

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.





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Preamble



Corporate Profile Kalubowitiyana 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 Million consisting of five million shares valued Rs. 10 per share. The initial capital was provided under the Indian line of Credit. Our second tea factory at Derangala was established under the same line of credit and commenced its operations in March 2000. Our third Tea factory is the Hiniduma Hills Tea Factory, was previously under the Tea Shakthi Fund, was transferred to KTFL under a profit sharing agreement. The Company re-established this factory using its own funds and the Hiniduma Tea Factory commenced operations from 2012.

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

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

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

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

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

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

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

Garden Marks and Type of Teas

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

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

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

Our Products

CTC

BP 1	PD	PF 1
------	----	------

Orthodox

FBOP 1	FBOPF	BOP 1	FBOPF 1
FBOP	ВОР	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 and safety. All products and processes are fully compliant with ISO 22000:2005 and 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 and HACCP) for all Black Tea manufacturing facilities reinforces our commitment towards product responsibility and ensures Food Safety and quality standards are maintained form end-to-end. Tea Quality is tested annually for heavy metals; Microbiological criteria and Agro-Chemical residues are per the requirement of ISO 3720 standard.



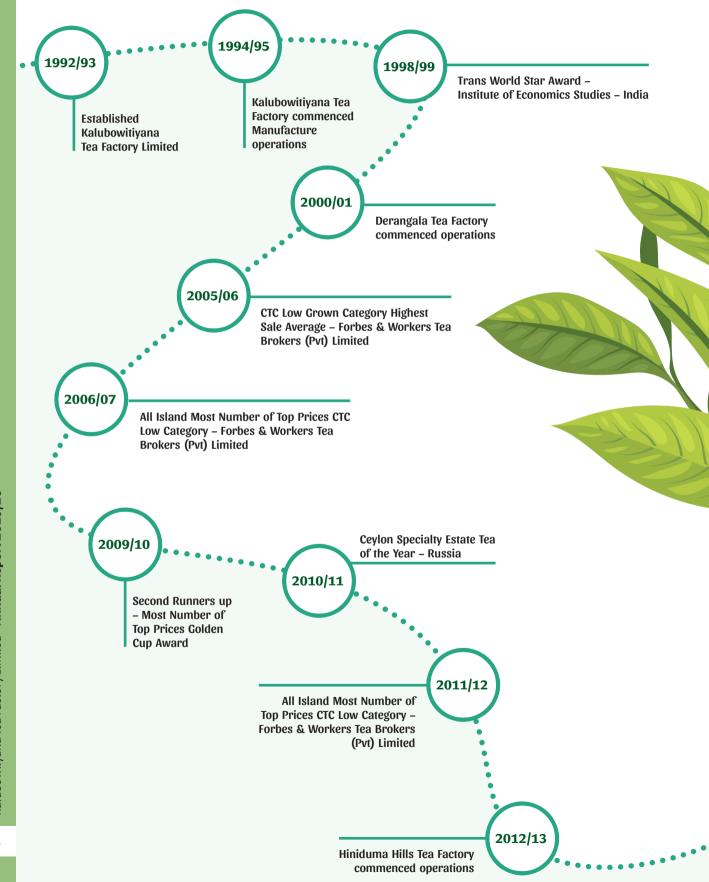


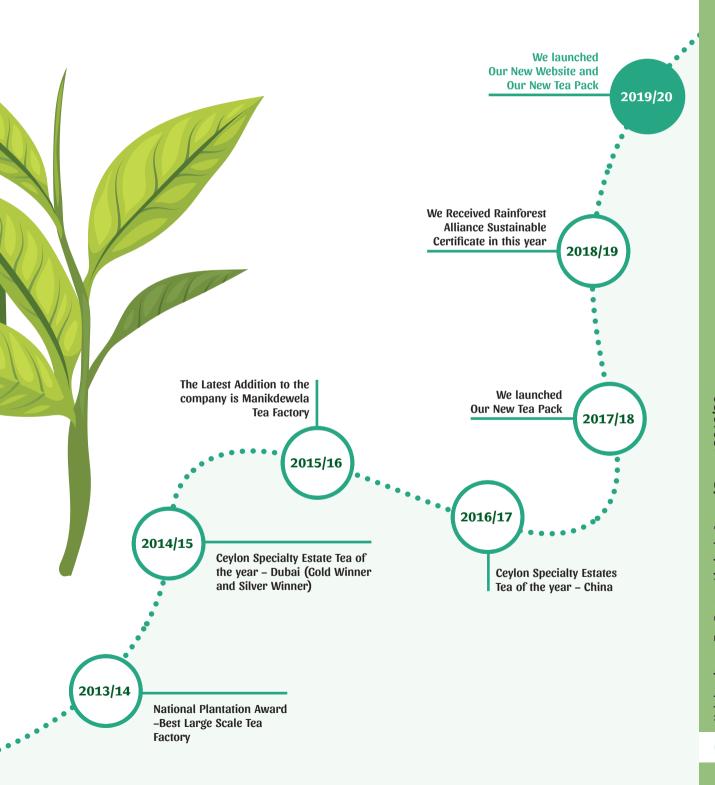






Our Journey

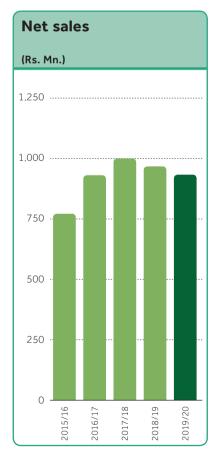


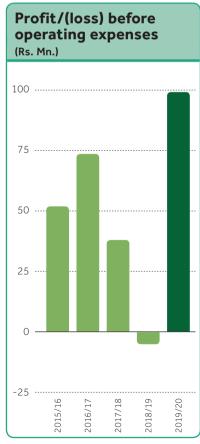


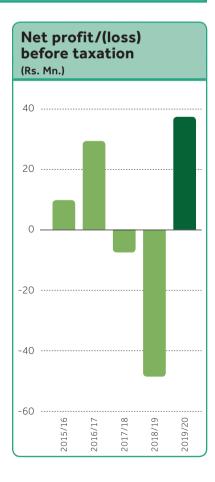


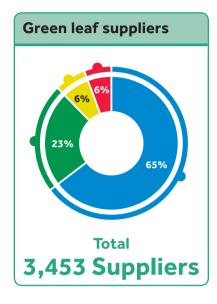
Financial Highlights

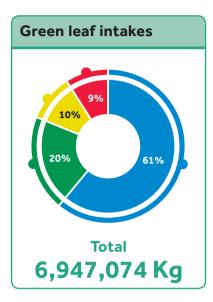
For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Net sales	937,789,275.06	971,792,179.69
Cost of sales	(845,680,912.50)	(985,257,848.93)
Gross profit	92,108,362.54	(13,465,669.24)
Other operating income	7,201,625.87	8,419,609.14
Profit/(loss) before operating expenses	99,309,988.41	(5,046,060.10)
Administration expenses	(50,712,394.91)	(42,048,961.14)
Selling, distribution and other expenses	(400,677.07)	(3,116,553.01)
Profit/(loss) from operating activities	48,196,916.43	(50,211,574.25)
Finance income	14,724,355.11	15,843,193.10
Finance expenses	(19,653,694.91)	(18,579,649.64)
Net finance income	(4,929,339.80)	(2,736,456.54)
Net profit/(loss) before taxation	43,267,576.63	(52,948,030.79)
Taxation	(5,535,371.27)	4,167,928.45
Net profit after taxation	37,732,205.36	(48,780,102.34)
Earnings per share	8.19	(10.52)

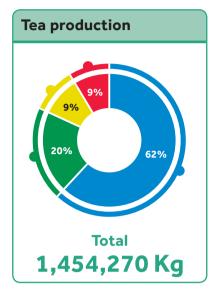












Factory	Green leaf suppliers (Nos.)	Green leaf intakes (Kg)	Tea production (Kg)
 Kalubowitiyana Tea Factory 	2,231	4,237,689	900,125
● – Derangala Tea Factory	798	1,399,915	290,262
– Hiniduma Hills Tea Factory	227	683,988	138,805
– Manikdewela Tea Factory	197	625,482	125,078



I am pleased to present to you the Annual Report for the Financial Year ended 31st March 2020. The tea industry plays a significant role in the Sri Lankan economy in terms of foreign exchange earnings and providing employment opportunities. For more than a century, the tea industry was the main employment provider, the main source of foreign exchange and the main source of government revenue. The period under review proved to be a challenging one for the Sri Lankan Tea Industry, despite of favourable prices fetched for Ceylon Tea. Recent statistics suggest that the contribution of the tea industry towards the Sri Lankan economy is gradually declining. The area under tea cultivation is stagnant or shrinking, productivity is low, replanting rate is low, production costs are high and there is a shortage of labor willing to work in the industry. As a result, Sri Lanka's share of world exports of tea and production have decline significantly as a result.

Global Challenges

The Sri Lankan economy, as per the Central Bank Annual Report for the year 2019, recorded a real GDP growth of 2.3% compared to 3.2% in 2018. The real GDP from agriculture, forestry and fishing related activities contracted by 0.6% in 2019 compared to a contraction of 4.8% in 2018.

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 2019 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. Total Tea production in 2017 recorded 300,134 (MT), a 1.2% decrease from 303,843 (MT) in the previous year.

Sri Lanka tea exports for the period January to December 2019 totalled 292.6 Million kgs vis-à-vis 282.3 Million kgs of January-December 2018, showing a gain of 10.3 Million kgs. When analysing the exports category-wise, Bulk tea totalling 122.8 million kgs during January-December 2019 has shown a marginal growth of 0.4 Million kgs against the volume of 122.4 of January to December 2018.

On the global front, Turkey has emerged as the largest importer of Sri Lankan tea in 2019 followed by Iraq and Russia with Iran occupying the 4th position. Other noteworthy importers are Libya, China, Azerbaijan, Syria and the UAE. Meanwhile, destinations such as USA, Saudi Arabia, India and Germany have shown a growth in imports in 2019 compared to the corresponding period of 2018.

Company Performance

Against this challenging backdrop, the Company reported revenue of Rs. 938 Million and a post-tax profit of Rs. 37.7 Million for the year.

Our Strategy

Our key focus consists of following Good Manufacturing Practices (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 marketing tea to the local market via the "Kalubowitiyana" brand continues. As a means to expand awareness and understanding, Kalubowitiyana Tea Factory Limited will continue to conduct relevant training programmes for its executive staff and workers to further enhance knowledge growth and improve overall productivity. The Company continues to operate on strong fundamentals and considers its people to be its biggest asset.

Future Prospects

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

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 whether 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.

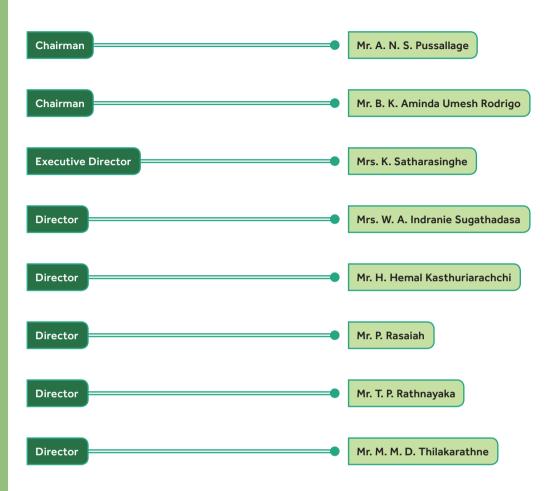
Appreciation

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. Dr. Ramesh Pathirana, for his valuable advises and the guidance given to us all the time and the unstinted support of the Secretary and Board of Directors of KTFL, 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.

