	253	38,370	247	35,134	3,148	454,421
March	1,975	328,229	737	117,183	266	49,835	255	45,989	3,233	541,236
Total	23,140	3,855,520	8,834	1,342,705	2,481	875,077	3,732	1,023,085	38,187	7,096,387

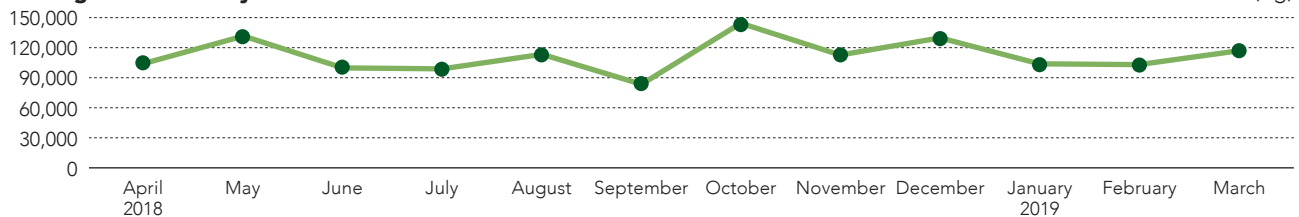
Kalubowityana Tea Factory

(Kg)



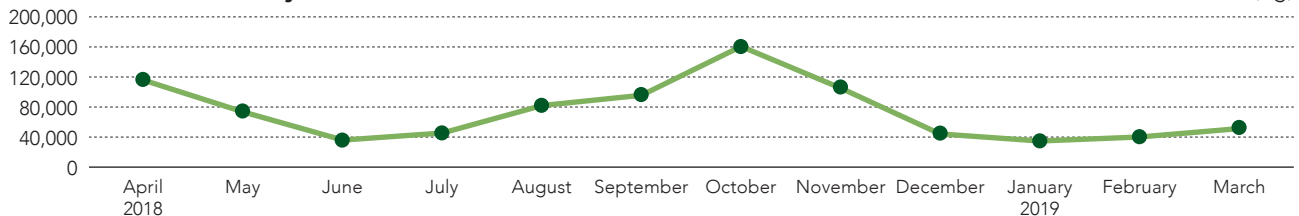
Derangala Tea Factory

(Kg)



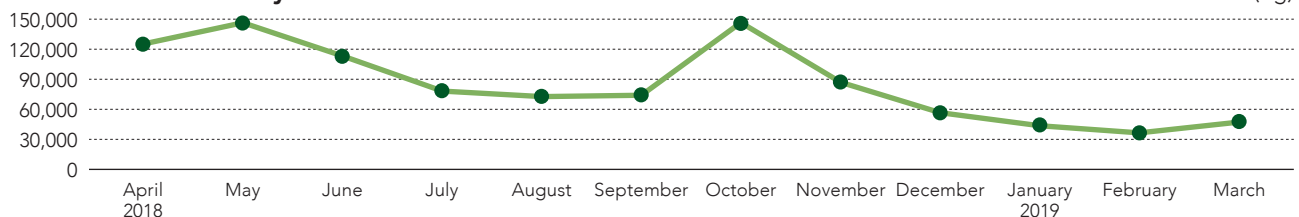
Hiniduma Hills Tea Factory

(Kg)



Manikdewela Tea Factory

(Kg)



Annual Green Leaf Intakes

Year	Kalubowitiyana Tea Factory			Derangala Tea Factory		
	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)
1994/95	2,539,978	11.65	29,587,982.13	—	—	—
1995/96	4,758,850	13.50	64,251,776.63	—	—	—
1996/97	5,011,298	16.76	83,946,849.41	—	—	—
1997/98	5,619,161	21.49	120,746,103.55	—	—	—
1998/99	3,764,498	20.99	79,009,251.87	—	—	—
1999/00	4,092,958	20.54	84,059,716.54	68,377	21.00	1,435,917.00
2000/01	4,225,019	24.73	104,493,119.37	2,283,999	23.21	53,001,315.79
2001/02	4,406,549	25.76	113,531,489.13	2,452,187	23.33	57,224,296.34
2002/03	4,779,581	27.06	129,321,153.69	3,042,878	22.67	68,985,911.36
2003/04	5,316,428	29.28	155,642,831.99	2,274,012	23.82	54,158,850.23
2004/05	5,464,753	34.08	186,241,089.52	1,727,312	27.70	47,847,765.77
2005/06	5,362,732	36.30	194,683,064.10	1,688,298	29.11	49,302,770.60
2006/07	5,859,734	38.43	225,182,103.24	1,339,562	32.28	43,239,914.14
2007/08	5,061,084	51.08	258,498,237.53	1,559,138	46.93	73,165,311.51
2008/09	4,455,756	53.57	238,716,305.27	1,129,629	46.22	52,214,017.57
2009/10	4,406,749	62.57	275,722,181.37	1,114,004	57.22	63,746,050.83
2010/11	4,634,137	66.28	307,172,293.98	1,359,341	59.29	80,593,192.05
2011/12	5,421,437	69.59	377,269,886.08	1,136,937	58.20	64,713,552.59
2012/13	5,161,301	71.16	367,260,153.59	1,243,421	64.55	80,264,641.77
2013/14	4,638,578	80.13	374,733,726.05	1,386,298	74.78	103,673,719.50
2014/15	4,446,200	76.98	342,285,327.53	1,539,561	72.58	111,742,927.78
2015/16	4,774,872	65.73	313,847,559.85	2,249,785	61.38	138,094,577.16
2016/17	3,941,813	83.24	328,101,039.57	2,113,499	81.96	173,224,141.40
2017/18	3,499,414	104.54	365,832,985.62	1,474,475	99.04	146,034,388.15
2018/19	3,855,520	95.16	366,886,374.08	1,342,705	93.51	125,550,355.49

	Hiniduma Hills Tea Factory			Manikdewela Tea Factory		
	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)
	—	—	—	—	—	—
	—	—	—	—	—	—
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	838,887	65.05	54,569,118.77	—	—	—
	731,251	75.77	55,409,906.20	—	—	—
	834,380	72.16	60,205,968.18	—	—	—
	1,095,511	59.46	65,134,943.29	542,106	58.77	31,857,497.17
	1,235,080	81.32	100,442,354.51	1,033,573	67.62	69,894,090.60
	1,224,781	96.97	118,761,884.04	1,097,625	82.90	90,989,485.60
	875,077	91.24	79,841,933.04	1,023,085	73.86	75,565,752.59

Comparison Details – Production

Contribution to Low Grown CTC Production & National CTC Production

Month	CTC		Production of KTF* (Kg '000)	Contribution to the production	
	Low Grown (Kg '000)	National (Kg '000)		Low Grown (%)	National (%)
April 2018	897	2,171	70.59	7.87	3.25
May	1,082	2,408	86.15	7.96	3.58
June	921	1,751	63.01	6.84	3.60
July	1,070	1,709	68.45	6.40	4.01
August	931	1,579	67.51	7.25	4.28
September	867	1,639	52.47	6.05	3.20
October	1,181	2,810	81.08	6.87	2.89
November	1,038	1,858	63.80	6.15	3.43
December	1,001	1,960	67.15	6.71	3.43
January 2019	898	1,809	59.88	6.67	3.31
February	882	1,632	59.13	6.70	3.62
March	1,084	1,966	68.62	6.33	3.49
Total	11,852	23,292	807.84	6.82	3.47

* Kalubowityana Tea Factory

Contribution to Low Grown Orthodox Production & National Orthodox Production

Month	Orthodox Production			Production		Contribution to the production		
	Low Grown (Kg '000)	Medium (Kg '000)	National (Kg '000)	DTF*/HHTF** (Kg '000)	MTF*** (Kg '000)	Low Grown (%)	Medium (%)	National (%)
April 2018	14,775	3,942	25,588	44.0	26.2	0.30	0.67	0.27
May	18,672	4,357	29,867	39.6	30.0	0.21	0.69	0.23
June	13,922	2,941	21,291	25.4	20.6	0.18	0.70	0.22
July	15,401	3,010	21,970	29.4	14.8	0.19	0.49	0.20
August	13,732	2,455	19,610	41.0	14.4	0.30	0.59	0.28
September	11,197	2,559	17,504	37.7	14.8	0.34	0.58	0.30
October	16,184	3,827	26,553	62.7	28.1	0.39	0.73	0.34
November	14,997	3,150	22,681	43.9	16.9	0.29	0.54	0.27
December	16,076	3,124	23,819	33.4	11.0	0.21	0.35	0.19
January 2019	13,805	2,922	21,179	29.2	8.5	0.21	0.29	0.18
February	13,193	2,723	19,375	29.6	7.2	0.22	0.26	0.19
March	17,060	3,603	25,935	34.5	9.6	0.20	0.27	0.17
Total	179,014	38,613	275,372	450.5	202.1	0.25	0.52	0.24

* Derangala Tea Factory

** Hiniduma Hills Tea Factory

*** Manikdewela Tea Factory

Comparison Details – Production

Contribution to Low Grown Tea Production & National Tea Production by the Company

