



Sri Lanka State Plantations Corporation

Annual Report 2023

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Auditors
 Auditor General
 306/72, Polduwa Road,
 Battaramulla

Vision

Become the most powerful government-owned plantation company

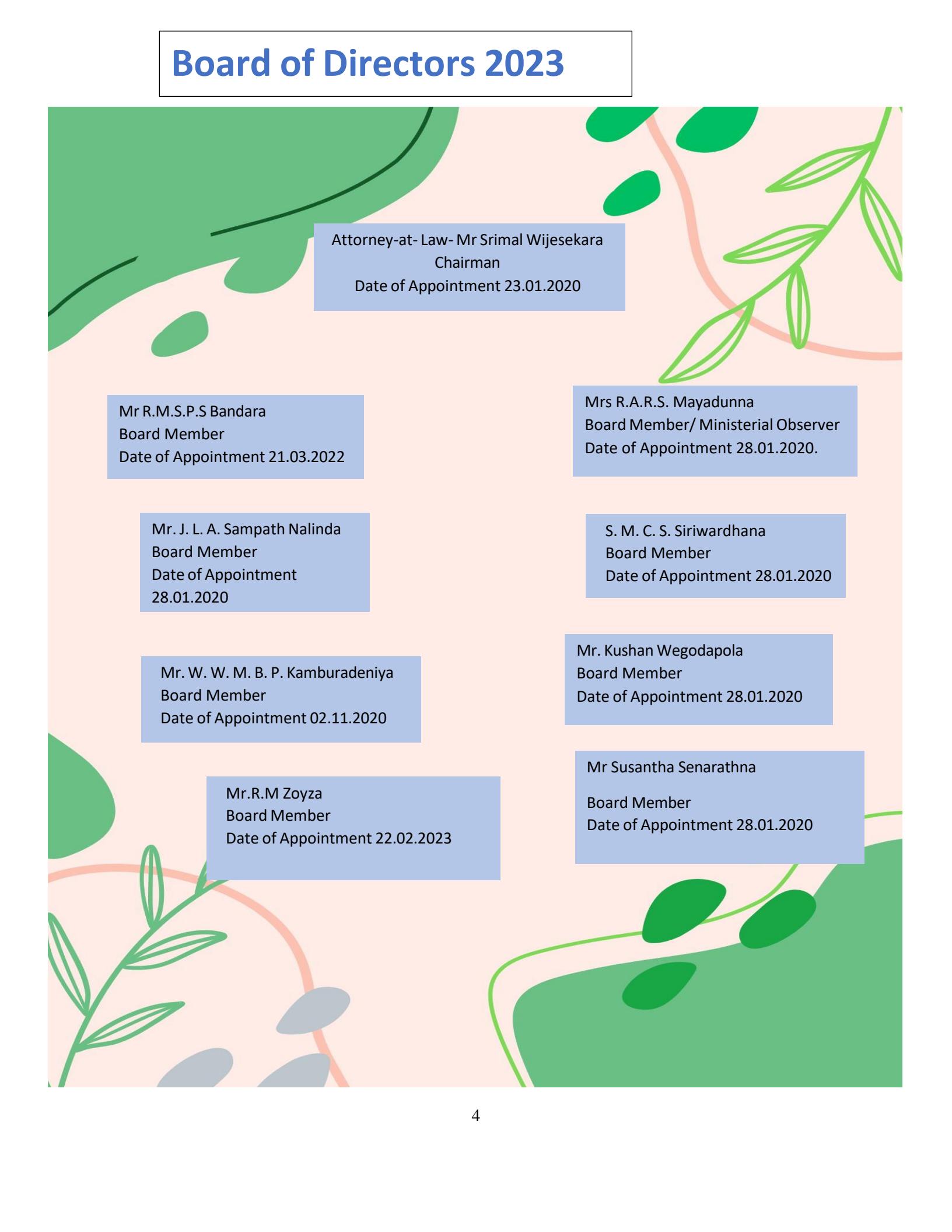


Mission

Providing the maximum contribution to the local production of the country and to the well-being of the families of the plantation workers and the neighboring villages, by proper management of the assets owned by the Sri Lanka State Plantation Corporation with the participation of employees.



Board of Directors 2023



Attorney-at- Law- Mr Srimal Wijesekara
Chairman
Date of Appointment 23.01.2020

Mr R.M.S.P.S Bandara
Board Member
Date of Appointment 21.03.2022

Mrs R.A.R.S. Mayadunna
Board Member/ Ministerial Observer
Date of Appointment 28.01.2020.

Mr. J. L. A. Sampath Nalinda
Board Member
Date of Appointment
28.01.2020

S. M. C. S. Siriwardhana
Board Member
Date of Appointment 28.01.2020

Mr. W. W. M. B. P. Kamburadeniya
Board Member
Date of Appointment 02.11.2020

Mr. Kushan Wegodapola
Board Member
Date of Appointment 28.01.2020

Mr.R.M Zoyza
Board Member
Date of Appointment 22.02.2023

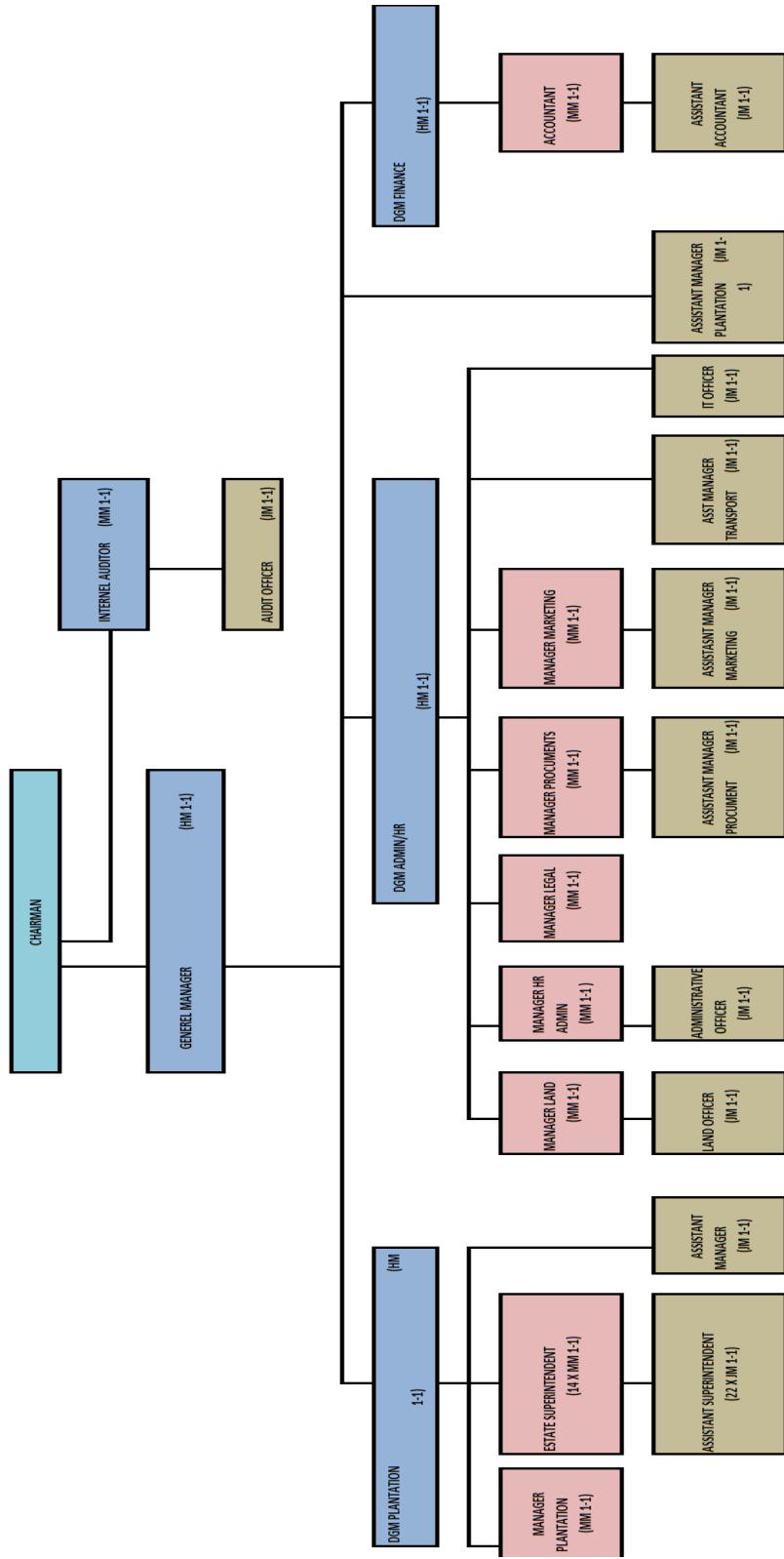
Mr Susantha Senarathna
Board Member
Date of Appointment 28.01.2020

Management - Head office 2023	
Name	Designation
Mr. Srimal Wijesekara, Attorney at Law	Charman
Mr H.N.P Jinasena	General Manager
Mr J.H.M Amman	Deputy General Manager - Administration
Mr S.I.M Hasan	Deputy General Manager - Finance
Mrs K.A.H.D Perera	Manageress - Procurement
Mrs N.V.A.P Withanage	Manageress- Legal
Mrs B.V.L.C Beneragama	Manageress- Land
Mr W.D.W Keerthi	Manager - Transport
Mr R.A.Amal Sanjaya	Internal Auditor
Mrs C.S Bandara	Accountant
Mr P.C.J Panagoda	Asistant Accountant
Mr G.B.C Fonseka	Admintration Officer
Mr R.Y.G.S Yapa	Assistant Manager - Finance
Mr P.V Pradeep	Assistant Manager Marketing
Mr S.L.K Ranwala	Assistant Manageress- Plantation
Mrs P.T.D Gunawardana	Assistant Manageress- Land
Mrs H.M.S.N Herath	Assistant Manageress- Transport
Mr W.C Withana	Information Technology Officer
Mrs M.T.T Morahala	Assistant Accountant (Regional Office)

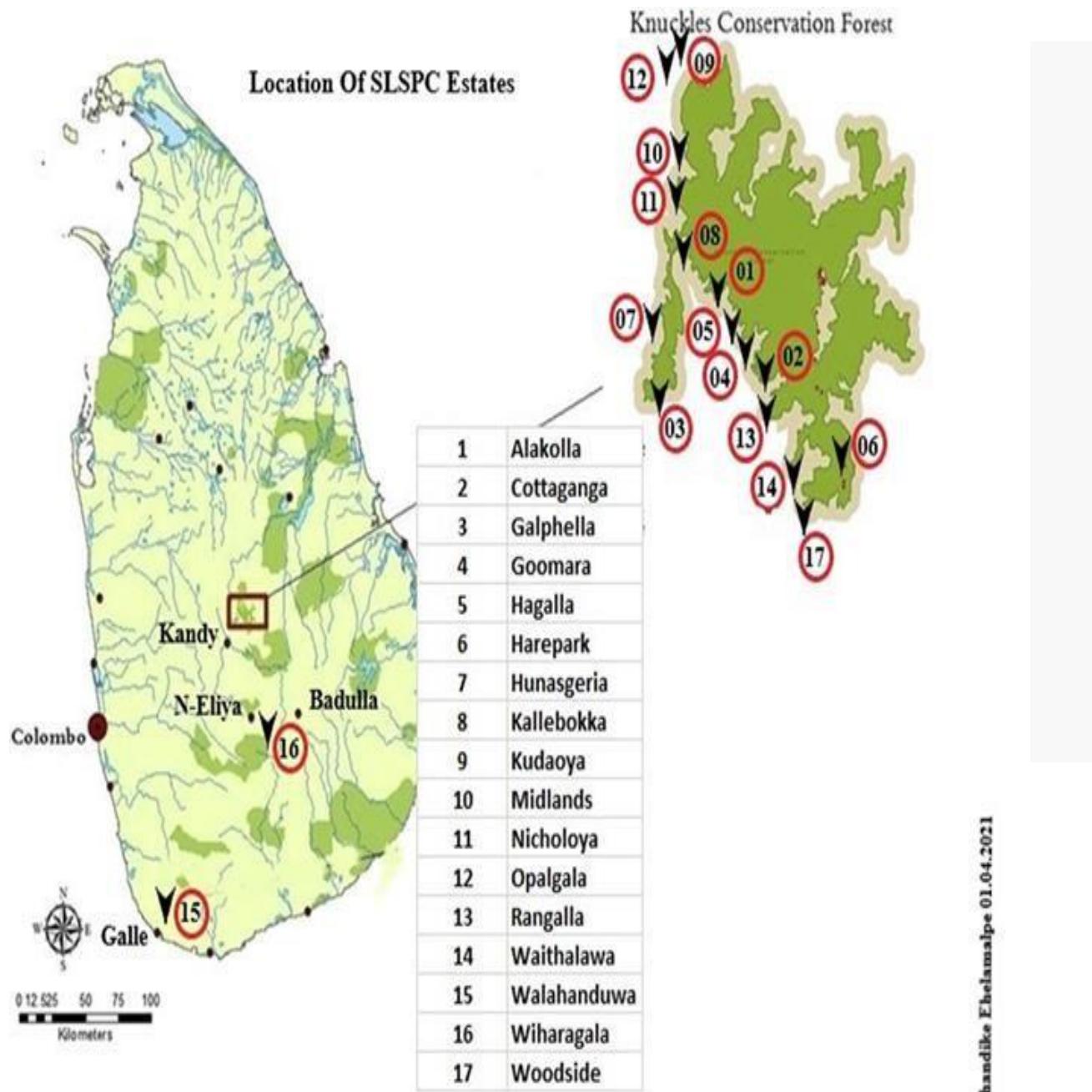
Management - Plantations 2023

Name	Designation
Mr T.M.P.I.K Tennakoon	Deputy General Manager- Plantation
Mr K.D.V Gunasekara	Manager- Plantation
Mr P.I.L Perera	Senior Superintendent- Head Office
Mr R.A.R.M Ranawaka	Senior Superintendent- Kallebokka S.P
Mr Y.A.T.B Wadugodapitiya	Senior Superintendent- Hagala S.P (Contract)
Mr I.W.R Jayawardana	Senior Superintendent- Allakolla S.P
Mr T.R.H Hewage	Senior Superintendent- Goomera S.P
Mr R.A.M Dayarathna	Senior Estate Superintendent, Galpilla State Estate (Interim)
Mr S.Y Liyanage	Senior Superintendent Opalagala S.P/Hagala S.P
Mr W.T.K Samaratunga	Superintendent - Rangala S.P
Mr G.W.G Wijerathna	Superintendent- Hunnasgiriya S.P
Mr D.W.T.C Danthasinghe	Superintendent -Watalawa S.p/Opalgala S.P
Mr R.C Kahawita	Superintendent - Cottaganga S.P
Mr K.D.M.P Weerasinghe	Superintendent - Midlands S.P
Mr C.H.H.K.G Lakruchira	superintendent - Harepark S.P/Watalawa S.P (Overlooking)
Mr S.W.M.C.S Aladeniya	Overlooking Superintendent Wiharagala S.P
Mr W.A.D.P Wijesinghe	Overlooking Superintendent - Woodside S.P
Mr A D K.A.P Senarath	Senior Assistant Superintendent - Nicholaoaya S.P
Mr L.K Aluwihare	Senior Superintendent - Hunnasgiriya S.P
Mr C.S.S.M Disanayaka	Superintendent Walahanduwa S.P
Mr J.R Meriyan	Assistant Superintendent In Charge Walahanduwa S.P

ORGANIZATION STRUCTURE OF SLSPC



Location of tea estates belonging to the Sri Lanka State Plantations Corporation



Review of the Chairman

My primary goal is to manage the operations of the Sri Lanka State Plantations Corporation more efficiently, in alignment with the new government's policy vision: "A Thriving Nation – A Beautiful Life." When I assumed duties as Chairman of the Corporation in February 2025, the annual reports had only been submitted to Parliament up to the year 2022. The reports for 2023 and 2024 had not yet been prepared. Therefore, I was instructed to expedite the preparation of those reports. I appreciate the dedication of all the staff of the Corporation, led by the General Manager, in the expeditious preparation of the 2023 Annual Report.

The Auditor General's report on the financial statements of the Sri Lanka State Plantations Corporation for the year ended 31.12.2023 has expressed a qualified opinion.

The Sri Lanka State Plantations Corporation manages a total land area of 10,989.86 hectares, with cultivation activities taking place across 17 estates involving tea, rubber, and timber plantations. I have issued the necessary instructions to identify underutilized land within this area and to ensure its more productive use.

For the year ended 31.12.2023, the Corporation reported a loss of Rs. 92.67 million, in contrast to a profit of Rs. 19.67 million recorded in the previous year. In 2023, the Corporation's raw tea leaf harvest declined to 5,089,280 kilograms, and made tea production dropped to 1,133,281 kilograms—representing decreases of 31% and 27%, respectively, compared to 2022. Production cost increased by 23%, and the Net Sales Average (NSA) rose by 16.5%. In addition to that, sales revenue from the Corporation's " Sanstha Tea " brand grew by 45% compared to the previous year.

The Corporation has reported that, due to the extremely high prices of chemical fertilizers in 2023, the proper application of fertilizers for tea cultivation was entirely disrupted. This has been the primary reason for the decline in both the Corporation's leaf harvest and made tea production. Consequently, the productivity of the tea fields has decreased, and it is anticipated that this situation will also significantly impact the raw leaf harvest in the coming year.

The Corporation initiated a new cultivation project on 160 hectares in 2022, and it is my observation that the capital investments made for this project have the potential to increase the Corporation's income in the coming years.

While increasing the Corporation's income from tea, rubber, and timber should be identified as one of the main goals, it is important to note that the estates owned by the Sri Lanka State Plantations Corporation are located around the Knuckles Reserve, a UNESCO World Heritage Site, and contain many beautiful locations. Riverstone Entrance Road, Dankanda Lake and Campground, 360 Viewpoint, Thaliya Watuna Falls, Jodu Falls, Sari Falls, Wewathenna Campground and Reservoir, along with other scenic landscapes, are all situated within these estates. Currently, a large number of local and foreign tourists visit these sites, and although the Corporation provides only limited facilities, it still earns some income. It is my observation that by offering better facilities, a significantly higher income could be generated.

There are 9 tea factories owned by the Sri Lanka State Plantations Corporation, of which four are currently operational. In 2023, the Goomara Tea Factory was modernized with the aim of enhancing the value chain, and the necessary machinery was procured accordingly. By the end of 2023, the color separator required to commence operations at the Goomara Factory was also purchased.

The head office of the Sri Lanka State Plantations Corporation had been operating in a rented building since 1994. Notably, by relocating the head office to premises owned by the Corporation in Dematagoda in 2023, it has been possible to save the annual rental cost of Rs. 5.79 million.

The amount of unpaid statutory allowances by the Sri Lanka State Plantations Corporation from the year 2000 to 31.12.2023 is approximately Rs. 1,445.50 million. The primary reason for this is the Corporation's lack of sufficient income. This amount includes accrued contributions to the Employees' Provident Fund (EPF) of Rs. 677.36 million, the Employees' Trust Fund (ETF) of Rs. 47.42 million, the Estate Staffs' Provident Society (ESPS) of Rs. 73.31 million, and the Ceylon Planters' Provident Society (CPPS) of Rs. 18.16 million—which covers the provident funds of Estate Superintendents and Assistant Estate Superintendents—as well as gratuity allowances amounting to Rs. 629.25 million. In addition to these, a surcharge of Rs. 595.93 million, imposed due to the non-payment of these outstanding statutory allowances, brings the total payable amount to Rs. 2,041.43 million.

This institution has had to incur unnecessary expenses due to legal proceedings filed in court by retired employees demanding these statutory payments. As a result, it has not been possible to properly pay the statutory allowances of current employees. It has been reported that 95 new cases were filed against the Corporation in 2023 for non-payment of statutory allowances. In my observation, the settlement and finalization of these arrears in statutory allowances should be carried out as a matter of urgency.

The Corporation must increase its raw tea leaf harvest to generate a profit from both leaf harvest and made tea production. Additionally, revenue from the sale of raw leaves and made tea should surpass the total cost of production. Adopting good agricultural practices is considered essential to achieving this goal. It is my observation that capital investments are needed to free the Corporation from existing liabilities, improve productivity in estates and factories, and introduce modern technology along with proper factory maintenance.

I acknowledge and appreciate the dedication of all Corporation staff, led by the General Manager, in the prompt and efficient preparation of the 2023 Annual Report. Accordingly, on behalf of the Board of Directors, I am pleased to present the Annual Report of the Sri Lanka State Plantations Corporation for the year 2023.

Dr.Sisira Ranatunga
Chairman
Sri Lanka State Plantations Corporation

Corporate Background

Legal establishment

Sri Lanka State Plantations Corporation (SLSPC) was established in 1958 under the Ceylon State Plantations Corporation Act No. 4 and it was amended by subsequent Acts No. 12 of 1962 and 49 of 1979.

Historical Background of Sri Lanka State Plantations Corporation

The Sri Lanka State Plantation Corporation was established under the Sri Lanka State Plantation Corporation Act No. 4 of 1958, and the main purpose of establishing the Sri Lanka State Plantations Corporation was to develop and establish the estates and cultivated lands owned by the government with the approval of the Honorable Minister. Furthermore, another objective of establishing the Sri Lanka State Plantation Corporation was to manage and maintenance of the estates taken over by the Commissioner of Lands and Commissioner General of Inland Revenue. Since the Sri Lanka State Plantation Corporation was functioning from the beginning with a few plantations vested in the government, the purpose of setting up the corporation was properly served. Therefore, it was possible to purchase about 15,000 hectares of plantations in a short period. The establishment of a strong Act and proper management led to this prompt development.