Aminda Rodrigo
Chairman

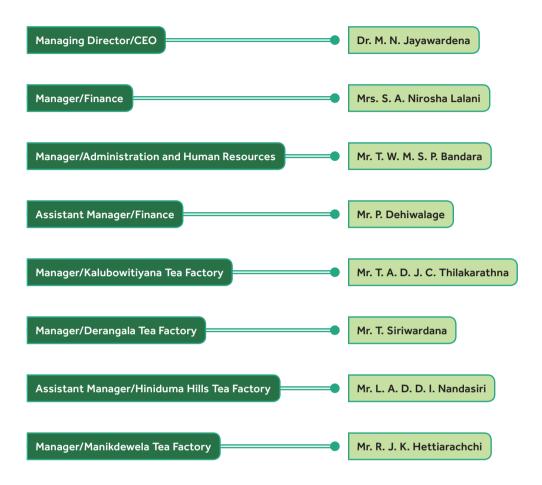


Board of Directors



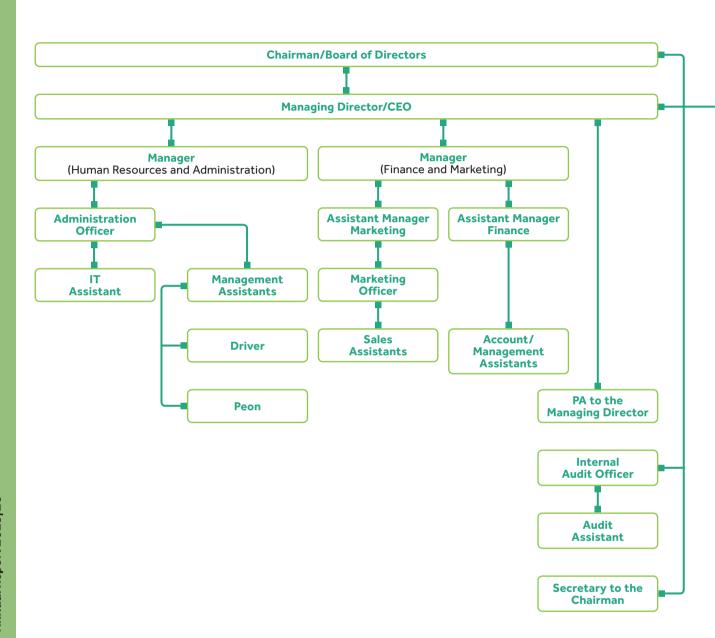
Corporate Management

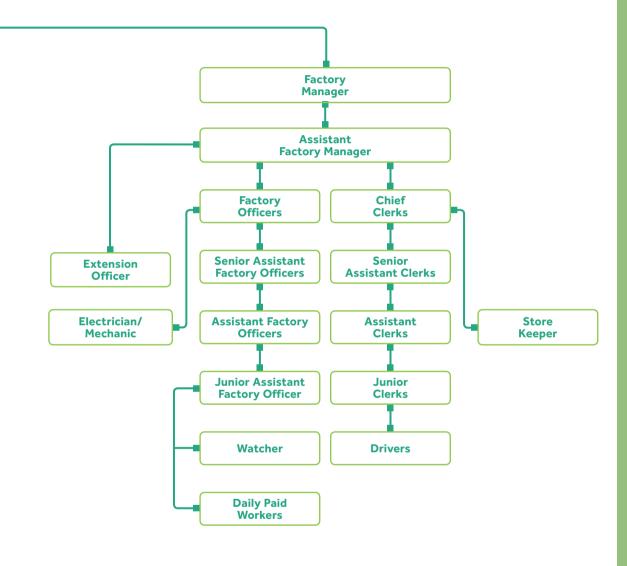






Organisational Structure







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Operational Information

Head Office

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

 Human Resources
 Managing Director
 1
 Account Assistant
 2

 Manager/Administration and HR
 1
 Management Assistant
 11

Manager/Administration and HR-1Management Assistant-11Manager Finance-1Peon-3Assistant Manager Finance-1Driver-4

Internal Audit Officer – 1



Kalubowitiyana CTC Tea Factory

DistrictMataraSub DistrictMorawakaVillageKalubowitiyanaElevationLow CountryTrade MarkKalubowitiyanaType of ProductionCTC Teas

Human Resources Factory Manager – 1 Factory Staff – 17

Office Staff –



Derangala Tea Factory

 District
 Matara
 Sub District
 Morawaka

 Village
 Kiriwelkelle
 Elevation
 Low Country

 Trade Mark
 Derangala/
 Type of Production
 Orthodox Teas

Kiriwelkelle

Human Resources Factory Manager – 1 Factory Staff – 10

Office Staff – 3



Hiniduma Hills Tea Factory

 District
 Galle
 Sub District
 Thawalama

 Village
 Jasmine valley
 Elevation
 Low Country

 Trade Mark
 Hiniduma Hills/
 Type of Production
 Orthodox Teas

Thawalama Hills

Human Resources Assistant Factory Manager - 1 Factory Staff - 6

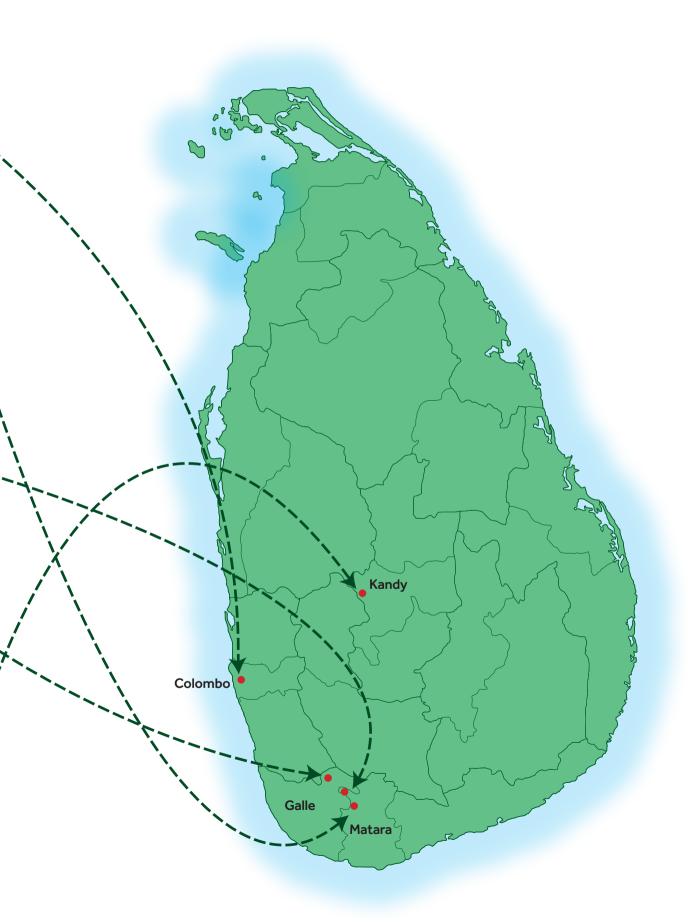
Office Staff – 3



Manikdewela Tea Factory

District Kandy **Sub District** Yatinuwara Village Manikdewela Elevation Wentern Medium Trade Mark Manikdewela Type of Production Orthodox Teas **Human Resources** Factory Manager - 1 Factory Staff

Office Staff –





Factory wise Profit/(Loss)

Kalubowitiyana Tea Factory

During the financial year of 2019/20, Kaluboitiyana Tea Factory secured a crop of 4,237,689 kgs which recorded as 91.13% of the estimated crop of 4,650,000 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 2019/20. Factory achieved 22 Top Prices for its premium grade of PF1 during the year 2019/20 also awarded with local and international accolades for its achievements in prices.

Kalubowitiyana Tea Factory recorded a profit of Rs. 113.68 Million during the financial year.

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

Derangala Tea Factory

Although Derangala Tea Factory secured 1,399,915 kgs as against the estimated crop of 1,800,000 kgs, it made a loss of Rs. (1.22) at the end of the financial year 2019/20. 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 683,988 kg green leaf which is 68.38% of the estimated crop. During the year management of the factory had made attempts to introduce new bought leaf lines which would ensure increases in crop intakes during ensuing period.

The focus of the factory is to accept only good quality leaf in order to produce a better end product to achieve a NSA above the Elevation Average.

Manikdewela Tea Factory

Due to unfavourable climate conditions, the factory recorded 625,482 kg Green Leaf, which is 50.03% of the estimated crop. There were multiple reasons for the loss of (Rs. 15.87), securing of Good Quality Leaf, artificial rates paid by the competing factories, lack of competency of the employees were few concerns, which are been address by the corporate management at present. Management is optimistic that Factory would produce a reasonable end product, obtain premium prices, enabling Factory to make profits during ensuring period.

	Kalubowitiyana Tea Factory (Rs.)	Derangala Tea Factory (Rs.)	Hiniduma Hills Tea Factory (Rs.)	Manikdewela Tea Factory (Rs.)
Revenue				
Gross sales	592,040,910.10	171,094,015.00	76,458,225.00	57,061,595.00
Brokerage and sales expenses	(6,960,405.82)	(2,874,698.44)	(1,284,538.11)	(1,103,425.40)
Net sales	585,080,504.28	168,219,316.56	75,173,686.89	55,958,169.60
Add – Local sales	21,252,199.73	2,319,737.05	1,801,303.59	2,016,222.36
Total revenue	606,332,704.01	170,539,053.61	76,974,990.48	57,974,391.96
Cost of sales				
Bought leaf	427,449,410.06	125,544,934.27	62,736,320.77	41,757,404.71
Production cost	75,1157,771.17	31,749,835.61	19,672,159.27	15,142,626.45
General charges	31,810,617.87	21,903,302.28	13,813,371.04	17,493,710.,07
Add: Opening stock	44,636,630.24	21,997,224.72	7,469,199.70	5,278,027.29
Less: Closing stock	(86,368,094.06)	(29,427,930.97)	(21,005,153.96)	(5,821,026.00)
Total	492,646,334.07	171,767,365.91	82,685,896.82	73,850,742.52
Profit/(Loss)	113,686,368.73	(1,228,312.30)	(5,710,906.34)	(15,876,350.56)

Monthly Production of Tea



Month	Kalubowitiyana Tea Factory	Derangala Tea Factory	Hiniduma Hills Tea Factory	Manikdewela Tea Factory	Total
	(Kg)	(Kg)	(Kg)	(Kg)	(Kg)
April 2019	53,406	21,068	10,198	8,767	93,439
May	69,740	28,453	12,634	19,532	130,359
June	63,747	27,513	7,244	12,069	110,573
July	68,566	26,725	8,466	13,552	117,309
August	81,159	34,874	14,594	12,285	142,912
September	76,163	30,584	12,737	11,952	131,436
October	79,576	27,273	12,295	9,665	128,809
November	80,726	23,385	7,909	8,847	120,867
December	107,435	26,373	11,173	10,272	155,253
January 2020	94,066	19,804	16,384	8,536	138,790
February	72,063	12,584	11,916	7,222	103,785
March	53,478	11,626	13,256	2,379	80,739
Total	900,125	290,262	138,805	125,078	1,454,270