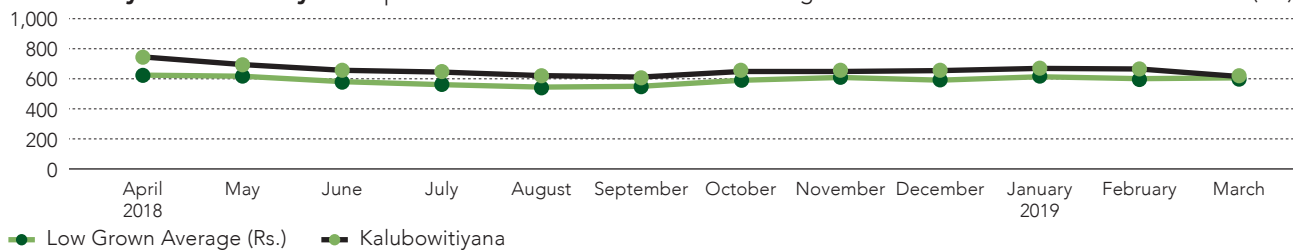
Month	Total Production			Total Production Company (Kg '000)	Contribution to the production		
	Low Grown	Medium	National		Low Grown	Medium	National
	(Kg '000)	(Kg '000)	(Kg '000)		(%)	(%)	(%)
April 2018	15,672	3,942	27,759	140.8	0.90	0.67	0.51
May	19,754	4,357	32,275	155.7	0.79	0.69	0.48
June	14,843	2,941	23,042	109.1	0.74	0.70	0.47
July	16,471	3,010	23,679	112.7	0.68	0.49	0.48
August	14,663	2,455	21,189	122.9	0.84	0.59	0.58
September	12,064	2,559	19,143	105.0	0.87	0.58	0.55
October	17,365	3,827	29,363	171.8	0.99	0.73	0.59
November	16,035	3,150	24,539	124.7	0.78	0.54	0.51
December	17,077	3,124	25,779	111.5	0.65	0.35	0.43
January 2019	14,703	2,922	22,988	97.6	0.66	0.29	0.42
February	14,075	2,723	21,007	95.9	0.68	0.26	0.46
March	18,144	3,603	27,901	112.8	0.62	0.27	0.40
Total	190,866	38,613	298,664	1,460.4	0.77	0.52	0.49

Comparison of Sales Averages with Elevation

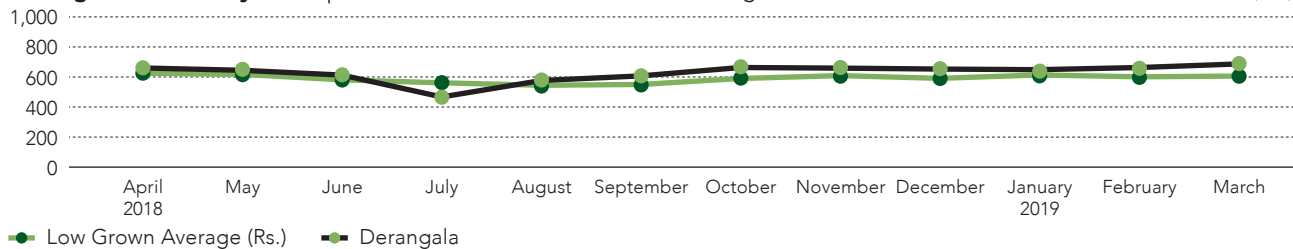
Comparison with Low Grown Elevation Average

Month	Low Grown Average (Rs.)	Monthly Average					
		Kalubowitiyana (Rs.)	Variance	Derangala (Rs.)	Variance	Hiniduma (Rs.)	Variance
April 2018	634.73	755.81	121.08	667.44	32.71	608.39	(26.34)
May	625.56	698.19	72.63	650.97	25.41	665.78	40.22
June	581.09	655.02	73.93	616.51	35.42	596.39	15.30
July	556.33	641.81	85.48	459.18	(97.15)	481.43	(74.90)
August	536.62	614.60	77.98	577.97	41.35	576.41	39.79
September	543.28	603.57	60.29	611.12	67.84	616.17	72.89
October	591.85	645.70	53.85	671.47	79.62	637.78	45.93
November	615.98	645.53	29.55	666.56	50.58	603.30	(12.68)
December	593.20	652.98	59.78	660.42	67.22	589.93	(3.27)
January 2019	621.21	669.51	48.30	655.96	34.75	555.23	(65.98)
February	605.47	664.35	58.88	671.23	65.76	698.33	92.86
March	612.13	607.76	(4.37)	696.98	84.85	708.87	96.74

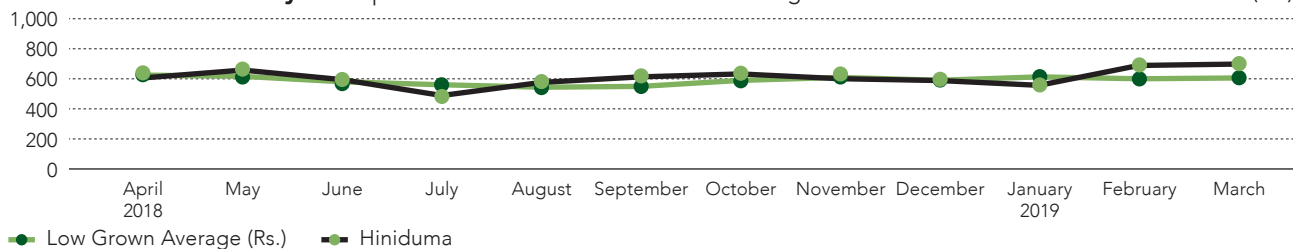
Kalubowitiyana Tea Factory – Comparison with Low Grown Elevation Average (Rs.)



Derangala Tea Factory – Comparison with Low Grown Elevation Average (Rs.)



Hiniduma Hills Tea Factory – Comparison with Low Grown Elevation Average (Rs.)

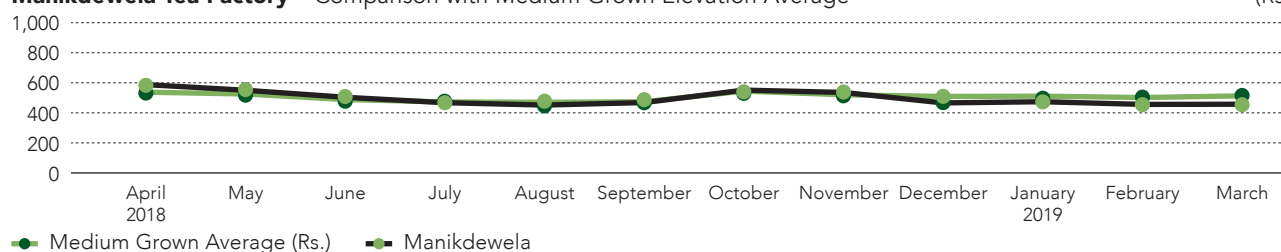


Comparison of Sales Averages with Elevation

Comparison with Medium Grown Elevational Average

Month	Medium Grown Average (Rs.)	Monthly Average	
		Manikdewela (Rs.)	Variance
April 2018	545.99	597.54	51.55
May	530.68	555.57	24.89
June	485.82	502.73	16.91
July	466.11	462.33	(3.78)
August	463.88	445.29	(18.59)
September	467.89	464.13	(3.76)
October	554.24	556.60	2.36
November	523.85	538.71	14.86
December	510.33	461.17	(49.16)
January 2019	513.51	470.20	(43.31)
February	502.01	449.64	(52.37)
March	515.80	451.00	(64.80)

Manikdewela Tea Factory – Comparison with Medium Grown Elevation Average (Rs.)



Top Prices – 2018/19

Date	Grade					Broker
	KTF				DTF	
	BP1 (Rs.)	PF1 (Rs.)	P. DUST (Rs.)	PFGS (Rs.)	OP (Rs.)	
10th April 2018			690.00			Bartleet
9th May 2018		740.00				ASIA
1st May 2018		760.00				ASIA
1st May 2018		760.00				JK
1st May 2018		760.00				MBSL
1st May 2018		760.00				Bartleet
4th September 2018		640.00				F & W
4th September 2018		640.00				CTB
25th September 2018			670.00			Bartleet

ASIA : Asia Siyaka Commodities (Pvt) Ltd.
 LCBL : Lanka Commodity Brokers
 CTB : Ceylon Tea Brokers

F&W : Forbes & Workers Tea Brokers (Pvt) Limited
 MBSL : Mercantile Produce Brokers
 JK : John Keells

Achievements – 2018/19

China Tea Exhibition



China Tea Promotion



New Tea Packs and Box



Financial Capital

Revenue Analysis

In the year under review, the Company reported a gross revenue of Rs. 971 Mn. in comparison to Rs. 1,004 Mn. recorded in the previous financial year, which reflects a 3.28% decrease year on year. Some key challenges from the previous year prevailed during the year under consideration as well, such as unfavourable weather conditions that affected crop output; a loss of several buyers in Russia who shifted towards procuring CTC teas from Kenya; and severe competition among tea factories to source as much green leaf as possible from the Tea Small Holder segment. Of the revenue component, local sales comprising Rs. 79.58 Mn. witnessed an increase of 4.49% year on year. This was attributable to increased local purchasing by Government Institutions and Welfare Societies.

Cost of Sales and Operating Expenses

The cost of sales amounting to Rs. 985 Mn. witnessed a 0.20% increase from the previous financial year. Although a similar quantity of tea was produced each year, the Company was able to lower its cost of production in terms of its leaf cost.

Administration expenses were increased to Rs. 42.04 Mn. in 2017/18 against Rs. 39.22 Mn. in the previous year, in line with an increase in multiple expenditure components.

Other Operating Income

Other operating income decreased to Rs. 8.4 Mn. from Rs. 16.5 Mn. recorded in the previous financial year.

Consequently the operating Profit was decreased to Rs. (50.2) Mn. from Rs. (3.2) Mn. recorded in previous year.

Finance Cost

During the year, the company's Finance expenses were Rs. 18.6 Mn. The Company earned an interest income amounting to Rs. 15.8 Mn. during the current financial year. The Company loan to BCC Lanka in 2003 continued to remain on the balance sheet and generated an interest income to the Company.

Financial Position and Liquidity

Non Current Assets

The non-current assets comprise 37.14% of the total asset base. During the financial year under review, the Company invested Rs. 4.3 Mn. for renovation of factory building and invested Rs. 5.3 Mn. for plant & machinery.

Loan – BCC Lanka Ltd

During the year, the company made several attempts to recover the loan of Rs. 10 Mn. given to BCC Lanka Ltd., way back in 2004, together with accumulated interest of Rs. 42.91 Mn. (totalling Rs. 52.91 Mn.), however, none of the attempts were successful.