Nearly 250 estates from the estates nationalized under the Land Reforms Act 1972 and the amended Act 1975 and 250 estates from the estates acquired due to the cancellation of the existing trusts, were given to the State Plantations Corporation of Sri Lanka, which had previously owned about 25 estates, for the purpose of development and up liftmen. Similarly, other estates acquired have been handed over to the Janata Estate Development Board after its establishment.

There was a dire need to change the management structure in order to improve the greatly expanded Sri Lanka State Plantation Corporation. Therefore, the government that came to power in 1977 established regional offices to manage the estates more efficiently and effectively. In accordance, the administration of estates was decentralized

The Sri Lanka State Plantation Corporation Act was amended by Act No. 4 of 1979. According to Section 2 of the aforesaid Act, the name Ceylon State Plantation Corporation was amended to Sri Lanka State Plantation Corporation.

Further, as per Section 6 of Act No. 49 (Amendment) of 1979, the objectives of Sri Lanka State Plantation Company have been expanded as follows.

- a) Promotion of plantation lands to achieve maximum productivity with proper agricultural management.
- b) Diversification of agricultural crops with proper management and coordination by rehabilitating existing crops on land.
- c) Processing and sale of agricultural products.
- d) Development of animal husbandry in plantations
- e) Installation and better maintenance of machinery and equipment necessary for agricultural work in estates.
- f) To carry out all procedures and activities necessary for the effective functioning and management of the Plantation Corporation.

Many actions were taken during the year 1980 to strengthen the plantation management and decentralized organizational structure of the State Plantations Corporation of Sri Lanka. Accordingly, the Sri Lanka State Plantation Corporation, which was under the Ministry of Plantation Industries, has come under the direct supervision of His Excellency the President. In February 1980, four Regional Boards were formed with more powers to increase the performance of the Regional Offices namely: SLSPC I, II, II,I and IV. Further expanding this process in 1984, two more boards named SLSPC V and VI were established to ensure proper management of the estates around Balangoda and Matale. Although plantation management was decentralized in this way, policy making, marketing, storing, and finance were carried out by the Central Board of Sri Lanka State Plantations Statutory Corporation in Colombo

After realizing the ineffectiveness and low productivity of these reforms, the government established 22 plantation companies in 1992 under the State Corporations and Properties Private Companies Act. The 402 plantations owned by Sri Lanka State Plantation Corporation and Janatha Estates Development Board have been handed over under long term lease basis, to those 22 local plantation companies. The Sri Lanka State Plantation Corporation and the Janatha Vatu Development Board were left only with 55 estates producing midland tea with low selling prices due to the lack of characteristic qualities of long-term loss-making upland and lowland teas. Out of these 55 estates, 32 estates belonged to the State Plantation Corporation of Sri Lanka. Out of these 32 estates, 11 estates were handed over to Elkaduwa Plantation Company Limited in 1993. Accordingly, the remaining 11 estates have been consolidated to form 16 estates and have been vested to the State Plantation Corporation of Sri Lanka. A large area of these estates consists of old seed tea, and the lands around the Knuckles range in Kandy and Matale districts consist of a poor soil layer. Therefore, the yield of green colour leaves is naturally very low, in these plantations. These plantations are considered as long-term loss-making plantations due to low market prices and low yields.

Similarly, in the year 1992, all the activities of Sri Lanka State Plantation Corporation were stopped due to the retirement of all the staff. Operations were re-started in 1994 with the recruitment of a new staff. The State Plantation Corporation of Sri Lanka, which operated under the Ministry of Plantation Industries from then until 2006, was also brought under the purview of the State Enterprise Reform Commission. From 2001 to 2004, the corporation was making losses and was considered a burden to the government. Therefore, some estates and assets have been given on a long term lease basis with a view to reducing the burden on the government.

Estates such as Waitalawa, Woodside, Harepark, Cotaganga Factory, which were leased to the private sector for certain, projects under the recommendation of the Board of Investment, have been abandoned by the leasing parties due to the failure of those projects. Later the State Plantations Corporation of Sri Lanka had to take over the Harepark estate and the Cottaganga factory with a large number of liabilities. The abandoned Harepark Estate illustrated how the estate was increasingly losing ground due to mismanagement, unauthorized acquisitions and lack of maintenance. Later, Waitalawa and Woodside estates were alienated to another private

company and due to the lack of proper management, that company abandoned Woodside estate too, and kept only Waitalawa estate under its control.

In 2006, government policies were changed and a new policy has been introduced to manage the Sri Lanka State Plantations Corporation as a strategic organization of the government by removing it from the purview of the Public Enterprises Reform Commission and placing it under the purview of the

Institute of Strategic Entrepreneurs. Under the intervention of the Management Strategic Enterprise Management Institute, just as the tea plantations changed, the method of administering these plantations also changed. Accordingly, a new concept of estate asset management has been introduced.

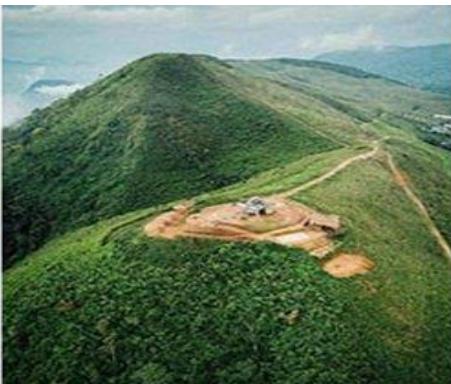
The various assets of the corporation namely, timber resources amounting to Rs. 3000 million, and under this new concept, potential locations for construction of small-scale hydropower plants, sale of carbon sequestration calculations and crop diversification of loss-making plantations have been identified.

With the Knuckles World Heritage Gazette in 2007, a significant amount of land belonging to the State Plantations Corporation of Sri Lanka was included in this world heritage. Accordingly, commercial forestry lands with cardamom cultivation as well as lands with tea cultivation have come under the Knuckles Reserve. However, the management of the estates as well as the reserve was problematic because the amount of land was covered by the reserve and the boundaries were uncertain.



The most attractive places belonging to Sri Lanka State Plantation Corporation

Kelebokka 3600 view point



Kellebokka 3600 View Point (Elevation: 1,175 m) has become a trending destination. The peak is located on the border of Matale and Kandy districts and it shares the same peak forming the Hatle small World's End and Hunnasgiriya mountains. The mountain range extends to the north and connects with the western massif of Knuckles. On a clear day, visitors can observe the Central Hills, Kandy City, Sembuwatta Lake and Knuckles Hill.

There is a camping ground and 02 estate bungalows to accommodate guests. In the middle of the flat area of the hill, there is a completed Hindu shrine and a cottage made of sticks to enjoy the viewpoint. A morning visit is preferable to enjoy the undisturbed view, due to the fog that covers the area during the afternoon

BURNSIDE



Located in Kandy, Burnside Bungalow is an attractive location, 13 miles from the Seaplane Airport on the Rangala Polgolla Reservoir. It has 03 large bedrooms with bathrooms and can accommodate 18 people.

Dankanda Lake- Midlands



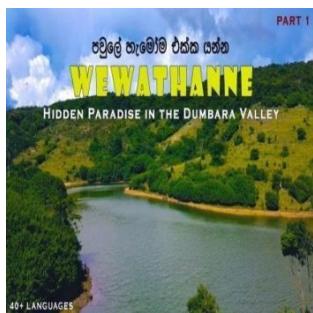
The beautiful Dankanda Lake is a reservoir in the Central Province and its height is 957 meters. The Dankanda Lake is close to Kirimatiaranda and Dankanda Estate and not far from the Midlands Estate owned by the State Plantation Corporation of Sri Lanka. Local and foreign tourists are given the opportunity to experience a camping ground at Dankanda Lake, in Riverston area of Matale.

Hunnasgiriya



Located 22 km away from Kandy city and close to Elkaduwa village in Matale district, Knuckles mountain range and Hunnasfalls waterfall are attractive places for both local and foreign tourists. The Hunnasgiriya State Estate belongs to the State Plantations Corporation of Sri Lanka and has provided facilities for tourists visiting this waterfall.

Wewathanne - Woodside



Wewathenna campsite is located in the Woodside State Estate located in the Medamahanuwara area of the Kandy district of the Central Province and is 37.9 km far from Kandy city. Although the road to this beautiful campsite is quite difficult, it would become a very beautiful experience. On the way from Kandy to Wewathanna, the amazing and world-famous Victoria Dam is another attraction.

Contact Information

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Status of plantations managed by State Plantation Corporation in the year 2023

At the beginning of 2023, there were 17 plantations under the management of Sri Lanka State Plantation Corporation, of which 16 plantations are located in Kandy and Matale districts, while Walahandoova plantation is located in Galle district.

Table 01- Details of Estates

No	Name Of Estate	District	Divisional Secretariat Division	Total area (hectares)
1	Allakolla	Kanday	Panwila	819.86
2	Cottaganga	Kanday	Madadumbara	1,059.81
3	Galphelle	Kanday	Panwila/Kundasale	761.24
4	Goomera	Kanday	Panwila	731.13
5	Hagala	Kanday	Panwila	449.49
6	Harepark	Kanday	Udukubura	976.75
7	Hunnasgiriya	Kanday	Ukuwela	739.72
8	Kallebokka	Kanday	Panwila	1,370.36
9	Midlands	Matale	Rathtota	1,221.31
10	Nicholaoya	Matale	Rathtota	332.41
11	Opalgala	Matale	Madadumbara	759.10
12	Rangala	Kanday	Madadumbara	630.60
13	Waitalawa	Kanday	Madadumbara	552.05
14	Woodside	Badulla	Haldumulla	472.75
15	Wiharagala	Kanday	Madadumbara	41.90
16	Walahanduwa	Galle	Akmimana	71.38
	Total			10,989.86

Current Administrative Status of Plantations Owned by Sri Lanka State Plantations Corporation

Table 02 - Current administrative status of plantations (Kandy District)

No	District	Name of the Estate	Present management Company
1	Nuwaraeliya	Wedamulla	Agalawatta Plantation
2	Nuwaraeliya	Nayabedda	Agarapathana Plantation
3	Nuwaraeliya	Pettresow	Bogawanthalawa Plantation
4	Nuwaraeliya	Poistone	Bogawanthalawa Plantation
5	Nuwaraeliya	Bogawana	Bogawanthalawa Plantation
6	Nuwaraeliya	Chapelon	Bogawanthalawa Plantation
7	Nuwaraeliya	Castlereagh	Bogawanthalawa Plantation
8	Nuwaraeliya	Elofits	Bogawanthalawa Plantation
9	Nuwaraeliya	Bogawanthalawa	Bogawanthalawa Plantation
10	Nuwaraeliya	Norwood	Bogawanthalawa Plantation
11	Nuwaraeliya	Kotiyagala	Bogawanthalawa Plantation
12	Nuwaraeliya	Loynore	Bogawanthalawa Plantation
13	Nuwaraeliya	Midford	Bogawanthalawa Plantation
14	Nuwaraeliya	Osborne/Calverton	Bogawanthalawa Plantation
15	Nuwaraeliya	Tienstin	Bogawanthalawa Plantation
16	Nuwaraeliya	Campion	Bogawanthalawa Plantation
17	Nuwaraeliya	Lethenty	Bogawanthalawa Plantation
18	Nuwaraeliya	Alton	Horana Plantation
19	Nuwaraeliya	Farelone	Horana Plantation
20	Nuwaraeliya	Gawarawila	Horana Plantation
21	Nuwaraeliya	Mahanillu	Horana Plantation
22	Nuwaraeliya	Stockhome	Horana Plantation
23	Nuwaraeliya	Mountjin	JEDB
24	Nuwaraeliya	Blikbonney	Kellani-Valley Plantation
25	Nuwaraeliya	Edinburgh	Kellani-Valley Plantation
26	Nuwaraeliya	Glassgow	Kellani-Valley Plantation
27	Nuwaraeliya	Mahagasthota	Kellani-Valley Plantation
28	Nuwaraeliya	Pedro	Kellani-Valley Plantation
29	Nuwaraeliya	Udaradella	Kellani-Valley Plantation
30	Nuwaraeliya	Moray	Madulsima Plantation
31	Nuwaraeliya	Kew	Madulsima Plantation
32	Nuwaraeliya	Venture	Madulsima Plantation
33	Nuwaraeliya	St.John Delery	Madulsima Plantation
34	Nuwaraeliya	Theressia	Madulsima Plantation
35	Nuwaraeliya	Chelsia	Malwatta valley Plantation
36	Nuwaraeliya	Maskeliya	Maskeliya Plantation
37	Nuwaraeliya	Adamspeak	Maskeliya Plantation

38	Nuwaraeliya	Brownswick	Maskeliya Plantation
39	Nuwaraeliya	Brownlow	Maskeliya Plantation
40	Nuwaraeliya	Deanside	Maskeliya Plantation
41	Nuwaraeliya	Glenugie	Maskeliya Plantation
42	Nuwaraeliya	Laxapana	Maskeliya Plantation
43	Nuwaraeliya	Mocha	Maskeliya Plantation
44	Nuwaraeliya	Morarr	Maskeliya Plantation
45	Nuwaraeliya	Queensland	Maskeliya Plantation
46	Nuwaraeliya	Strathspey	Maskeliya Plantation
47	Nuwaraeliya	Craigh	Maskeliya Plantation
48	Nuwaraeliya	Ferham	Maskeliya Plantation
49	Nuwaraeliya	St.Clair	Maskeliya Plantation
50	Nuwaraeliya	Thalawakelle	Maskeliya Plantation
51	Nuwaraeliya	Mathurata	Mathurata Plantation
52	Nuwaraeliya	Sogama	Pussallawa Plantation
53	Nuwaraeliya	Ramboda	Pussallawa Plantation
54	Nuwaraeliya	Bearvel	Thalawakelle Plantation
55	Nuwaraeliya	Calsey	Thalawakelle Plantation
56	Nuwaraeliya	Clarendon	Thalawakelle Plantation
57	Nuwaraeliya	Desford	Thalawakelle Plantation
58	Nuwaraeliya	Great-Western	Thalawakelle Plantation
59	Nuwaraeliya	Holyroode	Thalawakelle Plantation
60	Nuwaraeliya	Loggiee	Thalawakelle Plantation
61	Nuwaraeliya	Mattakelle	Thalawakelle Plantation
62	Nuwaraeliya	Palmstone	Thalawakelle Plantation
63	Nuwaraeliya	Radella	Thalawakelle Plantation
64	Nuwaraeliya	Summerset	Thalawakelle Plantation
65	Nuwaraeliya	Carolina	Watawala Plantation
66	Nuwaraeliya	St.helies	Watawala Plantation
67	Nuwaraeliya	Hauteville	Watawala Plantation
68	Nuwaraeliya	Binoya	Watawala Plantation
69	Nuwaraeliya	Shanon	Watawala Plantation
70	Nuwaraeliya	Uwakelle	Watawala Plantation
71	Nuwaraeliya	Thangakelle	Watawala Plantation

Table 03- Current administrative status of plantations (Kalutara District)

No	District	Name of the Estate	Present management Company
1	Kaluthara	Part of Clyde Division	Agalawatta Plantation
2	Kaluthara	Ambathenna	Agalawatta Plantation
3	Kaluthara	Clyeid	Agalawatta Plantation
4	Kaluthara	Kiriwanaketiya	Agalawatta Plantation
5	Kaluthara	Mohomadi	Agalawatta Plantation
6	Kaluthara	Pimbura	Agalawatta Plantation
7	Kaluthara	Lagose	Balangoda Plantation
8	Kaluthara	Dumbara	Horana plantation
9	Kaluthara	Frosester	Horana plantation
10	Kaluthara	Halwathura	Horana plantation
11	Kaluthara	Hillstreem	Horana plantation
12	Kaluthara	Kobowell	Horana plantation
13	Kaluthara	Millakanda	Horana plantation
14	Kaluthara	Mirishena	Horana plantation
15	Kaluthara	Nuchatele	Horana plantation
16	Kaluthara	Payagala	Kotagala Plantation
17	Kaluthara	Arupolakanda	Kotagala Plantation
18	Kaluthara	Delkeith	Kotagala Plantation
19	Kaluthara	Aduragal	Kotagala Plantation
20	Kaluthara	Geekiyankanda	Kotagala Plantation
21	Kaluthara	Hegalla	Kotagala Plantation
22	Kaluthara	Hadigalla	Kotagala Plantation
23	Kaluthara	Millewa	Kotagala Plantation
24	Kaluthara	Padukka	Kotagala Plantation
25	Kaluthara	Perth	Kotagala Plantation
26	Kaluthara	Raigama	Kotagala Plantation
27	Kaluthara	Sorana	Kotagala Plantation
28	Kaluthara	Usakvelly	Kotagala Plantation
29	Kaluthara	Vogan	Kotagala Plantation
30	Kaluthara	Delkith	Kotagala Plantation
31	Kaluthara	Eladuwa	Namunukula Plantation
32	Kaluthara	Miriswatte	Namunukula Plantation
33	Kaluthara	Pallegoda	Namunukula Plantation
34	Kaluthara	Sirikandura	Namunukula Plantation

Table 04- Current administrative status of plantations (Rathnapura District)

No	District	Name of the Estate	Present management Company
1	Rathnapura	Delgoda	Agalawatta Plantation
2	Rathnapura	Doloswela	Agalawatta Plantation
3	Rathnapura	Kiribathgala	Agalawatta Plantation
4	Rathnapura	Niriella /Niriwatta	Agalawatta Plantation
5	Rathnapura	Noragala	Agalawatta Plantation
6	Rathnapura	Pinkanda	Agalawatta Plantation
7	Rathnapura	Wattapotha	Agalawatta Plantation
8	Rathnapura	Galebodda	Agarapathna Plantation
9	Rathnapura	Part of Farmgarden	Balangoda Plantation
10	Rathnapura	Balangoda	Balangoda Plantation
11	Rathnapura	Walaboda	Balangoda Plantation
12	Rathnapura	Mahawela	Balangoda Plantation
13	Rathnapura	Rye	Balangoda Plantation
14	Rathnapura	Egasland	Balangoda Plantation
15	Rathnapura	Cicilton	Balangoda Plantation
16	Rathnapura	Galathura	Balangoda Plantation
17	Rathnapura	Millawitiya	Balangoda Plantation
18	Rathnapura	Mathuwagala	Balangoda Plantation
19	Rathnapura	Palmgarden	Balangoda Plantation
20	Rathnapura	Pethiyagala	Balangoda Plantation
21	Rathnapura	Rambukkanda	Balangoda Plantation
22	Rathnapura	Wawila	Balangoda Plantation
23	Rathnapura	Wikiliya	Balangoda Plantation
24	Rathnapura	Rassagala	Balangoda Plantation
25	Rathnapura	Maddakanda	Balangoda Plantation
26	Rathnapura	Sapumalkanda	Balangoda Plantation
27	Rathnapura	Non-periel	Balangoda Plantation
28	Rathnapura	Campian	Bogawanthalawa Plantation
29	Rathnapura	Madampe/Dipdeen	Hapugasthenna Plantation
30	Rathnapura	Aigburth	Hapugasthenna Plantation
31	Rathnapura	Alerton	Hapugasthenna Plantation
32	Rathnapura	Depedeen	Hapugasthenna Plantation
33	Rathnapura	Herheriegh	Hapugasthenna Plantation
34	Rathnapura	Lollupitiya	Hapugasthenna Plantation
35	Rathnapura	Springwood	Hapugasthenna Plantation
36	Rathnapura	Hapugasthenna	Hapugasthenna Plantation
37	Rathnapura	Alupola	Hapugasthenna Plantation
38	Rathnapura	Galaboda	Hapugasthenna Plantation
39	Rathnapura	Pelmadulla	Kahawatta Plantation

40	Rathnapura	Poranuwa	Kahawatta Plantation
41	Rathnapura	Ekarella	Kahawatta Plantation
42	Rathnapura	Endane	Kahawatta Plantation
43	Rathnapura	Houpe	Kahawatta Plantation
44	Rathnapura	Hunuwella	Kahawatta Plantation
45	Rathnapura	Yatadola	Kahawatta Plantation
46	Rathnapura	Opatha	Kahawatta Plantation
47	Rathnapura	Rilhena	Kahawatta Plantation
48	Rathnapura	Wellandura	Kahawatta Plantation
49	Rathnapura	Heyies	Maskeliya Plantation
50	Rathnapura	Lankaberiya	Mathurata Plantation
51	Rathnapura	Panilkanda	Mathurata Plantation
52	Rathnapura	Eheliyagoda	Pussallawa Plantation
53	Rathnapura	Ehaliyagoda	Pussellawa Plantation
54	Rathnapura	Durampitiya	Pussellawa Plantation
55	Rathnapura	Keeragala	Pussellawa Plantation
56	Rathnapura	Pussella	Pussellawa Plantation
57	Rathnapura	Sunderland	Pussellawa Plantation
58	Rathnapura	Maussa	Udappussellawa Plantation

Table 05- Current administrative status of plantations (Galle District)

