



Annual Report

2017-18



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.

Contents

Corporate Profile Kalubowityana Tea Factory Limited	3
Our Journey	4
Highlights	6-7
Financial Highlights	6
Non-Financial Highlights	7
Chairman's Review	8-9
Board of Directors	10
Organisational Structure	12-13
Management Discussion and Analysis	14-32
Operational Information	16
Factory wise Profit/(Loss)	18
Monthly Production of Tea	19
Annual Production of Tea	20
Monthly Green Leaf Intakes	21
Annual Green Leaf Intakes	22
Comparison Details – Production	24
Comparison of Sales Averages with Elevation	26
Top Prices – 2017/18	28
Achievements – 2017/18	29
Financial Capital	30
Human Capital	31
Social Capital	32
Directors' Report	33
Financial Reports	34-66
Auditor's Report	36
Statement of Profit/(Loss) and Other Comprehensive Income	38
Statement of Financial Position	39
Statement of Changes in Equity	40
Statement of Cash Flows	41
Notes to the Financial Statements – Accounting Policies	42
Notes to the Financial Statements	47
Detailed Schedules to the Financial Statements	60
Financial Highlights of Preceding Ten Years	66
Corporate Information	Inner Back Cover



Corporate Profile

Kalubowityana Tea Factory Limited

Kalubowitiya 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 1st August 1994, with an initial capital of Rs. 50 Mn. 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, which was previously under the Tea Shakthi Fund, 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 same.

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

The Company's tea production is sent to the Colombo Tea Auction through brokers, while a small proportion is destined for the local market through sales centers at factories and the 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

Kalubowityana 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

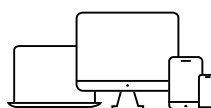
BP 1	PD
PF 1	

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.



You can get this Annual Report as PDF on
Our Wedside <http://www.ktfl.lk/annual-report>.



Our Journey

1992/93

Established Kalubowitiyana
Tea Factory Limited

1994/95

Kalubowitiyana Tea Factory
commenced Manufacture
operations

1998/99

Trans World
Star Award – Institute of
Economics Studies – India

2000/01

Derangala Tea Factory
commenced operations

2004/05

Highest Sale Average
in the year

2005/06

CTC Low Grown Category
Highest Sale Average –
Forbes & Workers
Tea Brokers (Pvt) Limited

2006/07

All Island Most Number
of Top Prices
CTC Low Category –
Forbes & Workers Tea
Brokers (Pvt) Limited

2009/10

Second Runners up –
Most Number of
Top Prices Golden
Cup Award



2010/11

Ceylon Specialty Estate
Tea of the Year – Russia

2011/12

All island most Number
of Top Prices CTC
Low Category –
Forbes & Workers Tea
Brokers (Pvt) Limited

2012/13

Hiniduma Hills Tea Factory
commenced operations

2013/14

National Plantation
Award – Best Large
Scale Tea Factory

2014/15

Ceylon Specialty Estate Tea
of the year – Dubai
(Gold Winner &
Silver Winner)

2015/16

Opening of
Manikdewela Tea Factory

2016/17

Ceylon Specialty Estates
Tea of the year – China

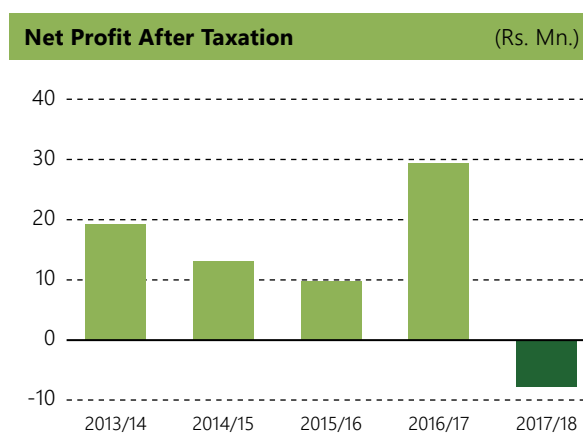
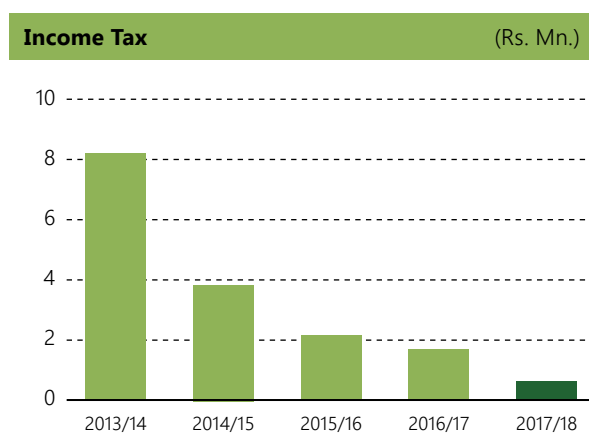
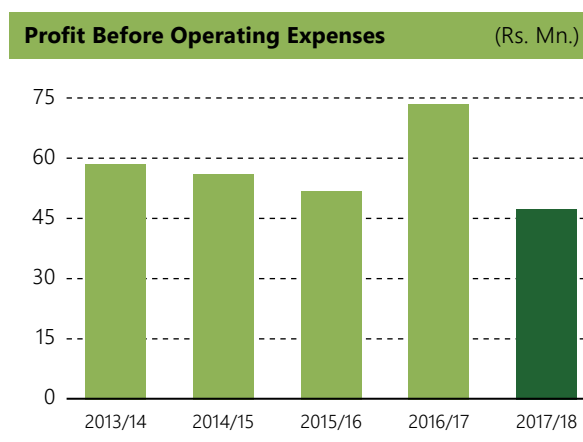
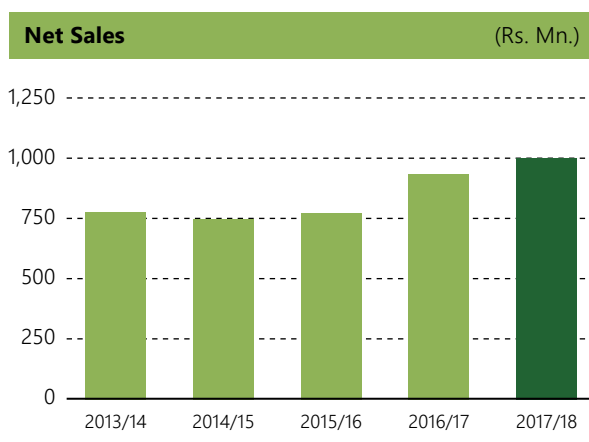
2017/18

We launched Our
New Tea Pack

Highlights

Financial Highlights

For the year ended 31st March	Change %	2017/18 Rs.	2016/17 Rs.
Net Sales	7	1,004,319,623.10	935,591,884
Cost of Sales	12	(983,007,160.69)	(881,617,228)
Gross Profit	-61	21,312,462.41	53,974,657
Other Income	33	26,091,300.53	19,676,356
Profit Before Operating Expenses	-36	47,403,762.94	73,651,013
Administration & Establishment Expenses			
Selling & Distribution & Other Expenses	24	(41,116,894.46)	(33,262,579)
Profit From Operating Activities	-84	6,286,868.48	40,388,433
Finance Expenses	44	(13,219,529.74)	(9,164,034)
Net Profit Before Taxation	-122	(6,932,661.26)	31,224,400
Income Tax	-62	(654,697.98)	(1,723,391)
Net Profit After Taxation	-126	(7,587,359.24)	29,501,009



Non-Financial Highlights

Kalubowitiyana Tea Factory

Green Leaf Suppliers

1,998

Green Leaf Intakes

3,499,414 Kg

Tea Production

731,750 Kg

Derangala Tea Factory

Green Leaf Suppliers

727

Green Leaf Intakes

1,474,475 Kg

Tea Production

289,634 Kg

Hiniduma Hills Tea Factory

Green Leaf Suppliers

322

Green Leaf Intakes

1,224,781 Kg

Tea Production

242,955 Kg

Manikdewela Tea Factory

Green Leaf Suppliers

266

Green Leaf Intakes

1,097,625 Kg

Tea Production

210,107 Kg



Total Green Leaf Suppliers

3,313

Total Green Leaf Intakes

7,296,295 Kg

Total Tea Production

1,474,446 Kg



21%



79%



Chairman's Review

I am pleased to present before you the Annual Report for the Financial Year ended 31st March 2018. The period under review proved to be a challenging one for the Sri Lankan Tea Industry, despite of favourable prices fetched for Ceylon Tea. The macro economics volatility on a global scale brought forward from 2015, and with adverse, weather in the second quarter of the corresponding year 2017/18 contributed towards sluggish growth within the tea sector in respect of production.

Global Challenges

The Sri Lankan economy, as per the Central Bank Annual Report for the year 2017, recorded a real GDP growth of 3.1% compared to 4.5% in 2016. The real GDP from agriculture, forestry and fishing related activities contracted by 0.8% in 2017 compared to a contraction of 3.8% in 2016.

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 2017 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. Total Tea production in 2017 recorded a growth of 4% compared to the decline of 11.2% in 2016. Service related activities and industry sector grew by 3.2% and 3.9% in 2017 compared to 4.7% and 5.8% in 2016 respectively. In later part of year 2017, the six of the largest buyers of Ceylon Tea continued to face turmoil and constraints as a consequence of weak currencies, sanctions

in various forms and the worsening strife. Russia over the past four years has devalued the rouble by over 100 percent, while Turkey's lira, in a single year, was subjected to 40 percent devaluation, in both instances, severely depleting their purchasing power. Therefore Russian Federation is under severe pressure, which could result limit their purchasing of Ceylon Teas in future.

Company Performance

Against this challenging backdrop, the Company reported revenue of Rs. 1,004 Mn. and a post-tax profit of Rs. (7.58) Mn. for the year under review, marking an increase of 7.34% in turnover respectively.

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, Kalubowitiyana Tea Factory Ltd 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.

**THE COMPANY CONTINUES TO OPERATE
ON STRONG FUNDAMENTALS AND
CONSIDERS ITS PEOPLE TO BE THE
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.

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 Kalubowitiyana Tea Factory Ltd 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 the Board of Directors of KTFL and 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.



P S Samarakoon
Chairman



Board of Directors

Mr. P S Samarakoon	Chairman
Mrs. I Sugathadasa	Director
Mr. H H Kasthuriarachchi	Director
Mr. P Rasaiah	Director
Mr. T P Rathnayaka	Director
Mr. M A L S N K Manthrinayaka	Director
Mr. A U C Athukorala	Director
Mr. Dammika Ambewela	Director
Mr. G Nallaperuma	Director
Mr. K Brahmana	Director