Working Capital

During the year, the Company's current assets significantly decrease to Rs. 384.58 Mn. from Rs. 439.02 Mn. in the previous year on account of decrease in inventory as at balance sheet date. Short term investment was decreased to Rs. 164.8 Mn. from Rs.173.96 Mn. The trade payables quantum increased of Rs. 79.04 Mn. from Rs. 100.83 Mn. in the previous year. The Company therefore managed to maintain its working capital cycle within satisfactory limits.

Capital Structure

Equity

The Company's issued ordinary share capital amounts to Rs. 46,375,070.00. Brought forward loss decrease the retained earnings and reserves for the financial year under review.

Borrowings

The Company obtained a working capital loan amounting to Rs. 55 Mn. from People's Bank, for which an interest subsidy of 2% granted from the Sri Lanka Tea Board.

This was served to reduce the amount of OD Interest.

Human Capital

Training and Development

Training and development forms a cornerstone of our efforts to build our human capital. The management continually assesses skill gaps and the Training and Development requirement is then driven by the results of the skill assessments to ensure staffs is skill and competent at regular intervals. During the year under review, the Company provided diverse training opportunities to employees in order to enhance their professional and technical skills.

On-the-job training is one of the key methods followed for training and development of our employees. Further, we have cross-trained our staff in order to empower them to operate in multiple divisions of the Company. Such development procedures have enhanced the flexibility of the Company and enabled it to leverage on skill utilisation and maximisation. In return, our employees have been given several opportunities for mobility across the Company and prominence has been given to career development prospects.

Training Programmes for Executives/Staff/Workers during the year:

- Skill Development Programme for plantation field Officers (NIPM)
- Risk Based Internal Audit Planning (PRAG)
- Higher National Diploma in Public Procurement & Contract Administration (SLIDA)
- Procurement Training Programme (NILS)
- Responding to Audit Quarries, Corrective Procedure and Performance Audit (PRAG)
- Accounting and Auditing Training Programme (NIPM)
- Seminar of Mew Tax Law (PRAG)

Capital Investments

The Company periodically undertakes capacity enhancements in systems, processes and infrastructure to maintain its competitiveness. During the period under review, several projects were embarked on:

- The Company went ahead with its plans to repair and modification of 10 Nos. of through units and fibre extractor CTC Line at KTF factory. Further 133 Nos. AP1+ tube for boiler was purchased. Total cost was Rs.3.6 Mn.
- During the year, Gutter and down pipe were replaced at KTF Factory, cost was Rs. 0.96 Mn.
- MIS System was installed in year 2017/18 and Rs. 2.5 Mn. was invested for computer and accessories to facilitate the MIS System at all factories and head office.
- Factory Chimney was installed at Derangala Tea Factory at the cost at Rs. 0.41 Mn. Manager Bungalow at Derangala Tea Factory was equipped with furniture and fittings.
- Modification was done for Drier at Manikdwela Tea Factory, cost was Rs. 0.78 Mn.

Social Capital

The Company considers Tea small Holders, Staff and Workers to be its key stakeholders and ensures that it remains closely engaged with these valued stakeholders. Its strong stakeholder engagement means that the Company understands the challenges faced by them and in turn has conducted a host of Corporate Social Responsibility (CSR) projects to benefit the stakeholders and uplift them:

Healthcare

The health and well-being of the Company's stakeholders is a pivotal concern and several projects are carried out every year to benefit them, such as:

- Providing spectacles and conducting Medical Clinic for Small Holders, Staff and Workers to enhance their lives.
- The company conducted Blood Donation Campaign for Small Holders, Staff and Workers, and the Company supports all social activities of the Tea Small Holders.
- The Company conducted Health Camps to provide qualitative healthcare to Tea Small Holder Families/ Worker Families, including Emergency Care, Maternity Clinic, ECG and Blood Sugar Levels testing

Educational, Religious projects and Other CSR Activities

- As a knowledge-based Company, it gives us pride to help underprivileged students to sustain their education without worrying about financial hardship. During the year, we provided A/L and O/L scholarships for children of Tea Small Holder Families and Staff, Financial Sponsorships for Schools.
- The Randalu Welfare Society has been formed for the improvement of quality standards for the welfare of all stakeholders in all four factories.
- Awareness Programmes on Tea Cultivation for the benefit of Tea Small Holders were held in all four factories.
- Keeping in mind the religious nature of our local communities, the Company understands that religion occupies an important part of its stakeholders lives and therefore it facilitates this by organising pilgrimages for Staff and workers. During the year, Shramadana programmes, Damsal Projects were also carried out.

Providing Coconut Plants



Providing School Items for School Children



Financial Sponsorships for A/L and O/L children



Pirith Ceremony 2018/19



Consulting Tea Small Holders



Directors' Report

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Nature of the Business

The principle activities of the Company are to carry on the business of treating, curing, preparing, processing and manufacturing tea leaf purchased from growers; and to cultivate, grow, manage and superintend tea plantations.

Performance of the Company

The review of the Company's business and its performance during the year which comments of the financial results are contained in the Financial Statements including the Auditors Report (attached herewith), which forms part of this Annual Report.

The accounting policies adopted in the preparation of the Financial Statements are given on pages 44 to 48 in the Notes to the Financial Statements.

Changes in the accounting policies

The accounting policies adopted by the Company have been consistently applied without any change from the previous years.

Entries made in the Interest Register

Entries made in the Interest Register are disclosed under the heading "Related Party Transactions" on pages 60 to 61 in the Notes to the Financial Statements.

Remuneration and other benefits of Directors

The Directors' emoluments for the financial year ending 31st March 2019 is addressed in page 50 of the Notes to the Financial Statements.

Donations

The Company's total donations for the financial year ended 31st March 2019 was Rs. 505,316.00 as shown in page 52 in the financial statements.

Directors of the Company

The directors of the Company during the financial year ended 31st March 2019 are as follows:

Mr. Amal Nishantha Silva Pussallage – Chairman

Mrs. Kalyani Satharasinghe – Executive Director

Mrs. I. Sugathadasa

Mr. H. H. Kasthuriarachchi

Mr. P. Rasiah

Mr. T. P. Rathnayake

Mr. M. A. L. S. N. K. Manthrinayake

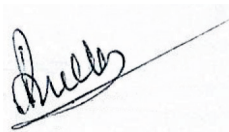
Mr. M. M. D. Thilakarathne

Auditor's fee

The auditor's fee has not been paid for the financial year under review.

Auditors interest in the Company other than as auditors


The Directors are satisfied that the auditors do not have any relationship or interest in the Company that would impair their independence.



Director



Director



 Chief Executive Officer
 CORPORATE SERVICES (PRIVATE) LIMITED
 Company Secretaries

Company Secretary

On this 30th day of September 2019







Financial Reports



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Auditor's Report



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය } PLA/B/KTF/01/19/04
எனது இல. }
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය } 06 September 2019
திகதி }
Date }

Chairman
Kalubovitiyana Tea Factory Limited

Auditor General's report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2019 of Kalubovitiyana Tea Factory Limited.

1. Financial Statements

1.1 Qualified opinion

The audit of the financial statement of Kalubovitiyana Tea Factory Limited for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 and Finance Act No. 38 of 1971. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution.

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

1.2 Basis for the qualified opinion

- Although the disclosure of the assets held as collateral should be made in the financial statements in terms of Paragraph 74 (a) of the Sri Lanka Accounting Standards 16, the land on Kalubowitiyana Tea Factory, which the Company had kept as collateral to obtain a working capital loan amounted to Rs. 78,000,000 in the year 2016 had not been disclosed in the financial statements.
- The cost and the cumulative depreciation of the fully depreciated tea dryer cost at Rs. 1,000,000 and sold in the year 2014 had not been excluded from the accounts at the end of the year under review.
- A sum of Rs. 59,532,264 incurred by the Company for the construction of a factory at Menikdiwela Land belonging to Tea Shakthi Fund was shown as buildings instead of being taken in to accounts as a receivable balance and the relevant depreciation adjustments had been made.
- The rent agreement in respect of the rent of Rs. 750,000 payable to B.C.C Lanka and balance confirmation letters in respect of Rs. 728,048 payable to Fertilizer Company had not been submitted to the audit.
- Details regarding the balance of Rs. 2,481,141 receivable from the Tea Sales Center and balance confirmation letters regarding debtor balance of Rs. 14,641,152 had not been submitted to the audit.
- The total of 05 debtor accounts as per the ledger account of the company was Rs. 7,135,440 and since the total of balances as per the balance confirmation letters was Rs. 5,812,772 there was a difference of Rs. 1,322,668.

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.

Auditor's Report



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 Public Sector 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 intend 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.

1.4 Auditor's Responsibility in Auditing 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 skepticism 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 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 have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

Auditor's Report



2. Report on other legal and regulatory requirements

Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018 and the Companies Act No. 7 of 2007.

- In terms of the requirements of section 163 (1) (d) of the Companies Act No. 7 of 2007 and section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Audit Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Company had maintained proper financial reports.
- The financial statements of the Company are in compliance with the requirements indicated in section 151 of the Companies Act No. 7 of 2007.
- In terms of the requirement indicated in Section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Company are consistent with the preceding year.

- In terms of the requirement indicated in Section 6 (1)(d) (iv) of the National Audit Act No. 19 of 2018, the recommendations made by me in the previous year have been included in the submitted financial statements.

On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements did not come to my attention.