No	District	Name of the Estate	Present management Company
1	Galle	Lelwala	Elpitiya Plantation
2	Galle	Gulugahakanda	Elpitiya Plantation
3	Galle	Divithura	Elpitiya Plantation
4	Galle	Ketandola	Elpitiya Plantation
5	Galle	Nagoda Group	Elpitiya Plantation
6	Galle	Rathnawala & Nagoda	Elpitiya Plantation
7	Galle	Elpitiya	Elpitiya Plantation
8	Galle	Benthota	Elpitiya Plantation
9	Galle	Ihalkanda	Elpitiya Plantation
10	Galle	Mapalagama	Elpitiya Plantation
11	Galle	Elpitiya	Elpitiya Plantation
12	Galle	Nakiyadeniya O.F	Hapugasthenna Plantation
13	Galle	Baddegama	Namunukula Plantation
14	Galle	Walpita	Namunukula Plantation
15	Galle	Pillagodawalli	Namunukula Plantation
16	Galle	Andunkelle	Namunukula Plantation
17	Galle	Monrowia	Namunukula Plantation
18	Galle	Agrock	Namunukula Plantation
19	Galle	Wewegodawatta	Namunukula Plantation

20	Galle	Polgahawilla	Namunukula Plantation
21	Galle	Moragala	Thalawakelle Plantation
22	Galle	Pitiyagoda	Thalawakelle Plantation
23	Galle	Walahanduwa	Thalawakelle Plantation
24	Galle	Wattegoda	Thalawakelle Plantation
25	Galle	Thalangaha	Watawala Plantation
26	Galle	Upper Homadola	Watawala Plantation
27	Galle	Nakiyadeniya	Watawala Plantation
28	Galle	Homadola	Watawala Plantation
29	Galle	Nakiyadeniya R.E	Watawala Plantation
30	Galle	Stocksland	Watawala Plantation

Table 06- Current administrative status of plantations (Matale)

No	District	Name of the Estate	Present managed Institute
1	Mathara	Thalgaswela	Elpitiya Plantation
2	Mathara	Gallinda	Elpitiya Plantation
3	Mathara	Ani lkanda	Ma thura ta plantation
4	Mathara	Wilpi ta	Ma thura ta Plantation
5	Mathara	Beyerly	Ma thura ta Plantation
6	Mathara	Anda pana	Ma thura ta plantation
7	Mathara	Diddenipotha	Ma thura ta Plantation
8	Mathara	Enasalwatte Group	Mthura ta Plantation
9	Mathara	Thennahena	Namunukula Plantation
10	Mathara	Ellakanda	Namunukula Plantation
11	Mathara	Hulanduwa	Namunukula Plantation
12	Mathara	Akurassa	Namunukula Plantation
13	Mathara	Halalla	Namunukula Plantation
14	Mathara	Belment	Namunukula Plantation
15	Mathara	South Charly mount	Namunukula Plantation
16	Mathara	Deniyaya	Thalawakelle Plantation
17	Mathara	Handferd	Thalawakelle Plantation
18	Mathara	Kiriwanganga	Thalawakelle Plantation
19	Mathara	Indola	Thalawakelle Plantation
20	Mathara	Kobomalla	Thalawakelle Plantation

Table 07- Current administrative status of plantations (Badulla)

No	District	Name of the Estate	Present management Company
1	Badulla	Wiharagala	SLSPC
2	Badulla	Kahagalla	Agarapa tha na Plantation
3	Badulla	Nahawila	Hapugas thenna Plantation
4	Badulla	Newbirgh	Hapugas thenna Plantation
5	Badulla	Damba thenna	Agarapa tha na Plantation
6	Badulla	Glenore	Agarapa tha na Plantation
7	Badulla	Gonamotuwa	Agarapa tha na Plantation
8	Badulla	Haputha le	Agarapa tha na Plantation
9	Badulla	Pitaramthmale	Agarapa tha na Plantation
10	Badulla	Udaweriya	Agarapa tha na Plantation
11	Badulla	Courtlodge	Agarapa tha na Plantation
12	Badulla	Roehmpton	Agarapa thna Plantation
13	Badulla	South Meddakumbura	Balangoda Plantation
14	Badulla	Icelab	Malwatta Valley Plantation
15	Badulla	Ampitikanda	Maskeliya Plantation
16	Badulla	Koslanda	Maskeliya Plantation
17	Badulla	Liyanagahawella	Maskeliya Plantation
18	Badulla	Mahakanda	Maskeliya Plantation
19	Badulla	Poonagalla	Maskeliya Plantation
20	Badulla	Hindagala	Namunukula Plantation
21	Badulla	Kinellen	Namunukula Plantation
22	Badulla	Pingarawa	Namunukula Plantation
23	Badulla	Park	Udapussellawa Plantation
24	Badulla	Gawarakelle	Waitalawa Plantation

Table 08- Current administrative status of plantations (Kandy)

No	District	Name of the Estate	Present management Company
1	Kandy	Maussakanda	Elkaduwa Plantation
2	Kandy	Great-Valley	JEDB
3	Kandy	Galaha	JEDB
4	Kandy	Uduwela	JEDB
5	Kandy	Allakolla	Sri Lanka State Plantation Corporation
6	Kandy	Hagalla	Sri Lanka State Plantation Corporation
7	Kandy	Watakelle	Sri Lanka State Plantation Corporation
8	Kandy	Rangala Group	Sri Lanka State Plantation Corporation
9	Kandy	Kellebokka	Sri Lanka State Plantation Corporation
10	Kandy	Kandaketiya	Sri Lanka State Plantation Corporation
11	Kandy	Ferndale	Sri Lanka State Plantation Corporation
12	Kandy	Cottaganga	Sri Lanka State Plantation Corporation
13	Kandy	Dehigolla/Enasalwatta/Loolw	Sri Lanka State Plantation Corporation
14	Kandy	Delpa tha naoya	Sri Lanka State Plantation Corporation
15	Kandy	Goomera	Sri Lanka State Plantation Corporation
16	Kandy	Kobonilla	Sri Lanka State Plantation Corporation
17	Kandy	Garandiella	Sri Lanka State Plantation Corporation
18	Kandy	Waithalawa Group	Sri Lanka State Plantation Corporation
19	Kandy	Anguruwella	Sri Lanka State Plantation Corporation
20	Kandy	Gallekelle Group	Sri Lanka State Plantation Corporation
21	Kandy	Hathale	Sri Lanka State Plantation Corporation
22	Kandy	Hunnasgiriya	Sri Lanka State Plantation Corporation
23	Kandy	Traferdhill	Sri Lanka State Plantation Corporation
24	Kandy	Burnside	Sri Lanka State Plantation Corporation
25	Kandy	Knuckles	Sri Lanka State Plantation Corporation
26	Kandy	Thunisgala	Sri Lanka State Plantation Corporation
27	Kandy	Raxawa	Sri Lanka State Plantation Corporation
28	Kandy	Galphella	Sri Lanka State Plantation Corporation
29	Kandy	Harepark	Sri Lanka State Plantation Corporation
30	Kandy	Wata ketiya	Sri Lanka State Plantation Corporation
31	Kandy	Greenwood/Dickoya	Sri Lanka State Plantation Corporation
32	Kandy	Woodside	Sri Lanka State Plantation Corporation
33	Kandy	Duckwari Group	Udapussellawa Plantation
34	Kandy	Madulkelle	Udapussellawa Plantation

Table 09- Current administrative status of plantations (Matale)

No	District	Name of the Estate	Present management Company
3	Mathale	Pansal thenna	Elkaduwa Plantation
4	Mathale	Elkaduwa Group	Elkaduwa Plantation
5	Mathale	Hunugala	Elkaduwa Plantation
6	Mathale	Pita kanda	Elkaduwa Plantation
7	Mathale	Ra thwatte	Elkaduwa Plantation
12	Mathale	Hapugahalanda	Elkaduwa Plantation
1	Mathale	Salagama	Elkaduwa Plantation
2	Mathale	Nalanda	Elkaduwa Plantation
3	Mathale	Hatha munagala	Elkaduwa Plantation
4	Mathale	Millawana	Elkaduwa Plantation
5	Mathale	Bandarapola	Elkaduwa Plantation
6	Mathale	Kandenuwara	Elkaduwa Plantation
7	Mathale	Ukuwela	Elkaduwa Plantation
8	Mathale	Owela	Elkaduwa Plantation
9	Mathale	Hapugaspitiya	Elkaduwa Plantation
10	Mathale	Gammaduwa	Leased Out to Gammaduwa Plantation
11	Mathale	Midland	Sri Lanka State Planation Corporation
12	Mathale	Nicholoya	Sri Lanka State Planation Corporation
13	Mathale	Bambaragalla	Sri Lanka State Planation Corporation
14	Mathale	Midcar	Sri Lanka State Planation Corporation
15	Mathale	Nagalla	Sri Lanka State Planation Corporation
16	Mathale	Mathale west	Sri Lanka State Planation Corporation
17	Mathale	Lebanon Group	Sri Lanka State Planation Corporation
18	Mathale	Opalgala	Sri Lanka State Planation Corporation
19	Mathale	Dankanda	Sri Lanka State Planation Corporation
20	Mathale	Kataranthenna	Sri Lanka State Planation Corporation
21	Mathale	Indola	Thalawakalle Plantation
22	Mathale	Mahaousa	Udupussellawa Plantation

Details of the Estates Purchased by the Sri Lanka State Plantations Corporation

Table 10 - Details of the Estates Purchased by the Sri Lanka State Plantations Corporation

No.	Name of the Estate	District	Purchased Date	current Management	Land Extent (Hectares)
1	Wedamulla	Nuwara Eiya	1973.09.01	Agalawatta Plantations PLC	484.62
2	Rohampton	Badulla	1974 .0315	Agarapatana Plantations PLC	100.61
3	Galebodda	Ratnapura	1974.07.01	Agarapatana Plantations PLC	752.63
4	Elpitiya	Galle	1975.06 01	Elpitiya Plantations PLC	785.02
5	Halgolla **	Kegalle	1974.10.23	Kegalle Plantations PLC	16006 .88
6	Delkin	Kalutara	1975.05.19	Kotagala Plantations PLC	1223.38
7	Galahaa *	Kandy	1975.07.01	JEDB	694.33
8	Mount Jean *	Nuwara Eiya	1975 .07.01	JEDB	456.52
9	Great valley *	Kandy	1974.01.01	JEDB	320.24
10	Uduwela *	Kandy	1973.05 .31	JEDB	659 .51
11	Ramboda **	Nuwara Eiya	1973.09.01	Pussellawa Plantations PLC	765.18
12	Sogama **	Nuwara Eiya	1971.12.30	Pussellawa Plantations PLC	476.11
13	Eheliyagoda	Ratnapura	1975 .08.01	Pussellawa Plantations PLC	410.93
14	Mathurata **	Nuwara Eiya	1975.05.15	Balangoda Plantations PLC	278.54
15	Medakumbura South **	Badulla	1974.02.01	Balangoda Plantations PLC	505.26
16	Sapumalkanda	Ratnapura	1975.08.01	Balangoda Plantations PLC	646.96
17	Non Pareil	Ratnapura	1975.0519	Balangoda Plantations PLC	203.64
18	Wikiliya	Ratnapura	1974.10.23	Balangoda Plantations PLC	805.67
19	Rassagala	Ratnapura	1974.10.23	Balangoda Plantations PLC	776.49
20	Meddakanda	Ratnapura	1974.10.23	Balangoda Plantations PLC	676.11
21	Campiyan	Ratnapura	1975 0 .01	Bogawantala Plantations PLC	848.99
22	Lethent	Nuwara Eiya	1974.07.01	Bogawantala Plantations PLC	203.24
23	Icelab	Badulla	1973.11.26	Malwatte Valley Plantations PLC	382.59
24	Thispane	Kandy	1972.01.01	has been given for Mahaweli project	384.62
25	Diyadawa	Matara	1980	Morawakkorale Cooperative Society	13.2258
26	Hotwill	Nuwara Eiya	1975.07.01	Wtawala Plantations PLC	412.15
27	St.hayleys	Nuwara Eiya	1974.07.01	Wtawala Plantations PLC	172.87
29	Hapugasthenne	Ratnapura	1971 .12.30	Hapugasthenne Plantations PLC	1709 .31
30	Alupola	Ratnapura	1972 .12.30	Hapugasthenne Plantations PLC	1228 .74
31	Galaboda	Ratnapura	1973 .12.30	Hapugasthenne Plantations PLC	376.92
32	Carolin	Nuwara Eiya	1974 .07.01	Hapugasthenne Plantations PLC	1063.56

*They are being managed by JEDB

** JEDB has leased such to Regional Plantation Companies

Summary of the Hectare Statement 2023



Figure 04 - Summary of the Hectare Statement 2022

The Hectare Statement

Sri Lanka State Plantations Corporation -2023

Table 11 - Hectare Statement

Name Of Estate	Area of land under tea cultivation (hectares)				Rubber Ha	Replanting tea/rubber plantations/pla nting abandoned plants/nursery Ha	Total Ha Tea+Rubber Ha	Commercial Timber/Fuelwood Ha	Minor Crops Ha	Amount of land distributed to staff and workers Ha	Amount of land owned by the Knuckles Reserve Ha	Amount of other/aban doned land Ha	Total Ha
	V.P Ha	Seedling Ha	Total	Amount of land provided for leaf Plucking on a contract basis									
Allakolla	114.95	149.75	264.70	122.50	-	17.00	404.20	81.63	68.60	-	200.51	64.92	819.86
Cottganga	34.42	215.80	250.22	170.97	-	19.00	440.19	7.80	53.69	-	-	558.13	1,059.81
Galphelle	165.01	5.00	170.01	37.31	-	7.04	214.36	91.49	5.85	4.65	-	444.89	761.24
Goomera	116.73	65.50	182.23	152.36	-	12.00	346.59	44.50	-	-	74.80	265.24	731.13
Hagala	77.78	91.80	169.58	84.66		17.00	271.24	89.62	-	-	-	88.63	449.49
Harepark		131.50	131.50	196.50	-	16.00	344.00	-	55.00	-	-	577.75	976.75
Hunnasgiriya	37.78	149.14	186.92	34.21	-	6.85	227.98	7.00	51.32	-	-	453.42	739.72
Kallebokka	278.24	90.97	369.21	299.41	-	38.71	707.33	15.00	148.31	-	-	499.72	1,370.36
Midlands	123.91	60.42	184.33	65.17	-	14.34	263.84	211.84	266.78	-	-	478.85	1,221.31
Nicholoya	47.14	-	47.14	3.64	-	2.00	52.78	18.00	48.32	-	-	213.31	332.41
Opalgala	48.90	69.10	118.00	13.00	-	6.80	137.80	86.00	148.50	-	-	386.80	759.10
Rangala	85.44	48.35	133.79	128.95		30.50	293.24	-	7.50	-	-	329.86	630.60
Waitalawa	39.20	31.00	70.20	74.69	-	5.33	150.22	45.89	-	-	-	355.94	552.05
Woodside	5.00	-	5.00	185.31	-	15.00	205.31	30.77	1.00	-	-	235.67	472.75
Wiharagala	0.81	27.33	28.14	-	-		28.14			-	-	13.76	41.90
Walahanduwa	1.50	-	1.50	-	29.72	8.80	40.02		18.00	-	-	13.36	71.38
Total	1,176.81	1,135.66	2,312.47	1,568.68	29.72	216.37	4,127.24	729.54	872.87	4.65	275.31	4,980.25	10,989.86

Green Leaf Crop Harvest 2014-2023

Table 12 – Green Leaf Harvest

Estate	Green Leaf (Kilo Gram)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Allakolla	769,499	787,917	705,364	759,745	734,993	617,413	755,844	819,981	680,967	578,619
Cottaganga	194,663	216,383	170,940	205,003	293,453	253,263	303,817	298,549	211,277	160,814
Galphelle	665,646	690,856	675,717	775,779	790,235	681,090	833,568	897,867	641,974	597,573
Goomera	486,583	547,711	667,398	764,337	743,270	706,865	849,230	920,770	735,007	530,548
Hagala	689,703	689,097	499,360	489,980	547,673	419,474	578,153	586,514	450,306	371,874
Harepark	375,497	298,837	229,330	252,911	298,088	252,867	369,896	349,541	254,513	228,510
Hunnasgiriya	431,449	578,390	515,374	528,296	496,959	487,033	544,893	556,800	449,136	364,267
Kallebokka	1,331,815	1,608,769	1,373,408	1,389,689	1,468,809	1,435,669	1,780,695	1,911,748	1,579,439	919,016
Kudaoya	-	-	-	-	-	-	2,581	18,791	20,558	-
Midland	395,511	586,443	438,614	503,015	586,207	494,211	520,383	518,951	424,063	321,430
Nicholoya****	458	1,123	1,550	2,979	159,993	138,379	191,445	187,163	145,973	111,028
Opalgala	297,987	301,755	247,751	305,494	354,093	263,246	399,514	347,170	319,415	264,534
Rangala	521,923	678,266	604,333	499,346	606,263	579,595	662,545	641,661	528,504	431,795
Waitalawa ***					228,363	157,356	211,812	249,160	202,098	167,837
Wiharagala	-	-	-	-	-	9,267	20,116	25,471	19,433	17,451
Woodside**					22,153	44,463	68,485	60,799	39,390	23,985
Total	6,153,032	6,977,775	6,059,068	6,455,503	7,330,409	6,535,701	8,101,974	8,385,002	6,659,725	5,089,280
Name of Estate										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Walahanduwa	40,140	36,809	37,523	42,470	33,395	28,123	29,660	19,063	15,166	3,189

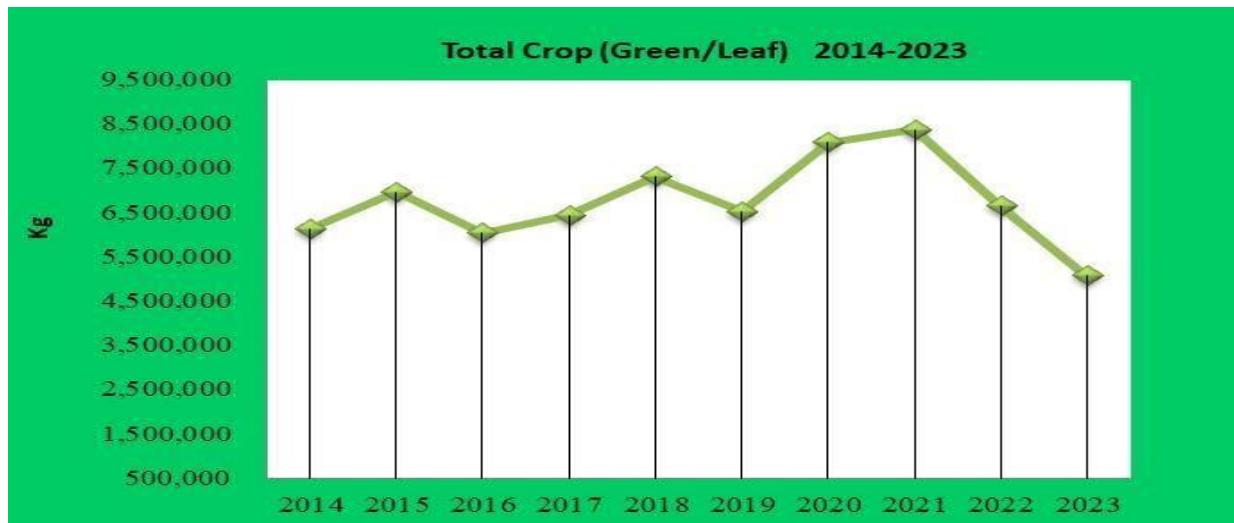


Figure 05 – Green Leaf Harvest

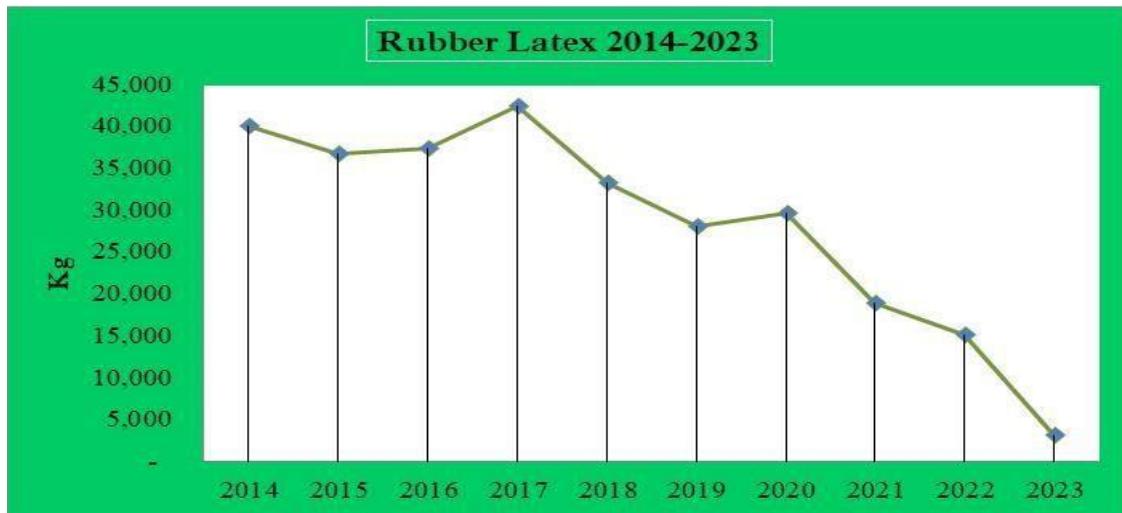


Figure - 06 Rubber Harvest (Latex)