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
2018/19	807,843	276,186	174,272	202,120	1,460,421
2019/20	900,125	290,262	138,805	125,078	1,454,270
Total	25,695,996	7,040,107	1,515,161	863,786	35,115,050



Monthly Green Leaf Intakes



Month:	Kalubowitiyana Tea Factory		Derangala Tea Factory		Hiniduma Hills Tea Factory		Manikdewela Tea Fcatory		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 2019	1,952	253,252	733	102,769	262	50,740	264	42,487	3,211	449,248
May	1,926	329,191	747	133,842	256	62,611	260	96,628	3,189	622,272
June	1,934	301,568	761	130,362	247	35,471	260	59,304	3,202	526,705
July	1,979	324,440	803	134,308	250	39,666	264	69,776	3,296	568,190
August	1,964	397,964	825	165,893	253	74,920	272	63,601	3,314	702,378
September	2,026	368,752	846	149,167	241	62,838	270	61,492	3,383	642,249
October	2,108	395,585	823	132,662	233	62,567	248	48,262	3,412	639,076
November	2,208	384,195	805	113,605	226	39,897	248	44,794	3,487	582,491
December	2,303	507,916	819	128,596	221	55,712	265	51,120	3,608	743,344
January 2020	2,332	433,270	805	95,182	243	78,979	264	41,826	3,644	649,257
February	2,271	313,656	753	58,482	236	57,617	259	34,854	3,519	464,609
March	2,231	227,900	798	55,047	227	62,970	197	11,338	3,453	357,255
Total	25,234	4,237,689	9,518	1,399,915	2,895	683,988	3,071	625,482	40,718	6,947,074





Annual Green Leaf Intakes

Year	Kalubow	vitiyana Tea Fac	ctory	Deran	gala Tea Facto	ry
_	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)	Quantity (Kg)	Rate (Rs.)	Amount Paid (Rs.)
1994/95	2,539,978	11.65	29,587,982.13	-	-	-
1995/96	4,758,850	13.50	64,251,776.63	_	_	_
1996/97	5,011,298	16.76	83,946,849.41	-	_	_
1997/98	5,619,161	21.49	120,746,103.55	_	_	_
1998/99	3,764,498	20.99	79,009,251.87	_	_	_
1999/00	4,092,958	20.54	84,059,716.54	68,377	21.00	1,435,917.00
2000/01	4,225,019	24.73	104,493,119.37	2,283,999	23.21	53,001,315.79
2001/02	4,406,549	25.76	113,531,489.13	2,452,187	23.33	57,224,296.34
2002/03	4,779,581	27.06	129,321,153.69	3,042,878	22.67	68,985,911.36
2003/04	5,316,428	29.28	155,642,831.99	2,274,012	23.82	54,158,850.23
2004/05	5,464,753	34.08	186,241,089.52	1,727,312	27.70	47,847,765.77
2005/06	5,362,732	36.30	194,683,064.10	1,688,298	29.11	49,302,770.60
2006/07	5,859,734	38.43	225,182,103.24	1,339,562	32.28	43,239,914.14
2007/08	5,061,084	51.08	258,498,237.53	1,559,138	46.93	73,165,311.51
2008/09	4,455,756	53.57	238,716,305.27	1,129,629	46.22	52,214,017.57
2009/10	4,406,749	62.57	275,722,181.37	1,114,004	57.22	63,746,050.83
2010/11	4,634,137	66.28	307,172,293.98	1,359,341	59.29	80,593,192.05
2011/12	5,421,437	69.59	377,269,886.08	1,136,937	58.20	64,713,552.59
2012/13	5,161,301	71.16	367,260,153.59	1,243,421	64.55	80,264,641.77
2013/14	4,638,578	80.13	374,733,726.05	1,386,298	74.78	103,673,719.50
2014/15	4,446,200	76.98	342,285,327.53	1,539,561	72.58	111,742,927.78
2015/16	4,774,872	65.73	313,847,559.85	2,249,785	61.38	138,094,577.16
2016/17	3,941,813	83.24	328,101,039.57	2,113,499	81.96	173,224,141.40
2017/18	3,499,414	104.54	365,832,985.62	1,474,475	99.04	146,034,388.15
2018/19	3,855,520	95.16	366,886,374.08	1,342,705	93.51	125,550,355.49
2019/20	4,237,689	100.87	427,449,410.06	1,399,915	89.68	125,544,934.27



	Hinidum	a Hills Tea Fac	tory	Manikdewela Tea Factory			
	Quantity	Rate	Amount Paid	Quantity	Rate	Amount Paid	
	(Kg)	(Rs.)	(Rs.)	(Kg)	(Rs.)	(Rs.	
	_	_	_	-	-	_	
	-	_	-	-	_	-	
	-	_	-	-	-	-	
	_	_	_	-	_	_	
	_	-	_	-	-	_	
	_	_	_	_	-	_	
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		_		_		_	
	_	-	_	-	-	-	
	838,887	65.05	54,569,118.77	_	-	_	
	731,251	75.77	55,409,906.20	_	_	_	
	834,380	72.16	60,205,968.18	_	_	_	
	1,095,511	59.46	65,134,943.29	542,106	58.77	31,857,497.17	
	1,235,080	81.32	100,442,354.51	1,033,573	67.62	69,894,090.60	
	1,224,781	96.97	118,761,884.04	1,097,625	82.90	90,989,485.60	
	875,077	91.24	79,841,933.04	1,023,085	73.86	75,565,752.59	
······································	683,988	91.72	62,736,320.77	625,482	66.76	41,757,404.71	



Comparison Details - Production

Contribution to Low Grown CTC Production and National CTC Production

Month	CTC		Production of	Contribution to the production		
	Low Grown (Kg '000)	National (Kg '000)	KTF* (Kg '000)	Low Grown (%)	National (%)	
April 2019	859	1,516	53.41	6.22	3.52	
May	1,033	2,434	69.74	6.75	2.87	
June	898	1,936	63.75	7.10	3.29	
July	935	1,971	68.57	7.33	3.48	
August	1,176	2,213	81.16	6.90	3.67	
September	979	1,813	76.16	7.78	4.20	
October	1,280	2,036	79.58	6.22	3.91	
November	938	2,276	80.73	8.61	3.55	
December	1,052	1,977	107.44	10.21	5.43	
January 2020	999	2,084	94.07	9.42	4.51	
February	764	1,786	72.06	9.43	4.03	
March	705	1,457	53.48	7.59	3.67	
Total	11,618	23,499	900.12	7.75	3.83	

^{*} Kalubowitiyana Tea Factory

Contribution to Low Grown Orthodox Production and National Orthodox Production

Month	Orth	odox Product	ion	Produc	ction	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 2019	13,700	3,171	21,896	31.3	8.8	0.23	0.28	0.18
May	19,346	4,694	31,488	41.1	19.5	0.21	0.42	0.19
June	15,721	3,634	25,311	34.8	12.1	0.22	0.33	0.19
July	15,667	3,148	23,795	35.2	13.6	0.22	0.43	0.20
August	16,251	3,102	23,776	49.5	12.3	0.30	0.40	0.26
September	13,784	2,619	19,959	43.3	12.0	0.31	0.46	0.28
October	13,055	2,720	19,057	39.6	9.7	0.30	0.36	0.26
November	12,362	3,213	21,509	31.3	8.8	0.25	0.28	0.19
December	13,727	2,192	19,780	37.5	10.3	0.27	0.47	0.24
January 2020	12,326	2,775	19,690	36.2	8.5	0.29	0.31	0.23
February	9,501	2,704	16,259	24.5	7.2	0.26	0.27	0.20
March	6,679	2,192	11,953	24.9	2.4	0.37	0.11	0.23
Total	162,119	36,164	254,473	429.1	125.1	0.26	0.35	0.22

^{*} Derangala Tea Factory

^{**} Hiniduma Hills Tea Factory

^{***} Manikdewela Tea Factory

Kalubowityana Tea Factory Limited - Annual Report 2019/20

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

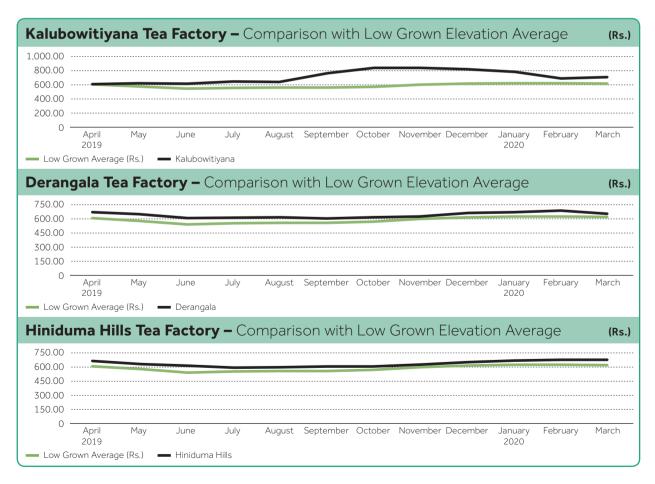
Month	To	otal Production	١	Total	Contribution to the production		
	Low Grown	Low Grown Medium	National F	Production Company	Low Grown	Medium	National
	(Kg '000)	(Kg '000)	(Kg '000)	(Kg '000)	(%)	(%)	(%)
April 2019	14,559	3,171	23,412	93.4	0.64	0.28	0.40
May	20,379	4,694	33,922	130.4	0.64	0.42	0.38
June	16,619	3,634	27,247	110.6	0.67	0.33	0.41
July	16,602	3,148	25,766	117.3	0.71	0.43	0.46
August	17,427	3,102	25,989	142.9	0.82	0.40	0.55
September	14,763	2,619	21,772	131.4	0.89	0.46	0.60
October	14,335	2,720	21,093	128.8	0.90	0.36	0.61
November	13,300	3,213	23,785	120.9	0.91	0.28	0.51
December	14,779	2,192	21,757	155.3	1.05	0.47	0.71
January 2020	13,325	2,775	21,774	138.8	1.04	0.31	0.64
February	10,265	2,704	18,045	103.8	1.01	0.27	0.58
March	7,384	2,192	13,410	80.7	1.09	0.11	0.60
Total	173,737	36,164	277,972	1,454.3	0.84	0.35	0.52



Comparison of Sales Averages with Elevation

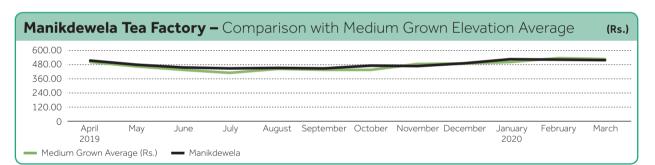
Comparison with Low Grown Elevation Average

Month	Low Grown	,					
	Average (Rs.)	Kalubowitiyana (Rs.)	Variance	Derangala (Rs.)	Variance	Hiniduma (Rs.)	Variance
April 2019	608.43	588.94	(19.49)	670.26	61.83	665.49	57.06
May	569.80	599.78	29.98	643.00	73.20	622.44	52.64
June	526.88	593.55	66.67	594.04	67.16	603.94	77.06
July	539.33	627.40	88.07	599.59	60.26	577.65	38.32
August	543.87	621.53	77.66	602.74	58.87	582.01	38.14
September	545.31	761.45	216.14	587.89	42.58	594.16	48.85
October	563.04	848.10	285.06	603.17	40.13	590.45	27.41
November	600.08	849.37	249.29	615.22	15.14	620.79	20.71
December	620.72	825.71	204.99	662.82	42.10	650.72	30.00
January 2020	629.37	782.11	152.74	670.10	40.73	670.33	40.96
February	630.65	678.02	47.37	689.76	59.11	683.46	52.81
March	626.77	698.67	71.90	650.74	23.97	682.94	56.17