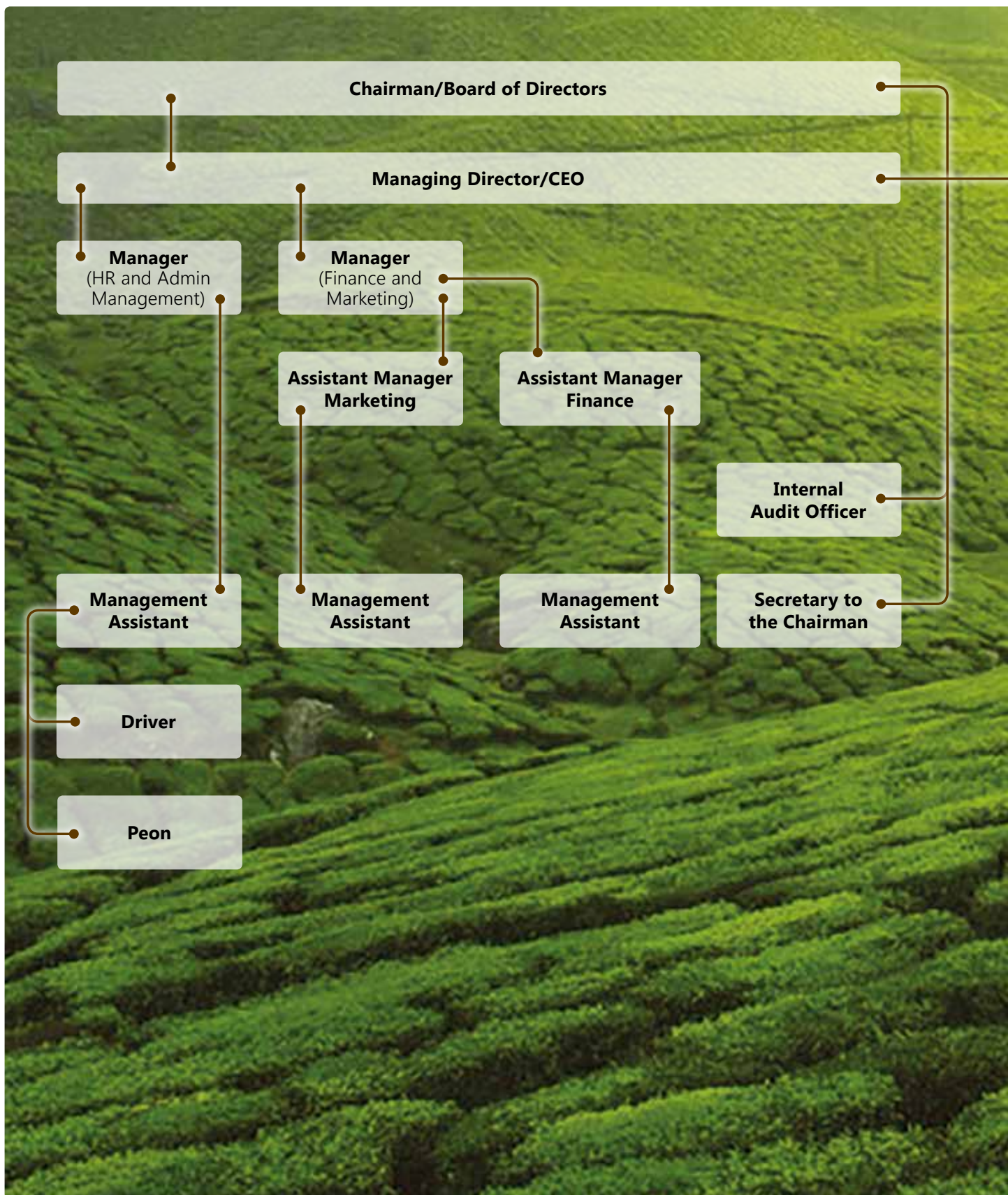


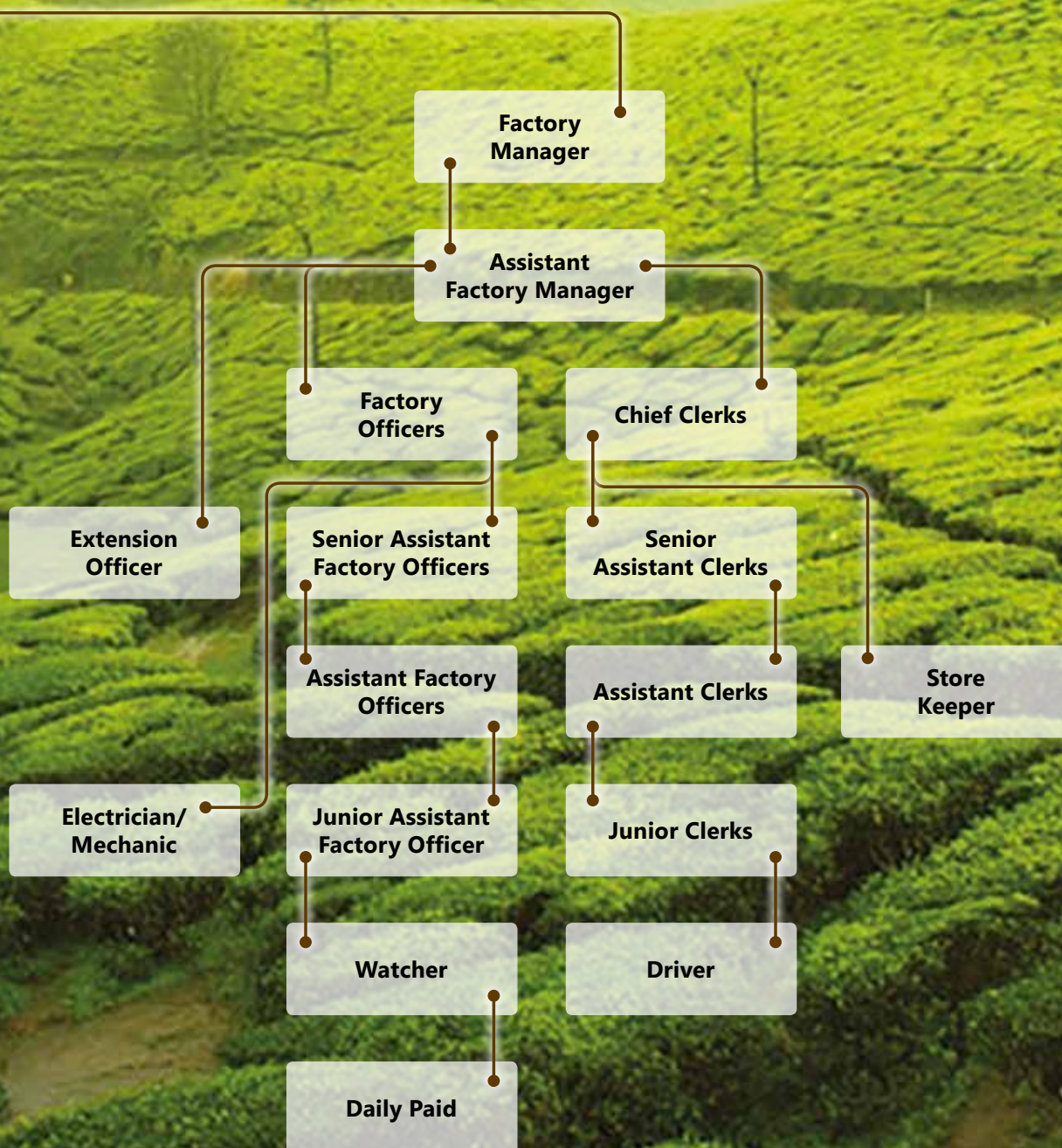
Corporate Management

Dr. M N Jayawardena	Managing Director/CEO
Mr. T W M S P Bandara	Manager/Administration & Human Resources
Mr. P Dehiwalage	Actg. Manager/Finance
Mr. T A D J C Thilakarathna	Manager/Kalubowitiyana Tea Factory
Mr. T Siriwardana	Manager/Derangala Tea Factory
Mr. S A N R Subasingha	Manager/Hiniduma Hills Tea Factory
Mr. H M J A Weerakoon	Manager/Manikdewela Tea Factory



Organisational Structure





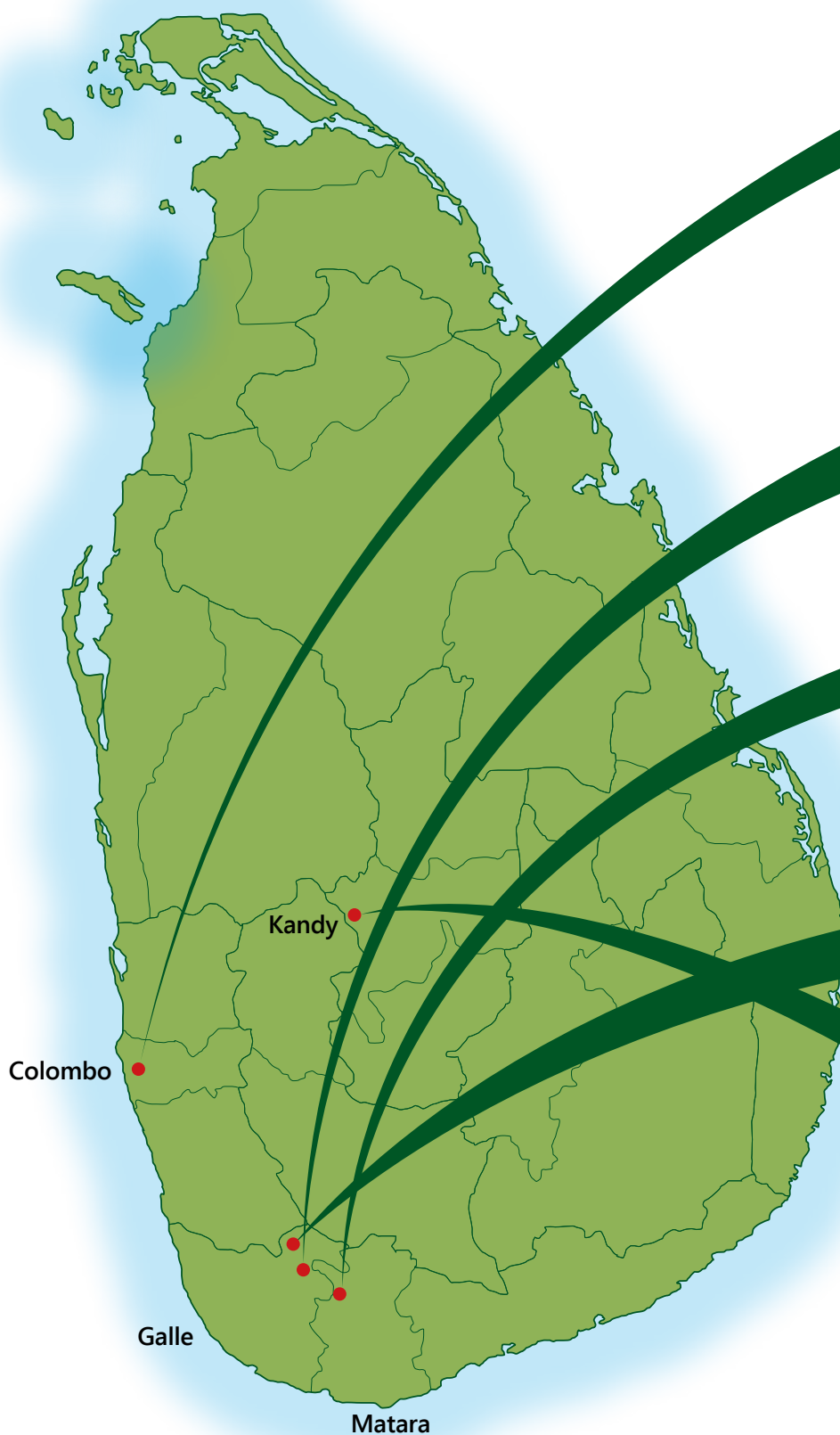




Management Discussion and Analysis

Operational Information	16
Factory wise Profit/(Loss)	18
Monthly Production of Tea	19
Annual Production of Tea	20
Monthly Green Leaf Intakes	21
Annual Green Leaf Intakes	22
Comparison Details – Production	24
Comparison of Sales Averages with Elevation	26
Top Prices – 2017/18	28
Achievements – 2017/18	29
Financial Capital	30
Human Capital	31
Social Capital	32
Directors' Report	33

Operational Information



Head Office

Address	No. 556, Nagahamulla, Pannipitiya Road, Palawatta, Thalangama South, Sri Lanka.			
Human Resources	Managing Director	- 1	Internal Audit Officer	- 1
	Manager Finance & Marketing	- 1	Management Assistant	- 10
	Manager/Administration & HR	- 1	Peon	- 5
	Assistant Manager Finance	- 1	Driver	- 3



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	
	Asst. Factory Manager	- 1	
	Office Staff	- 7	
	Factory Staff	- 21	

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	
	Asst. Factory Manager	- 1	
	Office Staff	- 4	
	Factory Staff	- 14	



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	Asst. Factory Manager	- 1	
	Office Staff	- 5	
	Factory Staff	- 15	



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	
	Office Staff	- 4	
	Factory Staff	- 8	



Factory wise Profit/(Loss)

Kalubowitiyana Tea Factory

During the financial year of 2017/18, Kalubowitiyana Tea Factory secured a crop of 3,499,414 kgs which is recorded as 72.90% 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 2017/18, thereby demanded Small Holders to supply Good Leaf to the Factory. In the month of October in 2017, Factory rate was Rs. 117.42, a recorded rate in the history of Sri Lanka being the highest rate paid by a Factory, to Tea Small Holders. Factory achieved 20 Top Prices for its premium grade of PF1 during the year 2017/18 also awarded with local and international accolades for its achievements in prices.

Kalubowitiyana Tea Factory recorded a profit of Rs. 76.03 Mn. during the financial year which is remarkable; and was second to the highest profit made during the past.

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 1,474,475 kgs as against the estimated crop of 1,977,000 kgs, it made a considerable loss of Rs. (23.5) at the end of the financial year 2017/18. 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 1,224,781 kgs green leaf which is 72.04% of the estimated crop. During the year management had made attempts to introduce new bought leaf lines which would ensure increases in crop intakes during ensuing period. Cost of production of Rs 714.18 considered as more on expected levels which was due to not achieving the estimated crop for the season.