Yield per Hectare of Raw Tea Leaves and Amount of Rubber (Latex 2013-2023)

Table 13-Green Leaf Kg Per Hectare

Estate	Green Leaf Kilo Gram Per Hectare												
	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020	2,021	2,022			
Allakolla	2,660	2,321	2,293	2,121	2,479	2,367	2,032	2,513	2,692	2,282	1,974		
Cottaganga	1,400	1,060	860	819	935	930	809	1,028	922	751	610		
Galphelle	3,819	2,926	2,981	2,916	3,656	3,901	3,362	4,183	5,257	3,765	3,511		
Goomera	3,363	3,121	3,363	3,084	3,451	3,139	3,027	3,677	4,359	3,700	2,846		
Hagala	3,223	2,772	2,716	2,447	2,781	2,883	2,241	3,141	3,170	2,590	2,143		
Harepark	1,633	1,274	995	674	795	1,260	1,102	1,491	1,506	1,273	1,329		
Hunnasgiriya	2,828	2,181	2,744	2,749	2,823	2,599	2,548	2,844	2,900	2,302	1,948		
Kallebokka	3,079	2,353	2,828	2,888	2,777	2,651	2,553	3,617	3,986	3,480	2,071		
Kudaoya	-	-	-	-	-	-	70	488	571				
Midland	2,460	2,084	2,167	1,995	2,293	2,585	2,204	2,334	2,321	2,321	1,738		
Nicholoya		1,772	1,702	2,544	2,884	3,218	2,860	3,715	3,901	3,053	2,338		
Opalgala	3,972	2,944	2,814	2,309	2,940	4,013	2,999	4,317	4,021	2,546	2,216		
Rangala	3,256	2,553	3,247	2,916	2,316	2,581	2,660	2,723	2,869	2,372	3,020		
Waitalawa	-	-	-	-	-	2,688	2,093	2,894	3,132	2,443	2,220		
Wiharagala	-	-	-	-	-	-	223	480	608	464	417		
Total	2,828	2,298	2,433	2,386	2,474	2,537	2,282	2,768	2,949	2,486	2,040		
Estate	Rubber (Latex) - Kilo Gram Per Hectare												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Walahanuwra	690	618	566	577	649	510	430	474	457	363	162		

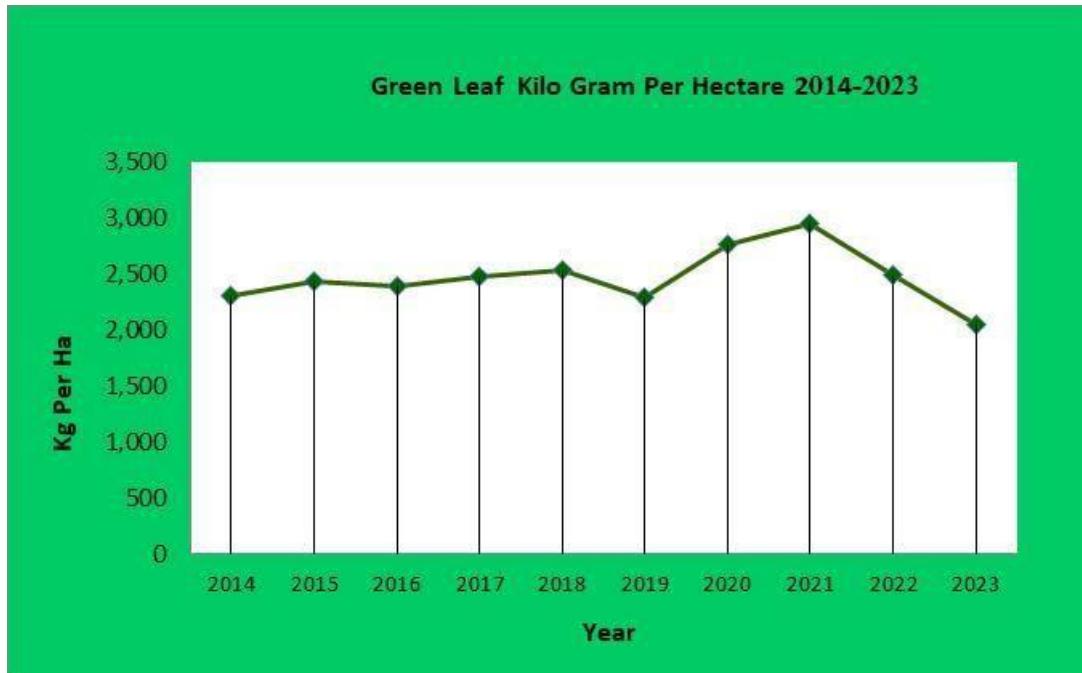


Figure 07 – Green Leaf Harvest per Hectare

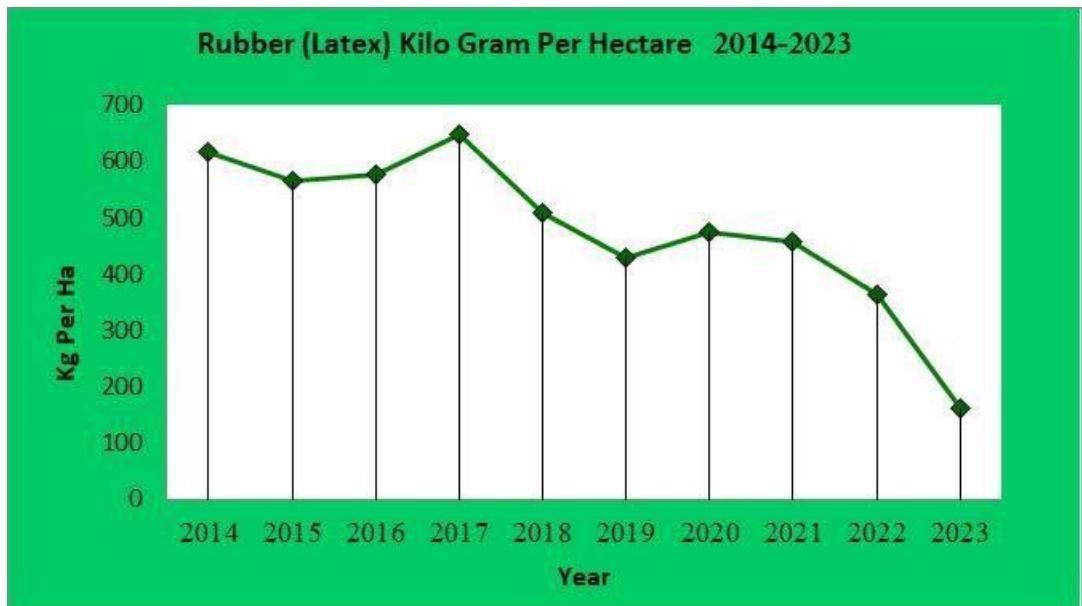


Figure 08 - Rubber (Latex) Harvest per Hectare

Annual Rainfall

Table 14 - Annual Rainfall 2023

Rain Fall - 2023	
Estate	Rain Fall (mm.)
Allakolla	2093
Cottaganga	2951
Galpelle	2029
Goomera	3122
Hagala	3085
Harepark	3136
Hunnasgiriya	1496
Kallebokka	3523
Midland	4192
Nicholoya	2309
Opalgala	1680
Rangala	5034
Waitalawa	2424

According to the aforesaid data, the west midland region received a good rainfall throughout the year 2023.

Fertilizer usage of the previous 03 years.

Table - 15 Comparative cost of production per kg of Green Leaf of the corporation during the last 03 years

Amount and cost of fertilizers and Weedicide used 2021-2023				
Year	Amount of fertilizer used (metric tons)	Fertilizer cost (Rs.)	Amount of weedicide used (liters/kg)	Weedicide cost (Rs.)
2021	552	15,924,100	3844 ලිටර	10,222,571
			692 ක්.ගුම්	2,698,800
2022	65.5	24,715,000	16 ලිටර	55,100
			1400 ක්.ගුම්	11,780,000
2023	206	30,852,000	4300 ලිටර	11,497,500
			750 ක්.ගුම්	4,425,000

- On several occasions during the year under review, due to the increase in the price of chemical fertilizers, the quantity of fertilizers used resulted in higher costs

In the year 2023, the selling price of one kilogram of raw tea leaves produced by the Sri Lanka State Plantation Corporation was 173.90 Rupees, while the selling price of one kilogram of green leaf leaves in the West Midland was 204.14 Rupees. Accordingly, the sales rate of Sri Lanka State Plantations Corporation in the year 2023 has been maintained at a lower value of 30.24 rupees than the sales rate of the Western Medium.

The production cost of one kilo of Green Leaf of the corporation in the last 03 years

16 – The comparative production cost of one kilo of raw leaves of the corporation in the last 03 years

Year	Production cost per kilogram of Green Leaf (Rupees)					
	Plucking	Field Works	Fertilizer	Weedicide	General Charges	Total
2021	47.94	12.61	5.02	6.00	32.78	104.35
2022	55.57	16.72	1.87	10.87	48.57	133.60
2023	54.45	19.12	7.22	18.13	74.64	173.55

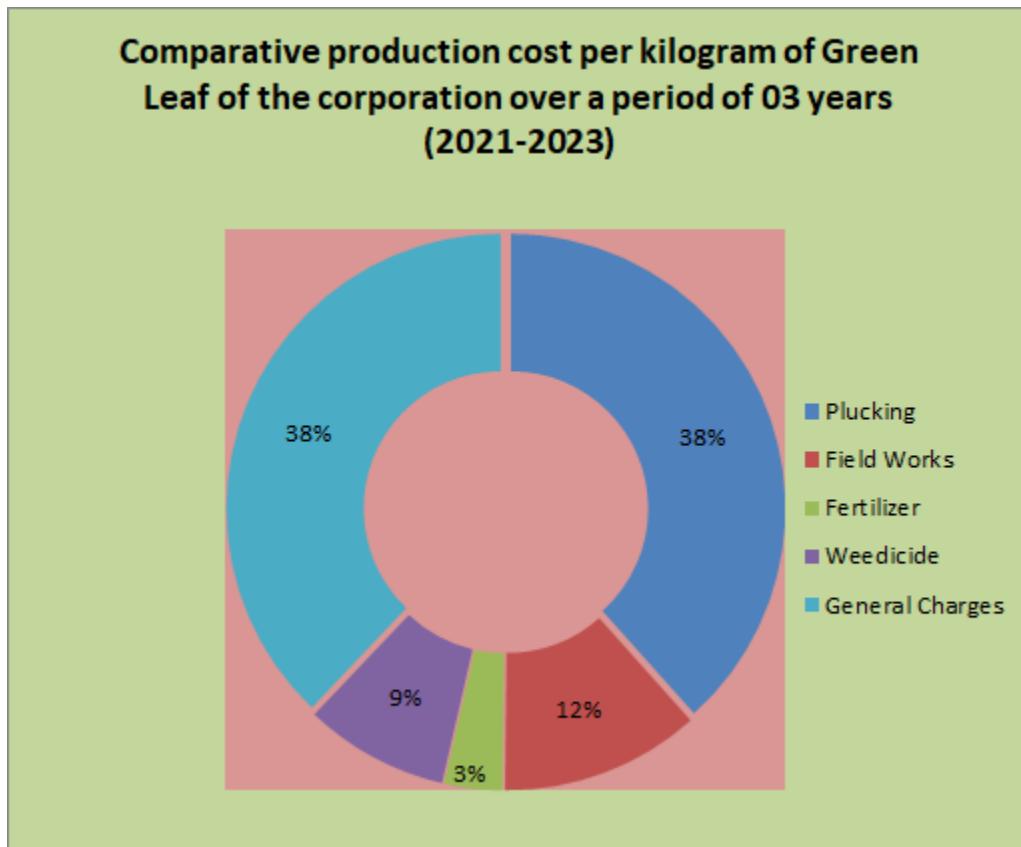


Figure 09 – The comparative production cost of one kilo of raw leaves of the corporation in the last 03 years

Accordingly, the cost of fertilizer is very less than the total production cost of one kilogram of raw leaves. Fertilizer costs have been controlled without managing raw leaf picking and overhead costs, which have been taken up a large share of production costs, resulted in a lower expectation of yields. The failure of the governing authority and management to understand this situation has been one of the reasons for the long-term loss of the Sri Lanka State Plantations Corporation.

Tea Production

The State Plantation Corporation of Sri Lanka currently has ten (10) tea factories out of which only three CTC tea factories are in working condition. The three tea factories at Kalabokka, Midlands and Rangala produce tea from raw leaves supplied by a number of our estates. The table below shows the production of tea made by those factories

Table 17- A comparative review over the Raw Tea Production, Made Tea Production, and Production Cost and net Sale Average of Factories - 2022-2023

Name Of Factory	Green Leaf (Kg)		Made Tea (Kg)		Percentage of Made tea produced		Production cost - Rs. per kilogram		Net sales average - Rs. per kilogram	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Kallebokka	1,572,439	1,054,377	338,159	338,159	21.51	32.07	437.27	941.55	425.39	792.30
Midlands	422,289	705,450	93,120	150,270	22.05	21.30	687.17	1,030.16	752.84	781.42
Goomera	-	518,566	-	113,147	-	-	-	974.06	-	778.55
Total	1,994,728	2,278,393	431,279	601,576						

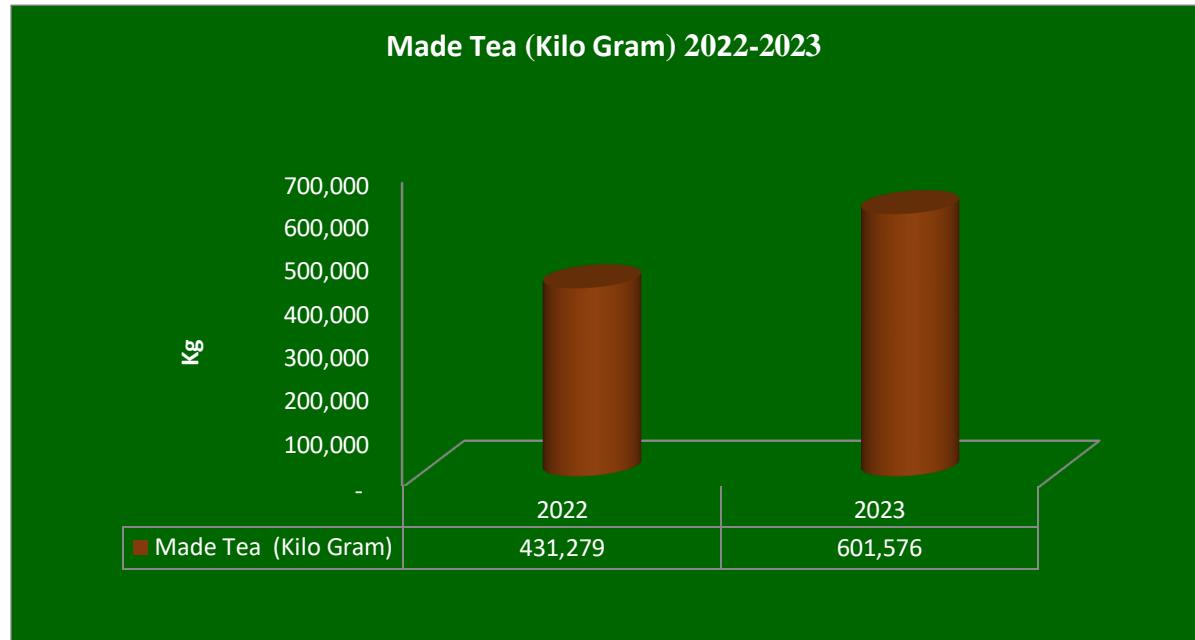


Figure 10 – Made Tea Production

Production of Green Leaf by factories (kilograms) 2022 -2023)

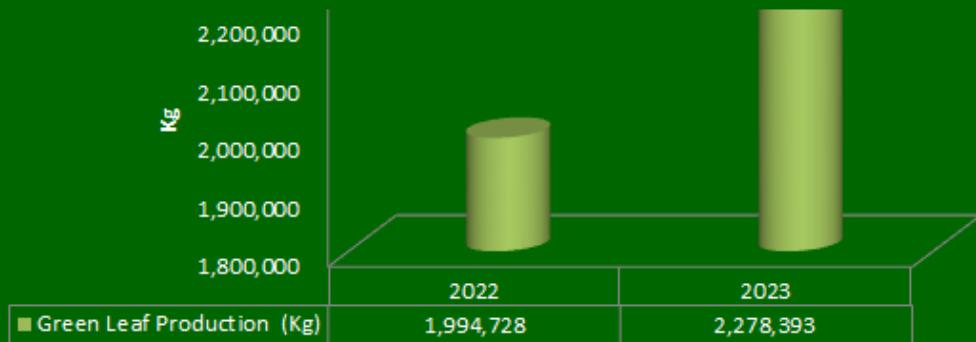


Figure 11 – Raw Tea Leaf Production relevant to the Factories

Table18- Details over the factories

Factory	District	Type of Tea Produced	Brewing Volume (Kg)	Present Condition
Kotaganga	Kandy	Orthodox	1290	Inactive
Goomara	Kandy	Orthodox	8000 (Total Volume)	Inactive
Hagala	Kandy	Orthodox	1419	Inactive
Hunnasgiriya	Matale	CTC	1720	Inactive
Kelebokka	Kandy	CTC	12000(Total Volume)	Active
Midlands	Matale	CTC	1400	Active
Dankanda	Matale	Orthodox	860	Inactive
Nikoloya	Matale	Orthodox	645	Inactive
Rangala	Kandy	CTC	1500	Active

The Sri Lanka State Plantation Corporation is facing a severe financial crisis due to the low yield from our plantations and the high cost of production due to the old machinery in the factories.

To overcome this situation, steps were taken to replant 160 hectares of tea this year. Through that capital investment, the income of the Sri Lanka State Plantation Corporation will be increased by the new leaf harvest after the next 2 years.

Midlands Tea Factory is the only CTC tea factory located in the Matale District. Kelebokka and Rangala tea factories are located in the Kandy District.

Midlands Tea Factory



Kelebokka Tea Factory



Rangala Tea Factory



Goomara Tea factory scheduled to be modernized



Sanastha Tea



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SANSTHA TEA

The production of "Sanstha Tea" was started in November 2016 in order to provide relief to the temporary financial crisis caused by the fluctuations in the price of Sanstha tea in the tea auction by providing Sanstha tea to the local market

Table 19- Monthly Sale of Sanstha Tea – Comparatively in the Years of: 2021, 2022 and 2023

Month	Quantity of tea sold (kilograms)		
	2021	2022	2023
January	5,234	4,249	5369
February	3,695	3,891	4258
March	6,103	6,753	8737
April	2,619	4,297	4733
May	7,592	1,857	3742
June	4,420	4,506	3924
July	5,436	2,791	3920
August	3,988	3,189	4627
September	5,242	2,486	4720
October	5,227	4,755	1775
November	4,089	2,749	3958
December	6,685	5,532	4066
Total	60,330	47,054	53,828

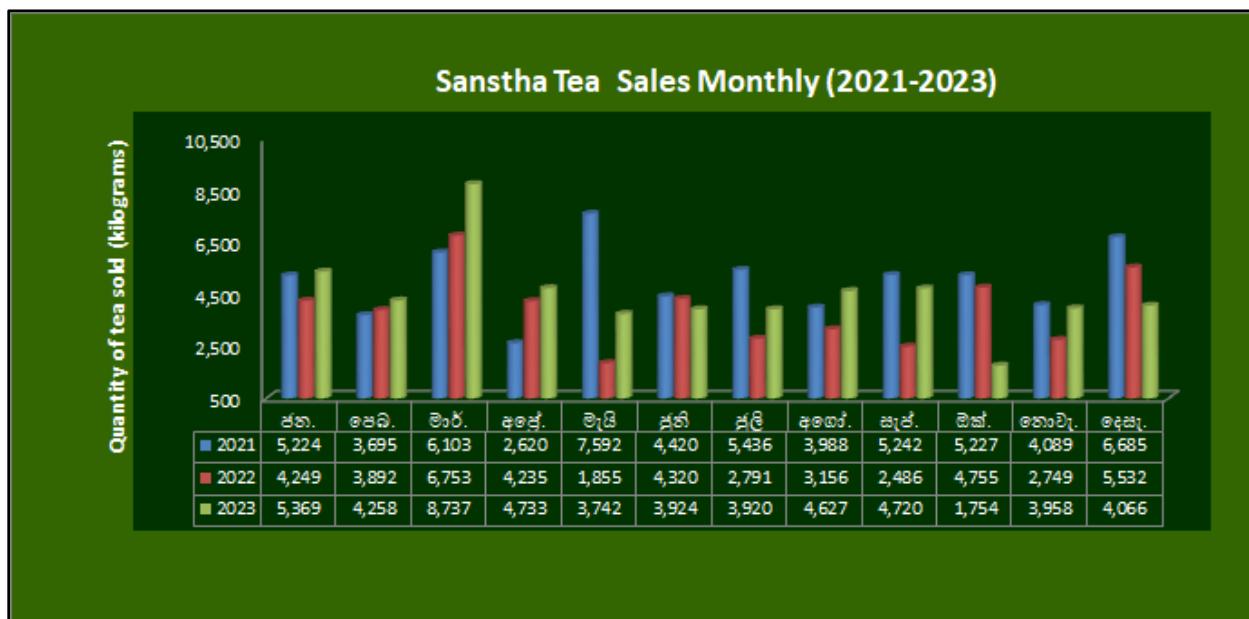


Figure 12 – Sanstha Tea Sale - Quantitative Comparison (2021-2023)