Comparison with Medium Grown Elevational Average

Month	Medium Grown	Monthly Aver	age
	Average (Rs.)	Manikdewela (Rs.)	Variance
April 2019	502.10	515.73	13.63
May	458.26	473.95	15.69
June	423.73	444.15	20.42
July	399.37	433.33	33.96
August	435.31	441.32	6.01
September	424.27	435.58	11.31
October	425.28	461.52	36.24
November	480.20	457.71	(22.49)
December	487.10	484.63	(2.47)
January 2020	499.38	528.44	29.06
February	539.23	522.34	(16.89)
March	528.47	519.28	(9.19)





Top Prices - 2019/20

Date	Grade KTF	9	Broker
	PF1 (Rs.)	P. Dust (Rs.)	
21st May 2019	_	580.00	John Keells PLC
3rd July 2019	_	620.00	Bartleet Produce Marketing (Pvt) Limited
23rd July 2019	_	670.00	Bartleet Produce Marketing (Pvt) Limited
13th August 2019	630.00	_	John Keells PLC
20th August 2019	635.00	_	Bartleet Produce Marketing (Pvt) Limited
4th September 2019	730.00	_	Forbes & Workers Tea Brokers (Pvt) Limited
4th September 2019	_	650.00	Bartleet Produce Marketing (Pvt) Limited
11th September 2019	_	740.00	Bartleet Produce Marketing (Pvt) Limited
25th September 2019	_	740.00	Bartleet Produce Marketing (Pvt) Limited
2nd October 2019	_	700.00	LCBL
23rd October 2019	980.00	_	LCBL
6th November 2019	_	720.00	Bartleet Produce Marketing (Pvt) Limited
13th November 2019	_	725.00	Bartleet Produce Marketing (Pvt) Limited
30th December 2019	850.00	_	John Keells PLC
30th December 2019	_	680.00	Bartleet Produce Marketing (Pvt) Limited
8th January 2020	_	820.00	John Keells PLC
15th January 2020	_	700.00	Bartleet Produce Marketing (Pvt) Limited
15th January 2020	_	700.00	John Keells PLC
22nd January 2020	_	740.00	Bartleet Produce Marketing (Pvt) Limited
29th January 2020	_	850.00	John Keells PLC
11th March 2020		750.00	Mercantile Produce Brokers Limited
18th March 2020	_	870.00	Mercantile Produce Brokers Limited

Revenue Analysis

Financial Year 2019/20 was a momentous year for Kalubowitiyana Tea Factory Limited, with the company ending the financial year with a stellar financial performance recording significant amount in operating profit of Rs. 48.1 Mn. and profit after tax at Rs. 37.7 Mn.

In the year under review, the company reported gross revenue of Rs. 938 Mn. in comparison to Rs. 971 Mn. recorded in the previous financial year, which reflects a 3.51% decrease year on year. Some key challenges from the previous year prevailed during the year under consideration as well, such as unfavorable weather conditions that affected crop output; a loss of several buyers in Russia who shifted towards procuring CTC teas from Kenya; and serve 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. 53.4 Mn. witnessed an decrease of 32.9% year on year.

Cost of Sales and Operating Expenses

The Cost of sales amounting to Rs. 845 Mn. witnessed a 14.2% decrease from the previous financial year. However, costs of green leaf were increased during the year. Company was able to lower is production cost and production overheads.

Administration expenses were increased to Rs. 50.7 Mn. in 2019/20 against Rs. 42 Mn. in the previous year, in line with an increase in multiple expenditure components.

Other Operating Income

Other Operating Income decrease to Rs. 7.2 Mn. from Rs. 8.4 Mn. recorded in the previous financial year.

Finance Cost

During the year, the company's Finance expenses were Rs. 19.6 Mn. The company earned an interest income amounting to Rs. 14.7 Mn. during the current financial year. The company loan to BCC Lanka in 2003 continued to remain on the balance sheet and generated an interest income to the company.

Financial Position and Liquidity

Non-Current Assets

The Non-current assets comprise 31.5% of the total asset base. During the financial year under review, the company invested Rs. 0.7 Mn. for Plant and Machinery, Computer Equipment, Furniture and Fittings.

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. 45.6 Mn. (totaling Rs. 55.6 Mn.) however none of the attempts were successful.

Working Capital

During the year, the company's current assets significantly rose to Rs. 429.6 Mn. from Rs. 384.5 Mn. in the previous year on account of a general increase in the market value of inventory as at balance sheet date. Short term investment was increased to Rs. 167.1 Mn. from Rs. 164.8 Mn. The trade payables quantum decrease of Rs. 62.1 Mn. from Rs. 79 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 profit boosted the retained earnings and reserves for the financial year under review.

Borrowings

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

This was served to reduce the amount of OD Interest.

Human Capital

Training and Development

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

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

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

- ➤ Staff training for responding to Audit Queries, Corrective procedure and performance Audit (PRAG Institute)
- ➤ Staff training for Labour Management Laws and Regulations (PRAG Institute)
- Staff training for latest Tax Amendments (National Chamber of Commerce of Sri Lanka)
- ▶ Basic Stores Management (PRAG Institute)

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:

- ▶ 1 No of Assembled computer was purchased at Kalubowitiyana Factory, cost was Rs. 0.1 Mn.
- ➤ Computer and Accessories were purchased at Hiniduma Hills Tea Factory, cost was Rs. 0.1 Mn.
- 2 Nos of Avery Indicator were purchased for weighing point at Kalubowitiyana Tea Factory, cost was Rs. 0.13 Mn.
- ▶ During the year, Rs. 0.2 Mn. was spend to fix CCTV cameras to monitor four factories from Head Office.

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

projects to benefit the stakeholders and uplift them:

Healthcare

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

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

Educational, Religious projects and Other CSR Activities

- ▶ As a knowledge-based Company, it gives us pride to help underprivileged students to sustain their education without worrying about financial hardship. During the year, we provided Grade 5 and A/L scholarships for children of Tea Small Holder Families and Staff, Financial Sponsorships for Schools.
- ▶ The Randalu Welfare Society has been formed for the improvement of quality standards for the welfare of all stakeholders in all four factories.
- ▶ Awareness Programmes on Tea Cultivation for the benefit of Tea Small Holders were held in all four factories.
- ▶ Keeping in mind the religious nature of our local communities, the Company understands that religion occupies an important part of its stakeholders' lives and therefore it facilitates this by organizing pilgrimages for Staff and workers.

Directors' Report

ANNUAL REPORT OF THE DIRECTORS OF KALUBOWITIYANA TEA FACTORY LIMITED ON THE AFFAIRS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31st March 2020

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 and 59 in the Notes to the Financial Statements.

Remuneration and other benefits of Directors

The Directors' emoluments for the financial year ending 31st March 2020 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 2020 was Rs. 379,275.41 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 2020 are as follows:

Mrs. I. Sugathadasa
Mr. K. H. Hemapala
Mr. A. N. S. Pussallege
Mr. P. Rasiah
Mr. T. P. Rathnayake
Mr. M. M. D. Thilakarathne
Mrs. K. Satharasinghe
Mr. M. A. L. S. N. K. Manthrinayake – Resigned on 09.12.2019

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.

July

Director

#

Director

Det

Company Secretary

On this 26 day of November 2020.

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தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



எனது இல. My No.

PLA/B/KTFL/01/2019/20/03

ඔබේ අංකය உமது இல. Your No.

17th November 2020

Chairman Kalubovitiyana Tea Factory Limited

Auditor General's report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2020 of Kalubovitiyana Tea Factory Limited.

1. Financial Statements

1.1 Qualified opinion

The audit of the financial statement of Kalubovitiyana Tea Factory Limited for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution.

In my opinion, except for the effects of the matters described in the basis for qualified opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the qualified opinion

(a) In terms of paragraph 32 of Sri Lanka Accounting Standard 1, though an entity shall not offset assets and liabilities unless required or permitted by a SLFRS, receivable balances amounting to Rs. 186,556 as at 31 March 2020 had been offset from payable balances and shown in financial statements.

- (b) Though inventories shall be measured at the lower of the cost and net realizable value in terms of paragraph 9 of the Sri Lanka Accounting Standard 9, as a result of the company not acting accordingly, the final finished tea stock had been overstated by Rs. 7,028,473 in the accounts. Therefore the profit of the year under review had been overstated by that amount.
- (c) Though the interest income received during the year under review was Rs. 11.988.443. it was shown as Rs. 14.724.355 under investment activities in preparing the cash flow statement. Further, in acquiring biological assets, the expenditure has been understated by Rs. 96,917.
- (d) As per Sri Lanka Accounting Standard 9, though the income tax paid during the year under review should have been indicated, in the cash flow statement, the value of Economic Service Charge amounting to Rs. 3,422,829 had been shown.
- (e) In terms of paragraph 34 of Sri Lanka Accounting Standard 16, action had not been taken to revalue the lands totaling Rs. 2,550,000 on which the Kalubovitiyana and Derangala Tea Factories are located after being acquired in the year 1994 and taken into accounts.
- In terms of Section 74(a) of Sri Lanka Accounting Standard 16, though the financial statements shall disclose the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities, the land on which the Kalubowitiyana Tea Factory, is located which the Company had pledged as security to obtain a working capital loan amounted to Rs. 78,000,000 in the year 2016 and fixed accounts amounting to Rs. 94,360,821 pledged as security in obtaining a bank overdraft had not been disclosed in the financial statements.
- (g) As a result of not reviewing the useful life of movable assets annually in terms of Section 51 of Sri Lanka Accounting Standard 16, even though assets such as plant and equipment, furniture and fittings, office equipment and motor vehicles amounting to Rs. 238,933,334 which had been fully depreciated were being further used, action had not been taken to revise this estimated error in terms of Sri Lanka Accounting Standard 08 and show the accurate carrying amount in the financial statements.

අංක 306/72, පොල්දුව පාර, බත්තරමුල්ල, ශී ලංකාව

இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை,

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









Kalubowityana Tea Factory Limited - Annual Report 2019/20



- (h) The cost and the cumulative depreciation of the tea dryer which was disposed at Rs. 1,000,000 in the year 2014 had not been removed from the accounts until the end of the year under review.
- (i) As per the judgment of a case filed by an employee against the Company, the Company had been ordered to pay Rs. 2,814,705. The Company having filed an appeal had deposited the amount payable at the Kotapola Labour Tribunal and even though it had been indicated as receivable deposit in financial statements, the potential liability that could have arisen had not been disclosed in accounts.
- (j) Provisions have not been made for the trade and other receivable balance totaling Rs. 6,059,340 remaining unchanged as at the end of the year under review and doubtful debt.
- (k) Even though it has been indicated as per the balance confirmation letters of the previous year and the year under review that no amount was payable by Giragama Plantations to the Company, in the financial statements of the year under review, it has been stated that Rs. 1,046,771 was to be received from that company.
- (I) The suspense account balance of Rs. 562,644 shown under the trade and other receivable debtor balances had not been settled even by the end of the year under review.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.4 Auditor's Responsibility in Auditing Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- ▶ Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern
- ▶ Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

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

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

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

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

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

Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a) Paragraph 9.14 of Public Enterprises Circular No. PED/12 of 2 June 2003	Although a procedural manual should be prepared for obtaining the approval of the Secretary to the Treasury to formulate rules for Human Resource Management the Company had not acted accordingly.
(b) Public Enterprises Circular No. PED 03/2018 and dated 7 December 2018	Though the bonus payable to employees was Rs. 501,000 with Rs. 3,000 per employee for government owned companies which have recorded a loss in the financial year 2017 and failed to reduce the loss in the financial year 2018, Rs. 1,665,978 had been paid exceeding the applicable limit.