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 1,097,625 kg Green Leaf, which is 61.13% of the estimated crop. There were multiple reasons for the loss of Rs. 21.47 Mn., 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 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	471,697,009.75	201,378,939.39	150,126,825.86	118,073,430.00
Brokerage & Sales Expenses	(6,721,913.14)	(2,238,711.87)	(2,165,050.20)	(1,993,055.73)
Net Sales	464,975,096.61	199,140,227.52	147,961,775.66	116,080,374.27
Add - Local Sales	28,584,354.87	9,647,444.00	1,379,688.00	1,420,105.00
Total Revenue	493,559,451.48	208,787,671.52	149,341,463.66	117,500,479.27
Cost of Sales				
Bought leaf	365,823,985.62	146,034,388.15	118,761,884.04	90,989,485.60
Production Cost	64,111,166.72	38,356,670.80	37,124,799.25	28,885,325.00
General Charges	31,677,679.75	19,951,983.50	14,669,270.70	17,046,905.61
Add: Opening Stock	42,152,309.55	46,079,098.82	7,112,401.40	14,678,484.40
Less: Closing Stock	(86,240,269.20)	(18,117,478.38)	(17,893,265.54)	(12,628,909.76)
	417,524,872.44	232,304,662.89	159,775,089.85	138,971,290.85
Profit/(Loss)	76,034,579.04	(23,516,991.37)	(10,433,626.19)	(21,470,811.58)

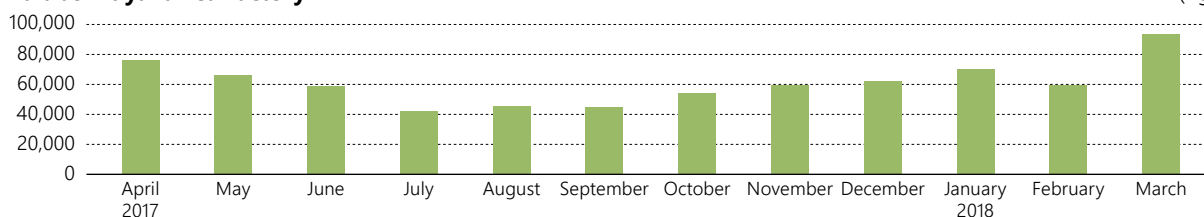


Monthly Production of Tea

	Kalubowitiyana Tea Factory Kg	Derangala Tea Factory Kg	Hiniduma Hills Tea Factory Kg	Manikdewela Tea Factory Kg	Total Kg
April 2017	75,931	43,590	20,458	28,064	168,043
May	66,299	36,297	19,167	21,243	143,006
June	59,073	28,623	26,251	20,607	134,554
July	42,385	19,114	27,563	18,258	107,320
August	45,501	20,395	28,696	16,144	110,736
September	44,787	20,347	16,220	15,749	97,103
October	53,906	18,780	15,277	17,529	105,492
November	59,619	18,514	14,066	14,538	106,737
December	61,894	18,875	16,049	15,182	112,000
January 2018	69,831	20,689	17,263	18,085	125,868
February	59,163	18,403	16,228	11,092	104,886
March	93,302	26,008	25,717	13,616	158,643
Total	731,691	289,635	242,955	210,107	1,474,388

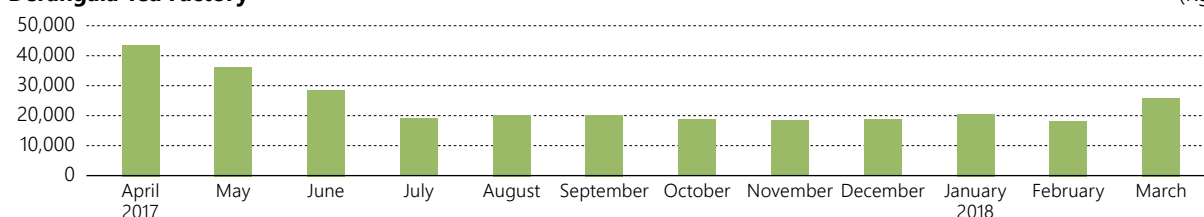
Kalubowitiyana Tea Factory

(Kg)



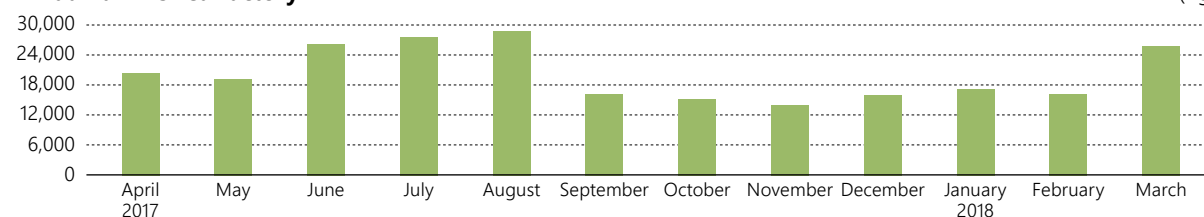
Derangala Tea Factory

(Kg)



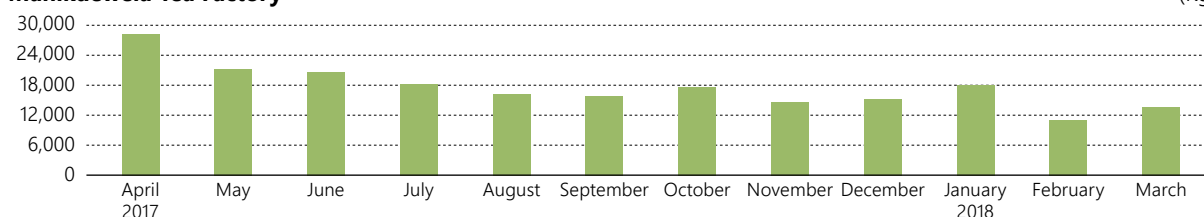
Hiniduma Hills Tea Factory

(Kg)



Manikdewela Tea Factory

(Kg)

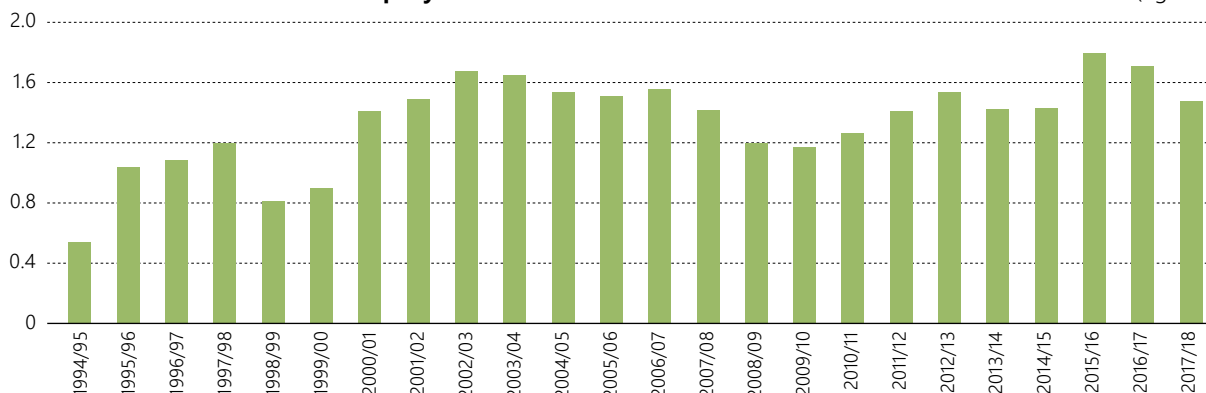


Annual Production of Tea

Year	Kalubowitiyana 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
Total	23,988,028	6,473,659	1,202,084	536,588	32,200,359

Annual Tea Production of the Company

(Kg Mn.)

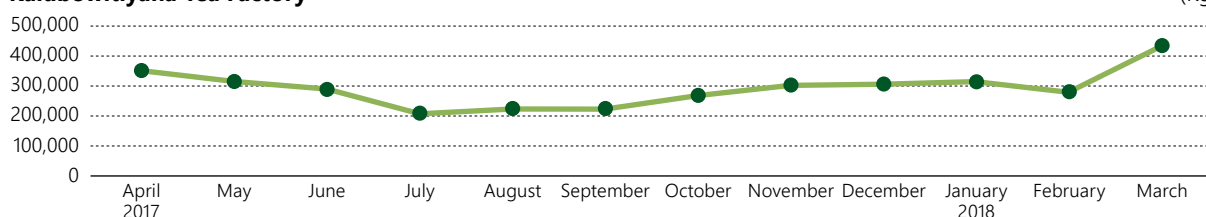


Monthly Green Leaf Intakes

Month	Kalubowitiyana 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 2017	2,017	352,839	707	217,948	196	105,737	265	139,619	3,185	816,143
May	1,994	314,956	668	180,571	203	99,173	263	106,316	3,128	701,016
June	1,943	288,722	671	158,945	230	130,592	255	108,142	3,099	686,401
July	1,796	202,006	645	100,596	249	137,726	254	95,645	2,944	535,973
August	1,793	219,001	650	105,269	285	147,121	246	94,972	2,974	566,363
September	1,757	218,448	645	103,612	273	83,867	239	85,036	2,914	490,963
October	1,834	265,726	662	97,940	291	76,609	266	92,220	3,053	532,495
November	1,862	301,600	678	95,234	263	70,604	265	76,708	3,068	544,146
December	1,867	305,684	684	96,541	265	81,968	264	79,492	3,080	563,685
January 2018	1,884	314,670	690	99,944	251	85,520	265	87,237	3,090	587,371
February	1,860	277,619	673	88,569	234	79,867	247	60,146	3,014	506,201
March	1,988	438,143	727	129,306	322	125,997	259	72,092	3,296	765,538

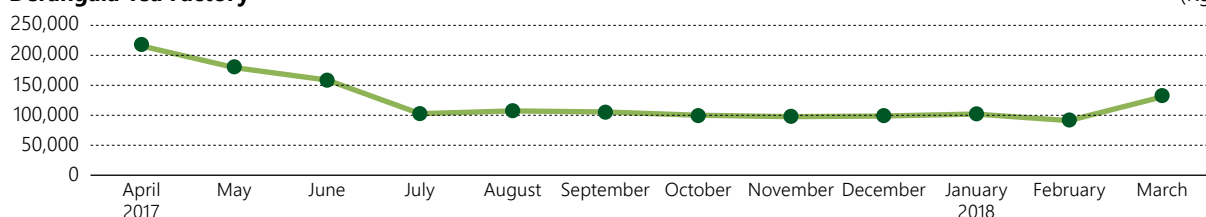
Kalubowitiyana Tea Factory

(Kg)



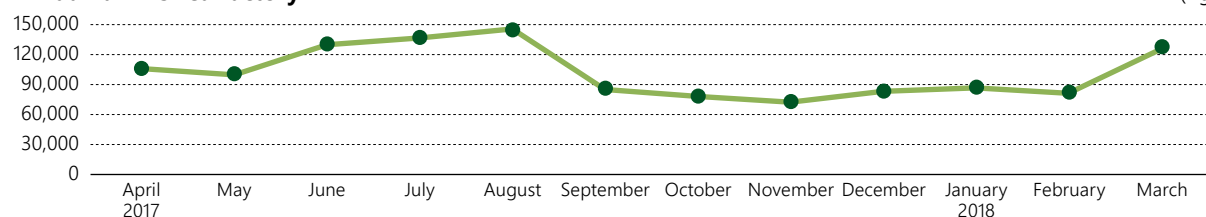
Derangala Tea Factory

(Kg)



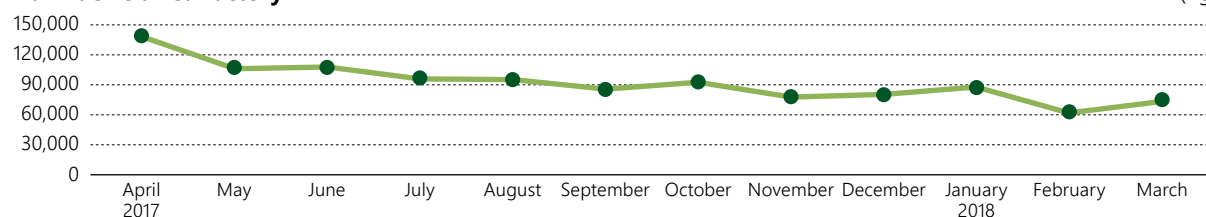
Hiniduma Hills Tea Factory

(Kg)