Income of Sanstha Tea Sale (2021-2023)

Table 20 - Income of Sanstha Tea Sale (2021-2023)

Month	Sanstha Tea sales income (Rupees)		
	2021	2022	2023
January	3,869,097	3,253,889	6,756,307
February	2,712,282	3,206,595	5,533,657
March	4,403,836	5,272,726	11,273,455
April	1,937,444	3,520,163	6,992,072
May	5,383,608	1,586,140	6,804,747
June	3,144,305	3,455,808	6,682,242
July	3,928,085	2,296,128	6,522,387
August	2,916,045	2,570,631	7,570,718
September	3,819,845	2,638,365	7,826,502
October	3,795,002	6,193,980	3,006,145
November	3,212,859	3,531,687	6,471,611
December	5,097,536	7,360,445	6,092,555
Total	44,219,944	44,886,555	81,532,397

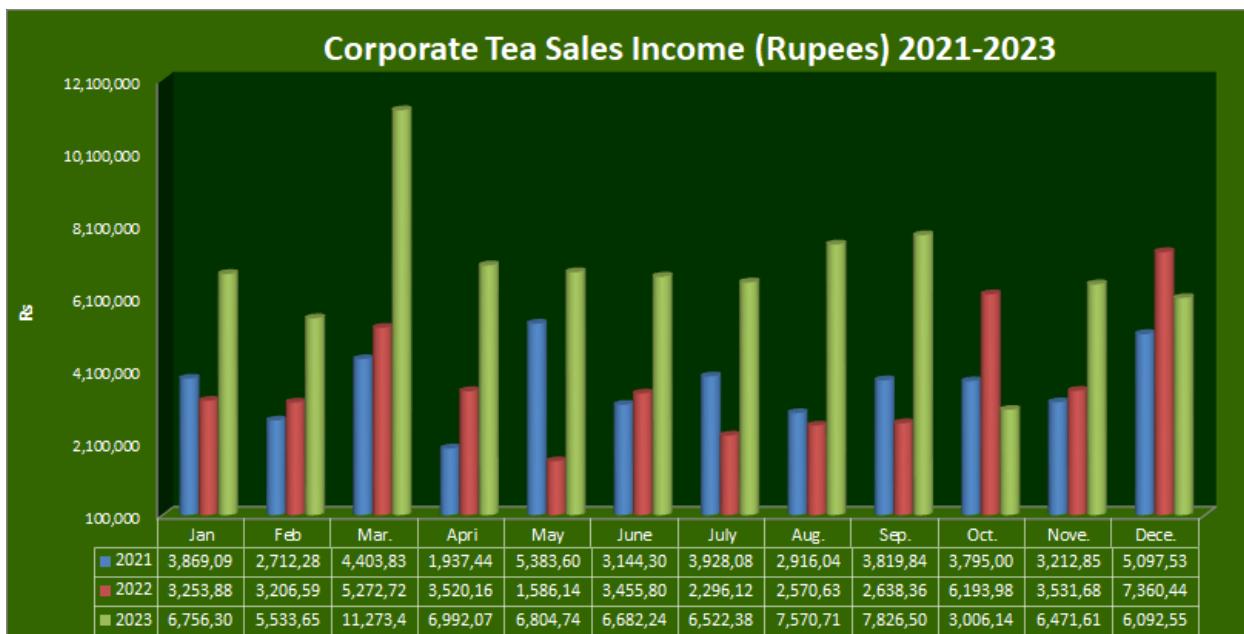


Figure 13 – Monthly Income of Sanstha Tea Sale (2021-2023)

Rubber Production

Sri Lanka State Plantations Corporation has only one rubber plantation. It is located in Walahanduwa area of Galle district. The total latex production for three years is shown in the table below

Table 21- Total Rubber production for three years

Year	Latex (kilograms)	Total cost (kg)	Profit / (Loss) (Rs.)	Net sales value (Rs.)	Production cost per kilogram (Rs.)	Profit / (Loss) per kilogram (Rs.)
2023	3189	4,273,444.08	(2,858,364.48)	443.74	1340.06	(896.32)
2022	15,166	12,777,203.34	(4,510,520.06)	545.08	842.49	(297.41)
2021	19,063	13,117,780.90	(5,286,725.15)	410.80	688.13	(277.33)



Figure 14 - Rubber Production (2021-2023)

Treasury Provisions

Unlike last year, for this year, no financial allocations have been made by the Treasury to manage salaries and day-to-day expenses..

Table 22 Summary of Treasury Grants to Sri Lanka State Plantations Corporation

Item	2020	2021	2022	2023
Operating expenses (labor wages and staff salaries)	-	-	-	
Statutory Payments (Employees Provident Fund/Employees Trust Fund/Grant)	-	-	-	63.90
Development activities of the Sri Lanka State Plantations Corporation (tea re-cultivation on underutilized lands)	-	14.00	178.64	
Total Receipts (Rupees Million)	-	14.00	178.64	63.90

The financial Status of the corporation according to the annual estimation for the year 2023 and the statement of accounts for the year 2023 is represented as follows

Table23 – Comparative Financial Performance for the years of 2023 -2022

Description	2023 estimate	Annual Accounts - 2023	Performance%	2022 estimate	Annual Accounts - 2022	Performance%
Made Tea - Cost of Production (C.O.P.)	763.41	802.62	5.14	540.51	642.69	18.90
Net Sales Average (N.S.A.) Rs./kg	800.98	875.06	9.25	451.33	741.64	64.32
Rubber - Cost of Production (C.O.P.) Rs.	714.50	1,340.06	87.55	355.51	958.03	169.48
-- Net Sales Average (N.S.A.)	450.00	443.74	-1.39	440.00	559.99	27.27
Estimated Production - Made Tea (Kg)	2,037,288	1,134,951	(44.29)	2,303,748	1,432,199	(37.83)
Estimated Production - Rubber (Kg)	22,500	3,189	(85.83)	35,000	15,166	(56.67)
Income- Rs						
Made Tea & Green Leaf	1,699,700,331	1,011,201,027	59.49	1,039,753,783	1,062,170,754	83.60
Rubber (Latex)	10,125,000	1,414,816	13.97	15,400,000	8,492,760	60.01
Total Income	1,709,825,331	1,012,615,843	59.22	1,055,153,783	1,070,663,514	83.30
Reduced: Production cost - Rs.						
Made tea and tea leaves	1,555,278,627	910,936,665	58.57	1,245,187,558	920,456,572	73.92
Rubber	16,076,197	4,273,445	26.58	12,442,718	14,529,483	116.77
Total production cost - Rs.	1,571,354,824	915,210,110	58.24	1,257,630,276	934,986,055	74.35
Gross profit/(loss) - Estate - Rs	138,470,507	97,405,733	70.34	(202,476,493)	135,677,459	(67.01)
Added: Other income - Rs.						
Other Income - Estate	821,870,441	122,905,534	14.95	639,124,814	135,306,929	21.17
Other Income - Head Office	83,676,350	12,838,350	15.34	92,261,600	24,647,066	26.71
Total other income- Estate and Head Office	905,546,791	135,743,884	14.99	731,386,414	159,953,995	21.87
Total income- Rs	1,044,017,298	233,149,617	22.33	528,909,921	295,631,454	55.89
Reduced: Expenses - Rs.						
Administrative Expenses - Estate	114,247,005	94,054,032	82.33	101,390,813	95,337,572	94.03
-Head Office	72,340,117	109,520,497	151.40	58,722,326	83,774,137	142.66
Personnel Expenses - Head Office	71,630,222	49,200,419	68.69	67,141,244	45,758,326	68.15
Finance charges - Estate	9,594,182	6,808,618	70.97	8,808,560	6,366,715	72.28
-Head Office	40,800,000	66,239,953	162.35	39,800,000	44,722,944	112.37
Total cost – Rs	308,611,526	325,823,519	105.58	275,862,943	275,959,694	100.04
Profit/(Loss) - Estates and Head Office - Rs.	735,405,772	(92,673,902)	(12.60)	253,046,978	19,671,760	7.77

HUMAN RESOURCE MANAGEMENT



Human Resources of Sri Lanka State Plantation Corporation

The approved staff of the Sri Lanka State Plantations Corporation is shown in the table below.

Table 24 – Approved Staff of the State Plantations Corporation

Post	Number of approved posts		
	permanent	Contract	casual
Head Ofice			
Chairman	1		
General Manager	1		
Deputy General Manager- finance	1		
Deputy General Manager- Administration	1		
Manager-Human Resources/Administration	1		
Manager- Marketing	1		
Manager- Legal	1		
Manager- Land	1		
Manager- Administration	-		
Manager- Procurement	1		
Internal Aditor	1		
Accountant	1		
Senior Superintendent	1		
Superintendent	14		
Assistant Superintendent	22		
Assistant Manager - Plantation	1		
Assistant Manager- Transport	1		
Assistant Manager- Marketing	1		
Assistant Manager - Procurement	1		
Assistant Accountant	1		
Land Officer	1		
IT Officer	1		
Administration Officer	1		
Sales Promotion Officer		1	
Cash Collecting Officer		1	
Adminstration Assistant	-		
Account Assistant	1		
Audit Officer	1		
Personal Assistant- Chairman	1		
Personal Assistant- General Manager	1		
Administrative Officer - Audit	1		
Administrative Assistant	28		
Work Supervisor	0		
Driver	8		
Office Assistant	3		
Labour	5		
Regional Office			
Deputy General Manager - Palntation	1		
Manager Plantation	1		
Assistant Manager	1		
Assistant Accountant	-		
Management Assistant	2		
Senior Assistant Clerk			
Junior Clerk			
Office Assistant	-		
Total	110	2	-

The management, supervisory and production staff of the Sri Lanka State Plantations Corporation in the year 2023 is shown in the table below.

Table 25 – Human Resources of the State Plantations Corporation

Estate	No of Superintendent	No of Assistant Superintendent	Task Force		Labour		Total
			permanent	Contract	permanent	Casual	
Allakolla	1	1	20	-	254	0	276
Cottaganga	1	1	12	2	148	0	164
Galphelel	1	1	23	1	157	25	208
Goomera	1	3	29	-	209	27	269
Hagala	1	1	12	-	144	0	158
Harepark	1	1	8	-	89	9	108
Hunnasgiriya	1	2	14	-	174	1	192
Kallebokka	1	3	38	-	701	49	792
Midlands	1	2	20	-	201	32	256
Nicholoya	1	1	5	-	5	30	42
Opalgala	1	0	8	-	54	11	74
Rangala	1	1	20	-	183	7	212
Walahan duwa		1	9	-	13	37	60
Waitalawa	1		5	-	60	0	66
Woodside	1	-	5	-	6	24	36
Wiharagala		1	1	-	39	2	43
Head Office & Regional Office	-	-	54				54
Total	14	19	283	3	2437	254	3010

The number of head office and regional office staff at the end of 2023 was 54, while the same figure was reported as 60 in 2022. Rs. 45.8 million was spent on paying salaries to these staff in 2022 and Rs. 49.2 million was spent in 2023. Staff salaries have increased by Rs. 34 million or 7.4% in 2023 compared to 2022. By the end of 2022, the number of office staff and field staff, including estate superintendents and assistant superintendents, was 299, while in 2023 it was reported to be lower at 283. In the year 2022, Rs. 125.47 million was spent on paying salaries to these staff and in the year 2023, Rs. 138.83 million was spent.

Board of Directors and Audit Committee Meetings

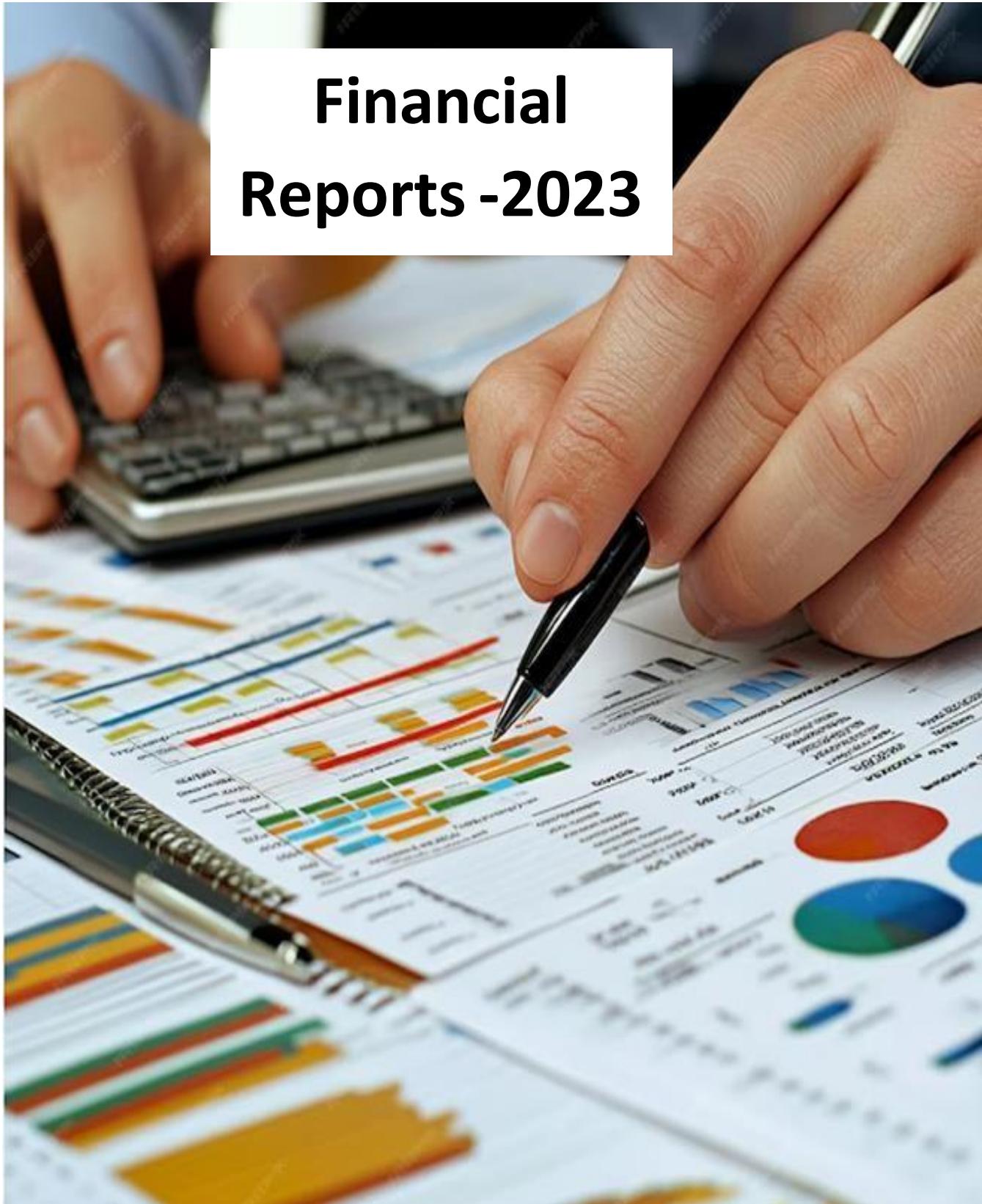
A number of 12 board meetings and 04 audit committee meetings have been held during the year under review..

Table 26 – Board of Directors and Audit Committee Meetings

Number	Name of Meeting	Date of Meeting	No of Meeting
1	Board Meeting	2023.01.24	35
		2023.03.09	36
		2023.03.27	37
		2023.04.24	38
		2023.05.29	39
		2023.06.26	40
		2023.07.41	41
		2023.08.25	42
		2023.10.02	43
		2023.10.27	44
		2023.11.28	45
		2023.12.22	46
2	Audit Committee Meetings	2023.03.22	1
		2023.06.09	2
		2023.09.07	3

The Auditor General of the Government has given a favorable opinion, i.e. a qualified opinion, on the financial statements of the Sri Lanka State Plantations Corporation for 2023. Adverse comments have been received regarding the financial statements of the Sri Lanka State Plantations Corporation for a long time, and it has been possible to rectify it.

Financial Reports -2023



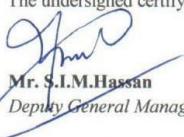
Sri Lanka State Plantations Corporation

STATEMENT OF FINANCIAL POSITION

In LKR. As at 31st December	Note	Page No.	2023	2022
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	8	13	1,362,996,754	1,194,116,372
Biological Assets - Consumable	9	15	3,361,498,115	3,360,565,296
Investment Property	10	16	1,611,520,641	1,611,520,641
Fixed Deposits			-	9,785,400
Deferred Assets	26	21	350,984	394,857
Total Non-current Assets			6,336,366,494	6,176,382,566
Current Assets				
Inventories	11	17	86,221,740	67,399,258
Trade and Other Receivables	12	17	309,421,777	301,442,535
Cash and Cash Equivalents	13	18	5,088,843	109,537,932
Total Current Assets			400,732,360	478,379,725
Total Assets			6,737,098,854	6,654,762,290
EQUITY AND LIABILITIES				
Capital and Reserves				
Contributed Capital	14	18	6,136,392,851	6,072,492,850
Retained Earnings			(2,355,053,627)	(2,258,965,172)
Total equity			3,781,339,224	3,813,527,678
Non-current liabilities				
Employee Benefit Obligations	15	18	584,181,197	643,923,619
Total Non-current liabilities			584,181,197	643,923,619
Current liabilities				
Trade and Other Payables	16	19	2,156,877,357	1,949,734,849
Bank Loan	16.1	19	79,310,000	100,000,000
Bank Overdraft	13	18	135,391,076	147,576,144
Total Current liabilities			2,371,578,433	2,197,310,994
Total liabilities			2,955,759,630	2,841,234,612
Total equity and liabilities			6,737,098,854	6,654,762,290

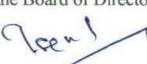
The accounting policies and notes on pages 5 through 21 form an integral part of the financial statements.

The undersigned certify that these financial statements are prepared in accordance with Sri Lanka Accounting Standards.


Mr. S.I.M.Hassan

Deputy General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board of Directors of Sri Lanka State Plantations Corporation by,


Mr. Srimal Wijesekara

Chairman/CEO


Mr. Y.A.Wagodapola

Board Member


Mr. R.M.S.P.S.Bandara

Board Member

February 27, 2024 Colombo.

Sri Lanka State Plantations Corporation

STATEMENT OF INCOME

In LKR.

Year ended 31st December	Notes	Page No.	2023	2022
Revenue	17	20	1,012,615,844	1,070,663,514
Cost of Sales			(915,210,110)	(934,986,055)
Gross Profit / (Loss)			97,405,733	135,677,459
Other Income	18	20	134,729,318	157,979,459
Administrative Expenses	19	20	(252,774,948)	(224,870,036)
Operating Profit / (Loss)			(20,639,897)	68,786,883
Finance Income	18	20	1,014,565	1,974,535
Finance Expenses	20	20	(73,048,571)	(51,089,659)
Profit/ (Loss) for the Period			(92,673,903)	19,671,760

The accounting policies and notes on pages 5 through 21 form an integral part of the financial statements.

Sri Lanka State Plantations Corporation

STATEMENT OF CHANGES IN EQUITY

In LKR.

Year ended 31 December 2023

	Capital Rs.	Land Contribution Rs.	Accumulated Profit/(Loss) Rs.	Total Rs.
Balance as at 01 January 2022	3,673,250,925	2,220,601,926	(2,127,008,077)	3,766,844,774
Grants Received from Treasury	178,640,000	-	-	178,640,000
Profit for the year	-	-	19,671,760	19,671,760
Prior year adjustments (Note 25)	-	-	(151,628,855)	(151,628,855)
Balance as at 31 December 2022	3,851,890,925	2,220,601,926	(2,258,965,172)	3,813,527,679
 Balance as at 01 January 2023	 3,851,890,925	 2,220,601,926	 (2,258,965,172)	 3,813,527,679
Grants Received from Treasury	63,900,000	-	-	63,900,000
Profit for the year	-	-	(92,673,903)	(92,673,903)
Prior year adjustments (Note 25)	-	-	(3,414,552)	(3,414,552)
Balance as at 31 December 2023	3,915,790,925	2,220,601,926	(2,355,053,627)	3,781,339,224

The accounting policies and notes on pages 5 through 21 form an integral part of the financial statements.

Sri Lanka State Plantations Corporation

STATEMENT OF CASH FLOWS

In LKR.