- ▶ In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the Company has not performed according to its powers, functions and duties, except for the following observations.
- ▶ In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.





3. Other audit observations

- (a) Though a production level of a minimum of 21.5 kilograms of finished tea from 100 kilograms of green tea leaves should be maintained as per the criteria of the Tea Board, as a result of all 4 tea factories belonging to the Company not reaching that level during the year under review, Rs. 24,101,145 had been spent uneconomically on green tea leaves. Similarly, though Rs. 1,566,580 had been spent during the year under review under the superior green tea leaves concept for obtaining high quality green tea leaves, the expected goals had not been achieved.
- (b) It was observed that the tea factories belonging to the company were operating at a level below the production capacity during the year under review and the Hiniduma and Menikdiwela factories were at an underutilized level of 71 percent and 72 percent respectively. Even though the Hiniduma and Derangala factories have had paid Rs. 1,531,453 and Rs. 1,543,417 respectively as incentives to suppliers for green tea leaves with the objective of increasing the supply of green leaves, the expected objective had not been achieved.
- (c) In terms of the Board decision No. KTFL/1419/2019 and dated 28 March 2019, an operations advisor had been recruited for a period of one year for the identification of deficiencies of the production process of factories under the company and to convert non-profit making tea factories into profit making ventures. However activities such as procuring green leaf, production process, tea auction and local and international tea marketing set out in the job specifications had not recorded progress and at the time of the relevant advisor leaving the job after 8 months, a sum of Rs. 1,602,040 had been spent on him.
- (d) In the year 2015/2016, overdraft facilities had been obtained by pledging fixed assets as security and the overdraft balance of Rs. 63,067,584 at the end of that year had increased to Rs. 87,055,800 by the end of the year under review. As a result, Rs. 13,509,808 had been paid as overdraft interest which resulted in the net financial income becoming a minus balance. Therefore the management had failed to maintain the financial position of the company in a satisfactory manner.
- (e) The company had granted a loan of Rs. 50 million at an interest rate of 11 percent to the Tea Shakthi Fund in the year 2015 and buildings had been constructed on the Menikdiwela land belonging to the Tea Shakthi Fund spending Rs. 59,532,264. In terms of the decision No: 19/0743/117/024 dated 19th March 2019 of the Cabinet of Ministers, approval had been granted to transfer the ownership of the Hiniduma and Menikdiwela tea factories lawfully to the Company for the loan, the interest thereto and the development expenditure incurred by the company. However, even by the end of the year under review, the ownership had not been acquired and interest receivable Rs. 5,500,000 per year too had not been accounted.

- (f) Through the Cabinet decision No. 19/0743/117/024 dated 19th March 2019, Hiniduma Hills and Menikdiwela tea factories founded by the Tea Shakthi Fund were transferred to the Company for carrying out production activities and the Company was required to carry out all activities necessary to maintain the two factories profitably without being a burden to the Treasury. However, from 2015, the year in which these factories were handed over to the Company until the year under review, there had been a continuous unprofitable situation and the cumulative loss amounted to Rs. 92,572,104.
- (g) Even though a loan amounted to Rs. 10,000,000 had been granted to the BCC Lanka Company in the year 2003 at a 22 per cent interest rate on a recovery basis in 12 installments, as it could not recover at least one installment, the total amount due as at the end of the year under review was Rs. 55.646.517.
- (h) From the year 2009, a sum of Rs. 798,461 was due to the company from a private tea broker company and the Company had not been able to recover it or write off from books with formal approval until the end of the year under review.
- (i) Even though Rs. 891,681 and Rs. 220,464 had respectively been paid in the year 2014 by Hiniduma and Derangala tea factories belonging to the company as advances for green leaf suppliers before the supply of green leaves, the company had not been able to recover the said balances up to the end of the year under review as supplies had not supplied green leaves.
- (j) With the objective of increasing the local sales income, Rs. 966,860 had been spent at trade fairs including "Nuwaraeliya Wasantha Udanaya" festival held during April 2019. However, the sales income had dropped by Rs. 10,577,492 in the year under review compared to previous year. Making such expenses had not resulted in the local tea sales at the Tea Marketing Centre.
- (k) Even though the Board of Directors had decided not to pay Rs. 1,566,002 due to the failure to supply 2 radiators which should have been supplied in terms of supply conditions for the steam generator purchased at Rs. 23,414,257 in the year 2014 by the company for Kalubovitiyana Tea Factory, that balance had been shown as payable in financial statements

W.P.C. Wickremaratne

Auditor General



Kalubowityana Tea Factory Limited Statement of Profit/(Loss) and Other Comprehensive Income

For the year ended 31st March		2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Note	Rs.	Rs.
Revenue	3	937,789,275.06	971,792,180
Cost of sales	4	(845,680,912.52)	(985,257,849)
Gross profit/(Loss)		92,108,362.54	(13,465,669)
Other operating income	5	7,201,625.87	8,419,609
Profit before operating expenses		99,309,988.41	(5,046,060)
Administration expenses	6	(50,712,394.91)	(42,048,961)
Selling and distribution expenses	7	(400,677.07)	(3,116,553)
Profit from operating activities		48,196,916.43	(50,211,574)
Finance income	8.1	14,724,355.11	15,843,193
Finance expenses	8.2	(19,653,694.91)	(18,579,650)
Net finance income		(4,929,339.80)	(2,736,456.54)
Net profit before taxation		43,267,576.63	(52,948,030.79)
Taxation	9	(5,535,371.27)	4,167,928
Net profit after taxation		37,732,205.36	(48,780,102.34)
Earnings per share	10.1	8.19	(10.52)
Net profit after taxation		37,732,205.36	(48,780,102)
Actuarial Gain/(Losses) on retirement benefits		(1,858,427.00)	685,248
Total comprehensive income for the year		35,873,778.36	(48,094,854)

Kalubowityana Tea Factory Limited Statement of Financial Position



As at 31st March		2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Note	Rs.	Rs
ASSETS			
Non-current assets			
Property, plant and equipment	11	193,095,557.12	224,148,137
Biological assets	12	4,869,910.60	3,048,420
Total non-current assets		197,965,467.72	227,196,55
Current assets			
Inventories	13	164,264,491.51	102,791,78
Loan receivable from BCC Lanka limited		55,646,517.05	52,910,60
Trade and other receivables	14	26,240,371.13	46,319,95
Income tax receivable	25	10,849,289.93	13,789,36
Short term investment	15	167,092,023.73	164,832,67
Cash and cash equivalents	16	5,559,075.89	3,941,33
Total current assets		429,651,769.24	384,585,71
Total assets		627,617,236.98	611,782,27
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	46,375,070.00	46,375,070
Reserves	18	395,454,945.18	359,581,16
Total equity		441,830,015.18	405,956,23
Non-Current Liabilities			
Retirement benefit obligation	19	16,275,791.50	11,866,49
Loans and borrowing	20	4,599,999.96	14,563,26
Deferred tax liability	24	5,832,365.94	296,99
Total non-current liabilities		26,708,157.40	26,726,75
Current Liabilities			
Trade and other payables	21	62,059,997.42	79,040,30
Loans and borrowing	20	9,963,266.96	18,350,000
Bank overdrafts	22	87,055,800.01	81,708,98
Total current liabilities		159,079,064.39	179,099,28
Total equity and liabilities		627,617,236.98	611,782,270

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

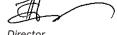
Managing Director

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

17th July 2020 Colombo.





Kalubowityana Tea Factory Limited Statement of Changes in Equity

For the year ended 31st March 2020 Kalubowitiyana Tea Factory Limited	Stated Capital Rs.	General Treasury Rs.	Capital Reserves Rs.	Retained Profit Rs.	Total Rs.
Balance as at 1st April 2018 – Restated	46,375,070.00	_	600,000.00	407,076,021.16	454,051,091.16
Net profit for the year	_	_	_	(48,780,102.34)	(48,780,102.34)
Other comprehensive income	_	_	_	685,248.00	685,248.00
Balance as at 1st April 2019	46,375,070.00	-	600,000.00	358,981,166.82	405,956,236.82
Net profit for the year	_	_	_	37,732,205.36	37,732,205.36
Other comprehensive income	_	_	_	(1,858,427.00)	(1,858,427.00)
Balance as at 31st March 2020	46,375,070.00	_	600,000.00	394,854,945.18	441,830,015.18

Kalubowityana Tea Factory Limited Statement of Cash Flows



For the year ended 31st March		2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Note	Rs.	Rs.
Cash from operating activities			
Net Profit/(Loss) before taxation		43,267,577	(52,948,031
Adjustments for:			
Depreciation		33,428,195	33,247,040
Provision for retirement benefit costs		3,093,374	2,786,921
Profit on disposal of assets		_	-
ESC written off		6,362,903	_
Interest income		(14,724,355)	(15,843,193
Operating Profit/(Loss) before working capital changes		71,427,693	(32,757,263
(Increase)/Decrease in inventory		(61,472,707)	51,808,927
(Increase)/Decrease in trade and other receivables		20,079,583	(3,323,051
Increase/(Decrease) in trade and other payables		(16,980,303)	(21,794,367
Cash generated from/(Used In) operations		13,054,266	(6,065,754
Gratuity paid		(542,500)	(3,595,266
Tax paid		(3,422,829)	(4,359,988
Net cash from/(Used in) operating activities		9,088,936	(14,021,007
Cash flows from/(Used in) investing activities			
Acquisition of property, plant and equipment		(2,375,616)	(15,628,665
Acquisition of biological assets		(1,821,490)	86,617
Disposal of property, plant and equipment		_	_
Interest received		14,724,355	15,843,193
Net changes in financial assets		(4,995,266)	9,132,464
Net cash from/(Used in) investing activities		5,531,983	9,433,609
Net cash from/(Used in) finance activities			
Proceeds from loans and borrowing		(18,350,000)	(18,346,500
Net cash flows from/(Used in) finance activities		(18,350,000)	(18,346,500
Net Increase/(Decrease) in cash and cash equivalents		(3,729,081)	(22,933,898
Cash and cash equivalents at the beginning of the year		(77,767,644)	(54,833,746
Cash and cash equivalents at the end of the year	16	(81,496,724)	(77,767,644



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 and 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 2020. The Directors are responsible for preparing and presenting these financial statements.

The Directors of the Company as at 31st March 2020 were,

Mrs. W. A. I. Sugathadasa.

Mr. H. Hemal Kasturiarachchi

Following Directors resigned due to change of government.

Mr. Amal Nishantha Silva Pussallage – Chairman (Resigned on 9th December 2019)

Mrs. Kalyani Satarasinghe – Executive Director (Resigned on 1st December 2019)

Mr. P Rasiah.(Resigned on 1st December 2019)

Mr. Thusitha Rathnayake (Resigned on 12th March 2019)

Mr. M. M. D. Thilakarathne (Resigned on 27th November 2019)

1.4 Company Secretaries

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

1.5 Registered Office

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

1.6 Auditors

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

1.7 Date of Authorization for Issuing Financial Statements

The financial statements of Kalubowitiyana Tea Factory Limited, for the year ended 31st March 2020 were authorized for issue by the directors on 17th of July 2020.