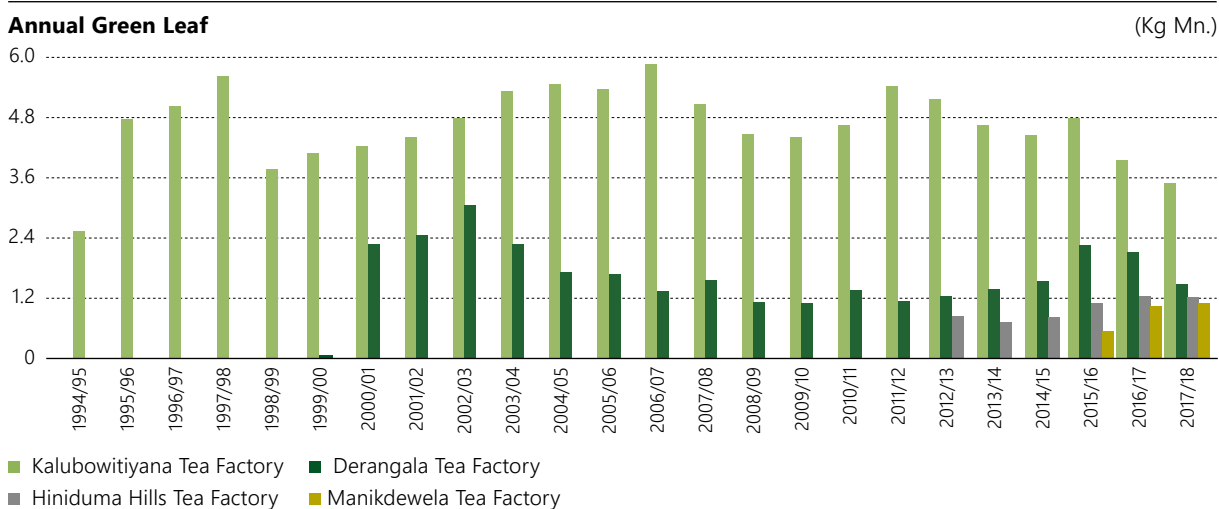
Manikdewela Tea Factory

(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	



[illegible]

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 2017	1,354	2,254	75.93	5.61	3.37
May	1,174	2,130	66.30	5.65	3.11
June	1,010	1,680	59.07	5.85	3.52
July	1,018	1,852	42.39	4.16	2.29
August	1,104	1,901	45.50	4.12	2.39
September	1,041	1,835	44.79	4.30	2.44
October	1,020	1,750	53.91	5.28	3.08
November	923	1,741	59.62	6.46	3.42
December	992	1,958	61.89	6.24	3.16
January 2018	963	1,961	69.83	7.25	3.56
February	816	1,779	59.16	7.25	3.33
March	1,147	2,178	93.30	8.13	4.28
Total	12,562	23,019	731.69	5.82	3.18

* Kalubowitiyana Tea Factory

Contribution to Low Grown Orthodox Production & National Orthodox Production

Month	Orthodox Production			Production		Contribution to the production		
	Low Grown	Medium	National	DTF*/ HHTF**	MTF***	Low Grown	Medium	National
	Kg '000	Kg '000	Kg '000	Kg '000	Kg '000	%	%	%
April 2017	17,842	4,490	30,228	43.6	28.1	0.24	0.63	0.24
May	15,750	4,215	27,020	36.3	21.2	0.23	0.50	0.21
June	17,076	3,328	25,146	28.6	20.6	0.17	0.62	0.20
July	16,026	3,019	23,553	19.1	18.3	0.12	0.60	0.16
August	16,072	2,703	22,571	20.4	16.1	0.13	0.60	0.16
September	16,087	2,964	23,426	20.3	15.7	0.13	0.53	0.15
October	15,680	2,750	23,010	18.8	17.5	0.12	0.64	0.16
November	14,660	2,926	22,868	18.5	14.5	0.13	0.50	0.14
December	14,660	2,605	21,433	18.9	15.2	0.13	0.58	0.16
January 2018	14,985	2,482	22,146	20.7	18.1	0.14	0.73	0.18
February	12,103	2,390	19,125	18.4	11.1	0.15	0.46	0.15
March	17,033	3,217	26,024	26.0	13.6	0.15	0.42	0.15
Total	187,974	37,089	286,550	289.6	210.1	0.15	0.57	0.17

* Derangala Tea Factory

** Hiniduma Hills Tea Factory

*** Manikdewela Tea Factory



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 2017	19,196	4,490	32,482	147.6	0.77	0.63	0.45
May	16,924	4,215	29,150	123.8	0.73	0.50	0.42
June	18,086	3,328	26,826	108.3	0.60	0.62	0.40
July	17,044	3,019	25,405	79.8	0.47	0.60	0.31
August	17,176	2,703	24,472	82.0	0.48	0.60	0.34
September	17,128	2,964	25,261	80.9	0.47	0.53	0.32
October	16,700	2,750	24,760	90.2	0.54	0.64	0.36
November	15,583	2,926	24,609	92.7	0.59	0.50	0.38
December	15,652	2,605	23,391	96.0	0.61	0.58	0.41
January 2018	15,948	2,482	24,107	108.6	0.68	0.73	0.45
February	12,919	2,390	20,904	88.7	0.69	0.46	0.42
March	18,180	3,217	28,202	132.9	0.73	0.42	0.47
Total	200,536	37,089	309,569	1,231.4	0.61	0.57	0.40



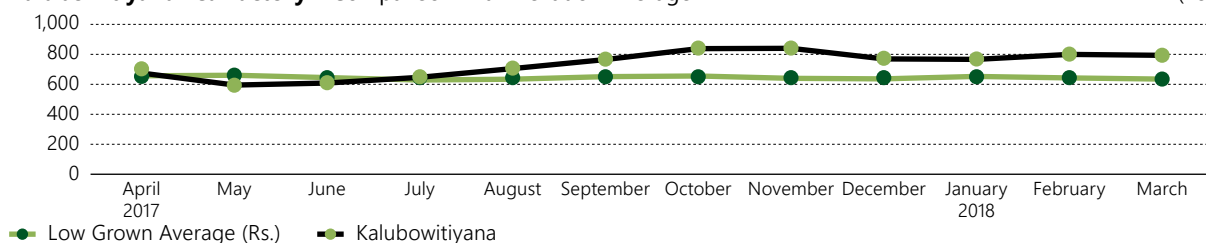
Comparison of Sales Averages with Elevation

Comparison with Low Grown Elevation Average

Month	Low Grown Average Rs.	Monthly Average					
		Kalubowitiyana Rs.	Variance	Derangala Rs.	Variance	Hiniduma Rs.	Variance
April 2017	663.49	671.13	7.64	660.80	(2.69)	671.92	8.43
May	669.08	586.21	(82.87)	661.64	(7.44)	688.54	19.46
June	644.29	599.96	(44.33)	639.60	(4.69)	671.27	26.98
July	618.61	641.00	22.39	596.32	(22.29)	635.55	16.94
August	628.48	703.49	75.01	624.84	(3.64)	642.25	13.77
September	654.23	768.65	114.42	692.90	38.67	647.85	(6.38)
October	661.00	846.00	185.00	715.38	54.38	685.80	24.80
November	636.58	848.63	212.05	681.09	44.51	612.11	(24.47)
December	631.29	772.40	141.11	480.87	(150.42)	484.21	(147.08)
January 2018	657.01	768.92	111.91	681.75	24.74	689.06	32.05
February	640.84	805.31	164.47	674.47	33.63	644.93	4.09
March	629.56	798.62	169.06	656.95	27.39	644.60	15.04

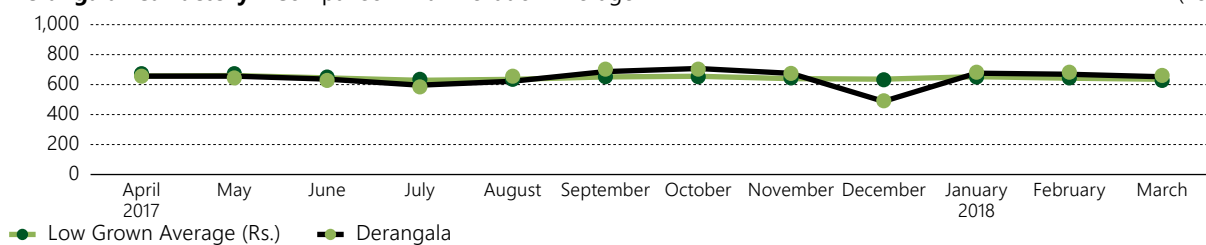
Kalubowitiyana Tea Factory – Comparison with Elevation Average

(Rs.)



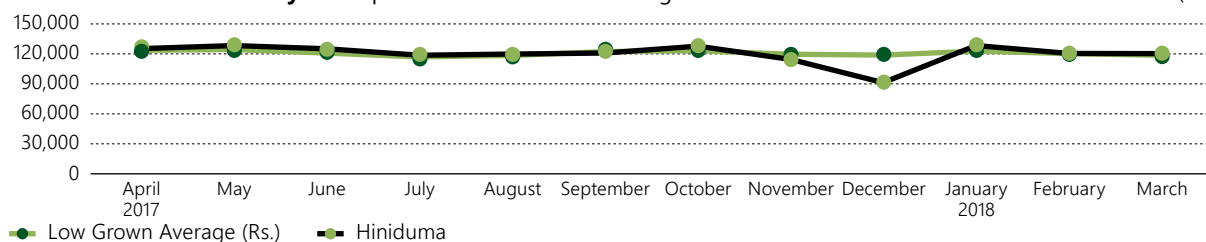
Derangala Tea Factory – Comparison with Elevation Average

(Rs.)



Hiniduma Hills Tea Factory – Comparison with Elevation Average

(Rs.)

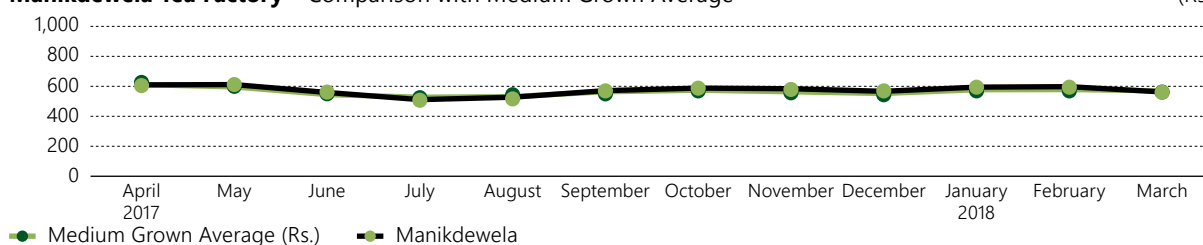


Comparison with Medium Grown Elevational Average

Month	Medium Grown Average Rs.	Monthly Average	
		Manikdewela Rs.	Variance
April 2017	619.45	617.96	(1.49)
May	601.75	620.37	18.62
June	540.15	558.88	18.73
July	519.25	503.63	(15.62)
August	523.95	522.51	(1.44)
September	563.18	572.55	9.37
October	574.80	592.49	17.69
November	562.60	587.89	25.29
December	548.79	567.89	19.10
January 2018	578.95	599.83	20.88
February	579.74	604.32	24.58
March	570.07	562.52	(7.55)

Manikdewela Tea Factory – Comparison with Medium Grown Average

(Rs.)



Top Prices – 2017/18

Date	Grade				Broker
	KTF			DTF	
	BP1 Rs.	PF1 Rs.	P. DUST Rs.	OP Rs.	
31st May 2017			620.00		F & W
5th July 2017			650.00		CTB
12th July 2017			670.00		Asia Siyaka
19th July 2017			660.00		Asia Siyaka
25th July 2017			670.00		F & W
2nd August 2017			680.00		F & W
16th August 2017			780.00		John Keels
6th September 2017		775.00			LCBL/Bartleet
13th September 2017			720.00		John Keels
3rd October 2017		860.00			Bartleet
17th October 2017		880.00			John Keels
17th October 2017		880.00			Asia Siyaka
17th October 2017		880.00			LCBL
17th October 2017		880.00			Bartleet
25th October 2017		880.00			John Keels
25th October 2017		880.00			F & W
25th October 2017		880.00			LCBL
25th October 2017		880.00			Bartleet
25th October 2017		880.00			Asia Siyaka
1st November 2017		890.00			John Keels
15th November 2017			770.00		John Keels
13th December 2017			775.00		Bartleet
28th February 2018		870.00			F & W

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

FW : Forbes & Workers Tea Brokers (Pvt) Limited
MBSL : Mercantile Produce Brokers

CTB : Ceylon Tea Brokers



Achievements – 2017/18

CRT Exhibition

Ceylon Tea has a fascinating history of 150 years; Sri Lanka impressed its identity and Brand – Ceylon Tea on the world map. Whilst Kalubowitiyana Teas are been sold internationally, company lounged its local pack on 11th August 2018 at the BMICH, by offering its 1st pack to His Excellency the President Maithripala Sirisena, at this grand event.