- In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Company has any interest, direct or otherwise, outside normal business status in any contract entered into by the Company.
- In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether the Company has not complied with any applicable written law, or other general or special directions issued by the governing body of the Company;

Reference to Laws, Rules, Regulations, etc.	Non-compliance
(A) Public Enterprises Circular No. PED/12 of 02 June 2003	
(i) Paragraph 9.3.1. (V)	Although, appointments should be made on a temporary basis until a permanent appointment is made, an officer has been appointed as the Assistant Manager (Marketing) on acting basis in the Head Office of the Company on 22 March 2017, without making a permanent appointment.
(ii) Paragraph 9.14	Although a procedural manual should be prepared for obtaining the approval of the Secretary to the Treasury to formulate rules for Human Resource Management the Company had not acted accordingly.
(B) Public Enterprises Circular No. 01/2015 dated 25 May 2015	
(i) Paragraph 3.2.1	Although the approval of the Secretary to the Line Ministry should be obtained for additional fuel obtaining by the Chairman, in cases where the monthly fuel allowance is not sufficient to perform the duties, the approval for additional fuels exceeding the approved fuel limit amounted to Rs. 243,854 had not been obtained by the Chairman of the Company.
(ii) Paragraph 3.2.2	Although the approval of the Board of Directors should be obtained before reimbursement of additional fuel to the Executive Directors and other Officers, the approval had not been obtained for the additional fuel amounted to Rs. 157,411.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. F.R.387	Although the paying officer should constantly monitor whether his bank balance is sufficient for payment by cheque, since the cheques were written without verifying that the bank balance is adequate, a sum of Rs. 12,168,970 had to be paid as overdraft interest for the overdraft balance of Rs. 81,708,981 by the end of the year.

Auditor's Report



- In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the Company has not performed according to its powers, functions and duties, except for the following observations.
- In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether 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.

3. Other audit observations

- (a) A sum of Rs.2,167,569 had been paid as incentives to leaf suppliers for the implementation of green leaf promotion programme with the objective of increasing production at Menikdiwela Tea Factory during the year under review and even though a Board Member had been appointed to supervise the programme, the purchase of green leaf had declined by 74,540 kgs as compared to the previous year. Accordingly, the desired objectives had not met through the implementation of the promotional programmes.
- (b) Although the Company had paid incentives amounted to Rs. 672,028 to the green leaf suppliers to uplift the green leaf yield of the Hiniduma Tea Factory and also the obtaining of green leaf yield for the year under review had dropped by 349,704 kg as compared to the preceding year, the management had not taken the necessary measures for that.
- (c) An officer who works full time in a permanent post as a manager of another government agency and receiving the salary and allowances relevant to that post was appointed as the Executive Director of this Company and the Executive Director's allowance and fuel allowance amounted to Rs. 718,825 had been paid by the Company during the year under review.
- (d) Even though a loan amounted to Rs. 10,000,000 had been granted to the BCC Lanka Company in the year 2003 at a 22 per cent interest rate on a recovery basis in 12 installments, as it could not recover at least one installment, the total amount due as at the end of the year under review was Rs. 52,910,605.
- (e) Even though a sum of Rs. 938,922 had been paid as interest by obtaining a sum of Rs. 93,679,116 as a short-term loan on the value of the made tea sent to a broker to be submitted to the auction, the approval of the Board of Directors had not been obtained.
- (f) A member of the Board of Directors who was not eligible for official vehicles had been assigned a vehicle and paid an allowance of Rs. 152,760 in the year under review.
- (g) Even though only a sum of Rs. 252,000 can be paid with Rs. 3000/= per each worker as bonus on gratis basis for employees of companies that have reported a loss in the financial year 2016 and failed to reduce their profitability in financial year 2017 in terms of the Public Enterprises Circular No. PED 03/2018 of 07 December 2018, a sum of Rs. 559,719 had been paid as bonus exceeding that amount.

W.P.C. Wickremaratne

Auditor General

Kalubowityana Tea Factory Limited

Statement of Profit/(Loss) and Other Comprehensive Income

For the year ended 31st March Kalubowityana Tea Factory Limited	Note	2018/2019 Rs.	2017/2018 Rs.
Revenue	3	971,792,179.69	1,004,319,623
Cost of sales	4	(985,257,848.93)	(983,007,161)
Gross profit/(Loss)		(13,465,669.24)	21,312,462
Other operating income	5	8,419,609.14	16,518,675
Profit/(Loss) before operating expenses		(5,046,060.10)	37,831,137
Administration expenses	6	(42,048,961.14)	(39,218,947)
Selling and distribution expenses	7	(3,116,553.01)	(1,897,947)
Profit/(Loss) from operating activities		(50,211,574.25)	(3,285,757)
Finance income	8.1	15,843,193.10	9,572,626
Finance expenses	8.2	(18,579,649.64)	(13,219,530)
Net finance income		(2,736,456.54)	(3,646,904)
Net profit/(Loss) before taxation		(52,948,030.79)	(6,932,661)
Taxation	9	4,167,928.45	(654,698)
Net profit/(Loss) after taxation		(48,780,102.34)	(7,587,359)
Earnings per share	10.1	(10.52)	(1.64)
Net profit/(Loss) after taxation		(48,780,102.34)	(7,587,359)
Actuarial (Gain)/Losses on retirement benefits		685,248.00	(921,123)
Total comprehensive income for the year		(48,094,854.34)	(8,508,482)

Kalubowityana Tea Factory Limited

Statement of Financial Position

As at 31st March Kalubowityana Tea Factory Limited	Note	2018/2019 Rs.	2017/2018 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	11	224,148,136.55	241,766,511
Biological assets	12	3,048,420.42	3,135,037
Total non-current assets		227,196,556.97	244,901,548
Current assets			
Inventories	13	102,791,784.45	154,600,712
Loan receivable from BCC Lanka limited		52,910,604.65	50,174,692
Trade and other receivables	14	46,319,953.86	45,732,816
Income tax receivable	24	13,789,363.37	9,429,376
Short term investment	15	164,832,670.02	173,965,134
Cash and cash equivalents	16	3,941,336.87	5,118,879
Total current assets		384,585,713.22	439,021,607
Total assets		611,782,270.20	683,923,156
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	46,375,070.00	46,375,070
Reserves	18	359,581,166.82	407,676,021
Total equity		405,956,236.82	454,051,091
Non-Current Liabilities			
Retirement benefit obligation	19	11,866,490.50	13,360,083
Loans and borrowing	20	14,563,266.92	32,918,167
Deferred tax liability	23	296,994.67	4,464,923
Total non-current liabilities		26,726,752.09	50,743,173
Current Liabilities			
Trade and other payables	21	79,040,300.47	100,834,668
Loans and borrowing	20	18,349,999.92	18,341,600
Bank overdrafts	22	81,708,980.89	59,952,624
Total current liabilities		179,099,281.28	179,128,892
Total equity and liabilities		611,782,270.20	683,923,156

We certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.



Managing Director



Acting Manager Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed on behalf of the Board of Directors.



Chairman

7th June 2019
Colombo.



Director

Kalubowityana Tea Factory Limited Statement of Changes in Equity

<i>For the year ended 31st March 2019 Kalubowityana Tea Factory Limited</i>	Stated Capital Rs.	General Treasury Rs.	Capital Reserves Rs.	Retained Profit Rs.	Total Rs.
Balance as at 01st April 2017 – Restated	46,375,070.00	–	600,000.00	415,584,503.40	462,559,573.40
Net profit/(Loss) for the year	–	–	–	(7,587,359.24)	(7,587,359.24)
Other comprehensive income				(921,123.00)	(921,123.00)
Balance as at 01st April 2018 – Restated	46,375,070.00	–	600,000.00	407,076,021.16	454,051,091.16
Net profit/(Loss) for the year	–	–	–	(48,780,102.34)	(48,780,102.34)
Other comprehensive income				685,248.00	685,248.00
Balance as at 31st March 2019	46,375,070.00	–	600,000.00	358,981,166.82	405,956,236.82

Kalubowityana Tea Factory Limited

Statement of Cash Flows

For the year ended 31st March Kalubowityana Tea Factory Limited	Note	2018/2019 Rs.	2017/2018 Rs.
Cash from operating activities			
Net Profit/(Loss) before taxation		(52,948,031)	(6,932,661)
Adjustments for:			
Depreciation		33,247,040	29,725,816
Provision for retirement benefit costs		2,786,921	1,120,128
Profit on disposal of assets		—	(1,318,500)
Interest income		(15,843,193)	(9,572,626)
General treasury grant correction			
Operating Profit/(Loss) before working capital changes		(32,757,263)	13,022,157
(Increase)/Decrease in inventory		51,808,927	(21,220,502)
(Increase)/Decrease in trade and other receivables		(3,323,051)	6,494,629
Increase/(Decrease) in trade and other payables		(21,794,367)	11,549,522
Cash generated from/(Used In) operations		(6,065,754)	9,845,806
Gratuity paid		(3,595,266)	(1,652,356)
Tax paid		(4,359,988)	(9,326,322)
Net cash from/(Used in) operating activities		(14,021,007)	(1,132,873)
Cash flows from/(Used in) investing activities			
Acquisition of property, plant and equipment		(15,628,665)	(50,336,202)
Acquisition of biological assets		86,617	(51,579)
Disposal of property, plant and equipment		—	1,318,500
Interest received		15,843,193	9,572,626
Net changes in financial assets		9,132,464	(8,116,081)
Net cash from/(Used in) investing activities		9,433,609	(47,612,735)
Net cash from/(Used in) finance activities			
Proceeds from loans and borrowing		(18,346,500)	6,572,267
(Investments)/withdrawal in other financial assets			
Net cash flows from/(Used in) finance activities		(18,346,500)	6,572,267
Net Increase/(Decrease) in cash and cash equivalents		(22,933,898)	(42,173,341)
Cash and cash equivalents at the beginning of the year		(54,833,746)	(12,660,406)
Cash and cash equivalents at the end of the year	16	(77,767,644)	(54,833,747)

Notes to the Financial Statements – Accounting Policies

1. Reporting Entity

1.1 Corporate Information

Kalubowityana Tea Factory Limited is a Limited Liability Company incorporated on 30th September 1992 under the Companies Act No. 17 of 1982 and then re-registered under the new Companies Act No. 7 of 2007, on 16th June 2009 and domiciled in Sri Lanka.

The registered office of the Company is located at No. 556, Nagahamulla, Pelawatta, Thalangama South.

1.2 Principal Activities & The Nature of Operations

The principle activities of the Company are cultivation, manufacturing and sale of tea from tea leaf purchased from growers and from own estates.

1.3 Directors

The Directors present herewith the audited financial statements for the year ended 31st March 2019. The Directors are responsible for preparing and presenting these financial statements.