Year ended 31st December	Notes	2023	2022
Cash Flows from Operating Activities			
Net Profit /(Loss) Before Taxation		(92,673,903)	19,671,760
Adjustments for :			
Depreciation of Biological Assets	8.1	4,723,618	3,426,102
Depreciation of Assets	8	14,197,209	11,105,732
Amortization of deferred Assets		43,873	43,874
Finance Expenses	20	73,048,571	51,089,659
Finance Income	18	(1,014,565)	(1,974,535)
Gratuity Provision	15	32,279,972	35,498,178
Audit fee Provisions		580,599	692,504
Insurance Provisions		1,490,093	1,035,757
Government Grants & Subsidy	18	(2,655,167)	(592,667)
Prior year adjustments	25	(3,414,552)	(151,628,855)
Profit before Working Capital Changes		26,605,748	(31,632,493)
Changes in Working Capital			
(Increase) / Decrease in Inventories		(18,822,482)	(3,538,062)
(Increase) / Decrease in Trade and Other Receivables		(7,979,242)	(53,058,002)
Increase / (Decrease) in Current Liabilities		149,505,740	325,198,986
Cash generated from operations		122,704,016	268,602,921
Gratuity Paid		(22,738,709)	(25,682,747)
Finance Cost Paid	20	(51,394,143)	(42,952,373)
Net cash generated from operating Activities		75,176,912	168,335,308
Cash flows from investing activities			
Finance Income	18	1,014,565	1,632,892
Government Grants & Subsidy	18	2,655,167	592,667
Treasury Grants Received	14	63,900,000	178,640,000
Withdrawal of Fixed Deposits		9,785,400	-
Additions to Property, Plant and Equipment	8	(187,693,245)	(252,702,032)
Additions to Consumable Biological Assets	9	(932,819)	(4,209,531)
Repayment of Bank Loan - Peoples Bank		(20,690,000)	-
Settlement of Permanent over draft facility		(35,480,000)	-
Investment in FDs		-	(359,413)
Net cash flow from Investing Activities		(167,440,932)	(76,405,417)
Net Increase / (Decrease) in Cash and Cash Equivalents		(92,264,019)	91,929,891
Movement in cash and cash equivalents			
At the beginning of the period	13	(38,038,213)	(129,968,104)
Increase/(Decrease) for the year		(92,264,019)	91,929,891
Cash & Cash Equivalents at end of the year	13	(130,302,233)	(38,038,213)
Cash & Cash Equivalents at end of the year (Note 13)			
Cash in hand and at bank			
- Head Office		3,125,608	105,048,534
- Estates		1,963,235	4,489,398
Bank Overdraft		(135,391,076)	(147,576,144)
		(130,302,233)	(38,038,213)

Sri Lanka State Plantations Corporation

Notes to the Financial Statements Accounting Policies

Year ended 31st December 2023

1. CORPORATE INFORMATION

General

Sri Lanka State Plantations Corporation (Corporation) is a Government Corporation incorporated in 1958 under the Act No. 4 of 1958 and domiciled in Sri Lanka. It is a Government Corporation located at No 257, Siri Dhamma Mawatha, Colombo 10.

The Corporation prepares financial statements for the twelve month's period ended 31st December and these financial statements are authorized /approved by the board of directors.

Principal Activities

Manufacture and marketing of made tea through tea auction, selling latex and minor or export crops (Cloves, Pepper, Cardamom, Cinnamon etc.) and planting and selling commercial timber of the Corporation.

2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS as issued by the Institute of Chartered Accountants of Sri Lanka.

The financial statements have been prepared on a historical cost basis other than the biological assets which are at fair value.

The financial statements are presented in Sri Lankan Rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1.1 Significant Accounting Policies

The following are the significant accounting policies used by the Corporation in preparing these financial statements.

3.1.2 Property Plant and Equipment

Property, Plant and Equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

3.1.3 Depreciation

Depreciation is provided on the Property, Plant and Equipment acquired and disposed during the year from date of purchase to the date of disposal.

The estimated useful lives and rates of depreciation of Property, Plant and Equipment are as follows.

Item	Useful Life	Rate
Buildings	20 years	5%
Motor Vehicles	4 years	25%
Furniture and Fittings	8 years	12.5%
Office Equipment	8 years	12.5%

Machinery	8 years	12.5%
Computer and Printers	3 years	33.33%

3.1.4 Biological Assets

Biological assets relate to a living animal or a plant. According to LKAS 41, certain common features exist for biological assets, i.e. (a) Capability to change (capability for biological transformation) (b) Management of change (Management facilitates biological transformation by enhancing the conditions necessary for the process to take place. Such management distinguishes agricultural activity from other activities. For example, harvesting from unmanaged sources) and (c) Measurement of change (The change in or brought about by biological transformation or harvest is measured and monitored as a routine management function.)

Biological assets are two types namely, bearer biological assets and consumable biological assets.

3.1.4.1 Bearer Biological Assets

Bearer Biological Assets are the assets other than consumable biological assets and would include the major plantations such as Tea bushes, Rubber Trees and any field crops for the corporation. These would be carried at Cost less any accumulated depreciation and any accumulated impairment losses as per the option given by CA Sri Lanka and shown with Property, Plant and Equipment from the year 2023.

The estimated useful lives of the bearer biological assets are as follows.

Coconut	25 years	Cocoa	20 years
Pepper	15 years	Cinnamon	25 years
Rubber	35 years	Nutmeg	30 years
Cloves	50 years	Ginger	01 year
Coffee	25 years	Tea	100 years
Arecanut	40 years		
Cardamom	20 years		

3.1.4.2 Consumable Biological Assets

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets and comprises of timber. Agricultural produce is valued as fair value less estimated point of sale costs and costs necessary to get them to the market. A gain or loss on valuation is recognized under the Statement of Comprehensive Income.

3.1.4.3 Deferred Assets

Deferred Assets are amortized at 10 % per annum.

3.1.5 Investment property

Investment property includes properties held for capital appreciation and / or to earn rental income. They are initially measured at cost, including related transaction costs and costs incurred subsequently to add to, replace part of, or service a property. Subsequent measurement is also at cost less accumulated depreciation.

3.1.6 Capital work in progress

Capital expenses incurred during the year, which are not capitalized as at the balance sheet date are shown as Capital work in progress, whilst the capital assets which have been capitalized during the year and put to use have been transferred to Property Plant & Equipment.

3.1.7 Leases

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement, and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases.

When the Corporation is a lessee under finance leases, the leased assets are capitalized and included in 'Property, plant and equipment' and the corresponding liability to the lessor is included in lease creditors. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. Finance charges payable are recognized in 'Net interest income' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating leases

All other leases are classified as operating leases. When the Corporation is the lessee, leased assets are not recognized on the balance sheet. Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Administrative expenses' and 'Other operating income', respectively.

3.2.1 Inventories

Inventories are recognized at cost and net realizable value, whichever is lower after making due allowance for obsolete and slow moving items which are valued at 'First in first out' basis.

Measurement of inventories

3.2.2 Cost of

Inventories Raw

Materials

Cost of purchases together with any incidental expenses.

Work in progress

Raw material cost and variable manufacturing expenses in full.

Finished Goods

Raw material cost and variable manufacturing expenses in full.

3.2.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank, fixed deposit investments, other short-term highly liquid investments with original maturities of six months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.2.4 Research costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

4. LIABILITIES AND PROVISIONS

4.1 Retirement Benefit Obligations

4.1.1 Defined benefit plan – Retirement Gratuity

The Corporation is liable to pay Gratuity in terms of the Payment of Gratuity Act No.12 of 1983. The liability for gratuity to an employee arises only on completion of five years of continued service with the Corporation. In order to meet this liability, a provision is carried forward in the Balance Sheet. The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of the year is recognized in the Income Statement.

The liability is not externally funded. The item is grouped under Non-Current Liabilities in the Balance Sheet.

4.1.2 Defined Contribution Plans- Employee Provident Fund & Employee Trust Fund

The Corporation contributes to Employees' Provident Fund and Employees' Trust Fund. These contributions are covered by relevant contribution funds in line with respective regulation. Obligations for contributions to the plans covering the employees are recognized as an expense in the income statement.

Employees' Provident Fund

The Corporation and Employees contribute to provident fund at 12% and 10% respectively on the basic salary.

Employees' Trust Fund

The Corporation contributes 3% on the basic salary to the Employees' Trust Fund.

5. INCOME STATEMENT

For the purpose of presentation of the Income Statement, the function of expenses method is adopted as it represents fairly the elements of corporation performance.

5.1.1 Revenue Recognition

Revenue is recognized on to the extent that is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The following specific recognition criteria must also be met before revenue is recognized:

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, usually on delivery of the goods.

Rendering of services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

Other Income

Other income is recognized on an accrual basis. This mainly includes management income, registration fee, tree tender proceeds and lease rent income.

5.1.2 Expenses

All expenditures incurred in the running of the business have been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

5.1.3 Financial Expenses

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. The corporation's finance expenses comprise of overdraft interest, commission on cash, loan interest (bank & others) and broker's interest.

6. FINANCIAL INSTRUMENTS- INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 Financial Assets

6.1.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Corporation's financial Assets include cash and short-term fixed deposits, trade and other receivables and other deposits. The above financial assets are shown under current assets.

6.1.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows.

6.1.2.1 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Corporation did not have any financial assets at fair value through profit or loss during the year ended 31 December 2023.

6.1.2.2 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance cost.

6.1.2.3 Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to- maturity when the Corporation has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized as finance cost in the income statement in finance cost. The Corporation does not have any held to maturity investments during the year ended 31 December 2023.

6.1.2.4 Available-for-Sale Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available for- sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Corporation did not have any available-for-sale financial investments during the year ended 31 December 2023.

6.1.2.5 DE recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when,

- i). The rights to receive cash flows from the asset have expired.
- ii). The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either.
 - (a) The Corporation has transferred substantially all the risks and rewards of the asset, or
 - (b) The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

6.1.2.6 Impairment of Financial Assets

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that

they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Currently the Corporation identifies a specific provision for trade receivables.

6.1.2.7 Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost, the Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

6.2 Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs. The Corporation's financial liabilities include trade and other payables and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities is at the amortized cost.

DE recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

7. FIRST- TIME ADOPTION OF SLAS (SLFRS/LKAS)

The financial statements, for the year ended 31 December 2012 are the first the Corporation prepared in accordance with SLAS comprising SLFRS/LKAS effective as of 1st January 2012. For the periods up to and including year ended 31 December 2011, the Corporation prepared its financial statements in accordance with previous Sri Lanka Accounting Standards.

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY, PLANT AND EQUIPMENT

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

8.1 Bearer Biological Assets

Bearer biological assets would be carried at cost less any accumulated depreciation.

Bearer Biological Assets		Tea	Mature Plantation	Immature Plantation	Other Crop	Coconut	Pepper	Rubber	Coffee	Other	Total
Cost or valuation											
As at 1st January 2023		506,883,377	253,243,396	-	3,870,374	3,709,621	15,270,484	1,565,492	18,757,867	803,300,611	
Additions		1,777,648	103,816,149	16,527,314			-		1,932,417	124,053,527	
Previous year adjustment											-
Transfer/Correction		(6,500)	-		-	-	-	-	-		(6,500)
Disposals		-	-	-	-	-	-	-	-		-
As at 31st December 2023		508,654,524	357,059,545	16,527,314	3,870,374	3,709,621	15,270,484	1,565,492	20,690,284	927,347,638	
Accumulated Depreciation											
Tea											
Tea Immature & Mature Plantation		Immature Plantation									
As at 1st January 2023		368,101,655	-	-	2,841,452	2,527,333	5,322,808	1,433,107	1,739,899	381,966,254	
Depreciation Charge for the Year		2,381,862	-	-	517,483	125,435	1,138,502	7,702	552,635	4,723,618	
Previous Year Adjustment		(140,980)	-	-		(4,825)	1,931	2,189	13,368	(128,317)	
Transfer/Corrections		(19,711)	-	-						(19,711)	
Disposals		-	-	-	-	-	-	-	-	-	-
As at 31st December 2023		370,322,825	-	3,358,935	2,647,942	6,463,241	1,442,998	2,305,901	386,541,844		
Net book value											
As at 31st December 2023		138,331,699	357,059,545	16,527,314	511,439	1,061,679	8,807,242	122,494	18,384,383	540,805,794	
Net book value as at 31st December 2023											540,805,794

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

9 BIOLOGICAL ASSETS - CONSUMABLE

Consumable Biological Assets	As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
Biological Assets	3,360,565,296	3,356,355,765
Additions during the year	932,819	4,209,531
Total Consumable Biological Assets	3,361,498,115	3,360,565,296

The valuation of the Consumable Biological Assets in SLSPC's Plantations is currently in progress. In the year 2023, the Corporation engaged in checking the accuracy of tree inventories submitted by the Plantations prior to their valuation. We expect to value the Consumable Biological Assets using a suitable and an acceptable methodology after verifying the accuracy of the Tree inventory.

Following table depicts the Trees available at each of the SLSPC's plantations as at 31st December 2023. The trees harvestable as per approved forestry management plans for 2018-2023 are shown separately on the second column.

Name of the Plantation	Total No. of Trees as per physical verification (Excluding the trees in the Forestry Management)	Balance No. of harvestable Trees as at 31/12/2023. (as per approved Forestry Management Plan)	Total No. of Trees available in the plantations of SLSPC as at 31/12/2023
Allakolla State Plantation	3,042	209	3,251
Cottaganga State Plantation	4,070	1,093	5,163
Galphille State Plantation	10,338	-	10,338
Goomera State Plantation	7,232	303	7,535
Hagalla State Plantation	7,517	-	7,517
Harepark State Plantation	3,182	-	3,182
Hunnasgiriya State Plantation	5,691	-	5,691
Kallebokka State Plantation	7,544	7,177	14,721
Midlands State Plantation	10,471	782	11,253
Nicholoya State Plantation	2,320	-	2,320
Opalgala State Plantation	10,523	964	11,487
Rangalla State Plantation	5,544	45	5,589
Waithalawa State Plantation	6,959	109	7,068
Wiharagala State Plantation	791	-	791
Woodside State Plantation	3,299	4,435	7,734
Walahanduwa State Plantation	1,051	-	1,051
Total Number of Trees	89,574	15,117	104,691

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTY	As at	
	31.12.2023	As at 31.12.2022
	Rs.	Rs.
Land Contribution from Government	1,600,601,926	1,600,601,926
Land for Capital Appreciation	10,918,715	10,918,715
	1,611,520,641	1,611,520,641

10.1 Lands owned by the Sri Lanka State Plantations Corporation (SLSPC) and Lands handed over to the Regional Plantation Companies (RPCs).

The Land Reform Commission (LRC) and Other Government Institution have vested the ownership of two hundred and seventy four (274) lands to the Sri Lanka State Plantations Corporation by Gazette notifications and out of which two hundred and forty (240) lands have been handed over to twenty (20) Regional Plantation Companies and the details are as follows.

	Gazette No.	Gazette Date	Vested by	Number of Lands vested to SLSPC	Lands handed over to RPCs	Lands with SLSPC
1	150/12	24.07.1981	LRC	38	38	-
2	569/14	02.08.1989	LRC	3	3	-
3	571/14	18.08.1989	LRC	1	1	-
4	157/13	03.04.1975	Other Govt. Ins.	5	5	-
5	181/12	27.02.1982	LRC	80	54	26
6	195/6	31.05.1982	LRC	14	9	5
7	206/15	20.08.1982	LRC	1	-	1
8	230/12	02.02.1983	LRC	1	1	-
9	439/18	06.02.1987	Other Govt. Ins.	1	-	1
10	937/2	19.08.1996	LRC	7	7	-
11	815/10	21.04.1994	LRC	123	122	1
Total Lands				274	240	34

10.2 Other Lands owned by the Sri Lanka State Plantations Corporation and lands handed over to the Regional Plantation Companies.

Thirty (30) Lands have been purchased by the SLSPC and eleven (11) plantations which have been received from the Government Institution without Gazette Notifications. Out of forty one (41) lands forty (40) lands have been handed over to the RPCs and the details are as follows.

	Source of Land Received	Received Year	Number of Lands	Lands handed over to RPCs	Lands with SLSPC	Remarks
1	Commissioner General of Inland Revenue	1960	4	4	-	-
2	Commissioner of Lands	1968	1	-	-	Handed over to Mahaweli Project
3	Janatha Estate Development Board	1977	6	6	-	-
4	Purchased by SLSPC	1972, 1973, 1974, 1975	30	30	-	-
Total Lands			41	40	-	

Accordingly, two hundred and eighty (280) lands have been handed over to twenty (20) RPCs in 1992 on lease basis for fifty three (53) years. The lease period will be ended in 2045.

In terms of the lease agreements, Elkaduwa Plantations Ltd, Udupussellawa Plantations Ltd and Agarapathana Plantations Ltd pay the lease rentals to the SLSPC and the lease rentals from other RPCs are paid to the General Treasury.

As per LKAS 40, an investment property shall be measured initially (at the point of transfer) at its cost and subsequently using either the fair value model or the cost model. At the time of converting to SLFRS the Management was not in a position to get the monitory values as at the date of transfer and instead the values as at handing over the lands to RPCs were considered to be the fair value of the estates. Therefore the land value was extracted proportionately from the balance sheets of RPCs as at 1992. Management is of the view that the cost of such land as of the date that these lands were handed over to the RPCs reflects reasonably the cost of land and such amounts are carried forward in the books.

We have taken the initial steps for the valuation of lands belonging to SLSPC during the year 2023 and written to the Department of Valuation requesting them to value the lands belongs to us and to inform us the total cost for the valuation. In reply they have informed us their formula to calculate their fees/charges to value our lands. According to the formula given for valuation of this lands we expect a large sum is required to complete these valuations. Due to the present financial difficulties faced by us, we are not in a position to accommodate a huge expenditure of this nature at this time. However as the initial step towards valuation of this lands, The Board of Directors has advised us to value one plantation as a pilot project and we hope to start valuing all the lands during coming years.

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

11 INVENTORIES	As at	
	31.12.2023	31.12.2022
	Rs.	Rs.
Finished Products	51,878,540	20,618,706
Consumable Stock	34,343,200	46,780,552
	86,221,740	67,399,258

Finished product Inventories are valued at lower of Cost and the Net Realizable Value (NRV).

12 TRADE AND OTHER RECEIVABLES	As at	
	31.12.2023	31.12.2022
	Rs.	Rs.
Trade Debtors - Head office (a)	43,124,085	75,654,661
Less : Provision for Head office debtors	(19,879,268)	(19,879,268)
Trade Debtors - All Estates (b)	251,813,385	239,834,659
Less : Provision for estate debtors	(59,652,474)	(59,652,474)
Other Receivables - Head office	61,465,342	35,444,728
Less : Prov. Doubt Debt-Lease land rent	(15,780,848)	(15,780,848)
Other Receivables - All Estates	48,331,554	45,821,076
Gratuity Suspense (2012 Bal.)	85,257,147	85,257,147
Less : Provision for Gratuity Suspense	(85,257,147)	(85,257,147)
	309,421,777	301,442,535

a. Trade Debtors - Head office includes the following

	As at	As at
	31.12.2023	31.12.2022
B.C.C. Company	15,404,568	15,404,568
Less : Specific Impairment of Head office debtors	(15,404,568)	(15,404,568)
Elkaduwa Plantation	1,916,092	1,916,092
Woodside Estate	992,125	992,125
Less : Prov. Doubtful Debtors- Woodside	(992,125)	(992,125)
Dukwarie	2,500,000	2,500,000
Less : Prov. Doubtful Debtors-Duckwari	(2,500,000)	(2,500,000)
Trade Debtors	880,434	880,434
Less : Prov. Doubtful Debt-Trade Debtor	(880,434)	(880,434)
G G. Mahendarathna	102,140	102,140
Less : Pro Doubt Deb-GG Mahendarathna	(102,140)	(102,140)
Accounts Receivables - Green Leaf Buyers	21,031,488	53,791,771
Sundry and Other Debtors	297,237	67,530
	23,244,817	55,775,393

b. Trade Debtors - Estates includes the following

Sundry Debtors	38,390,538	37,164,388
Consumer debtors	41,071,407	41,071,407
Sundry Income Debtors	2,588,530	2,588,530
J.E.D.B	1,668,269	1,668,269
Debtors for Produce	726,644	726,644
Less : Prov. Unidentified Nursery Balances	(10,524,054)	(10,524,054)
Less : Specific Impairment of estate debtors	(47,537,070)	(47,537,070)
Less : Provision for Bad Debts	(1,591,349)	(1,591,349)
Other Debtors - Current account balances	167,367,998	156,615,421
	192,160,912	180,182,185

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

13 CASH AND CASH EQUIVALANTS	As at	
	31.12.2023	31.12.2022
(a) Favourable Balances :	Rs.	Rs.
Cash in hand and at bank		
- Head Office & Regional Office	3,125,608	105,048,534
- All Plantations	1,963,235	4,489,398
	5,088,843	109,537,932
(b) Negative Balances		
- Peoples Bank Current Accounts	(135,391,076)	(147,576,144)
Cash & Cash Equivalents at end of the year	(130,302,233)	(38,038,213)
(c) We have obtained a permanent over draft (POD) facilities for Rs. 130.0 Million from peoples bank and the facility is secured against the Asset/s below. ** The (No Suggestions) building value is based on the valuation done by the Chartered Valuation Surveyor assigned by the People's Bank on 02nd August 2023.		

Present structure of the Permanent overdraft (POD) Facility

POD secured against	Secured value Rs.	POD Amount Rs.
Building owned by SLSPC at Dematagoda **		50,000,000
Building owned by SLSPC at Dematagoda **	614,000,000	50,000,000
Building owned by SLSPC at Dematagoda **		30,000,000
Total		130,000,000

During the year the POD facilities amounting to Rs.35.48 Million was settled by using the secured balance in the Peoples Bank Savings acct. No. 046-2005-9-0000933 and by withdrawing the two Fixed deposits accounts (Fixed deposit account No. 046600100005667-5 and 046600100005591-6).