Company offers range of Tea products for local consumers, which are pack in Pouches, Tea Bags, Caddies and Wooden Boxes, are popular for its taste and aroma.



We Launched Our New Tea Pack

Awards and Accolades

- Kalubowitiyana CTC Tea Factory received the Gold Medal for CTC category; Ceylon Speciality Estate Tea of the year competition held in China in May 2017
- Kalubowitiyana CTC Tea Factory was awarded as the best factory in Medium Scale Category; by the Sri Lanka Tea Board in July 2017



Best Tea Factory (Regional Level 2017 – 2nd Place – Medium Scale Category) – Sri Lanka Tea Board



Ceylon Speciality Estate Tea of the Year 2017 (Merit Winner – PF1-CTC Region) – China



Financial Capital

Revenue Analysis

In the year under review, the Company reported a gross revenue of Rs. 1,004 Mn. in comparison to Rs. 936 Mn. recorded in the previous financial year, which reflects a 7.26% increase 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. 76.16 Mn. witnessed an increase of 56% 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. 983 Mn. witnessed a 11.38% increase from the previous financial year. Although a similar quantity of teas 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. 39.21 Mn. in 2017/18 against Rs. 32.44 Mn. in the previous year, in line with an increase in multiple expenditure components. Personnel costs rose in line with an increase in the staff salary quantum.

Other Operating Income

Other operating income Increased to Rs. 16.51 Mn. from Rs. 8.2 Mn. recorded in the previous financial year. Consequently the operating Profit was decreased to Rs. (3.2) Mn. from Rs. 28.2 Mn. recorded in previous year.

Finance Cost

During the year, the company's Finance expenses were Rs. 13.2 Mn. The Company earned an interest income amounting to Rs. 9.5 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.

Post taxation, the Company recorded a 126% decrease in the bottom line to Rs. (6.9) Mn. vis a vis Rs. 30.9 Mn. in the financial year ended 2016/2017.

Financial Position and Liquidity

Non Current Assets

The non-current assets comprise 35.8% of the total asset base. During the financial year under review, the Company invested in developing the Manikdewela Tea Factory.

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. 40.17 Mn. (totaling Rs. 50.17), however, none of the attempts were successful.

Working Capital

During the year, the Company's current assets significantly rose to Rs. 439.02 Mn. from Rs. 407.89 Mn. in the previous year on account of a general increase in the market value of inventory as at balance sheet date. The trade debtor component of Rs. 27.95 Mn. was decreased to Rs. 24.9 Mn. The trade payables quantum increased of Rs. 100.82 Mn. from Rs. 89.28 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 profits boosted the retained earnings and reserves for the financial year under review decreasing the net by 1.7% to Rs. 454 Mn. for the current financial year.

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.



Training & Development

Training and development forms a cornerstone of our efforts to build our human capital. Management continually assesses skill gaps and the Training & Development requirement is then driven by the results of the skill assessments to ensure staffs is unskilled 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:

- Plantation Accounting Course for staff to adhere to sustainable practices (NIPM)
- Training Programme for Extension Officers (TRI – Rathnapura)
- Skill Development & Motivation Programme (NIPM) to enhance employee engagement in the systems and processes required in the tea industry
- Training Programme of Sri Lanka Shop & Office Law for Factory Manager (McQuire Rens & Jones (Pvt) Ltd.
- Basic Stores Management Course for Factory Store Keepers (CIDA)



Head Office Staff

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 & modification of trough Units, fabricating 02 nos. CFU Feed Section – Cooling System fabricating 02 nos. Gates and fabricating stainless steel rotavane at the Kalubowitiyana Tea Factory.
- KTFL has embarked in to a project in installation of an IT solution in all four Factories and Head Office to integrate the accounting system, which development is in progress.
- During the year all the Factories were equipped with CCTV monitoring system, for security purposes, which is also linked to Head Office for better monitoring of Factory operations at a cost of Rs. 3.7 Mn.
- Security Fence around the Kalubowitiyana Factory was erected with a cost of Rs. 6.8 Mn. to ensure the security of the Factory.
- Hiniduma and Manikdiwela Factories were equipped with 2 Brand New Colour Sorters to improve the product quality at a cost of Rs. 25 Mn.
- Drier use at Derangala Factory was upgraded, cost was Rs. 0.6 Mn.
- All the Factories are equipped with Face Detections Units to ensure recording of daily attendance of Staff/ Workers.



Coloursorter Machine, installed in the year at Hiniduma Hills Tea Factory



Coloursorter Machine, installed in the year at Manikdewela Tea Factory



Social Capital

The Company considers Tea small Holders, Staff & Workers to be its key stakeholders and ensures that it remains closely engaged, to achieve the company goals. 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 & Workers to enhance their lives.
- The company conducted Blood Donation Campaign for Small Holders, Staff & Workers, and the Company supports all social activities of the Tea Small Holders.
- The Company conducted Health Centre to provide qualitative healthcare to plantation workers and their families, including emergency care, Maternity Clinic, ECG and Blood Sugar Level Testing.

Educational, Religious Projects & 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 & O/L scholarships for children of Tea growing families & staff, financial sponsorship for schools..
- The Randalu Welfare Society has been formed for the improvement of quality standards for the welfare of all stakeholders.
- An Awareness Programme on Tea Cultivation for Small Holders was also held.
- 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 organizing pilgrimages for Staff & workers. During the year, shramadana programme, donated Dansal Projects was also carried out.
- Provided necessary materials of Tea Cultivation for the small holders.
- Provided concessionary loan facilities for the small holders.



Pirith Ceremony 2017/18



Providing School Items for School Children



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 42 to 46 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 page 58 to 59 in the Notes to the Financial Statements.

Remuneration and Other Benefits of Directors

The Directors' emoluments for the financial year ending 31st March 2018 is addressed in page 48 of the Notes to the Financial Statements.

Donations

The Company's total donations for the financial year ended 31st March 2018 was Rs. 564,736.90 as shown in page 50 in the financial statements.

Directors of the Company

The directors of the Company during the financial year ended 31st March 2018 are as follows:

Mr. P S Samarakoon – Chairman
Mrs I Sugathadasa
Mr. H H Kasthuriarachchi
Mr. P Rasiah
Mr. T P Rathnayake
Mr. M A L S N K Manthrinayake
Mr. A U C Athukorale
Mr. D Ambewela
Mr. G Nallaperuma
Mr. K Brahmana

Auditor's Fee

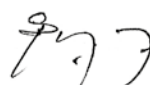
The auditor's fee has not been paid for the financial year under review.

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


Director
CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

Company Secretary

On this 27th day of August 2018







Financial Reports

Auditor's Report	36
Statement of Profit/(Loss) and Other Comprehensive Income	38
Statement of Financial Position	39
Statement of Changes in Equity	40
Statement of Cash Flows	41
Notes to the Financial Statements – Accounting Policies	42
Notes to the Financial Statements	47
Detailed Schedules to the Financial Statements	60
Financial Highlights of Preceding Ten Years	66

Auditor's Report



To the shareholders of the Kalubovitiyana Tea Factory Limited.

Report of the Auditor General on the Financial Statements of the Kalubovitiyana Tea Factory Limited for the year ended 31 March 2018

The audit of the financial statement of the Kalubovitiyana Tea Factory Limited for the year ended 31 March 2018 comprising the statement of financial position as at 31 March 2018 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then and summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provision in Article 154 (1) of the constitution of the Democratic Socialist Republic of Sri Lanka.

Board's Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Company preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Audit opinion.

Basic for Quality Opinion

- According to the paragraph 51 of the Sri Lanka accounting standard 16, assets at the cost of Rs. 225,098,331 which had been fully depreciated was being used. Actions had not been taken to revise the estimated error accordingly and to take the carrying amount into account as per the Sri Lanka accounting standard 8.
- Although the tax rate which should be applied to calculate the differed tax liability and expenditure for the year under review in accordance with the Income Tax Act was 14 per cent, it had been applied as 10 per cent. Therefore the differed tax liability and expenditure thereon had been understated in the accounts by Rs. 1,986,552.
- The cost and the accumulated depreciation of the tea drier machine had been sold at Rs. 1,000,000 in the year 2014/2015 had not been identified and adjusted to accounts even up to the end of the year under review.

තැ. 306/72, පොල්දොර පාර, මල්වත්ත, මු. ප. 100000

+94 11 2 88 70 28 - 34

தொ. 306/72, பால்தொழில் வீதி, மல்தொழில், இலங்கை.

+94 11 2 88 72 23

No. 306/72, Poldewa Road, Battaramulla, Sri Lanka.

ag@auditorgeneral.gov.lk

www.auditorgeneral.gov.lk



- (d) A sum of Rs. 6,194,940 incurred in the year 2012/2013 for painting and building renovation of Hiniduma hills tea factory which was obtained under leasing had been capitalised under the building in the same year. However, actions had not been taken to rectify the error thus a sum of Rs. 1,238,988 had been written off against the profit as depreciation in the year under review further more.
- (e) Although the gratuity provision of the year under review was Rs. 2,962,416 according to the actuarial estimate report, it had been taken in to accounts as Rs. 1,120,128. Thus the gratuity provision for the year under review had been understated by Rs. 1,842,288.
- (f) A sum of Rs. 1,046,771 payable for supplying of green leaves to the Manikdewala factory in the year 2015/2016 had not been taken into accounts and the said amount had been debited to the miscellaneous debtors account when paying the amount in the year 2016/2017 instead of adjusting to the retained profit. Hence the retained profit and the debtor balance had been overstated by the same amount in the financial statements.
- (g) Although the loan provided to the Tea Shakthi fund on 09 April 2015 amounting to Rs. 50,000,000 had been disclosed under the financial assets, written evidence such as agreements and balance confirmation had not been submitted to confirm that balance. Hence, the existence, correctness and completeness could not be confirmed in audit.
- (h) Although the loan provided to the B.C.C Lanka company in the year 2003 amounting to Rs. 10,000,000 and the cumulative interest thereon amounting to Rs. 40,174,692 had been shown in the financial statements as at 31 December of the year under review, the said loan and interest was not recovered throughout 15 years. However, provisions had not been made in the financial statements by the company considering the feasibility of recovering that loan as per the paragraph 58 of the Sri Lanka accounting standard 39.

Qualified Opinion

In my opinion, except for the effects of the basis for quality opinion paragraph of this report, the financial statements give a true and fair view of the financial position of the Kalubovitiyana Tea Factory Limited as at 31 March 2018 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on the legal and regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007 I state the followings.

- (a) The basis of opinion and Scope and Limitations of the audit are as stated above.
- (b) In my opinion,
- I have obtained all the information and explanations that were required for the audit and as far as appears from my examinations, proper accounting records have been kept by the Company
 - The financial statements of the Company comply with the requirement of Section 151 of the Companies Act No. 07 of 2007.