The Directors of the Company as at 31st March 2019 were,
Mr. Amal Nishantha Silva Pussallage – Chairman
Mrs. Kalyani Satarasinghe – Executive Director
Mrs. I. Sugathadasa
Mr. Hemal Kasturiarachchi
Mr. M. A. L. H. N. K. Manthrinayake
Mr. P. Rasiah
Mr. Thusitha Rathnayake
Mr. M. M. D. Thilakarathne

1.4 Company Secretaries

Corporate Services Limited
No. 216, De Saram Place,
Colombo 05.

1.5 Registered Office

No. 556, Nagahamulla,
Pannipitiya Road, Thalangama South,
Battaramulla.

1.6 Auditors

National Audit Office
No, 306/72,
Polduwa Road,
Battaramulla.

1.7 Date of Authorization for Issuing Financial Statements.

The financial statements of Kalubowityana Tea Factory Limited, for the year ended 31st March 2019 were authorized for issue by the directors on 07th June 2019.

2. General Policies

2.1 Basis of Preparation

The financial statements of Kalubowityana Tea Factory Limited comprise the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, accounting policies and notes to the financial statements. These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS and SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are included in notes to the financial statements.

2.3 Taxation

(a) Current Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto.

Notes to the Financial Statements – Accounting Policies

(b) Deferred Tax

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purpose and amounts used for tax purpose. Deferred tax is measured at the tax rate that is expected to apply to temporary differences when they are reversed, based on the laws that have been enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which such timing difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.4 Valuation of Assets & their Bases of Measurement

2.4.1 Property, Plant & Equipment

Property, plant and equipment are stated at cost or fair value less accumulated depreciation and any accumulated impairment in value. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case the increase is recognized in the statement of comprehensive income. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense.

Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

(a) Depreciation

Provision for depreciation is calculated by using the straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows:

Asset category	Years
Buildings	20
Water and electricity	20
Motor vehicles	4
Plant and machinery	8
Equipment	8
Furniture and fittings	8
Computer equipment	8
Roads	10
Others	8
Biological Assets (Tea)	30

Freehold land is not depreciated as it is deemed to have an indefinite life.

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

(b) Restoration Cost

Expenditure incurred in repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

2.4.2 Biological Assets

The entity recognizes the biological assets when, on cost basis. Biological asset of the company comprise of the tea bushes in Kalubowityana & Derangala Factories. The Company recognizes Plants up to 3 years as immatures and bushes more than 3 years as matured.

Notes to the Financial Statements – Accounting Policies

2.4.3 Financial Assets (Non-derivative)

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

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

For the purpose of classification of financial assets the assessment of the company's financial asset was made as of the date of initial application, 01st April 2018, and then applied retrospectively to those financial assets that were not derecognized before 01st April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of SLFRS 9 did not have a material impact on the company's results and financial position, therefore the company has not restated comparative information for prior periods.

The Company has the following financial assets (non-derivative):

- Loans and receivables
- Cash and cash equivalents

(a) Loans & 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 any 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. Loans and receivables comprise trade and other receivables.

(b) Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a Component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash in hand and deposits at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the indirect method.

2.4.4 Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at collective level. All receivables with similar risk characteristics are grouped together and collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit or loss.

Notes to the Financial Statements – Accounting Policies

2.4.5 Inventories

Inventories comprise processed, unprocessed and semi-processed agricultural produce, and other consumables. Processed, Unprocessed and semi-processed agricultural produce at the end of the financial period is considered as fully processed agricultural produce and is measured at net realizable value.

Other consumables are measured at lower of cost or net realizable value. When the inventories are sold, the Company recognizes the carrying amount of those inventories as an expense in the period in which the related revenue is recognized.

2.5 Liabilities & Provisions

Liabilities are recognized in the statement of financial position when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the financial position date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the financial position date are treated as non-current liabilities in the statement of financial position.

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 for which a reliable estimate could be made is required to settle the obligation.

2.5.1 Retirement Benefit Obligations

(a) *Defined Benefit Plan – Gratuity*

A full provision has been made on account of retiring gratuity from the first year of employment in conformity with the Sri Lanka Accounting Standard No. 19 – “Retirement Benefits” according to the actuarial valuation.

The key assumptions used in determining the retirement benefit obligations include the followings:

Disability: 10% of the Mortality Table

Staff Turnover Rates: 1.00% across the board up to age 54 and thereafter zero.

Normal Retirement Age: 60 years (The employee who are aged over the specified retirement age have been assumed to retire on their respective next birthday).

Rate of Discount: 11.00% p.a.

Salary Escalation Rates: Basic Salary: Staff: 8.00% p.a. ; Increments are due every year in the Month specified in the data.

Basic Salary: Daily paid workers: 8.00% p.a.; with next increment due in April 2019.

Allowances: N/A

Retiring Gratuity Formula: Staff: Half month's Salary plus Allowances for each completed year of service for those with at least 5 years' service.

Daily paid workers: 14 days wages for each completed year of service for those with at least 5 years' service.

(b) *Defined Contribution Plan – Employees' Provident Fund & Employees' Trust Fund*

Employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations.

2.6 Statement of Comprehensive Income

2.6.1 Revenue Recognition

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 sales discounts and sales taxes.

Notes to the Financial Statements – Accounting Policies

(a) Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer with the Company retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Gains & Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognized if the best estimate indicates a loss.

(c) Interest Income

Interest income is recognized on accrual basis using effective interest method (EIR).

(d) Other Income

Other income is recognized on an accrual basis.

2.6.2 Expenditure Recognition

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

2.7 Basic Earnings/(Loss) Per Share

The Company presents Basic Earnings/ (Loss) Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.8 Comparatives Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability. When the presentation or classifications of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

2.9 Events Occurring after the Reporting Date

All material post events of statement of financial position have been considered, and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

Notes to the Financial Statements

3. Revenue

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	Note	2018/2019 Rs.	2017/2018 Rs.
Revenue	31.1		
Gross Sales		904,709,335.00	941,276,205
Less: Brokerage & Sales Expenses		(12,503,116.94)	(13,118,731)
		892,206,218.06	928,157,474
Add: Local Sales		79,585,961.63	76,162,149
Total		971,792,179.69	1,004,319,623

4. Cost of Sales

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	Note	2018/2019 Rs.	2017/2018 Rs.
Cost of Sales	31.2		
Green Leaf Purchases		647,844,415.20	721,609,743
Production Cost		157,454,109.57	168,477,962
Production Overheads		125,888,613.49	118,518,428
Cost of Manufacturing		931,187,138.26	1,008,606,134
Movement In Finished Goods			
Balance as at The Beginning of The Year		136,221,666.71	110,622,694
Balance as at The End of The Year		(82,150,956.04)	(136,221,667)
Cost of Sales		985,257,848.93	983,007,161

5. Other Operating Income

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	Note	2018/2019 Rs.	2017/2018 Rs.
Sundry income		8,419,609.14	15,198,815
Profit on disposal of property plant and equipment		—	1,318,500
Written off		—	1,360
Total		8,419,609.14	16,518,675

Notes to the Financial Statements

6. Administration Expenses

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	Note	2018/2019 Rs.	2017/2018 Rs.
Directors' remuneration and staff cost	6.1	19,037,279.40	19,947,653
Travelling, subsistence and vehicle hire	6.2	5,070,448.52	5,434,782
Maintenance expenses – Equipment and vehicles	6.3	5,316,834.71	4,434,994
Professional fees	6.4	1,127,779.78	587,405
Insurance and license fees	6.5	1,959,778.47	715,644
Printing stationery and postage	6.6	864,202.27	1,135,667
Other administration expenses	6.7	8,672,637.99	6,962,802
Total		42,048,961.14	39,218,947

6.1 Directors' Emoluments and Staff Cost

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Staff salaries	8,367,462.65	7,969,096
Gratuity	586,754.36	809,738
Allowances	5,035,088.12	6,520,841
Overtime and holiday payments	1,052,512.58	734,810
Employee's Provident Fund Contributions	1,279,231.05	1,272,852
Employee's Trust Fund Contributions	318,622.73	310,358
Bonus	743,916.00	813,688
Board member fees	731,000.00	612,000
Staff welfare	922,691.91	904,269
Total	19,037,279.40	19,947,653

6.2 Traveling, Subsistence and Vehicle Hire

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Travelling and subsistence	1,232,835.24	2,451,475
Hire charges	3,837,613.28	2,983,308
Total	5,070,448.52	5,434,782

Notes to the Financial Statements

6.3 Maintenance of Office Building, Equipment and Vehicles

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Office building maintenance	287,730.17	1,006,089
Office equipment maintenance	503,537.62	527,123
Motor vehicles maintenance	1,922,822.11	1,176,712
Vehicle fuel cost	2,602,744.81	1,725,070
Total	5,316,834.71	4,434,994

6.4 Professional Fees

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Audit fee	793,500.00	
Other professional fees	158,460.00	587,405
Secretarial fees	175,819.78	
Total	1,127,779.78	587,405

6.5 Insurance and Licence Fees

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Insurance and License Fees	77,616.71	244,878
Staff Insurance	1,882,161.76	470,766
Total	1,959,778.47	715,644

6.6 Printing, Stationery and Postage

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Printing	508,780.00	151,365
Postage	30,298.26	54,910
Stationery	325,124.01	929,392
Total	864,202.27	1,135,667

Notes to the Financial Statements

6.7 Other Administration Expenses

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Legal fees	241,220.00	119,920
Depreciation	2,334,908.28	1,764,657
Donations	505,316.00	564,737
Telephone	957,113.49	977,133
Newspapers and periodicals	400.00	27,000
Rent	1,667,903.22	1,450,000
Electricity	584,192.41	659,715
News paper advertisements	564,078.75	–
Other utilities and services	1,218,594.56	1,264,559
Supplies and requisitions – others	183,490.28	14,581
Staff training	338,780.00	120,500
Stamp duty	33,725.00	–
Surcharge	42,916.00	–
Total	8,672,637.99	6,962,802

7. Selling and Distribution Expenses

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Trade fair and exhibition	9,600.00	1,030,689
Entertainment	537,962.43	348,131
Registration fees	84,340.75	44,700
New project expenses	2,484,649.83	–
Advertising	–	474,428
Total	3,116,553.01	1,897,947

8. Net Finance Income

8.1 Finance Income

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Fixed deposit interest	12,662,482.89	9,005,943
Treasury bill interest	21,886.25	22,340
Staff loan interest	337,085.82	454,688
Savings account interest	85,825.70	89,655
BCC Lanka Limited loan interest	2,735,912.44	–
Total	15,843,193.10	9,572,626

Notes to the Financial Statements

8.2 Finance Expenses

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Bank charges	180,566.36	90,297
Overdraft interest	12,168,969.93	8,392,296
Bank loan interest	5,291,191.36	4,539,121
Short term loan interest	938,921.99	197,815
Total	18,579,649.64	13,219,530
Net finance income	(2,736,456.54)	(3,646,904)

9. Taxation

The Company in terms of section 48 (A) of the Inland Revenue Act No. 10 of 2006 as amended by the amendment Act No. 22 of 2011, profits & Income from agricultural undertaking referred to in section 16 of the Inland Revenue Act is liable at the rate of 14% as per the first schedule to this Act. Other profits are liable at normal rates.