2. General Policies

2.1 Basis of Preparation

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

2.2 Basis of Measurement

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

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

2.3 Taxation

(a) Current Tax

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



(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 and their Bases of Measurement

2.4.1 Property, Plant and Equipment

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

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

(a) Depreciation

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

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

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

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

(b) Restoration Cost

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

2.4.2 Biological Assets

The entity recognizes the biological assets, on cost basis. Biological asset of the company comprise of the tea bushes in Kalubowitiyana and Derangala Factories. The Company recognizes Plants up to 3 years as immature and Tea 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 derecognized a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

For the purpose of classification of financial assets the assessment of the company's financial asset was made as of the date of initial application, 1st April 2019, and then applied retrospectively to those financial assets that were not derecognized before 1st April 2019. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of SLFRS 9 did not have a material impact on the company's results and financial position, therefore the company has not restated comparative information for prior periods.

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

- Loans and receivables
- ► Cash and cash equivalents

(a) Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus 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 and 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 and Provisions

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

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.5.1 Retirement Benefit Obligations

(a) Defined Benefit Plan - Gratuity

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

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

Disability: 10% of the Mortality Table

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

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

Rate of Discount: 10.00% p.a.

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

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

Allowances: N/A

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

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

(b) Defined Contribution Plan – Employees' Provident Fund and 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 and Losses

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

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



(c) Interest Income

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

(d) Other Income

Other income is recognized on an accrual basis.

2.6.2 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the statement of comprehensive income. For the purpose of presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

2.7 Basic Earnings/(Loss) Per Share

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

2.8 Comparatives Information

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

2.9 Events Occurring after the Reporting Date

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

Notes to the Financial Statements



3. Revenue

For the year ended 31st March		2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Note	Rs.	Rs.
Revenue	31.1		
Gross sales		896,654,745.10	904,709,335
Less: Brokerage and sales expenses		(12,223,067.77)	(12,503,117
		884,431,677.33	892,206,218
Add: Local sales		53,357,597.73	79,585,962
Total		937,789,275.06	971,792,180

4. Cost of Sales

For the year ended 31st March		2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Note	Rs.	Rs.
Cost of sales	31.2		
Green leaf purchases		657,488,069.81	647,844,415
Production cost		141,682,392.50	157,454,110
Production overheads		108,544,719.44	125,888,613
Cost of manufacturing		907,715,181.75	931,187,138
Movement in finished goods			
Balance as at the beginning of the year		82,150,956.04	136,221,667
Balance as at the end of the year		(144,185,225.27)	(82,150,956
Cost of sales		845,680,912.52	985,257,849

5. Other Operating Income

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Sundry income	7,201,625.87	8,419,609
Profit on disposal of property, plant and equipment	_	_
Written off	_	_
Total	7,201,625.87	8,419,609



6. Administration Expenses

For the year ended 31st March		2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Note	Rs.	Rs.
Directors' remuneration and staff cost	6.1	21,899,867.28	19,037,279
Travelling, subsistence and vehicle hire	6.2	4,104,662.93	5,070,449
Maintenance expenses – Equipment and vehicles	6.3	4,256,308.74	5,316,835
Professional fees	6.4	1,889,633.00	1,127,780
Insurance and license fees	6.5	1,688,479.22	1,959,778
Printing stationery and postage	6.6	1,024,555.20	864,202
Other administration expenses	6.7	15,848,888.54	8,672,638
Total		50,712,394.91	42,048,961

6.1 Directors' Emoluments and Staff Cost

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Staff salaries	12,534,116.05	8,367,463
Gratuity	710,385.00	586,754
Allowances	4,663,945.21	5,035,088
Overtime and holiday payments	460,009.51	1,052,513
Employee's Provident Fund Contributions	1,629,476.53	1,279,231
Employee's Trust Fund Contributions	408,688.54	318,623
Bonus	740,853.00	743,916
Board member fees	416,500.00	731,000
Staff welfare	335,893.44	922,692
Total	21,899,867.28	19,037,279

6.2 Traveling, Subsistence and Vehicle Hire

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Travelling and subsistence	1,687,510.40	1,232,835
Hire charges	2,417,152.53	3,837,613
Total	4,104,662.93	5,070,449



6.3 Maintenance of Office Building, Equipment and Vehicles

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Office building maintenance	463,611.00	287,730
Office equipment maintenance	346,875.22	503,538
Motor vehicles maintenance	1,244,952.28	1,922,822
Vehicle fuel cost	2,200,870.24	2,602,745
Total	4,256,308.74	5,316,835

6.4 Professional Fees

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Audit fee	1,043,625.00	793,500
Other professional fees	571,320.00	158,460
Secretarial fees	274,688.00	175,820
Total	1,889,633.00	1,127,780

6.5 Insurance and Licence Fees

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Insurance and License Fees	68,949.08	77,617
Staff Insurance	1,619,530.14	1,882,162
Total	1,688,479.22	1,959,778

6.6 Printing, Stationery and Postage

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Printing	396,550.00	508,780
Postage	39,858.69	30,298
Stationery	588,146.51	325,124
Total	1,024,555.20	864,202



6.7 Other Administration Expenses

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Legal fees	201,050.00	241,220
Depreciation	2,214,696.38	2,334,908
Donations	379,275.41	505,316
Telephone	713,695.10	957,113
Newspapers and periodicals	_	400
Rent	2,616,290.33	1,667,903
Electricity	555,825.87	584,192
News paper advertisements	985,257.70	564,079
Other utilities and services	1,690,903.00	1,218,595
Supplies and requisitions – others	27,517.00	183,490
Staff training	91,000.00	338,780
Stamp duty	10,475.00	33,725
Surcharge	-	42,916
Writing off ESC	6,362,902.75	-
Total	15,848,888.54	8,672,638

7. Selling and Distribution Expenses

Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Trade fair and exhibition	_	9,600
Entertainment	197,138.00	537,962
Registration fees	203,539.07	84,341
New project expenses	_	2,484,650
Advertising	_	_
Total	400,677.07	3,116,553

8. Net Finance Income

8.1 Finance Income

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Fixed deposit interest	11,728,513.63	12,662,483
Treasury bill interest	19,477.29	21,886
Staff loan interest	240,451.79	337,086
Savings account interest	_	85,826
BCC Lanka Limited loan interest	2,735,912.40	2,735,912
Total	14,724,355.11	15,843,193



8.2 Finance Expenses

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Bank charges	31,717.16	180,566
Overdraft interest	13,509,807.85	12,168,970
Bank loan interest	3,536,465.64	5,291,191
Short term loan interest	2,575,704.26	938,922
Total	19,653,694.91	18,579,650
Net finance income	(4,929,339.80)	(2,736,457)

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 and Income from agricultural undertaking referred to in section 16 of the Inland Revenue Act is liable at the rate of 14% as per the first schedule to this Act. Other profits are liable at normal rates.

9.1 Current Tax Expenses

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Current year	-	_
Under/(Over) provisions of Income tax in previous year	-	_
	_	_

9.2 Reconciliation between Accounting Profit to Income Tax

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Accounting Profit/(loss) before taxation	43,267,576.62	(52,948,031)
Income from other sources and exempt Income	(48,349,274.00)	(52,407,966
Aggregate disallowble items	43,557,802.00	37,458,291
Adjusted profit/(Loss) from the business	38,476,104.62	(67,897,706
Income from other sources	-	_
Total Statutory Income	_	-
Sec 32 deductions	_	_
Qualifying payments	_	_
Taxable income	_	_
Tax on agricultural activities 14%	_	-
Tax on other income 28%	_	_
Deemed dividend tax	_	_
Deferred tax expenses		
Deferred tax charged/(Reversal)	5,535,371.27	(4,167,928
Total tax expense	5,535,371.27	(4,167,928



10. Earnings per Share/Dividend per Share

10.1 Earnings per Share

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

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Net profit for the year	37,732,205	(48,780,102)
Weighted average number of shares	4,637,507	4,637,507
Basic earnings per share	8.14	(10.52)

10.2 Dividend per Share

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 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	Buildings	Plant and Machinery	Factory Equipment	Computer Equipment	
	Rs.	Rs.	Rs.	Rs.	Rs.	
Cost						
Cost as at 01st April 2019	4,605,690.64	272,542,878.25	284,721,102.56	10,727,709.34	12,251,007.20	
Additions	_			175,236.00	415,391.55	
Disposals	_	_	-	_	_	•
Transfer	_	_		_	_	
Cost as at 31st March 2020	4,605,690.64	272,542,878.25	284,721,102.56	10,902,945.34	12,666,398.75	
Accumulated depreciation						
Accumulated depreciation as at 01st April 2019	_	151,873,381.53	211,638,280.76	7,584,668.38	6,496,293.16	
Current year depreciation	-	11,470,622.90	16,457,345.95	996,108.65	1,084,264.13	
Disposals	_	_	-	_	-	
Accumulated depreciation as at 31st March 2020	_	163,344,004.43	228,095,626.71	8,580,777.03	7,580,557.29	
Net book value as at 31st March 2020	4,605,690.64	109,198,873.82	56,625,475.85	2,322,168.31	5,085,841.46	
Work-in-progress						
Total						

Office Equipment	Furniture and Fittings	Tools	Motor Vehicles	Other	Total
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,189,034.57	9,064,791.16	855,851.80	29,089,395.02	11,355,098.57	638,402,559.11
11,857.50	153,497.70	-	-	549,592.50	1,305,575.25
_	_	-	_	_	-
_	-	-	_	-	-
3,200,892.07	9,218,288.86	855,851.80	29,089,395.02	11,904,691.07	639,708,134.36
2,484,597.34	6,289,046.97	695,932.45	26,346,703.35	3,442,912.51	416,851,816.44
173,402.01	743,219.87	52,592.71	1,099,257.50	1,351,380.96	33,428,194.68
_	_		_	_	
2,657,999.35	7,032,266.84	748,525.16	27445960.85	4,794,293.47	450,280,011.12
542,892.73	2,186,022.02	107,326.65	1,643,434.17	7,110,397.60	189,428,123.24
					3,667,433.88
					193,095,557.12



12. Biological Assets

For the year ended 31st March		2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Note	Rs.	Rs.
At the beginning of the year	12.1	3,048,420.42	3,135,037
Additions during the year		1,918,407.03	10,300
Current year depreciation		(96,916.85)	(96,917)
At the end of the year		4,869,910.6	3,048,420

12.1 Biological Assets

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Immature Plantation	Mature Plantation	Total
	Rs.	Rs.	Rs.
Cost			
Cost as at 1st April 2019		2,981,298.74	
Additions	1,918,407.03	_	1,918,407.03
Disposals	_	_	_
Transfer	_	_	_
Cost as at 31st March 2020		2,981,298.74	5,063,744.30

For the year ended 31st March Kalubowitiyana Tea Factory Limited	Free Hold Land Rs.	Free Hold Land Rs.	Total Rs.
Accumulated depreciation			
Accumulated depreciation as at 1st April 2019	_	96,916.85	96,916.85
Current year depreciation	_	96,916.85	96,916.85
Disposals	_	_	-
Accumulated depreciation as at 31st March 2020	-	193,833.70	193,833.70
Net book value as at 31st March 2020	2,082,445.56	2,787,465.04	4,869,910.60

13. Inventories

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Food and beverages	15,412,594.52	16,470,978
Finished goods	144,185,225.27	82,150,956
Consumables stocks	1,190,739.78	801,857
General and other	3,475,931.94	3,367,994
Total	164,264,491.51	102,791,784



14. Trade and Other Receivables

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Trade debtors	7,475,545.95	23,793,542
Staff debtors	3,286,693.25	5,365,506
Deposits	6,130,829.34	5,668,974
Advances and prepayments	9,490,169.61	12,192,723
Non-moving balances	845,658.49	849,691
Other debit balances	562,644.33	687
	27,791,540.97	47,871,124
Less: Provision for bad debts	(1,551,169.84)	(1,551,170)
Total	26,240,371.13	46,319,954

15. Short Term Investment

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Treasury bills	261,401.64	261,402
Fixed deposits – People's Bank	105,781,259.09	104,410,537
Fixed deposits (Gratuity investment) – People's Bank	8,024,363.00	8,035,731
Tea Shakthi Fund*	50,000,000.00	50,000,000
Short term investments – ISA	3,025,000.00	2,125,000
Total	167,092,023.73	164,832,670

^{*} 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.