Report to Parliament

My report to parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

W. P. C. Wickramaratne

*Additional Auditor General
For Auditor General*



Statement of Profit/(Loss) and Other Comprehensive Income

For the year ended 31st March Kalubowitiyana Tea Factory Ltd	Note	2018 Rs.	2017 Restated Rs.
Revenue	3	1,004,319,623.10	935,591,884
Cost of sales	4	(983,007,160.69)	(882,539,795)
Gross profit		21,312,462.41	53,052,089
Other operating income	5	16,518,674.56	8,249,613
Profit before operating expenses		37,831,136.97	61,301,702
Administration expenses	6	(39,218,947.27)	(32,446,062)
Selling and distribution expenses	7	(1,897,947.19)	(816,517)
Profit from operating activities		(3,285,757.49)	28,039,123
Finance income	8.1	9,572,625.97	12,118,517
Finance expenses	8.2	(13,219,529.74)	(9,164,034)
Net finance income		(3,646,903.77)	2,954,483
Net profit before taxation		(6,932,661.26)	30,993,606
Taxation	9	(654,697.98)	(1,723,391)
Net profit after taxation		(7,587,359.24)	29,270,215
Earnings per share	10.1	(1.64)	6.31
Dividend per share	10.2	–	
Net profit after taxation		(7,587,359.24)	29,270,215
Actuarial (Gain)/Losses on retirement benefits		(921,123.00)	691,773.52
Total comprehensive income for the year		(8,508,482.24)	29,961,988



Statement of Financial Position

As at 31st March Kalubowitiyana Tea Factory Ltd	Note	2018 Rs.	2017 Restated Rs.
ASSETS			
Non current assets			
Property plant and equipment	11	241,766,511.01	221,154,765
Biological assets	12	3,135,037.27	3,083,459
Total non-current assets		244,901,548.28	224,238,224
Current assets			
Inventories	13	154,600,711.52	133,380,209
Loan receivable from BCC lanka limited		50,174,692.21	47,438,780
Short term investment	14	173,965,133.75	165,849,053
Trade and other receivables	15	45,732,815.72	54,963,358
Income tax receivable	25	9,429,375.71	1,384,543
Cash and cash equivalents	16	5,118,878.50	4,874,961
Total non current assets		439,021,607.41	407,890,904
Total assets		683,923,155.70	632,129,127
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	46,375,070.00	46,375,070
Reserves	18	407,676,021.16	416,184,503
Total equity		454,051,091.16	462,559,573
Non Current Liabilities			
Retirement benefit obligation	19	13,360,083.00	12,971,188
Loans and borrowing	20	32,918,166.84	30,937,500
Total non current liabilities		46,278,249.84	43,908,688
Current Liabilities			
Trade and other payables	21	100,834,667.60	89,283,786
Bank overdrafts	22	59,952,624.05	17,535,366
Loans and borrowing	23	18,341,599.92	13,750,000
Deferred tax liability	24	4,464,923.13	5,091,714
Total current liabilities		183,593,814.70	125,660,866
Total equity and liabilities		683,923,155.70	632,129,128

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



Actg 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

28th May 2018
Colombo.



Director



Statement of Changes in Equity

For the year ended 31st March 2018
Kalubowitiyana Tea Factory Ltd

	Stated Capital Rs.	General Treasury Rs.	Capital Reserves Rs.	Retained Profit Rs.	Total Rs.
Balance as at 01st April 2016	46,375,070.00	–	600,000.00	388,851,196.22	435,826,266.22
Net profit for the year	–	–	–	29,270,214.92	29,270,214.92
Other comprehensive income – Restated				(691,773.52)	(691,773.52)
Depreciation – Restated				(1,845,134.22)	(1,845,134.22)
Balance as at 01st April 2017 – Restated	46,375,070.00	–	600,000.00	415,584,503.40	462,559,573.40
Net profit for the year	–	–	–	(7,587,359.24)	(7,587,359.24)
Other comprehensive income				(921,123.00)	(921,123.00)
Balance as at 31st March 2018	46,375,070.00	–	600,000.00	407,076,021.16	454,051,091.16



Statement of Cash Flows

For the year ended 31st March Kalubowitiyana Tea Factory Ltd	Note	2018 Rs.	2017 Restated Rs.
Cash from operating activities			
Net Profit/(Loss) before taxation		(6,932,661.00)	31,224,400
Adjustments for:			
Depreciation		29,725,816.00	27,076,928
Provision for retirement benefit costs		1,120,128.00	3,089,158
Profit on disposal of assets		(1,318,500.00)	-
Interest income		(9,572,626.00)	(12,118,517)
General treasury grant correction			
Operating Profit/(Loss) before working capital changes		13,022,157.00	49,271,969
(Increase)/Decrease in inventory		(21,220,502.00)	(40,994,714)
(Increase)/Decrease in trade and other receivables		6,494,629.00	(12,436,664)
Increase/(Decrease) in trade and other payables		11,549,522.00	20,125,888
Cash generated from/(Used In) operations		9,845,806.00	15,966,480
Gratuity paid		(1,652,356.00)	(1,015,970)
Tax paid		(9,326,322.00)	(3,076,127)
Net cash from/(Used in) operating activities		(1,132,873.00)	11,874,383
Cash flows from/(Used in) investing activities			
Acquisition of property, plant and equipment		(50,336,202.00)	(11,326,338)
Acquisition of biological assets		(51,579.00)	
Disposal of property, plant and equipment		1,318,500.00	
Interest received		9,572,626.00	9,382,604
Net changes in financial assets		(8,116,081.00)	(7,962,212)
Net cash from/(Used in) investing activities		(47,612,735.00)	(9,905,946)
Net cash from/(Used in) finance activities			
Proceeds from loans and borrowing		6,572,267.00	44,687,500
(Investments)/withdrawal in other financial assets			
Net cash flows from/(Used in) finance activities		6,572,267.00	-
Net Increase/(Decrease) in cash and cash equivalents		(42,173,341.00)	1,968,436
Cash and cash equivalents at the beginning of the year		(12,660,406.00)	(59,316,342)
Cash and cash equivalents at the end of the year	16	(54,833,747.00)	(12,660,406)



Notes to the Financial Statements – Accounting Policies

1. Reporting Entity

1.1 Corporate Information

Kalubowitiyana 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 2018. The Directors are responsible for preparing and presenting these financial statements.

The Directors of the Company as at 31st March 2018 were,
Mr. P S Samarakoon – Chairman
Mrs. I Sugathadasa
Mr. H H Kasthuriarachchi
Mr. P Rasaiah
Mr. T P Rathnayaka
Mr. M A L S N K Manthrinayaka
Mr. A U C Athukorala
Mr. Dammika Ambewela
Mr. G Nallaperuma
Mr. K Brahmana

1.4 Company Secretaries

Corporate Services (Pvt) Ltd,
No. 216, De Saram Place,
Colombo 05.

1.5 Registered Office

No. 556, Nagahamulla,
Pelawatte,
Thalangama South.

1.6 Auditors

Auditor General.
Auditor General Department
No, 306/72,
Polduwa Road,
Battaramulla.

1.7 Date of Authorization for Issuing Financial Statements.

These Financial Statements were authorized for issue by the Board of Directors on, 31st May 2018.

2. General Policies

2.1 Basis of Preparation

The financial statements of Kalubowitiyana Tea Factory Ltd 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.



(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 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 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
Paintings	5
Water and electricity	20
Motor vehicles	4
Plant and machinery	8
Equipment	8
Furniture and fittings	8
Computer software	8
Computer equipment	8
Roads	10
Others	8

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 Kalubowitiyana & Derangala Factories. The Company recognizes Plants up to 3 years as immatured and bushes more than 3 years as matured.

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.

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

The 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.

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 formula published by the Institute of Chartered Accountants of Sri Lanka. This provision is not actuarially valued.

(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.

(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.

New Accounting Standards Issued but not Effective as at the Reporting Date

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

SLFRS 9 – Financial Instruments

SLFRS 9 – Financial Instruments, which replaces the provisions of LKAS 39 Financial Instruments, Recognition, Measurement and Classification of financial assets and requirements with respect to the classification and measurement of financial liabilities, the de-recognition of financial assets and financial liabilities and how to measure fair value were added to SLFRS 9.

The effective date SLFRS 09 has been deferred till 1st January 2018.

The following Accounting Standards are not expected to have an impact on the financial statements of the Company.

1. SLFRS 14 – Regulatory Deferral Accounts: effective date 01st January 2016.
2. SLFRS 15 – Revenue from Contracts with Customers: effective date 01st January 01 2017.
3. Amendment LKAS 16 and LKAS 41 – Bearer Plants: effective date 01st January 2016.



Notes to the Financial Statements

3. Revenue

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	Note	2018 Rs.	2017 Rs.
Revenue	31.1		
Gross Sales		941,276,205.00	899,641,330
Less: Brokerage & Sales Expenses		(13,118,730.94)	(12,830,845)
		928,157,474.06	886,810,485
Add: Local Sales		76,162,149.04	48,781,400
Total		1,004,319,623.10	935,591,884

4. Cost of Sales

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	Note	2018 Rs.	2017 Rs.
Cost of Sales	31.2		
Green Leaf Purchases		721,609,743.41	660,791,665
Production Cost		168,477,961.77	181,213,223
Production Overheads		118,518,428.42	78,819,360
Cost of Manufacturing		1,008,606,133.60	920,824,248
Movement In Finished Goods			
Balance as at The Beginning of The Year		110,622,693.80	71,415,674
Balance as at The End of The Year		(136,221,666.71)	(110,622,694)
Cost of Sales		983,007,160.69	881,617,228

5. Other Income

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	Note	2018 Rs.	2017 Rs.
Sundry income		15,198,814.74	7,557,839
Profit on disposal of property plant and equipment		1,318,500.00	-
Written off		1,359.82	-
Total		16,518,674.56	7,557,839



6. Administration Expenses

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	Note	2018 Rs.	2017 Rs.
Directors' remuneration and staff cost	6.1	19,947,652.71	17,437,822
Travelling, subsistence and vehicle hire	6.2	5,434,782.38	3,529,323
Maintenance expenses – Equipment and vehicles	6.3	4,434,993.90	3,047,263
Professional fees	6.4	587,405.20	887,354
Insurance and license fees	6.5	715,643.75	1,240,893
Printing stationery and postage	6.6	1,135,667.03	749,279
Other administration expenses	6.7	6,962,802.30	5,554,128
Total		39,218,947.27	32,446,062

6.1 Directors' Emoluments and Staff Cost

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Staff Salaries	7,969,096.24	5,713,842
Gratuity	809,737.94	423,791
Allowances	6,520,841.37	7,039,149
Overtime and Holiday Payments	734,810.48	577,578
Employee's Provident Fund Contributions	1,272,851.53	806,348
Employee's Trust Fund Contributions	310,358.30	192,206
Bonus	813,687.50	844,450
Board Fees	612,000.00	691,500
Staff Welfare	904,269.35	1,148,957
Total	19,947,652.71	17,437,822

6.2 Traveling, Subsistence and Vehicle Hire

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Travelling and subsistence	2,451,474.84	1,690,413
Hire charges	2,983,307.54	1,838,910
Total	5,434,782.38	3,529,323



6.3 Maintenance of Office Building, Equipment and Vehicles

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Office building maintenance	1,006,088.96	169,404
Office equipment maintenance	527,122.98	248,811
Motor vehicles maintenance	1,176,711.50	1,090,379
Vehicle fuel cost	1,725,070.46	1,532,269
Tyre repairs	–	6,400
Total	4,434,993.90	3,047,263

6.4 Professional Fees

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Other Fees	587,405.20	559,209
Secretarial Fees	–	328,145
Tax Fees	–	–
Total	587,405.20	887,354

6.5 Insurance and Licence Fees

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Insurance and License Fees	244,878.00	287,671
Staff Insurance	470,765.75	953,223
Total	715,643.75	1,240,893

6.6 Printing, Stationery and Postage

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Printing	151,365.00	101,190
Postage	54,910.00	79,211
Computer Stationery	–	–
Other Stationery	929,392.03	568,878
Total	1,135,667.03	749,279



6.7 Other Administration Expenses

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Legal Fees	119,920.00	240,250
Depreciation	1,764,657.33	1,124,829
Head Office Expenses	–	–
Donations	564,736.90	676,343
Telephone	977,133.34	706,327
Newspapers & Periodicals	27,000.00	10,800
Rent	1,450,000.00	1,140,000
Electricity	659,714.60	681,136
New Project Expenses	–	–
Other Utilities & Services	1,264,558.93	693,277
Supplies & Requisitions - Others	14,581.20	54,656
Staff Training	120,500.00	223,077
Written Off	–	3,433
Debts Written Off	–	–
Surcharge	–	–
Total	6,962,802.30	5,554,128

7. Selling and Distribution Expenses

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Trade Fair & Exhibition	1,030,688.66	–
Entertainment	348,131.03	169,968
Registration Fees	44,700.00	40,954
Advertising	474,427.50	605,595
Total	1,897,947.19	816,517

8. Net Finance Income

8.1 Finance Income

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Fixed Deposit Interest	9,005,943.17	8,883,694
Treasury Bill Interest	22,339.56	25,358
Staff Loan Interest	454,687.97	395,781
Savings Account Interest	89,655.27	77,772
BCC Lanka Limited Loan Interest	–	2,735,912
Total	9,572,625.97	12,118,517



8.2 Finance Expenses

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Bank Charges	90,297.28	564,411
Overdraft Interest	8,392,296.14	5,802,132
Bank Loan Interest	4,539,121.32	2,605,562
Short Term Loan Interest	197,815.00	191,929
Total	13,219,529.74	9,164,034
Net Finance Income	(3,646,903.77)	2,954,483