9.1 Current Tax Expenses

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Current year	–	1,281,490
Under/(Over) provisions of Income tax in previous year	–	–
	–	1,281,490

9.2 Reconciliation between Accounting Profit to Income Tax

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Accounting Profit/(loss) before taxation	(52,948,030.79)	(6,932,661)
Income from other sources and exempt Income	(52,407,966.00)	(49,233,356)
Aggregate disallowable items	37,458,291.00	32,918,462
Adjusted profit/(Loss) from the business	(67,897,705.79)	(23,247,555)
Income from other sources	–	1,390,232
Total Statutory Income		
Sec 32 deductions	–	(486,582)
Qualifying payments		
Taxable income	–	903,651
Tax on agricultural activities 14%	–	–
Tax on other income 28%	–	253,022
Deemed dividend tax	–	1,028,467
Deferred tax expenses		
Deferred tax charged/(Reversal)	(4,167,928.45)	(626,791)
Total tax expense	(4,167,928.45)	654,698

Notes to the Financial Statements

10. Earnings per Share/Dividend per Share

10.1 Earnings per Share

The basic earnings per share is based on profits attributable to the ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year calculated as follows:

For the year ended 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Net profit for the year	(48,780,102)	(7,587,359)
Weighted average number of shares	4,637,507	4,637,507
Basic earnings per share	(10.52)	(1.64)

10.2 Dividend per Share

For the year ended 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Dividend for the Year	—	—
Number of Shares	4,637,507	4,637,507
Dividend per Share	—	—

11. Property, Plant and Equipment

	Free Hold Land Rs.	Buildings Rs.	Plant and Machinery Rs.	Factory Equipment Rs.	Computer Equipment Rs.
Cost					
Cost as at 01st April 2018	4,605,690.64	268,198,205.62	279,371,543.04	10,514,060.34	9,742,826.21
Additions	—	4,344,672.63	5,349,559.52	213,649.00	2,508,180.99
Disposals	—	—	—	—	—
Transfer	—	—	—	—	—
Cost as at 31st March 2019	4,605,690.64	272,542,878.25	284,721,102.56	10,727,709.34	12,251,007.20
Accumulated depreciation					
Accumulated depreciation as at 01st April 2018	—	140,505,262.20	195,108,512.30	6,508,647.17	5,628,213.35
Current year depreciation	—	11,368,119.33	16,529,768.46	1,076,021.21	868,079.81
Disposals	—	—	—	—	—
Accumulated depreciation as at 31st March 2019	—	151,873,381.53	211,638,280.76	7,584,668.38	6,496,293.16
Net book value as at 31st March 2019	4,605,690.64	120,669,496.72	73,082,821.80	3,143,040.96	5,754,714.04
Work-in-progress					
Total					

Notes to the Financial Statements

Office Equipment Rs.	Furniture and Fittings Rs.	Tools Rs.	Motor Vehicles Rs.	Other Rs.	Total Rs.
3,172,210.07	8,454,866.16	855,851.80	29,089,395.02	9,516,397.14	623,521,046.04
16,824.50	609,925.00	—	—	1,838,701.43	14,881,513.07
—	—	—	—	—	—
—	—	—	—	—	—
3,189,034.57	9,064,791.16	855,851.80	29,089,395.02	11,355,098.57	638,402,559.11
2,277,268.72	5,484,174.67	640,690.76	25,247,445.85	2,204,561.85	383,604,776.86
207,328.62	804,872.30	55,241.69	1,099,257.50	1,238,350.66	33,247,039.58
—	—	—	—	—	—
2,484,597.34	6,289,046.97	695,932.45	26346703.35	3,442,912.51	416,851,816.44
704,437.24	2,775,744.19	159,919.36	2,742,691.67	7,912,186.06	221,550,742.67
					2,597,393.88
					224,148,136.55

Notes to the Financial Statements

12. Biological Assets

For the year ended 31st March Kalubowityana Tea Factory Limited	Note	2018/2019 Rs.	2017/2018 Rs.
At the beginning of the year	12.1	3,135,037.27	3,083,459
Additions during the year		10,300.00	51,579
Current year depreciation		(96,916.85)	
At the end of the year		3,145,337.3	3,135,037

12.1 Biological Assets

For the year ended 31st March Kalubowityana Tea Factory Limited	Immature Plantation Rs.	Mature Plantation Rs.	Total Rs.
Cost			
Cost as at 01st April 2018	3,135,037.27	–	3,135,037.27
Additions	10,300.00	2,981,298.74	2,991,598.74
Disposals	–	–	–
Transfer	(2,981,298.74)	–	(2,981,298.74)
Cost as at 31st March 2019	164,038.53	2,981,298.74	3,145,337.27

For the year ended 31st March Kalubowityana Tea Factory Limited	Free Hold Land Rs.	Free Hold Land Rs.	Total Rs.
Accumulated depreciation			
Accumulated depreciation as at 01st April 2018	–	–	–
Current year depreciation		96,916.85	96,916.85
Disposals	–	–	–
Accumulated depreciation as at 31st March 2019	–	96,916.85	96,916.85
Net book value as at 31st March 2019	164,038.53	2,884,381.89	3,048,420.42

13. Inventories

For the year ended 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Food and beverages	16,470,977.68	16,368,009
Finished goods	82,150,956.04	136,221,667
Consumables stocks	801,856.98	578,484
General and other	3,367,993.75	1,432,552
Total	102,791,784.45	154,600,712

Notes to the Financial Statements

14. Trade and Other Receivables

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Trade debtors	23,793,541.81	24,903,366
Staff debtors	5,365,505.99	8,955,536
Deposits	5,668,974.34	3,031,474
Advances and prepayments	12,192,722.90	9,429,501
Non moving balances	849,691.34	921,856
Other debit balances	687.32	42,252
	47,871,123.70	47,283,986
Less: Provision for bad debts	(1,551,169.84)	(1,551,170)
Total	46,319,953.86	45,732,816

15. Short Term Investment

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Treasury bills	261,401.64	261,402
Fixed deposits – People's Bank	104,410,537.46	115,030,222
Fixed deposits (Gratuity investment) – People's Bank	8,035,730.92	8,673,510
Tea Shakthi Fund*	50,000,000.00	50,000,000
Short term investments – ISA	2,125,000.00	–
Total	164,832,670.02	173,965,134

16. Cash and Cash Equivalents

For the year ended 31st March Kalubowitiyana Tea Factory Limited		2018/2019 Rs.	2017/2018 Rs.
People's Bank	Account No. 204100140084885 – Headquarters	307,516.25	–
People's Bank	Account No. 204100130084961 – Headquarters	25,000.00	25,000
People's Bank	Account No. 204100140084911 – Headquarters	40,496.00	225,505
People's Bank	Account No. 060100110000681 – Morawaka	709,882.89	475,010
People's Bank	Account No. 060100100000592 – Morawaka	–	6,664
Bank of Ceylon	Account No. 0006065711 – Neluwa	3,206.01	1,083
Bank of Ceylon	Account No. 75958665 – Pelawatta	25,000.00	25,000
Bank of Ceylon	Account No. 205604 – Thawalama	39,914.04	77,731
People's Bank	Account No. 256100110021039 – Pilimathalawa	–	–
Cash in hand		355,279.00	24,525
Cash in transit		93,583.15	817,727
Savings Accounts – People's Bank		2,341,459.53	3,440,634
Total		3,941,336.87	5,118,879

* This amount of Rs. 50 Mn. given to Tea Shakthi Fund as a Loan/Lease. Relevant Agreement with the Tea Shakthi Fund has not been finalised.