14 CONTRIBUTED CAPITAL	As at	
	31.12.2023	31.12.2022
	Rs.	Rs.
Government Contribution (Grants)	3,519,802,947	3,455,902,947
Land Contribution from Government	2,616,589,903	2,616,589,903
	6,136,392,850	6,072,492,850

Total Government contribution consists of grants received from government (Treasury) and the lands transferred/vested to Sri Lanka State Plantations Corporation by the government through gazette notifications. During the year under review Rs. 63.90 Million received from the General Treasury to SLSPC towards settlements of outstanding statutory dues.

15 EMPLOYEE BENEFIT OBLIGATIONS	Head office 2023	Plantations 2023	As at 31.12.2023	As at 31.12.2022
			Rs.	Rs.
Opening Balance - Estates	-	618,432,647	618,432,647	585,625,960
- Head office	25,489,691	-	25,489,691	24,515,057
Gratuity Suspense (2012 Bal.)	-	-	-	85,257,147
Gratuity Under/(Over) provision	777,458	1,887,622	2,665,080	7,080,643
Provision for the Year	1,330,301	30,949,671	32,279,972	35,498,178
Transferred to Gratuity Payable	(2,921,628)	(90,997,889)	(93,919,517)	(94,262,337)
Other Transaction/Transfers	427,433	(1,194,108)	(766,675)	208,970
Total Employee Benefit Obligations as at 31.12.2023	25,103,255	559,077,942	584,181,197	643,923,619

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

16 TRADE AND OTHER PAYABLES	As at	
	31.12.2023	
	Rs.	Rs.
Head office (a)	442,622,983	348,855,720
Estates (b)	1,714,254,373	1,600,879,129
	2,156,877,357	1,949,734,850
a. Trade and other payables for Head office includes the following	As at	As at
	31.12.2023	31.12.2022
Perth Estate	6,610,411	6,610,411
Janatha Estates Development Board (JEDB)	97,709,342	97,709,342
Advance Received Made Tea Brokers	48,316,765	247,000
Advance Received - Green Leaf Buyers	1,449,988	369,340
Advance payments - Tender Customers	1,139,492	-
Sanstha Tea Customers - Over Payments	6,872	-
State Resources Management Corporation	28,709,029	28,709,029
Fertilizer Corporation	35,931,679	35,931,679
Chilaw Plantation	41,210,959	39,610,959
Loan - Lanka Mineral Sands	25,000,000	25,000,000
Accrued Expenses	23,306,903	19,277,659
EPF - Payable	22,926,897	20,101,188
ESPS - Payable	11,692,077	8,965,776
CPPS - Payable	18,135,315	14,445,397
E.T.F Payable	293,615	175,062
Refundable deposits	41,402,978	38,654,512
Gratuity Payable	3,253,946	1,627,943
Sri Lanka Tea Board -Fertilize	6,666,672	-
Interest payable - PB Loan 100M	20,054,428	6,537,285
Other Payables	8,805,616	4,883,139
Total	442,622,983	348,855,720
b. Trade and other payables for Estates includes the following	As at	As at
	31.12.2023	31.12.2022
Sundry Creditors	6,838,664	5,952,080
Holiday Pay Provision	993,725	1,500,749
Holiday Pay	20,773,747	24,014,560
Elkaduwa Plantation	172,137	172,137
Other Liabilities	102,183,652	57,431,311
Trade Unions	9,557,646	8,714,745
Staff and Workers Payables	34,188,575	50,066,403
Prov. for Audit Fees & Insurance	7,700,651	8,182,158
E. P. F. Payable	666,314,285	617,378,035
E.S.P.S Payable	61,620,943	44,089,555
C.P.P.S. Payable	24,954	24,954
E.T.F. Payable	49,438,814	45,837,829
Gratuity Payable	625,998,758	550,685,803
Accrued Expenses	13,920,970	80,865,163
Attendance Bonus Provision	1,009,067	1,192,301
E.P.F Surcharges Payable	78,378,572	77,726,161
E.T.F Surcharges Payable	9,295,631	6,427,665
Gratuity Surcharges Payable	25,843,582	20,617,519
Total	1,714,254,373	1,600,879,129
16.1 Bank Loan - (People's Bank)	79,310,000	100,000,000

We have obtained the above loan from Peoples Bank on 09th April 2020 to cover our cash flow deficits during the month of April 2020. This loan was guaranteed by the General Treasury with a settlement period of six months and payable with interest calculated on the basis of AWPLR+2.5% as per offer letter. However due to the tight cash flow situation we faced during the past years we were able to settle on 20.69 Million settle this loan and extended the grace period year on year while settling only the interest due.

Now we are in the process of converting this bank loan with the outstanding interest in to a Long Term Loan Facility with a repayment period of five years. We have obtained the Board approval, the Treasury consent and guarantee also received for this purpose and we are in progress.

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

17 REVENUE	31.12.2023	31.12.2022
	Rs.	Rs.
Tea	530,705,781	347,708,177
Green Leaf	462,446,492	710,242,379
Minor Crops	18,048,754	4,220,199
Rubber	1,414,816	8,492,760
Total Revenue	<u>1,012,615,844</u>	<u>1,070,663,514</u>

Revenue from Tea Sales Includes Income received from Sale of Made tea at Colombo tea auction, Local sales - Sanstha tea and Sale of Refuse tea by tender.

18 OTHER INCOME	31.12.2023	31.12.2022
	Rs.	Rs.
Tree Tender	86,053,385	96,106,317
Lease Rentals	18,189,536	19,382,258
Management Fee	10,612,085	14,790,199
Finance Income	1,014,565	1,974,535
Income from Hunnas Water Falls	1,369,773	180,946
Government Grants & Subsidy	2,655,167	592,667
Nursery Plants - Sale Income	1,289,152	788,439
Ticketing Income	2,205,250	2,475,050
Other Income - Estates & Head Office	11,955,071	23,141,784
Guest Bungalow Income	399,900	521,800
Total Other Income	<u>135,743,884</u>	<u>159,953,995</u>

19 ADMINISTRATION EXPENSES	31.12.2023	31.12.2022
	Rs.	Rs.
Personnel Cost - (Head office)	49,200,419	45,758,326
Defined Contributions - EPF, CPPS & ESPS (Head office)	4,852,131	4,785,954
Defined Contributions - ETF (Head office)	1,202,980	1,155,700
Depreciation (Head Office)	1,697,455	980,000
Gratuity Expense (Head office)	1,330,301	1,408,962
Other Administration & Sales Expenses - Head Office	65,819,110	75,443,521
Gratuity Expense (Plantations)	30,949,671	34,089,216
Other Administration Plantations - Plantations	63,104,361	61,248,356
Total Administrative Expenses	<u>218,156,428</u>	<u>224,870,036</u>

20 FINANCE EXPENSES	31.12.2023	31.12.2022
	Rs.	Rs.
Commissions on Cash	6,808,618	6,360,240
Interest on Tea Brokers' Advances	8,050,274	1,929,105
Bank Charges	1,258,547	1,127,602
Bank Overdraft Interest	36,729,279	24,230,270
Bank Loan Interest - (People's Bank)	18,601,853	15,842,442
Other Loan Interest - Chilaw Plantation	1,600,000	1,600,000
Total Finance Expenses	<u>73,048,571</u>	<u>51,089,659</u>

21 INCOME TAX

Income tax calculations are not appearing in the annual accounts of SLSPC for the past years. Due to this reason and with the existence of continuous losses it is presumed that in the future taxable profits may not be available and paying income tax is unlikely by SLSPC. For the past twenty eight years (1995 to 2022) SLSPC has made profits only for five years. However at present we have taken steps to submit the tax returns which are pending and to submit annual returns on time in the future. Discussions held with Inland Revenue Department and we are progressing on submitting the returns on Income Tax.

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

22 RELATED PARTY TRANSACTIONS

Transactions with State and State Controlled Entities

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include the Government of Sri Lanka (State as the ultimate owner of the Corporation), various government departments, and State controlled entities. Particulars of transactions, and arrangements entered into by the Corporation with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows:

	2023	2022
	Rs.	Rs.
Outstanding Balances:		
Payable to		
State Resources Management Corporation	28,709,029	28,709,029
Fertilizer Corporation	35,931,679	35,931,679
Chilaw Plantations	41,210,959	39,610,959
Lanka Mineral Sands Limited	25,000,000	25,000,000
Elkaduwa Plantation	172,137	172,137
Janatha Estates Development Board (JEDB)	97,709,342	97,709,342
Perth Estate	6,610,411	6,610,411
	235,343,557	233,743,557
Receivable from		
Elkaduwa Plantation	1,916,092	1,916,092
Janatha Estates Development Board (JEDB)	41,071,407	41,071,407
Janatha Estates Development Board (JEDB)	1,668,269	1,668,269
	44,655,768	44,655,768

23 COMMITMENTS AND CONTINGENCIES

As at the Balance Sheet date, 784 legal cases have been filed against the SLSPC's Management at Panwila, Teldeniya and Matale Magistrate Courts for non-payment of Statutory Liabilities (EPF, ETF and Gratuity) which are long outstanding. A total number of 784 cases were pending as of 31 December 2023 after full settlement of 163 cases during the year ended 31 December 2023. Further, 95 new cases were filed against the Corporation during the year 2023. The Corporation has been advised by its lawyers that it is only possible, but not probable, that the action will succeed in favour of the Corporation. Accordingly, no provision for any contingent liability has been made in the Financial Statements.

As in the previous years, in the year 2023 too the Corporation continued paying for Legal Cases pertaining to long outstanding employee statutory payments which are coming up for hearing every week. During the period 2020 to September 2023, the Corporation paid Rs. 281.04 Million for these cases from own funds without getting any financial assistance from the General Treasury. However, commencing from September 2023, the Corporation started receiving Rs. 21.3 Million monthly from the General Treasury to pay the employee statutory payments or to settle Legal cases pertaining to the same and accordingly, the Corporation received Rs. 63.9 Million from the General Treasury during the period, September – December, 2023. We have not paid the monthly statutory liabilities for this period mainly due to the huge cash out flows towards court cases and due to the increase of Labour wages to Rs. 1000 from March 2021 (an increase of 34.5%) an additional cost of approx. Rs. 150.0 Million is spent annually. We have paid statutory dues only for four months during this period.

24 EVENTS AFTER THE BALANCE SHEET DATE

All the material events after the balance sheet date have been considered and appropriate adjustments and disclosures have been made in to the financial statements, where necessary.

25 PRIOR YEAR ADJUSTMENTS

Prior year adjustments includes the following transactions relating to the previous financial years and these adjustments were made during this year by the plantations and Head office.

Details	2023	2022
	Rs.	Rs.
Gratuity Payable / Provision (Under/Over Provision)	6,022,343	12,036,972
Gratuity Surcharges	227,010	12,884,415
EPF Surcharges	3,854,975	21,415,537
ETF Surcharges	521,454	3,472,407
Provisions made for Doubtful Debtors - as approved by the board	-	116,036,749
Under/Over stated depreciation Provisions	(141,578)	969,966
Adjustments for Unclaimed Creditor's balances	-	(21,797,337)
Other Expenditures/Adjustments	(7,069,652)	6,610,147
Total	3,414,552	151,628,855

26 DEFERRED ASSETS

During the year Deferred Assets were amortized by 10% as per the accounting policy number 3.1.4.3 and debited to the expenditure - Roads under General Charges, in the profit & loss account.

Audit Report 2023



NATIONAL AUDIT OFFICE

My No: PAL/G/SLSPC/01/2023/14 Your No.

Date: 24th July,2024

Chairman,
Sri Lanka State Plantations Corporation

Report of the Auditor General under Section 12 of the National Audit Act No. 19 of 2018 with regard to the Financial Statements and other Legal and Regulatory Requirements of the Sri Lanka State Plantations Corporation for the year ending on the 31st of December 2023.

1. Financial Statements

1.1. Qualified Opinion

The audit of the financial statements of the Sri Lanka State Plantation Corporation for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971 and in terms of section 14 of Sri Lanka State Plantation Corporation Act No. 04 of 1958. My Report under Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be forwarded to the parliament in due course.

In my opinion, except for the effects of the matters described under the 'basis for the qualified opinion' in this report, the financial statements give a true and fair view of Corporation as at 31 December 2023 and its financial performance and cash flow for the year then ended, in accordance with Sri Lanka Public Sector Accounting Standards.

1.2. Basis for Qualified Opinion

- a. Although a fair value measurement of non-financial assets should be conducted as per the Para.27 of the Sri Lanka Financial Reporting Standards 13, the land extending in an extent of 10,918 hectares, belonging to 15 of the 16 estates owned by the Sri Lanka State Plantation Corporation, was not valued or accounted for as an asset.
- b. Although the actuarial method should be used to calculate the service benefit obligation in accordance with Paragraph 57 of Sri Lanka Accounting Standard 19, the corporation did not apply this technique when determining the service benefit of Rs. 584,181,197. As a result, the calculated amount may be overstated or understated.
- c. In violation of Paragraphs 12 and 30 of Sri Lanka Accounting Standard 41, a total of 104,691

harvestable trees across 14 estates of the corporation have been recorded in the Statement of Financial Position at Rs. 3,361,498,115 without proper assessment or fair value valuation.

d. Biological assets valued at Rs. 9,991,415, including rubber, pepper, and coffee, were not separately classified as mature and immature in the financial statements, as required by Para. 45 of Sri Lanka Accounting Standard 41.

e. During the year under review, the cost of the trees was not recognized or adjusted against the revenue of Rs. 86,053,385 from the sale of trees, resulting in an overstatement of biological asset consumption and revenue.

f. Although the cost of 06 types of Property, Plant & Equipment for the estates amounted to Rs.499,386,228 according to the financial statements, its value was recorded as Rs. 375,367,990 according to the schedule maintained by the head office, resulting in a discrepancy of Rs. 124,018,238. Furthermore, the corporation did not maintain a fixed asset register.

g. The total land area of the corporation's estates was 147,559 hectares, but only 141,900 hectares were released to other institutions and under the corporation's control .Due to a lack of evidence regarding the remaining 5,659 hectares, the audit could not confirm the existence of those lands.

h. The change in the credit interest payable balance in the corporation's cash flow statement, amounting to Rs. 13,517,143, was adjusted twice.

i. The difference amounting to Rs. 59,742,422 in the Gratuity Provision Accounts at the end of 2022 and 2023 has been adjusted under Changes in Working Capital.

j. Although a balance amounting to Rs. 23,230,823 for plant nursery beds has been included in Trade and Other Receivables, the value of the plant nursery beds is Rs. 15,951,139 according to physical verification, resulting in an overstatement of the nursery bed stock from 7,279,684.

k. Since the unsettled balance of Rs. 167,367,998 in the current accounts maintained for transactions among the Head Office, Regional Offices, and Estates has been accounted for as current assets, this value has led to an overstatement of current assets. Similarly, this balance includes a debit balance of Rs. 4,872,435,761, which is over five years old, and a credit balance of Rs. 1,906,242,471.

l. Although the value added for the Property, Plant & Equipment related to the estates is Rs. 56,943,420, of these vouchers, invoices, and other documents totaling Rs. 14,806,302 have not been submitted for audit which prevented confirmation of their accuracy and the relevant depreciation value during the audit.

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 qualified opinion.

1.3 Other information included in the Annual Report, 2023 of the Corporation

Other information represents the Information included in the Annual Report, 2023 of the Institute which is to be scheduled to produce afterward the date of this audit report but not included in my audit report on the financial statements. Management is responsible for this other information.

I do not discover other information through my opinion on Financial Statements and I do not provide any kind of assurance or state opinion with regard to that information.

With regard to my audit of Financial Statements, my responsibility is to read the aforesaid other information recognized when available and in doing so to check whether the other information is not sufficiently mismatched with the Financial Statements or in accordance with my knowledge obtained in the audit or in another way.

If I conclude that there are material misstatements in reading the Annual Report, 2023 of the Corporation, it would be communicated to those charged with governance. If there were further material misstatements that had not been rectified those would be included in my report to parliament in pursuance of provisions in Article 154(6) of the Constitution that would be tabled in due course.

1.4 Responsibilities of the management and controlling parties in the financial statements.

It is the responsibility of the management to prepare and fairly present these financial statements in accordance with the accounting standards of the public sector in Sri Lanka and to determine the internal controls required to enable the preparation of financial statements without quantitative misrepresentations due to fraud or errors.

In preparing financial statements, it is the responsibility of the management to determine the capacity to maintain the continuity of the institute. The management also has a responsibility to keep accounts and disclose matters relevant to the continued existence of the Corporation, unless it intends to liquidate the Corporation or discontinue operations when there is no other option.

Responsibilities related to the financial reporting process of the Bureau are borne by the controlling parties.

Sub-section 16 (1) of the National Audit Act, No. 19 of 2018 provides for the proper maintenance of books and records on its own income, expenditure, assets and liabilities so as to ensure the preparation of annual and periodical financial statements of the Corporation.

1.5 Responsibilities of the Auditor in relation to the financial statement auditing

As a whole, my intention is to issue an auditor's report incorporating my opinion providing a fair proof that the financial statements are without quantitative misrepresentations due to, frauds and errors. Despite the fair certification is a high level of guarantee, when auditing is carried out in accordance with the Sri Lanka Audit Standards, it is not always a guarantee that it will detect quantitative misrepresentations at all material times. Frauds and errors, individual or collective, can lead to quantitative misrepresentations which are expected to affect the economic decisions made by users based on these financial statements.

I conducted the audit in accordance with the Sri Lanka Audit Standards with professional judgment and professional skepticism. Furthermore,

- When identifying and assessing the risks of quantitative misrepresentations in financial statements due to fraud or errors, it is the basis of my opinion that it requires obtaining adequate and appropriate audit evidence to overcome the risks posed by frauds or errors by way of planning appropriate audit procedures as the case may be. The impact of fraud is far greater than the impact of quantitative misrepresentations and corruption, forgery, deliberate evasion of internal controls can lead to a fraud.
- An understanding of the internal governance of the institute was gained in order to plan appropriate audit procedures, although it is not intended to express an opinion on the effectiveness of internal control.
- The appropriateness of the accounting policies and fairness of the accounting estimates used and the relevant disclosures made by management were evaluated.
- The relevance of using the institute's continuity basis for accounting was determined based on the audit evidence obtained as to whether there was quantitative uncertainty about the Bureau's continuity due to events or circumstances. If there is sufficient uncertainty, the audit report should focus on the disclosures made in the financial statements, and if those disclosures are not sufficient, my opinion should be distorted. However, continued existence may end on future events or circumstances.
- The presentation, structure and content of the financial statements including disclosures were evaluated and it was evaluated that the transactions and events on which they were based are included in the financial statements in an appropriate and fair manner.

The governing parties were made aware of the important audit findings, key internal governance weaknesses and other issues identified during my audit.

2. Report on other legal and regulatory requirements

2.1. The National Audit Act, No. 19 of 2018 contains special provisions regarding the following requirements.

2.1.1. Except for the effects of the matters described under the 'basis for the qualified opinion' in this report, in accordance with the requirements of section 12 (a) of the National Audit Act, No. 19 of 2018, I obtained all information and clarification required for the audit and as appeared in my inquiry, proper financial reporting has been maintained by the Corporation.

2.1.2 That the financial statements of the Corporation correspond with the previous year as per the requirement mentioned in Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3. The recommendations I made, apart from those related to the Basis for the Qualified Opinion in 1.3(a), (b), (c), (d), and (e) of my report from last year, as required by Section 6(1)(d)(iv) of the National Audit Act, No. 19 of 2018, have been included in the submitted financial statements.

2.2 In restricting the actions taken and the evidence obtained and quantitative facts, nothing came to my notice to state follows.

2.2.1 According to the requirement of Section 12(d) of the National Audit Act, No. 19 of 2018, a member of the Governing Council of the Corporation may have a direct or indirect involvement in any Agreement pertaining to the Corporation, outside its general business of activities.

2.2.2 In accordance with the requirements set out in Section 12 (f) of the National Audit Act, No. 19 of 2018, save and except for the observation mentioned below, inconsistency with any applicable

written law or any other general or special provisions issued by the Governing Council of the Corporation.

Reference to Law/ Regulations	Observations
a. Section 15 and 16 of the Employees' Provident Fund Act (No. 15 of 1958) and Section 16(1) & 27 of the, Part II, Employees' Trust Fund Act (No. 46 of 1980)	No action has been taken to pay Employees' Provident Fund contributions amounting to Rs. 689,241,182 from 2000 to 2023, Rs. 49,732,429 to the Employees' Trust Fund, additionally, Rs. 73,313,020 to the Estate Staff Provident Fund, and Rs. 18,160,269 for the Employees' Provident Fund of the Planters' Association of Ceylon, all of
	which remained unpaid by the end of the financial year. As of 31 December, 2023, the outstanding surcharges for the estate sector to be paid for the Employees' Provident Fund and Employees' Trust Fund were Rs. 78,378,572 and Rs. 9,295,631, respectively.
b. Section 5(1) of the Part II, Payment of Gratuity Act, No.12 of 1983	Although gratuity payments should be made within 30 days of an employee's retirement or death, the gratuity payable by the corporation as of December 31, 2023, including amounts from the previous and current years, is Rs. 629,252,704. Additionally, a surcharge of Rs. 25,843,582 is also due. Due to the non-payment of these funds, the corporation incurred Rs. 1,933,000 in legal fees for the related cases.
C. Section 90 & 93 of the Inland Revenue (Amendment) Act, No. 24 of 2017	The corporation did not pay the relevant income tax on a self-assessment basis in 2023, and the income tax liability has not been calculated. Additionally, the Income Tax Return for the assessment year 2022/2023 was not submitted to the Inland Revenue Department.
d).Para 3.2 of the Operational Manual for State Owned Enterprises Circular 01/2021 dated 16th November, 2021	The Corporation had not approved the recruitment and promotion procedures by 31 December 2023, except for primary posts.
e).Para 2(a) of the Asset Management Circular No.01/2018 dated 19 th March,2018 and Para 02 Public Finance Circular No.02/2015 dated 10 th July,2015	Of the 122 vehicles owned by the corporation, 75 were not not in running condition. Among them, 57 were beyond repair, with no action taken to dispose of them, while 18, which are repairable, have not yet been repaired.
f).Para 2.3 of the Guidelines on Corporate Governance 01/2021 dated 16 th November 2021	The corporation did not prepare a strategic plan for 2023, and the action plan was limited to the cultivation sector only.