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 10% 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 Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Current Year	1,281,490.00	2,224,842
Under/(Over) provisions of Income tax in previous year	–	–
	1,281,490.00	2,224,842

9.2 Reconciliation between Accounting Profit to Income Tax

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Accounting Profit/(loss) before Taxation	(6,932,661.26)	31,224,400
Income from other sources and exempt Income	(49,233,355.70)	(55,124,734)
Aggregate Disallowable Items	32,918,461.59	31,257,543
Adjusted Profit/(Loss) from the Business	(23,247,555.38)	7,357,209
Income from other sources	1,390,232.48	12,143,561
Total Statutory Income		
Sec 32 Deductions	(486,581.54)	(6,824,032)
Qualifying payments		
Taxable Income	903,650.94	12,676,738
Tax on Agricultural Activities 10%	–	735,721
Tax on Other Income 28%	253,022.00	1,489,121
Deemed Dividend Tax	1,028,467.00	
Deferred Tax Expenses		
Deferred Tax Charged/(Reversal)	(626,791.02)	(501,451)
Total Tax Expense	654,697.98	1,723,391



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:

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Net Profit for The Year	(7,587,359)	29,270,215
Weighted Average Number of Shares	4,637,507	4,637,507
Basic Earnings per Share	(1.64)	6.31

10.2 Dividend per Share

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 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 2017	4,605,690.64	259,578,225.86	251,132,324.32	10,205,564.44	7,348,314.77
Additions	–	8,619,979.76	28,239,218.72	308,495.90	2,394,511.44
Disposals	–	–	–	–	–
Transfer	–	–	–	–	–
Cost as at 31st March 2018	4,605,690.64	268,198,205.62	279,371,543.04	10,514,060.34	9,742,826.21
Accumulated Depreciation					
Accumulated Depreciation as at 01st April 2017	–	129,392,066.86	180,619,773.77	5,376,785.57	4,964,626.15
Current Year Depreciation	–	11,113,195.34	14,488,738.53	1,131,861.60	663,587.20
Disposals	–	–	–	–	–
Accumulated Depreciation as at 31st March 2018	–	140,505,262.20	195,108,512.30	6,508,647.17	5,628,213.35
Net Book Value as at 31st March 2018	4,605,690.64	127,692,943.42	84,263,030.74	4,005,413.17	4,114,612.86



Office Equipment Rs.	Furniture and Fittings Rs.	Tools Rs.	Motor Vehicles Rs.	Other Rs.	Work in Progress Rs.	Total Rs.
3,020,211.03	7,850,534.40	838,851.80	25,325,165.02	4,302,542.01	1,460,462.11	575,667,886.40
151,999.04	604,331.76	17,000.00	4,397,030.00	5,213,855.13	389,779.72	50,336,201.47
–	–	–	632,800.00	–	–	632,800.00
–	–	–	–	–	–	–
3,172,210.07	8,454,866.16	855,851.80	29,089,395.02	9,516,397.14	1,850,241.83	625,371,287.87
2,064,732.46	4,709,909.34	581,467.06	25,325,165.02	1,477,234.67	–	354,511,760.89
212,536.26	774,265.33	59,223.70	555,080.83	727,327.18	–	29,725,815.97
–	–	–	632,800.00	–	–	632,800.00
2,277,268.72	5,484,174.67	640,690.76	25,247,445.85	2,204,561.85	–	383,604,776.86
894,941.36	2,970,691.49	215,161.05	3,841,949.17	7,311,835.29	1,850,241.83	241,766,511.01



12. Biological Assets

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
At the Beginning of the Year	3,083,458.74	2,981,299
Additions During the Year	51,578.53	102,160
At the end of the Year	3,135,037.27	3,083,459

13. Inventories

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Food and Beverages	16,368,008.86	19,815,416.36
Finished Goods	136,221,666.71	110,622,694
Consumables Stocks	578,483.82	700,943
General and Other	1,432,552.13	2,241,156
Total	154,600,711.52	133,380,209

14. Short Term Investment

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Treasury Bills	261,401.64	261,402
Fixed Deposits – People's Bank	115,030,222.34	107,684,232
Fixed Deposits – People's Bank	8,673,509.77	7,903,419
Tea Shakthi Fund*	50,000,000.00	50,000,000
Total	173,965,133.75	165,849,053

* 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.

15. Trade and Other Receivables

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Trade Debtors	24,903,366.12	27,952,469
Staff Debtors	8,955,535.96	12,479,569
Deposits	3,031,474.34	3,948,474
Advances and Prepayments	9,429,501.09	11,578,301
Non Moving Balances	921,856.34	1,782,133
Other Debit Balances	42,251.71	56,663
	47,283,985.56	57,797,610
Less: Provision for Bad Debts	(1,551,169.84)	(2,834,253)
Total	45,732,815.72	54,963,358



16. Cash and Cash Equivalents

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 Rs.
People's Bank	Account No. 204100140084885 – Headquarters	–	–
People's Bank	Account No. 204100130084961 – Headquarters	25,000.00	32,789
People's Bank	Account No. 204100140084911 – Headquarters	225,504.60	73,048
People's Bank	Account No. 060100110000681 – Morawaka	475,010.20	1,717,635
People's Bank	Account No. 060100100000592 – Morawaka	6,664.30	–
Bank of Ceylon	Account No. 0006065711 – Neluwa	1,083.00	1,083
Bank of Ceylon	Account No. 75958665 – Pelawatta	25,000.00	227,550
Bank of Ceylon	Account No. 205604 – Thawalama	77,730.70	15,000
People's Bank	Account No. 256100110021039 – Pilimathalawa	–	303,404
Cash In Hand		24,525.00	9
Cash In Transit		817,726.87	–
Savings Accounts – People's Bank		3,440,633.83	2,504,444
Total		5,118,878.50	4,874,961

Unfavourable Cash and Cash Equivalents

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 Rs.
Bank Overdraft		(59,952,624.05)	(17,535,366)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statements		(54,833,745.55)	(12,660,405)

17. Stated Capital

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 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 Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 Rs.
Grant – General Treasury		–	–
Capital Reserves		600,000.00	600,000.00
Profit and Loss Account		407,076,021.2	416,184,503.40
Total		407,676,021.16	416,784,503.40



19. Retirement Benefit Obligation

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Movement in the Present Value of Defined Benefit Obligation		
At The Beginning of The Year	12,971,188.19	10,897,999
Current Service cost	1,665,258.81	1,314,320
Interest Cost	1,297,115.00	1,083,065
Actuarial Gain/Loss	(921,123.00)	691,773
Prior Year Adjustments		–
Payments During the Year – In Cash	(1,652,356.00)	(1,015,970)
Payable	–	–
At the End of the Year	13,360,083.00	12,971,188

20. Loan Borrowings – Peoples Bank

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Working Capital Loan – Peoples Bank	32,918,166.84	30,937,500

21. Trade and Other Payables

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Bought Leaf Suppliers	47,162,446.29	35,670,658
Trade Creditors	11,151,490.94	24,343,000
Service Contractors	3,271,124.77	2,426,681
Staff Creditors	3,338,835.69	3,417,131
Accrued Expenses	34,743,755.05	22,479,256
Unclaimed Balances	604,923.54	467,639
Suspense and Other Credit Balances	562,091.32	479,416
Total	100,834,667.60	89,283,786



22. Bank Overdrafts

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 Rs.
People's Bank	Account No.204100140084885	59,952,624.05	17,264,253
People's Bank	Morawaka A/C 06010010000059	–	271,112
Total		59,952,624.05	17,535,366

23. Loans and Borrowing

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 Rs.
Working Capital Loan – Peoples Bank		18,341,599.92	13,749,999

24. Deferred Tax Liability/(Asset)

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 Rs.
At the Beginning of the Year		5,091,714.15	5,593,164
Transferred To/(from) Income Statement		(626,791.02)	(501,450)
At the end of the Year		4,464,923.13	5,091,714

25. Commissioner General of Inland Revenue

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>		2018 Rs.	2017 Rs.
Balance as at the Beginning of the Year		(1,384,543.37)	(533,258)
Provision for the Year		1,281,490.00	2,224,842
		(103,053.37)	1,691,584
Payments for the Previous Year		(1,188,948.87)	(874,000)
Payments for the Year			
Gross		(1,292,002.24)	817,584
Tax Credits			
Economic Service Charge		(6,362,902.75)	(2,149,012)
With Holding Tax		(1,774,470.72)	(53,115)
Net Payable/(Refundable)		(9,429,375.71)	(1,384,543)



26. Capital Expenditure and Commitments

<i>For the year ended 31st March Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Land	–	–
Buildings	8,619,979.76	210,118
Plant and Machinery	28,239,218.72	6,024,947
Equipment	2,855,006.38	1,261,557
Furniture and Fittings	604,331.76	881,643
Tools	17,000.00	–
Motor Vehicles	4,397,030.00	–
Other	5,213,855.13	1,578,278
Work in Progress	389,779.72	791,345
Total	50,336,201.47	10,747,887

27. 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.
- (iii) The Commissioner General of Inland Revenue has made an appeal to the court appeal (Tax 08/2016) against the favourable decision given by the tax appeal commission pertaining to the payment of income tax for the year 2010/2011.
- (iv) Company has made an appeal to the tax appeal commission against Income tax assessment issued by the Commissioner General of Inland Revenue for the year of assessment 2011/2012 (TAC/IT 060-2016).

28. 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.

29. Related Party Disclosures

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

29.1 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.

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

29.1.2 No loans were given to KMPs during the Year.

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

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



29.2 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.

29.3 Dealing with Subsidiaries, Associates and Joint Ventures – None

30. Reasons for Restatements

	Balance as at 01st April 2016 Before Restatement	Adjustments	Restated Balances as at 01st April 2016
Plant and Machinery	237,726,839.72	7,380,537.20	245,107,376.92
Acc Depreciation for Plant and Machinery	166,146,103.83	1,845,134.22	167,991,238.05

Settlement of outstanding advance given for modification work of Drier at Kalubowitiyana Factory by Lalan Engineering, capitalised to the year 2014/2015.

31. Factory Segments

31.1 Sales

	Head Office Rs.	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Total Rs.
Gross Sales	–	471,697,009.75	201,378,939.39	150,126,825.86	118,073,430.00	941,276,205.00
Less: Brokerage and Sales Expenses	–	(6,721,913.14)	(2,238,711.87)	(2,165,050.20)	(1,993,055.73)	(13,118,730.94)
	–	464,975,096.61	199,140,227.52	147,961,775.66	116,080,374.27	928,157,474.06
Add: Local Sales	35,130,557.17	28,584,354.87	9,647,444.00	1,379,688.00	1,420,105.00	76,162,149.04
Total	35,130,557.17	493,559,451.48	208,787,671.52	149,341,463.66	117,500,479.27	1,004,319,623.10

31.2 Cost of Sales

	Head Office Rs.	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Total Rs.
Bought Leaf	–	365,823,985.62	146,034,388.15	118,761,884.04	90,989,485.60	721,609,743.41
Manufacturing Cost						
Production Cost		64,111,166.72	38,356,670.80	37,124,799.25	28,885,325.00	168,477,961.77
General Charges	35,172,588.86	31,677,679.75	19,951,983.50	14,669,270.70	17,046,905.61	118,518,428.42
	35,172,588.86	461,612,832.09	204,343,042.45	170,555,953.99	136,921,716.21	1,008,606,133.60
Add: Opening Stock	600,399.63	42,152,309.55	46,079,098.82	7,112,401.40	14,678,484.40	110,622,693.80
Less: Closing Stock	(1,341,743.83)	(86,240,269.20)	(18,117,478.38)	(17,893,265.54)	(12,628,909.76)	(136,221,666.71)
Total	34,431,244.66	417,524,872.44	232,304,662.89	159,775,089.85	138,971,290.85	983,007,160.69



Detailed Schedules to the Financial Statements

1. Trade and Other Receivables

1.1 Trade Debtors

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Bought Leaf Supplier Debts	1,945,196.50	1,507,619
Bought Leaf Supplier Loans	463,040.95	493,333
Bought Leaf Transport Loans	84,681.86	39,053
Fertilizer Debtors	12,575.00	2,363,785
Trade Debtors	22,397,871.81	23,548,679
Sub Total	24,903,366.12	27,952,469

1.2 Staff Debtors

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Checkroll Debts	39,102.01	90,968
Check Roll Loans	10,000.00	7,825
Distress Loans	8,241,234.22	11,141,977
Festival Advances	665,199.73	1,238,800
Sub Total	8,955,535.96	12,479,569