Notes to the Financial Statements

Unfavourable Cash and Cash Equivalents

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Bank overdraft	(81,708,980.89)	(59,952,624)
Total cash and cash equivalents for the purpose of Cash Flow Statements	(77,767,644.02)	(54,833,746)

17. Stated Capital

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Issued and fully paid		
4,637,507 numbers ordinary shares	46,375,070.00	46,375,070
Total	46,375,070.00	46,375,070

18. Reserves

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Grant – General Treasury	–	–
Capital reserves	600,000.00	600,000
Profit and loss account	358,981,166.8	407,076,021
Total	359,581,166.82	407,676,021

19. Retirement Benefit Obligation

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Movement in the present value of defined benefit obligation		
At the beginning of the year	13,360,083.00	12,971,188
Current service cost	1,450,912.60	1,665,259
Interest cost	1,336,008.40	1,297,115
Actuarial gain/Loss	(685,248.16)	(921,123)
Prior year adjustments		
Payments during the year – In cash	(3,262,433.50)	(1,652,356)
Payable	(332,832.00)	–
At the end of the year	11,866,490.50	13,360,083

Notes to the Financial Statements

20. Loan Borrowings – Peoples Bank

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Balance beginning of the year	51,259,766.76	44,687,500
Loans obtained during the year	–	23,000,000
Repayment during the year	18,346,499.92	16,427,733
Balance of the year	32,913,266.84	51,259,767
Long term borrowings – Peoples Bank	14,563,266.92	32,918,167
Short term borrowings – Peoples Bank	18,349,999.92	18,341,600
	32,913,266.84	51,259,767

21. Creditors and accrued charges

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Bought Leaf Suppliers	26,976,466.13	47,162,446
Trade Creditors	9,778,983.40	11,151,491
Service Contractors	2,419,555.78	3,271,125
Staff Creditors	3,521,371.15	3,338,836
Accrued Expenses	36,123,883.34	34,743,755
Unclaimed Balances	220,040.67	1,167,015
Suspense and Other Credit Balances	–	–
Total	79,040,300.47	100,834,668

22. Bank Overdrafts

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
People's Bank Account No.204100140084885	81,708,216.62	59,952,624
People's Bank Morawaka A/C 060100100000592	764.27	–
Total	81,708,980.89	59,952,624

23. Deferred Tax Liability/(Asset)

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
At the beginning of the year	4,464,923.13	5,091,714
Transferred to/(from) Income Statement	(4,167,928.45)	(626,791)
At the end of the year	296,994.67	4,464,923

Notes to the Financial Statements

24. Income tax payable/Receivable

<i>For the year ended 31st March Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Balance as at the beginning of the year	(1,374,109.00)	(1,384,543)
Provision for the Year	—	1,281,490
	(1,374,109.00)	(103,053)
Payments for the Previous Year		(1,188,949)
Payments for the Year		
Gross	(1,374,109.00)	(1,292,002)
Tax credits		
Economic service charge	(11,136,373.84)	(6,362,903)
With holding tax	(1,278,880.53)	(1,774,471)
Net payable/(Refundable)	(13,789,363.37)	(9,429,376)

25. Capital Expenditure and Commitments

There is no capital expenditure commitment at the balance sheet date.

26. Contingencies

Pending Legal Cases

- (i) A labour case has been filed (Case No. LT/KP/34/18/07) by Mr. G. Hemachandra at Kotapola Labour Tribunal against the Company pleading the courts to restate him at his duties stating his dismissal from the service is unfair.
- (ii) A labour case has been filed (Case No. LT/KP/34/19/07) by Mr. L. S. Wijayamanna at Kotapola Labour Tribunal against the Company pleading the courts to restate him at his duties stating his dismissal from the service is unfair.

27. Events After the Reporting Date

No material events have taken place after the reporting date, that require adjustments to or disclosures in the financial statements.

28. Related Party Disclosures

Transactions with the related parties in the ordinary course of business carried out on an arm's length basis.

28.1 Transactions with Key Management Personnel (KMP)

KMPs are persons who have authority and responsibility directly or indirectly for planning, directing and controlling the activities of the Company.

The KMP of the Company comprise of the Board of Directors of the Company.

28.1.1 The compensation of KMPs are disclosed in the Note 6 to the accounts

28.1.2 No loans were given to KMPs during the Year.

28.1.3 The shareholdings of the KMPs together with their close family members – None

28.1.4 The names of the Directors of the Company, who are also directors of other companies – None

Notes to the Financial Statements

28.2 Transactions with Close Family Members

Close family members are those who may be expected to influence or be influenced in their dealings with the Company. There were no transactions with close family members during the year.

28.3 Dealing with Subsidiaries, Associates and Joint Ventures – None

29. Factory Segments

29.1 Sales

	Kalubowityana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Gross sales	597,181,790.00	114,468,860.00	94,282,910.00	98,775,775.00	–	904,709,335.00
Less: Brokerage and sales expenses	(7,166,350.87)	(1,914,707.16)	(1,599,021.52)	(1,823,037.39)	–	(12,503,116.94)
	590,015,439.13	112,554,152.84	92,683,888.48	96,952,737.61	–	892,206,218.06
Add/Less – Inter factory transaction	(72,958,159.02)	53,375,107.64	19,583,051.38			0.00
Add: Local sales	33,958,103.14	3,742,096.50	1,645,734.00	3,694,400.69	36,545,627.30	79,585,961.63
Total	551,015,383.25	169,671,356.98	113,912,673.86	100,647,138.30	36,545,627.30	971,792,179.69

29.2 Cost of Sales

	Kalubowityana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Bought leaf	366,886,374.08	125,550,355.49	79,841,933.04	75,565,752.59	–	647,844,415.20
Manufacturing cost						
Production cost	70,902,774.22	32,095,868.17	29,355,849.42	25,099,617.76		157,454,109.57
General charges	34,069,454.84	21,314,828.13	16,494,766.64	18,494,615.38	35,514,948.50	125,888,613.49
	471,858,603.14	178,961,051.79	125,692,549.10	119,159,985.73	35,514,948.50	931,187,138.26
Add: Opening stock	86,240,269.20	18,117,478.38	17,893,265.54	12,628,909.76	1,341,743.83	136,221,666.71
Less: Closing stock	(44,636,630.24)	(21,997,224.72)	(7,469,199.70)	(5,278,027.29)	(2,769,874.09)	(82,150,956.04)
Total	513,462,242.10	175,081,305.45	136,116,614.94	126,510,868.20	34,086,818.24	985,257,848.93
Profit/(Loss)	37,553,141.15	(5,409,948.47)	(22,203,941.08)	(25,863,729.90)	2,458,809.06	(13,465,669.24)

Detailed Schedules to the Financial Statements

1. Trade and Other Receivables

1.1 Trade Debtors

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Bought leaf supplier debts	1,760,836.88	1,945,197
Bought leaf supplier loans	576,750.27	463,041
Bought leaf transport loans	262.05	84,682
Fertilizer debtors	—	12,575
Trade debtors	21,455,692.61	22,397,872
Sub total	23,793,541.81	24,903,366

1.2 Staff Debtors

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Checkroll loan	7,333.34	10,000
Checkroll debts	31,016.88	39,102
Distress loans	4,951,903.78	8,241,234
Festival advances	242,474.70	665,200
Labour festival advance	—	240,700
Staff debtors	130,377.29	
Payee tax receivable	2,400.00	2,400
Sub total	5,365,505.99	9,198,636

1.3 Deposits

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Deposits Receivable	5,554,974.34	2,767,474
Bungalow Key Money	114,000.00	264,000
Sub total	5,668,974.34	3,031,474

Detailed Schedules to the Financial Statements

1.4 Prepayments and Other Receivables

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
CIC fertilizer	348,750.00	348,750
Emergency advance	–	25,000
Hayleys agro	366,029.96	366,000
ISO programme	356,972.00	356,972
Kotapola MPCs	–	–
Short delivery	43,896.34	25,806
Tea sales centre	2,481,141.23	1,226
M. P. C. S. Agalawatta	227,024.65	227,025
Telephone Dialog bill	6,577.19	7,054
Insurance receivable	39,000.00	253,535
Unidil packaging	52,914.10	52,914
Mark trade shop	–	9,465
New cleaning field	1,115,495.29	920,577
Other advances	1,432,881.71	1,822,167
Petty cash	–	2,888
Pre payments	3,079,060.06	3,143,157
SITE preparation	202,037.70	202,038
Stamps	2,592.00	2,542
Sundry debtors	463,466.54	1,392,937
Giragama state	1,046,770.96	–
WHMU Priyantha	26,350.00	26,350
Withholding tax receivable	901,763.17	–
Sub total	12,192,722.90	9,186,401

1.4 Non Moving Balances

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Tea Small Holding Development Authority	18,931.25	18,931
Somerville Company	798,461.15	798,461
T. G. Hemachandra	27,258.70	27,259
P. A. Ariyadasa	–	69,573
Over paid insurance	1,008.24	1,008
Staff debts	4,032.00	6,624
Sub total	849,691.34	921,856

Detailed Schedules to the Financial Statements

1.5 Other Debit Balances

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Suspense account	687.32	41,564
Stock purchases suspense	—	687
Sub total	687.32	42,252
Grand total	47,871,123.70	47,283,986
Provision for bad and doubtful debts	(1,551,169.84)	(1,551,170)
Net total	46,319,953.86	45,732,816

2. Creditors and Accrued Charges

2.1 Bought Leaf Creditors

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Bought leaf suppliers	26,976,466.13	47,162,446
Sub total	26,976,466.13	47,162,446

2.2 Trade Creditors

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
A. W. Ranasighe Filling Station	—	—
Abyewickrama Stores	—	—
Accounts Payable	489,051.15	486,485
Agstar Fertilizer	97,297.60	97,298
Allied Commercial	—	—
Alliance Trust Insurance	—	48,523
Ariyasiri Hardware	—	—
Bank Loan	6,000.00	29,500
Baurs Fertilizer	282,000.00	282,000
Britex Safety	—	20,762
Ceylon Fertilizer	348,750.00	348,750
Ceylon Paper Sacks	—	—
Chandana Engineering	10,400.00	30,525
CIC Fertilizer	—	—
CIC Poultry Farm	34,684.50	—
Colombo Agro Fertilizer	—	—
Colombo Commercial Company	—	—
CPPS Account	—	12,100
Eagle Traders	—	—
Eastern Trading	—	145,378
Firewood	—	12,600
Firewood Contractors	1,147,575.00	148,175
Hayleys Agro	—	—
Helix Engineering	537,122.22	106,705
Hettiarachchi Hardware	—	—
Hightech Engineers	74,350.00	74,350