16. Cash and Cash Equivalents

For the year ended 31st March Kalubowitiyana Tea Factory Limited		2019/2020 Rs.	2018/2019 Rs.
People's Bank	Account No. 204100140084885 – Headquarters	25,000.00	307,516
People's Bank	Account No. 204100130084961 – Headquarters	25,000.00	25,000
People's Bank	Account No. 204100140084911 – Headquarters	812,712.00	40,496
People's Bank	Account No. 060100110000681 – Morawaka	612,838.49	709,883
People's Bank	Account No. 060100100000592 – Morawaka	409,068.33	_
Bank of Ceylon	Account No. 0006065711 – Neluwa	1,937.57	3,206
Bank of Ceylon	Account No. 75958665 – Pelawatta	25,000.00	25,000
Bank of Ceylon	Account No. 205604 – Thawalama	10,424.17	39,914
People's Bank	Account No. 256100110021039 – Pilimathalawa	_	_
Cash in hand		657,591.56	355,279
Cash in transit		578,044.24	93,583
Savings Accounts – People's Bank		2,401,459.53	2,341,460
Total		5,559,075.89	3,941,337



Unfavourable Cash and Cash Equivalents

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Bank overdraft	(87,055,800.01)	(81,708,981)
Total cash and cash equivalents for the purpose of Cash Flow Statements	(81,496,724.12)	(77,767,644)

17. Stated Capital

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 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

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Grant – General Treasury	-	_
Capital reserves	600,000.00	600,000
Profit and loss account	394,854,945.2	358,981,167
Total	395,454,945.18	359,581,167

19. Retirement Benefit Obligation

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Movement in the present value of defined benefit obligation		
At the beginning of the year	11,866,490.50	13,360,083
Current service cost	1,788,060.04	1,450,913
Interest cost	1,305,314.05	1,336,008
Actuarial gain/Loss	1,858,426.73	(685,248)
Prior year adjustments	-	_
Payments during the year – In cash	(542,500.00)	(3,262,434)
Payable	-	(332,832)
At the end of the year	16,275,791.50	11,866,491

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20. Loan Borrowings - Peoples' Bank

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Balance beginning of the year	32,913,266.84	51,259,767
Loans obtained during the year	_	_
Repayment during the year	18,349,999.92	18,346,500
Balance of the year	14,563,266.92	32,913,267
Long term borrowings – Peoples' Bank	4,599,999.96	14,563,267
Short term borrowings – Peoples' Bank	9,963,266.96	18,350,000
	14,563,266.92	32,913,267

21. Creditors and accrued charges

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Bought Leaf Suppliers	18,356,500.05	26,976,466
Trade Creditors	8,326,129.12	9,778,983
Service Contractors	1,118,477.82	2,419,556
Staff Creditors	1,903,517.46	3,521,371
Accrued Expenses	31,375,719.21	36,123,883
Unclaimed Balances	979,653.76	220,041
Suspense and Other Credit Balances	_	-
Total	62,059,997.42	79,040,300

22. Bank Overdrafts

For the year ended 31st March Kalubowitiyana Tea Factory Limited		2019/2020 Rs.	2018/2019 Rs.
People's Bank	Account No.204100140084885	87,055,800.01	81,708,217
People's Bank	Morawaka A/C 060100100000592	_	764
Total		87,055,800.01	81,708,981

23. Deferred Tax Liability/(Asset)

For the year ended 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
At the beginning of the year	296,994.67	4,464,923
Transferred to/(from) Income Statement	5,535,371.27	(4,167,928)
At the end of the year	5,832,365.94	296,995



24. Income tax payable/Receivable

For the year ended 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Balance as at the beginning of the year	(1,374,109.00)	(1,374,109)
Provision for the Year	_	_
	(1,374,109.00)	(1,374,109)
Payments for the Previous Year	-	-
Payments for the Year	_	-
Gross	_	_
	(1,374,109.00)	(1,374,109)
Tax credits		
Economic service charge	(8,196,300.40)	(11,136,374)
With holding tax	(1,278,880.53)	(1,278,881)
Net payable/(Refundable)	(10,849,289.93)	(13,789,363)

25. Capital Commitments

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

26. Contingencies

Pending Legal Cases

- (i) A labour case has been filed (Case No. LT/KP/34/18/07) by Mr. G. Hemachandra at Kotapola Labour Tribunal against the Company pleading the courts to reinstate 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 reinstate him at his duties stating his dismissal from the service is unfair. The Company has made an appeal at High Court Matara (Case No. HC/AP/232/2019)
- (iii) A labour case has been filed (Case No. LT/KP/34/06/2018) by Mr.H.C.L.P. Heendeniya at Kotapola Labour Tribunal against the company pleading for his retirement.
- (iv) A case has been filled (Case No. 5186/M and Case No. 5187/M) by Mr. H.P.S. Jeewaka Perera at District Court, Kaduwela against the Company for not paying the balance payment for the construction carried out at Manikdewela Tea Factory.

27. Events After the Reporting Date

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

28. Related Party Disclosures

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

28.1 Transactions with Key Management Personnel (KMP)

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



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

- $\textbf{28.1.1} \ \ \, \textbf{The compensation of KMPs are disclosed in the note 6 to the accounts}.$
- **28.1.2** No loans were given to KMPs during the Year.
- **28.1.3** The shareholdings of the KMPs together with their close family members None
- 28.1.4 The names of the Directors of the Company, who are also directors of other companies None

28.2 Transactions with Close Family Members

Close family members are those who may be expected to influence or be influenced in their dealings with the Company.

There were no transactions with close family members during the year.

28.3 Dealing with Subsidiaries, Associates and Joint Ventures - None

29. Factory Segments

29.1 Sales

	Kalubowitiyana Factory	Derangala Factory	Hiniduma Hills Factory	Manikdiwela Factory	Sales Centre	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross sales	592,040,910.10	171,094,015.00	76,458,225.00	57,061,595.00	_	896,654,745.10
Less: Brokerage						
and sales expenses	(6,960,405.82)	(2,874,698.44)	(1,284,538.11)	(1,103,425.40)	_	(12,223,067.77)
	585,080,504.28	168,219,316.56	75,173,686.89	55,958,169.60	-	884,431,677.33
Add/Less – Inter						
factory transaction	-	-	-	-	-	-
Add: Local sales	21,252,199.73	2,319,737.05	1,801,303.59	2,016,222.36	25,968,135.00	53,357,597.73
Total	606,332,704.01	170,539,053.61	76,974,990.48	57,974,391.96	25,968,135.00	937,789,275.06

29.2 Cost of Sales

	Kalubowitiyana Factory	Derangala Factory	Hiniduma Hills Factory	Manikdiwela Factory	Sales Centre	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bought leaf	427,449,410.06	125,544,934.27	62,736,320.77	41,757,404.71		657,488,069.81
Manufacturing cost						
Production cost	75,117,771.17	31,749,835.61	19,672,159.27	15,142,626.45		141,682,392.50
General charges	31,810,617.87	21,903,302.28	13,813,371.04	17,493,710.07	23,523,718.18	108,544,719.44
	534,377,799.10	179,198,072.16	96,221,851.08	74,393,741.23	23,523,718.18	907,715,181.75
Add: Opening stock	44,636,630.24	21,997,224.72	7,469,199.70	5,278,027.29	2,769,874.09	82,150,956.04
Less: Closing stock	(86,368,094.06)	(29,427,930.97)	(21,005,153.96)	(5,821,026.00)	(1,563,020.28)	(144,185,225.27
Total	492,646,335.28	171,767,365.91	82,685,896.82	73,850,742.52	24,730,571.99	845,680,912.52
Profit/(Loss)	113,686,368.73	(1,228,312.30)	(5,710,906.34)	(15,876,350.56)	1,237,563.01	92,108,362.54



Detailed Schedules to the Financial Statements

1. Trade and Other Receivables

1.1 Trade Debtors

As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Bought leaf supplier debts	2,381,605.84	1,760,837
Bought leaf supplier loans	_	576,750
Bought leaf transport loans	316,947.36	262
Fertilizer debtors	-	_
Trade debtors	4,776,992.75	21,455,693
Sub total	7,475,545.95	23,793,542

1.2 Staff Debtors

As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Check-roll loan		7,333
Check-roll debts	134,531.25	31,017
Distress loans	3,014,657.67	4,951,904
Festival advances	251.87	242,475
Labour festival advance	4,400.00	_
Staff debtors	130,452.46	130,377
Payee tax receivable	2,400.00	2,400
Sub total	3,286,693.25	5,365,506

1.3 Deposits

As at 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Deposits Receivable	6,016,829.34	5,554,974
Bungalow Key Money	114,000.00	114,000
Sub total	6,130,829.34	5,668,974



1.4 Prepayments and Other Receivables

As at 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
CIC fertilizer	348,750.00	348,750
Emergency advance	_	_
Hayleys agro	366,029.96	366,030
ISO programme	356,972.00	356,972
Kotapola MPCS	_	-
Short delivery	43,896.34	43,896
Tea sales centre	_	2,481,141
M. P. C. S. Agalawatta	227,024.65	227,025
Telephone Dialog bill	7,816.49	6,577
Insurance receivable	_	39,000
Unidil packaging	52,914.10	52,914
Anniversary Celebration	669,680.00	_
New cleaning field	_	1,115,495
Other advances	1,394,321.71	1,432,882
Petty cash	32,489.93	_
Pre payments	3,361,830.63	3,079,060
SITE preparation	202,037.70	202,038
Stamps	5,007.00	2,592
Sundry debtors	446,514.97	463,467
Giragama state	1,046,770.96	1,046,771
WHMU Priyantha	26,350.00	26,350
Withholding tax receivable	901,763.17	901,763
Sub total	9,490,169.61	12,192,723

1.4 Non-Moving Balances

As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Tea Small Holding Development Authority	18,931.25	18,931
Somerville and Company	798,461.15	798,461
T. G. Hemachandra	27,258.70	27,259
Interest Receivable	(0.85)	_
Over paid insurance	1,008.24	1,008
Staff debts	_	4,032
Sub total	845,658.49	849,691



1.5 Other Debit Balances

As at 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Suspense account	562,644.33	687
Stock purchases suspense	_	_
Sub total	562,644.33	687
Grand total	27,791,540.97	47,871,124
Provision for bad and doubtful debts	(1,551,169.84)	(1,551,170)
Net total	26,240,371.13	46,319,954