1.3 Deposits

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Deposits Receivable	2,767,474.34	3,534,474
Bungalow Key Money	264,000.00	414,000
Sub Total	3,031,474.34	3,948,474



1.4 Prepayments and Other Receivables

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Bought leaf Welfare Society	–	13,660
CIC Fertilizer	348,750.00	348,750
Eastern Trading	–	4,412
Emergency Advance	25,000.00	–
ESC Receivable 16/17	–	1,188,949
Hayleys Agro	365,999.96	–
ISO Programme	356,972.00	–
Kotapola MPCs	–	323,446
Labour Festival Advance 16/17	240,700.00	–
Short Delivery	25,806.00	–
Local Tea Sale Marketing	1,226.00	–
Lorry - 3402	–	38,493
Lorry JJ - 1961	–	91,463
M P C S Agalawatta	227,024.65	249,436
Manure Debt.	–	114,233
Telephone Dialog Bill	7,053.96	–
Unidil Packaging	52,914.10	–
Mark Trade Shop	9,465.12	–
New Cleanary Field	920,576.62	497,621
Other Advances	1,822,166.94	10,118,898
PAYE Tax Recoverable	2,400.00	4,389
Petty Cash	2,887.90	–
Prepayments	3,143,156.54	2,652,804
Prepayments Insurance	253,535.18	–
SAPDA	–	451,547
SITE Preparation	202,037.70	–
Stamps	2,541.50	1,467
Sundry Debtors	1,392,936.92	1,814,960
WHMU Priyantha	26,350.00	26,350
Withholding Tax Receivable	–	876,143
Tea Board Subsidy	–	141,819
Sub Total	9,429,501.09	18,958,838



1.4 Non Moving Balances

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Lorry 226 - 1532	–	42,834
Survey Department	–	42,512
Rice Supplier	–	1,100
Bank Loan Neluwa	–	9,370
Tea Small Holding Development Authority	18,931.25	18,931
T G Hemachandra	27,258.70	27,259
P A Ariyadasa	69,573.00	69,573
Sunil Trade Enterprises	–	26,920
Siripura Traders	–	45,458
Lalitha Trade Center	–	4,585
Jayasekara Motors	–	8,260
Jayakody Filling Station	–	984
Iddamalgodha Commercial Company	–	174,626
Divisional Secretariat	–	3,238
Over Paid Insurance	1,008.24	1,008
Asha Agencies	–	63,445
Asia Siyaka Commodity Limited	–	434,924
Somerville & Company	798,461.15	798,461
Lent Labour	–	1,128
Staff Debts	6,624.00	7,516
Sub Total	921,856.34	1,782,133

1.5 Other Debit Balances

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Suspense Account	41,564.37	55,976
Stock Purchases Suspense	687.34	687
Sub Total	42,251.71	56,663
Grand Total	47,283,985.56	65,178,147
Provision For Bad and Doubtful Debts	(1,551,169.84)	(2,834,253)
Net Total	45,732,815.72	62,343,895

2. Creditors and Accrued Charges

2.1 Bought Leaf Creditors

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Bought Leaf Suppliers	47,162,446.29	35,670,659
Sub Total	47,162,446.29	35,670,659



2.2 Trade Creditors

<i>As at 31st March</i>	2018	2017
<i>Kalubowitiyana Tea Factory Ltd</i>	Rs.	Rs.
A W Ranasighe Filling Satation	–	13,200
Abyewickrama Stores	–	440
Accounts Payable	486,485.34	266,900
Agstar Fertilizer	97,297.60	97,298
Allied Commercial	–	252,800
Alliance Trust Insurance	48,523.00	–
Ariyasiri Hardware	–	300
Bank Loan	29,500.00	3,000
Baurs Fertilizer	282,000.00	4,180,750
Britex Safety	20,762.10	459,200
Ceylon Fertilizer	348,750.00	97,903
Ceylon Paper Sacks	–	173,580
Chandana Engineering	30,525.00	30,525
CIC Fertilizer	–	2,857,281
Colombo Agro Fertilizer	–	10,233
Colombo Commercial Company	–	18,657
CPPS Account	12,100.00	12,100
Eagle Traders	–	36,861
Eastern Trading	145,377.58	247,153
Firewood	12,600.00	214,725
Firewood Contractors	148,175.00	332,775
Hayleys Agro	–	1,846,211
Helix Engineering	106,704.54	1,381,983
Hettiarachchi Hardware	–	365
Hightech Engineeres	74,350.00	74,350
Jayakody Filling Station	–	74,569
Jayasinghe & Company	41,250.00	–
Kotapola Hardware	–	457
Kotapola MPCS	–	–
Lanka Sathosa	550,527.16	505,389
Liyanage Stores	30,400.00	892,900
Morawaka Hardware	–	23,628
Morawaka Stores	40,670.50	107,571
MPCS Agalawattha	–	14,965
Manur Debt	90,713.01	–
P A Ariyadasa & Son	–	–
Quikpack (Pvt) Ltd.	241,726.42	175,239
Rent Payable to BCC Lanka	750,000.00	750,000
Retention Payable	305,041.29	–
Refuse Tea Cash Deposit Payable	60,000.00	–
Sandaru Products	–	–
Sales Center	932,426.00	–
Singer Sri Lanka	49,663.00	65,748
SLN Sangamaya	320.00	1,940
Southern Engineering Company	–	3,257
St Regis Packaging	190,298.16	190,298
Sundry Creditors	6,025,305.24	8,927,251
Thanuja Hardware	–	1,200
Sub Total	11,151,490.94	24,343,001



2.3 Service Contractor Payments

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Green Leaf Transport	3,035,729.24	2,275,702
Leaf Bag Unloading Contractors	85,097.86	53,354
Green Leaf Spreading	80,593.55	–
Leaf Bag Loading Contractors	69,704.12	30,016
Sundry Contractors		67,609
Sub Total	3,271,124.77	2,426,681

2.4 Staff Creditors

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Check Roll/Casual Work	3,070,100.49	3,160,649
Provision for Holiday Wages	–	50,344
Staff Overtime	268,735.20	206,139
Sub Total	3,338,835.69	3,417,132

2.5 Accrued Expenses

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Cancelled Cheques	843,157.90	547,217
CCC Plantation	1,515,500.94	1,515,501
CESU	200.00	1,100
Ceylon Electricity Board	2,263,470.10	3,155,569
Co. Operative Society	191,020.00	244,148
Coconut Suppliers	–	770
Deposit Payable	40,000.00	200,000
Dialog Telecom	–	(1,543)
Diesel Purchases – LJ3402	9,824.12	14,203
Elka Rice Mill	–	328,500
ESC Payable	1,336,781.99	1,188,949
Employees' Provident Fund	1,295,822.25	1,164,589
Employees' Trust Fund	180,330.26	154,111
Filling Station	–	5,076
G W Sriyaratne	–	4,520
Gamini Engineering	144,914.75	144,915
General Engineering Services	–	240,151
Holiday Payments	336,896.39	642,033
Head Office STN	3,042,317.51	872,211
Insurance	–	71,022
Lalaln Engineering	1,566,001.92	1,566,002
Lanka Jathika States Work	2,040.00	3,264
Laudgh Petroleum	77,288.01	–
Mark Trade Shop	–	43,833
Marketing Federation	332,705.00	78,321
Mobile Phone Bill	6,707.92	–
National Water Supply	11,422.09	23,321



<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Other Accrued Expenses	4,625,943.82	5,597,137
PAYE Surcharge	59,344.00	59,344
PAYE Tax	26,795.60	27,002
Sanasa B'Leaf Supplier Loan	78,000.00	413,500
Shantha Electricals	9,560.00	9,560
Shantha Estates	–	12,513
Sri Lanka CO operative	–	660,933
Sri Lanka Telecom	13,237.26	32,101
Stamp Duty	18,906.00	7,761
Stamps	–	1,148
Sundry Abetment	60,310.89	80,099
Sundry Transport	–	27,691
Sundry Cash	8,745.00	–
Sunil Trade Enterprises	–	11,925
Tax Fees	–	41,250
Tea Board Subsidy	2,700,000.00	668,598
Tea Shakthi Fund	2,066,484.82	2,049,960
Tea Sale Center	206,795.00	–
Unidil Paper Sacks	7,498.40	7,498
Welfare	11,346,073.64	5,525
Welfare Society	197,279.47	453,850
Welfare Society DTF	122,380.00	104,080
Sub Total	34,743,755.05	22,479,257

2.6 Other Credits

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Suspense Account	–	468,287
Tea Short Deliveries	–	11,129
Reconciliation Descripencies	562,091.32	–
Sub Total	562,091.32	479,417

2.7 Unclaimed Balances

<i>As at 31st March</i> <i>Kalubowitiyana Tea Factory Ltd</i>	2018 Rs.	2017 Rs.
Checkroll Wages	–	84,325
Insurance	176,636.91	4,763
Bought Leaf Suppliers	5,713.19	200,830
Salaries and Wages	66,416.19	18,805
Staff Salaries	335,371.91	155,395
Staff Medical	1,900.00	–
Bonus	18,885.34	–
Cheques	–	3,522
Sub Total	604,923.54	467,640
Grand Total	100,834,667.60	89,283,786



Financial Highlights of Preceding Ten Years

	2017/18 Rs.	2016/17 Rs.	2015/16 Rs.	2014/15 Rs.
Net Sales	1,004,319,623.10	935,591,884.34	775,730,199.81	751,044,477.30
Cost of Sales	(983,007,160.69)	(881,617,227.76)	(767,358,579.26)	(737,909,957.50)
Gross Profit	21,312,462.41	53,974,656.58	8,371,620.55	13,134,519.80
Other Income	26,091,300.53	19,676,356.10	43,465,176.11	42,923,956.86
Profit Before Operating Expenses	47,403,762.94	73,651,012.68	51,836,796.66	56,058,476.66
Administration & Establishment Expenses				
Selling & Distribution & Other Expenses	(41,116,894.46)	(33,262,579.21)	(31,413,579.54)	(36,183,737.86)
Profit from Operating Activities	6,286,868.48	40,388,433.47	20,423,217.12	19,874,738.80
Finance Expenses	(13,219,529.74)	(9,164,033.62)	(8,428,981.00)	(2,885,464.36)
Net Profit Before Taxation	(6,932,661.26)	31,224,399.85	11,994,236.12	16,989,274.44
Income Tax	(654,697.98)	(1,723,391.30)	(2,178,708.00)	(3,851,962.00)
Net Profit After Taxation	(7,587,359.24)	29,501,008.55	9,815,528.12	13,137,312.44



	2013/14 Rs.	2012/13 Rs.	2011/12 Rs.	2010/11 Rs.	2009/10 Rs.	2008/09 Rs.
	779,486,292	769,483,494	638,941,282	547,568,613	498,967,014	458,241,211
	(747,630,426)	(732,146,392)	(536,329,532)	(492,030,156)	(425,784,176)	(418,479,646)
	31,855,865	37,337,103	102,611,750	55,538,457	73,182,838	39,761,565
	26,770,146	18,908,625	13,697,746	18,564,382	22,502,885	23,299,933
	58,626,011	56,245,728	116,309,496	74,102,839	95,685,723	63,061,499
	(28,971,387)	(29,231,329)	(25,279,941)	(43,324,929)	(23,794,303)	(20,713,539)
	29,654,625	27,014,399	91,029,555	30,777,909	71,891,420	42,347,960
	(2,105,842)	(107,679)	(585,337)	(238,321)	(234,404)	(190,273)
	27,548,782	26,906,720	90,444,218	30,539,589	71,657,016	42,157,687
	(8,213,713)	(5,112,710)	(11,182,452)	(5,128,363)	(6,485,203)	(15,857,050)
	19,335,069	21,794,010	79,261,766	25,411,226	65,171,813	26,300,637



Corporate Information

Name of the Company

Kalubowitiyana Tea Factory Limited

Company Registration No.

PB 1020

Shifted Office

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

Legal Firm

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

Telephone No.

011 278 6734

Fax No.

011 464 5279

E-mail Address

ktfl@sltnet.lk

Auditors

Auditor General
Auditor General's Department
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

Factories

Kalubowitiyana CTC Factory

Abeywila, Kalubowitiyana.

Tel/Fax : 091 378 3020

E-Mail : ktflk@sltnet.lk

Derangala Tea Factory

Kiriwelkelle, Pitabeddara.

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.
Telephone No. : 011 278 6734
E-mail : ktfl@sltnet.lk