Detailed Schedules to the Financial Statements

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Jayakody Filling Station	—	—
Jayasinghe & Company	41,250.00	41,250
Kotapola Hardware	—	—
Kotapola MPCS	—	—
Lanka Sathosa	—	550,527
Laugh Petroleum	63,008.81	—
Liyanage Stores	30,400.00	30,400
Morawaka Hardware	—	—
Morawaka Stores	—	40,671
MPCS Agalawattha	—	—
Manur Debt	—	90,713
P A Ariyadasa & Son	—	—
Quikpack (Pvt) Ltd	1,273.73	241,726
Rent Payable to BCC Lanka	750,000.00	750,000
Retention Payable	51,885.04	305,041
Refuse Tea Cash Deposit Payable	117,658.01	60,000
Sandarup Products	—	—
Sales Center	—	932,426
Singer Sri Lanka	37,367.00	49,663
SLN Sangamaya	320.00	320
Southern Engineering Company	—	—
St Regis Packaging	—	190,298
Sundry Creditors	5,658,590.34	6,025,305
Thanuja Hardware	—	—
Sub total	9,778,983.40	11,151,491

2.3 Service Contractor Payments

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Green leaf transport	2,258,778.96	3,035,729
Leaf bag unloading contractors	58,408.47	85,098
Green leaf spreading	56,256.40	80,594
Leaf bag loading contractors	46,111.95	69,704
Sundry contractors	—	—
Sub total	2,419,555.78	3,271,125

2.4 Staff Creditors

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Check roll/Casual work	2,689,483.77	3,070,100
Provision for holiday wages	361,218.19	—
Staff overtime	137,837.19	268,735
Gratuity payable	332,832.00	—
Sub total	3,521,371.15	3,338,836

Detailed Schedules to the Financial Statements

2.5 Accrued Expenses

<i>As at 31st March</i> <i>Kalubowityana Tea Factory Limited</i>	2018/2019 Rs.	2017/2018 Rs.
Audit fee Payable	793,500.00	
B'Leaf Supplier Deposits Payable	1,962,648.50	
Cancelled Cheques	843,157.90	843,158
CCC Plantation	1,515,500.94	1,515,501
CESU	9,506.00	200
Cargills Bank	3,422,420.34	
Ceylon Electricity Board	1,699,459.85	2,263,470
Co Operative – Yatinuwara	193,492.00	191,020
Coconut Suppliers	–	–
Deposit Payable	141,000.00	40,000
Dialog Telecom	–	–
Diesel Purchases – LJ3402	–	9,824
Elka Rice Mill	–	–
ESC Payable	–	1,336,782
Employees' Provident Fund	1,374,746.28	1,295,822
Employees' Trust Fund	185,442.27	180,330
CPPS	39,361.93	
Eastern Trading Agency	14,882.58	
Filling Station	–	–
G. W. Sriyaratne	–	–
Gamini Engineering	144,914.75	144,915
General Engineering Services	–	–
Holiday Payments	–	336,896
Head Office STN	3,413,863.87	3,042,318
Insurance	–	–
Lalaln Engineering	1,566,001.92	1,566,002
Lanka Jathika States Work	1,496.00	2,040
Laudgh Petroleum	–	77,288
Co Operative Marketing Federation	748,269.10	–
Marketing Federation	–	332,705
Mobile Phone Bill	–	6,708
National Water Supply	19,438.65	11,422
Other Accrued Expenses	6,415,645.75	4,625,944
PAYE Surcharge	59,344.00	59,344
PAYE Tax	26,292.60	26,796
Return Cheque	14,470.00	
Sanasa B' Leaf Supplier Loan	37,000.00	78,000
Shantha Electricals	–	9,560
Shantha Estates	–	–
Sri Lanka CO operative	–	–
Sri Lanka Telecom	18,741.41	13,237

Detailed Schedules to the Financial Statements

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Stamp Duty Payable	1,154.00	18,906
Stamps	—	—
Sundry Abetment	(141,701.36)	60,311
Sundry Transport	—	—
Sundry Cash	—	8,745
Sri Lanka Tea Board	1,050,000.00	—
Tax Fees	—	—
Tea Board Subsidy	—	2,700,000
Tea Shakthi Fund	2,049,959.82	2,066,485
Tea Sale Center	500.00	206,795
Unidil Paper Sacks	—	7,498
WHT Payable	30,935.70	—
Welfare Society	25,400.00	11,346,074
Randalu Welfare Society	246,470.00	197,279
Officers Welfare Society	8,200,568.54	122,380
Sub Total	36,123,883.34	34,743,755

2.6 Other Credits

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Suspense account	—	—
Tea short deliveries	—	—
Reconciliation discrepancies	—	562,091
Sub total	—	562,091

2.7 Unclaimed Balances

As at 31st March Kalubowityana Tea Factory Limited	2018/2019 Rs.	2017/2018 Rs.
Check roll wages	83,604.32	—
Insurance	—	176,637
Bought leaf suppliers	39,361.14	5,713
Salaries and wages	54,675.37	66,416
Staff salaries	21,614.50	335,372
Staff medical	1,900.00	1,900
Bonus	18,885.34	18,885
Cheques	—	—
Sub total	220,040.67	604,924
Grand total	79,040,300.47	100,834,668

Financial Highlights of Preceding Ten Years

	2018/2019 Rs.	2017/2018 Rs.	2016/2017 Rs.	2015/2016 Rs.
Net sales	971,792,179.69	1,004,319,623.10	935,591,884.34	775,730,199.81
Cost of sales	(985,257,848.93)	(983,007,160.69)	(881,617,227.76)	(767,358,579.26)
Gross profit	(13,465,669.24)	21,312,462.41	53,974,656.58	8,371,620.55
Other income	24,262,802.24	26,091,300.53	19,676,356.10	43,465,176.11
Profit before operating expenses	10,797,133	47,403,762.94	73,651,012.68	51,836,796.66
Administration and establishment expenses				
Selling and distribution and other expenses	(45,165,514.15)	(41,116,894.46)	(33,262,579.21)	(31,413,579.54)
Profit from operating activities	(34,368,381.15)	6,286,868.48	40,388,433.47	20,423,217.12
Finance expenses	(18,579,649.64)	(13,219,529.74)	(9,164,033.62)	(8,428,981.00)
Net profit before taxation	(52,948,030.79)	(6,932,661.26)	31,224,399.85	11,994,236.12
Income tax	4,167,928.45	(654,697.98)	(1,723,391.30)	(2,178,708.00)
Net profit after taxation	(48,780,102.34)	(7,587,359.24)	29,501,008.55	9,815,528.12

2014/2015 Rs.	2013/2014 Rs.	2012/2013 Rs.	2011/2012 Rs.	2010/2011 Rs.	2009/2010 Rs.
751,044,477.30	779,486,292	769,483,494	638,941,282	547,568,613	498,967,014
(737,909,957.50)	(747,630,426)	(732,146,392)	(536,329,532)	(492,030,156)	(425,784,176)
13,134,519.80	31,855,865	37,337,103	102,611,750	55,538,457	73,182,838
42,923,956.86	26,770,146	18,908,625	13,697,746	18,564,382	22,502,885
56,058,476.66	58,626,011	56,245,728	116,309,496	74,102,839	95,685,723
(36,183,737.86)	(28,971,387)	(29,231,329)	(25,279,941)	(43,324,929)	(23,794,303)
19,874,738.80	29,654,625	27,014,399	91,029,555	30,777,909	71,891,420
(2,885,464.36)	(2,105,842)	(107,679)	(585,337)	(238,321)	(234,404)
16,989,274.44	27,548,782	26,906,720	90,444,218	30,539,589	71,657,016
(3,851,962.00)	(8,213,713)	(5,112,710)	(11,182,452)	(5,128,363)	(6,485,203)
13,137,312.44	19,335,069	21,794,010	79,261,766	25,411,226	65,171,813



Notes

Corporate Information

Name of the Company

Kalubowitiyana Tea Factory Limited

Company Registration No.

PB 1020

Shifted Office

No. 556, Nagahamulla, Pannipitiya Road,
Thalangama South, Pelawatta, Battaramulla.

Legal Firm

A Public Company with Limited Liability Incorporated in
Sri Lanka on 30th September 1992.

Telephone No.

011 464 5279
011 278 6713

Fax No.

011 464 5279

E-mail Address

ktflgen@ktfl.lk

Auditors

National Audit Office
No. 306/72,
Polduwa Road,
Battaramulla.

Secretaries

Corporate Services Limited,
No. 216, De Saram Place,
Colombo 10.

Lawyers

F J & G De Saram
Attorney-at-Law & Notaries Public
No. 216, De Saram Place,
Colombo 10.

Bankers

People's Bank

Board of Directors

Mr. A. N. S. Pussallage – Chairman
Mrs. K. Satharasinghe – Executive Director
Mrs. W. A. Indranie Sugathadasa
Mr. H. Hemal Kasthuriarachchi
Mr. M. A. L. S. N. K. Manthrinayaka
Mr. P. Rasaiah
Mr. T. P. Rathnayaka
Mr. M. M. D. Thilakarathne

Senior Management

Mr. T. W. M. S. P. Bandara
(Manager/Administration & Human Resources)
Mr. P. Dehiwalage
(Acting Manager Finance)
Mr. T. A. D. J. C. Thilakarathna
(Manager/Kalubowitiyana Tea Factory)
Mr. Thusitha Siriwardana
(Manager/Derangala Tea Factory)
Mr. K. A. P. Dharmarathna
(Manager/Hiniduma Hills Tea Factory)
Mr. R. J. K. Hettiarachchi
(Manager/Manikdewela Tea Factory)

Factories

Kalubowitiyana CTC Factory

Abeywila, Kalubowitiyana.
Tel/Fax : 091 378 3020
E-Mail : ktflk@sltnet.lk

Derangala Tea Factory

Kiriwelkelle, Pitabeddera.
Tel/Fax : 091 378 3621
E-Mail : dtfl@sltnet.lk

Hiniduma Hills Tea Factory

Jesmin Velly Junction, Thawalama.
Tel/Fax : 041 720 1222

Manikdewela Tea Factory

Thismada Road, Manikdewela.
Tel/Fax : 081 206 9620/21

Design and Concept by

Kalubowitiyana Tea Factory Limited

No. 556, Nagahamulla Road,
Pannipitiya Road, Thalangama South,
Pelawatta, Battaramulla, Sri Lanka.

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