2. Creditors and Accrued Charges2.1 Bought Leaf Creditors

As at 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Bought leaf suppliers	18,356,500.05	26,976,466
Sub total	18,356,500.05	26,976,466

2.2 Trade Creditors

As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
A. W. Ranasighe Filling Station	-	-
Abyewickrama Stores	-	_
Accounts Payable	465,302.10	489,051
Agstar Fertilizer	97,297.60	97,298
Allied Commercial	-	_
Alliance Trust Insurance	-	_
Ariyasiri Hardware	-	_
Bank Loan	4,500.00	6,000
Baurs Fertilizer	282,000.00	282,000
Britex Safety	-	_
Ceylon Fertilizer	348,750.00	348,750
Ceylon Paper Sacks	_	_
Chandana Engineering	37,750.00	10,400
CIC Fertilizer	_	_
CIC Poultry Farm	-	34,685
Colombo Agro Fertilizer	-	_
Colombo Commercial Company	-	_
CPPS Account	_	_
Eagle Traders	-	_
Eastern Trading	_	_
Firewood	-	_
Firewood Contractors	563,275.00	1,147,575
Hayleys Agro	-	_
Helix Engineering	974,416.60	537,122
Hettiarachchi Hardware	-	_
Hightech Engineers	74,350.00	74,350



As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs
Jayakody Filling Station	-	-
Jayasinghe & Company	_	41,250
Kotapola Hardware	-	_
Kotapola MPCS	_	_
Lanka Sathosa	-	_
Laugh Petroleum	105,678.55	63,009
Liyanage Stores	30,400.00	30,400
Morawaka Hardware	_	_
Morawaka Stores	-	_
MPCS Agalawattha	-	_
Manur Debt	-	_
P A Ariyadasa & Son	_	_
Quikpack (Pvt) Ltd.	1,273.73	1,274
Rent Payable To BCC Lanka	750,000.00	750,000
Retention Payable	0.04	51,885
Refuse Tea Cash Deposit Payable	40,000.00	117,658
Sandaru Products	-	_
Sales Centre	_	_
Singer Sri Lanka	_	37,367
SLN Sangamaya	_	320
Southern Engineering Company	_	_
St Regis Packaging	_	_
Sundry Creditors	4,551,135.50	5,658,590
Thanuja Hardware	_	_
Sub total	8,326,129.12	9,778,983

2.3 Service Contractor Payments

As at 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Green leaf transport	1,005,830.04	2,258,779
Leaf bag unloading contractors	41,299.73	58,408
Green leaf spreading	38,743.00	56,256
Leaf bag loading contractors	32,605.05	46,112
Sundry contractors	_	_
Sub total	1,118,477.82	2,419,556

2.4 Staff Creditors

As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Check roll/Casual work	1,448,683.61	2,689,484
Provision for holiday wages	-	361,218
Staff overtime	122,001.85	137,837
Gratuity payable	332,832.00	332,832
Sub total	1,903,517.46	3,521,371



2.5 Accrued Expenses

As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs
Audit fee Payable	793,500.00	793,500
B'Leaf Supplier Deposits Payable	4,154,467.50	1,962,649
Cancelled Cheques	843,157.90	843,158
CCC Plantation	1,515,500.94	1,515,501
CESU	24,806.00	9,506
Cargills Bank	1,813,293.57	3,422,420
Ceylon Electricity Board	1,203,490.19	1,699,460
Co.Operative Yatinuwara	154,472.00	193,492
Coconut Suppliers	_	_
Deposit Payable	176,650.00	141,000
Dialog Telecom	-	_
Diesel Purchases – LJ3402	-	_
Elka Rice Mill	-	_
ESC Payable	_	_
Employees' Provident Fund	2,012,958.73	1,374,746
Employees' Trust Fund	283,384.26	185,442
CPPS	47,858.38	39,362
Eastern Trading Agency	10,082.58	14,883
Filling Station		
G. W. Sriyaratne		
Gamini Engineering	144,914.75	144,915
General Engineering Services		-
Holiday Payments	482,617.60	
Head Office STN	1,593,643.11	3,413,864
Insurance	276,400.00	-
Lalaln Engineering	1,566,001.92	1,566,002
Lanka Jathika States Work	1,224.00	1,496
Laudgh Petroleum	27,290.75	
Co Operative Marketing Federation	213,638.83	748,269
Mobile Phone Bill	213,036.63	740,203
	0.555.63	10.470
National Water Supply Other Accrued Expenses	9,566.62	19,439
	7,276,404.35	6,415,646
PAYE Surcharge	59,344.00	59,344
PAYE Tax	(7,797.40)	26,293
Return Cheque	10,000.00	14,470
Sanasa B'Leaf Supplier Loan	21,200.00	37,000
Shantha Electricals		_
Sponsorship Receipts	195,500.00	_
Sri Lanka CO operative	-	_
Sri Lanka Telecom	7,098.61	18,741
Stamp Duty Payable	3,906.00	1,154
Stamps		_
Sundry Abutment/Bank Remittance	(141,009.04)	(141,70
Sundry Transport		_
Sundry Cash	_	
Sri Lanka Tea Board	_	1,050,000
Tax Fees	_	_



As at 31st March	2019/2020	2018/2019
Kalubowitiyana Tea Factory Limited	Rs.	Rs.
Tea Shakthi Fund	2,049,959.82	2,049,960
Tea Sale Centre	-	500
UPW Union	6,188.00	-
WHT Payable	25,250.00	30,936
Welfare Society	72,745.70	25,400
Randalu Welfare Society	202,150.00	246,470
Officers Welfare Society	4,184,293.15	8,200,569
Sub Total	31,375,719.21	36,123,883

2.6 Other Credits

As at 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Suspense account	_	_
Tea short deliveries	_	_
Reconciliation descripencies	_	_
Sub total	-	_

2.7 Unclaimed Balances

As at 31st March Kalubowitiyana Tea Factory Limited	2019/2020 Rs.	2018/2019 Rs.
Check roll wages	92,296.95	83,604
Insurance	_	_
Bought leaf suppliers	41,475.73	39,361
Salaries and wages	-	54,675
Staff salaries	813,943.60	21,615
Staff medical	-	1,900
Bonus	26,960.31	18,885
Cheques	4,977.17	_
Sub total	979,653.76	220,041
Grand total	62,059,997.42	79,040,300



Financial Highlights of Preceding Ten Years

	2019/2020	2018/2019	2017/2018	2016/2017
	Rs.	Rs.	Rs.	Rs.
Net sales	937,789,275.06	971,792,179.69	1,004,319,623.10	935,591,884.34
Cost of sales	(845,680,912.52)	(985,257,848.93)	(983,007,160.69)	(881,617,227.76)
Gross profit	92,108,362.54	(13,465,669.24)	21,312,462.41	53,974,656.58
Other income	21,925,980.98	24,262,802.24	26,091,300.53	19,676,356.10
Profit before operating expenses	114,034,343.52	10,797,133.00	47,403,762.94	73,651,012.68
Administration and establishment expenses				
Selling and distribution and other expenses	(51,113,071.98)	(45,165,514.15)	(41,116,894.46)	(33,262,579.21)
Profit from operating activities	62,921,271.54	(34,368,381.15)	6,286,868.48	40,388,433.47
Finance expenses	(19,653,694.91)	(18,579,649.64)	(13,219,529.74)	(9,164,033.62)
Net profit before taxation	43,267,576.63	(52,948,030.79)	(6,932,661.26)	31,224,399.85
Income tax	(5,535,371.27)	4,167,928.45	(654,697.98)	(1,723,391.30)
Net profit after taxation	37,732,205.36	(48,780,102.34)	(7,587,359.24)	29,501,008.55



2015/2016 Rs.	2014/2015 Rs.	2013/2014 Rs.	2012/2013 Rs.	2011/2012 Rs.	2010/2011 Rs.
775,730,199.81	751,044,477.30	779,486,292	769,483,494	638,941,282	547,568,613
 (767,358,579.26)	(737,909,957.50)	(747,630,426)	(732,146,392)	(536,329,532)	(492,030,156)
8,371,620.55	13,134,519.80	31,855,865	37,337,103	102,611,750	55,538,457
43,465,176.11	42,923,956.86	26,770,146	18,908,625	13,697,746	18,564,382
51,836,796.66	56,058,476.66	58,626,011	56,245,728	116,309,496	74,102,839
(31,413,579.54)	(36,183,737.86)	(28,971,387)	(29,231,329)	(25,279,941)	(43,324,929)
20,423,217.12	19,874,738.80	29,654,625	27,014,399	91,029,555	30,777,909
(8,428,981.00)	(2,885,464.36)	(2,105,842.47)	(107,679.26)	(585,336.80)	(238,320.62)
11,994,236.12	16,989,274.44	27,548,782	26,906,720	90,444,218	30,539,589
 (2,178,708.00)	(3,851,962.00)	(8,213,713)	(5,112,710)	(11,182,452)	(5,128,363)
9,815,528.12	13,137,312.44	19,335,069	21,794,010	79,261,766	25,411,226



Corporate Information

Name of the Company

Kalubowitiyana Tea Factory Limited

Company Registration No.

PB 1020

Shifted Office

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

Legal Firm

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

Telephone No.

+94 11 464 5279

+94 11 278 6713

Fax No.

+94 11 464 5279

Email Address

office.gen@kalubowitiyanatea.lk

Auditors

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

Secretaries

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

Lawyers

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

Bankers

People's Bank

Board of Directors

Mr. A. N. S. Pussallage – Chairman

Mr. B. K. Aminda Umesh Rodrigo – Chairman

Mrs. K. Satharasinghe – Executive Director

Mrs. W.A. Indranie Sugathadasa – Director

Mr. H. Hemal Kasthuriarachchi – Director

Mr. P. Rasaiah - Director

Mr. T. P. Rathnayaka – Director

Mr. M. M. D. Thilakarathne - Director

Corporate Management

Mrs. S. A. Nirosha Lalani (Manager/Finance)

Mr. T. W. M. S. P. Bandara

(Manager/Administration and Human Resources)

Mr. P. Dehiwalage

(Assistant Manager/Finance)

Mr. T. A. D. J. C.Thilakarathna

(Manager/Kalubowitiyana Tea Factory)

Mr. Thusitha Siriwardana

(Manager/Derangala Tea Factory)

Mr. L. A. D. D. I. Nandasiri

(Assistant Manager/Hiniduma Hills Tea Factory)

Mr. R. J. K. Hettiarachchi

(Manager/Manikdewela Tea Factory)

Factories

Kalubowitiyana CTC Factory

Abeywila, Kalubowitiyana. Tel/Fax : +94 91 378 3020 Email : ktflk@sltnet.lk

Derangala Tea Factory

Kiriwelkelle, Pitabeddara.
Tel/Fax : +94 91 378 3621
Email : dtfl@sltnet.lk

Hiniduma Hills Tea Factory

Jesmin Velly Junction, Thawalama. Tel/Fax : +94 41 720 1222

Manikdewela Tea Factory

Thismada Road, Manikdewela. Tel/Fax : +94 81 206 9620/21

Design and Concept by





Kalubowitiyana Tea Factory Limited

No. 556, Nagahamulla Road, Pannipitiya Road, Thalangama South, Pelawatta, Battaramulla, Sri Lanka. Telephone No. :+94 11 464 5279/+94 11 278 6713 Email : office.gen@kalubowitiyanatea.lk