2.2.3. That the Corporation has not performed its powers, functions, and duties as required by Section 12(g) of the National Audit Act No. 19 of 2018.

2.2.4. According to the requirement mentioned in Section 12 (h) of the National Audit Act No. 19 of 2018, apart from the following observations, the resources of the corporation had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

Even though there are 9 tea factories in the corporation at present, only 3 are carrying out production activities, while 5 have been closed for a long time. Additionally, one factory has been closed since October 2022 due to maintenance. Similarly, despite the Knuckles Bungalow on Goomara Estate, which is not in use, being located near several viewpoints, the corporation has not taken any measures to repair and utilize the bungalow.

Other Facts

a). A number of 280 estates owned by the corporation were leased to 20 Regional Plantation Companies on a long-term basis for 53 years. Although these estates were recorded as investment property valued at Rs. 1,611,520,641 in the financial statements, the corporation lost income because the annual revenue from these assets was remitted to the Treasury, as stipulated in the agreements.

b). The balance of trade and other payables of the head office, which was Rs. 442,622,983 as of 31st December of the year under review, includes a loan balance of Rs. 228,561,009 owed to 5 government institutions and has been remained unsettled for more than 10 years .

c). The balance of trade and other payables, amounting to Rs. 309,421,777 as of 31st December of the year under review, includes Rs. 63,448,037 that has been outstanding for over 4 years.

d). In 2023, the tea harvest from all the estates belonging to the corporation decreased by 7 percent to 41 percent compared to 2022. The total tea harvest of the State Plantation Corporation in 2023 was 5,089,282 kg, representing a decrease of about 24 percent compared to 2022. Similarly, although it was estimated that 9,170,548 kilograms of tea would be harvested in 2023, only 55 percent of the target was achieved. While a harvest of 940,151 kg was expected from the area leased to outside planters, only 364,597 kg was actually obtained, a 61 percent shortfall. Additionally, in 13 of the 14 estates owned by the corporation, the production cost per kilogram of tea increased by 3 percent to 444 percent in 2023 compared to 2022.

e). Eight out of the 16 estates owned by the corporation were operating at a loss in the year under review. Although the Gomara and Kalabokka estates recorded profits of Rs. 8,974,150 and Rs. 31,396,561 in 2022, they incurred losses of Rs. 46,723,873 and Rs. 16,805,293 in 2023, respectively. The employee costs of the corporation accounted for more than 50 percent of the total costs, while

the employee cost of the Harepark estate was 98 percent of its total cost and 112 percent compared to its cost of sales. During the audit, it was observed that employee costs in the Hunnasgiriya, Rangala, Hagala, and Woodside estates exceeded 80 percent of the total costs of those estates, which directly contributed to their losses.

f). During the audit, it was observed that the surveying of the estates owned by the corporation revealed a shortfall of 790 hectares across 04 estates, while one estate had an excess of 3.19 hectares.

Sgd.
W.P.C.Wicramarathne
Auditor General,

Answers of the Sri Lanka State Plantations Corporation to the Auditor General's Report, as per Section 12 of the National Audit Act No. 19 of 2018, on the Financial Statements and other legal and regulatory requirements of the Sri Lanka State Plantations Corporation for the year ended 31 December 2023.

(1) Financial Statements

1.2 Going Concern

As mentioned in the Draft Auditor General's Report, the working capital of the corporation as of 31.12.2023 recorded a negative value of Rs.1970.85 million, and the value of the employees' statutory payments due on that day was Rs.1459.7 million. Thus, the prolonged financial difficulties faced by the corporation have primarily been caused by:

- Non-optimal yield of tea leaves in our plantations.

Due to financial difficulties, the inability to apply fertilizers and weedicides to the plantations regularly has significantly contributed to the reduction in leaf yield. Further, adverse weather conditions in recent years have further affected the yield.

- Increase of the cost of production

In 2021, the cost of our tea production increased rapidly due to factors such as a more than 30% rise in the wages of estate workers and a significant increase in the prices of fertilizers and weedicides,

The price of tea leaves and made tea has not risen sufficiently to cover the rising production costs, and there has been no increase in leaf yield, directly affecting the decline in the corporation's profitability.

- Decrease in income from sale of timber

Due to the collapse of the construction industry caused by the COVID-19 pandemic during 2020-2021 and the subsequent economic crisis in the country, the demand for commercial timber from our estates has rapidly declined over the last four years. This has also adversely affected the profitability of our corporation.

- In 2020, when the COVID-19 pandemic spread across the country, our corporation borrowed Rs. 100 million from People's Bank for operational purposes, such as paying employee salaries. Due to the corporation's ongoing financial difficulties, this loan could not be repaid as scheduled, and as of 31.12.2023, the remaining loan balance was Rs. 79.3 million, while the bank overdraft on that day was Rs. 135.39 million.

Considering the financial benefit the corporation could gain by paying a lower interest amount, we discussed over the above-mentioned loan and bank overdraft with People's Bank and converted it into a 5-year long-term loan starting in February 2024. We are currently paying the installments of the long-term loan properly.

Despite these financial difficulties, the corporation has continued its operations and, after a long period, managed to record a profit of Rs. 19.2 million in 2022. The management believes that if fertilizers and weedicides are applied to our plantations at the right time, there is potential to make the corporation

profitable by achieving optimal tea leaf yields. Furthermore, the corporation aims to identify and engage in projects that can generate income from the resources available on our estates to further increase profitability.

Although we had hoped to alleviate some of the corporation's financial difficulties by selling a portion of the land owned by the corporation, known as Oduwela Watta, activities related to the disposal of land from government institutions have been temporarily suspended by the President's Office regulations. As a result, the corporation was unable to obtain the expected funds from the sale or reduce its liabilities as expected.

Furthermore, according to a cabinet decision, Rs. 21.3 million was allocated monthly from September 2023 to make outstanding statutory payments to the employees of the corporation. This money will be used to pay case premiums related to these statutory payments, settle outstanding monthly contributions for the Employees' Provident fund, and cover gratuity payments. Additionally, we have applied for financial provisions from the line ministry to address the corporation's financial problems, and the cabinet has approved funding to cover outstanding statutory payments to employees of several government institutions, including the Sri Lanka State Plantations Corporation.

(1.3) Basis for the Opinion

(a) We acknowledge that, in accordance with paragraphs 42 and 43 of Sri Lanka Accounting Standard No. 8, after adjusting for prior period errors retrospectively, the comparative information related to those corrections should be presented alongside the financial statements of the year under review. Thus, after studying how to present the comparative information for previous years, we plan to include the corrections in the Statement of Changes in Equity when preparing the financial statements for 2024.

(b) The reason for not taking action so far to determine the financial value of the estates under the corporation's control is that, although these estates were transferred to us through the Gazette, the transfer was made without surveying. However, at our request, a cadastral survey of 06 estates has been conducted with the financial support of the Ministry of Plantation Industries.

We have already made arrangements to obtain an estimate from the Valuation Department for the cost of valuing the estates under our control. The department has provided us with a formula outlining how they will charge for the valuation based on their criteria.

According to the formula provided, the estimated gross cost to obtain the valuation of the surveyed estates is 15 crores. However, due to our limited financial capacity, we have been unable to proceed with the valuation of the corporation's lands.

However, the land valuation is typically valid for only five years. Please note that it is a practical consideration to rely on the valuation reports provided by the government's Valuation Department for a period of five years.

Similarly, when selling or leasing land owned by our corporation to an external party, obtaining a valuation report at the external party's expense is a required step. Furthermore, as part of leasing the underutilized lands of more than 300 acres in several of the corporation's estates to investors through government intervention under the new restructuring program, obtaining the valuation for these lands is a necessary task.

In this context, considering the current market value of the areas where our estates are located, we believe it is appropriate to apply similar values to our estates to determine a gross valuation. This amount can then be recorded in an asset register maintained by the corporation, and we anticipate guidance from the Auditor General's Department for this process.

If the estimated value is insufficient, a request will be made to obtain the necessary financial allocations from the ministries to resolve this longstanding issue.

(c) According to Section 57 of Sri Lanka Accounting Standard No. 19, the company's service benefit obligation must be calculated using actuarial techniques, which requires the services of an actuary. However, there are only a few organizations in Sri Lanka that offer this service, and it is costly to engage them. The Sri Lanka State Plantations Corporation intends to take the necessary steps in the future, as securing the required fund has become challenging due to the ongoing financial crisis.

(d) Deficiencies in the statistical data on the number of trees related to all estates are currently being addressed, with the data being prepared and finalized. These biological assets are being assessed for adjustments to the year-end accounts of 2024, in accordance with Timber Corporation circulars, as recommended in the Ministry's Audit and Management Committee meeting.

(e) Tea cultivation, which accounts for more than 95% of our crops, has been presented separately in the financial statements as mature and immature, in accordance with Sri Lanka Accounting Standard No. 41, since 2021.

Crops other than tea are also expected to be presented separately as mature and immature under accounting note 8.1 in the 2024 financial statements, in accordance with the above accounting standard.

(f) Although it was mentioned that four cars owned by the corporation were sold for Rs. 698,500 in 2023, the 04 vehicles sold were old, unusable motor vehicles that were due for disposal. These vehicles were sold as scrap following the prescribed tender procedure. The details of these sales are as follows:

Date	Tender No.	Description	Amount (Rs.)
2023.03.20	SLSPC/Vehicle/T-18/2023	Dilapidated Motorcycle	28,000
2023.03.20	SLSPC/Vehicle/T-16/2023	Dilapidated motor lorry	113,000
2023.03.23	SLSPC/Vehicle/T-17/2023	Dilapidated motor lorry	367,500
2023.04.11	SLSPC/Vehicle/T-28/2023	Dilapidated motor vehicles	190,000
	Total Value		698,500

We have accounted for the proceeds from the sale of the above dilapidated motor vehicles under 'Sales Income – Redundant Items' rather than as vehicle sales income. Therefore, these cash receipts are not presented under investing activities in the cash flow statement. Additionally, the cost of these dilapidated

vehicles has not been deducted from the vehicle cost, nor has it been reflected in the accumulated depreciation account, as our corporation lacks an accurate, up-to-date fixed asset register which has led to difficulties in identifying fixed assets.

Since the above vehicles were in disposable condition, no calculation of profit or loss on the sale of motor vehicles was made. However, now that we have started preparing a fixed asset register with the support of our line ministry, it will be possible to prevent such deficiencies in the future.

(g) We acknowledge that, in accordance with paragraph 17 of Sri Lanka Accounting Standard No. 07, loan installments of Rs. 20.69 million and bank overdraft payments of Rs. 35.48 million, which were repaid during the year under review, should be presented under financing activities in the statement of cash flows. Please note that in the preparation of the financial statements for the year 2024, loan installment repayments will be presented under financing activities in the cash flow statement.

h) After completing the valuation of consumable biological assets (commercial crops) owned by our corporation in the future, the cost of the cut-down trees will be identified, which will help prevent overstatements in the consumable asset balance?

(i) It was not possible to identify the cost of the trees related to the timber income of Rs. 80.05 million earned during the year under review, deduct it from the consumable biological assets balance and present it in the financial statements, as the valuation of the existing trees in our estates has not yet been completed. As a result, the cost related to the sold trees could not be identified. However, as the said work is currently being carried out, if it is completed by the time the final accounts are prepared in 2024, the cost of the sold trees can be deducted from the consumable biological assets balance, thereby preventing any overstatement of the consumable asset balance.

(j) It is agreed that in calculating depreciation for equipment and computers, their values were understated by Rs. 21,756.00 and Rs. 163,929.00, respectively. As a result, the profit for the year under review was overstated by Rs. 185,685.00.

In calculating the depreciation of computers and devices related to the head office, due to omission in the calculation of depreciation of the total depreciation values of 2023 for certain computers and devices and the depreciation values related to the last few months of the useful life with regard to certain computers and devices, resulting in a shortfall of Rs. 163,929.00.

Similarly, in calculating the depreciation of equipment related to the head office, an omission in the calculation of total depreciation for some equipment in 2023 resulted in an understatement of Rs. 21,756.00.

Accordingly, in the preparation of the final accounts for the year 2024, it is expected that the accumulated depreciation values for those fixed assets will be correctly calculated, with the relevant adjustments made appropriately. Furthermore, measures will be taken to ensure that such omissions do not occur again in the future.

(k) In certain cases where estates purchase fixed assets, if notification to the head office is delayed or omitted, depreciation has been calculated for the entire month of the asset's purchase, leading to an overestimation of depreciation. However, in 2024, when calculating the depreciation of fixed assets, it is expected that the calculation will be done correctly; taking into account the actual purchase date of newly added fixed assets during the year.

(l) A total of 280 estates owned by the corporation have been leased to 20 plantation companies for a period of 53 years, starting from 22.06.1992, based on government policy decisions. Separate lease agreements have been signed for each estate, with the Sri Lanka State Plantations Corporation acting as the lessor.

Nevertheless, at the initial stage of privatizing these estates, agreements were signed for a period of 99 years, and the tax amount received for each estate during that period was Rs. 500. The relevant plantation company has taken measures to pay the tax amount to the Sri Lanka State Plantations Corporation.

However, later the term of the lease agreement was reduced to 53 years, and a new lease agreement was signed. According to one of the conditions mentioned therein, the tax amount to be paid by the plantation company will be calculated using a different formula, and the relevant funds will be transferred to the General Treasury through the Ministry of Plantation Industries.

Therefore, on the grounds that the said proceeds have not been credited to our account, noting them as a receipt constitutes an incorrect data entry. However, this issue has been brought to the attention of the Ministry of Plantation Industries due to the problem of not recording the income from a property owned by the corporation in the corporation's account. Steps will be taken to address this matter again.

(m). The Corporation's bearer biological assets are transferred from immature to mature cultivation when their commercial harvest commences. Since no disclosure has been made under the accounting policies in the financial statements so far, we expect to include a disclosure under the accounting policies in this regard during the preparation of the final accounts for 2024.

Similarly, since 2021, the estates have been instructed to show the expenses incurred for new plantations in the balance sheet. Accordingly, the expenses for new plantations in the years 2022/2023 were reflected in the estates' balance sheets. Out of these, only the expenditure related to the mature crops of 2023, amounting to Rs. 1,177,648.00, has been transferred in 2023

Furthermore, we are waiting for the transfer of all values related to the plantations, which are to be moved from the immature plantation account to the mature plantation account during the preparation of the 2024 accounts (after obtaining the necessary information from the plantations)

(n) As mentioned in the audit report, there is a difference of Rs.124.018 million between the cost of 06 types of property, plant, and equipment in the estates as of 31.12.2023 and the cost of those assets as per the schedule maintained at the head office. The reason for this discrepancy is that the corporation did not have an accurate fixed asset register for a long time. With the support of the Line Ministry, the corporation has begun preparing a complete and accurate fixed asset register. As the first step, the revaluation of the fixed assets at Kelebokka Estate has commenced. Under this process, the physical verification of the furniture and equipment at Kelebokka Estate has begun. Since the institution's officers are assigned to the physical verification in addition to their regular duties, this process is taking a considerable amount of time. However, it is informed that this discrepancy will be reduced to some extent during the preparation of the final accounts for the year 2024.

(o) As shown in the audit report, according to the financial statements as of 31.12.2023, there is a difference of Rs. 0.225 million between the cash balance in the bank of the estates and the balance

according to the estate accounts. Similarly, the cash in hand is reported as Rs. 0.401 million, while the estate accounts show Rs. 0.104 million, resulting in a difference of Rs. 0.297 million. Upon investigating this discrepancy, it was found that three factors have contributed to it.

- One of the reasons is that Midland and Rangala Estates have incorrectly recorded the cash balance in the bank as the cash in hand balance, and vice versa, in the final balance sheet to be prepared as of 31.12.2023.
- In 2022, approval was given for Kudaoya Estate and Opalgalla Estate to operate as a single estate. And the cash balance of Rs. 65,819.08 at Kudaoya Estate was transferred to Opalgalla Estate on 31.12.2023. This is another reason for the discrepancy. Details are attached.
- From the financial assistance received for the estate housing development program at Kotaganga Estate 25 years ago, a sum of Rs. 4,859.98, which remained after using the funds for the project, was also shown in the balance sheet as a cash balance in the bank of the estate. It was later confirmed by the estate that this is a bank balance.

The above amounts of Rs. 65,819.08 and Rs. 4,859.98 have also been added to the cash balance in the bank in the final accounts of the corporation.

(p) Out of the 16 estates controlled by the corporation, 14 are located in the Kandy and Matale districts, with the exception of 2 estates. These estates were acquired by the corporation through a gazette notification. None of these estates were surveyed at the time the rights were granted, and no actions have been taken so far regarding the land sizes mentioned in the gazette.

However, recently, in response to the confusion caused by the lack of surveying, the Survey Department of Sri Lanka has been preparing cadastral maps of these estates using the financial allocations received from the Ministry of Plantation.

The cadastral survey conducted in this manner has confirmed that the land dimensions mentioned in the gazette for many of the estates have significantly decreased. Inquiries made with the estate superintendents revealed that land was separated from the estates for the Knuckles Conservation Zone, and boundary posts were installed. However, since no survey was conducted when the boundary posts were placed, there is no information available regarding the dimensions of that zone.

In 2007, the Central Environment Authority designated this area as the Knuckles Conservation Zone through Gazette No. 1507/9, dated 23.07.2007, which included lands from several of our estates. However, since no survey was conducted, there is no precise information regarding the amount of land acquired from the respective estates.

During the survey activities, officials from the said authority do not conduct land surveys within the forest conservation zone without prior permission. Since this survey has not yielded the desired results, we have informed the Forest Conservator in a letter dated 12.06.2024, requesting permission to survey the lands owned by our corporation that border the forest conservation zone, including those allocated to the Knuckles Conservation Zone.

Similarly, we have informed that once the specific areas of land allocated to the forest conservation zone are identified, we will take steps to seek compensation for the loss of these lands to the corporation, based on the government's valuation.

It can be believed that the increase of 3.19 hectares in Hunnasgiriya Estate is due to a practical issue caused by gazetting without a survey, as mentioned above.

(q) So far, no Land Register has been found containing the land information available to the Corporation. It has been difficult to trace the sources of some of the plantations that were initially vested in this corporation, which was established by a Parliamentary Act in 1958. Since there was no institution to manage the plantations owned by the government at the time, we do have documents to prove that the said estates are physically in our possession or under the control of regional plantation companies.

Similarly, a large number of estates were acquired by our corporation through the Land Reform Law, after being transferred from the government and officially allocated to our corporation via the Gazette.

Some of the estates acquired in the above manner have been taken over, either in whole or in part, for government use. And for those reasons, although these estates are mentioned in the documents, some are no longer physically under the control of the corporation or plantation companies. For example: Pallekele, Thispane, and Perth.

As mentioned in the attached document, the total area of estates purchased through the Gazette and other institutions is 147,559.12 hectares. However, the audit query states that it should be 149,374

hectares. This discrepancy arises because the areas of four out of the six estates that were transferred to us by the Janatha Estates Development Board have been counted twice. And, it was discovered that two estates, Imbuldeniya and Pinehill, which were not transferred to us, were mistakenly included in the final total.

According to that, the total of the estates mentioned in the names of the gazettes, annual reports and the deeds and documents related to the purchased land is 147,559.12 hectares. The relevant document has been submitted.

(r) As of 2019, among the estates purchased by the State Plantation Corporation of Sri Lanka, we had the deeds of only 6 estates, and by investigations using various sources, we have managed to get the deeds of 18 estates to the corporation.

For some of the estates mentioned in the purchase documents, such as the Non-Pareil Estate, currently managed by the Balangoda Plantation Company in the Ratnapura District, it has been revealed that we have already paid the Land Reform Commission and purchased the Non-Pareil Estate.

Since no deed is issued for purchases made through the Land Reform Commission, we are currently investigating whether other estates without deeds were acquired in the same manner.

(s) According to the 2023 financial statement, the rental income is recorded as Rs. 18,189,536, while the schedule provided for the audit by the Land Division lists it as Rs. 20,921,819. Therefore, the audit report notes a discrepancy of Rs. 2,732,283. Upon investigating this difference, the following facts were uncovered.

- AMP Ceylon (Pvt) Ltd – The monthly rental income from this company is Rs. 160,000 after 18.01.2023, and prior to that, it was Rs. 112,500. However, the schedule provided by the Land Division lists it as Rs. 152,109.59. Therefore, the value reported in the financial statements is correct.
- Agarapatana Plantation Company – The rental income received from this company has not been included in the schedule provided by the Land Division.
- Amazon Trading (Pvt) Ltd – According to the lease agreement with this company, the most recent lease payment of Rs. 693,437.50 was not included in the schedule provided by the Land Division.
- Asia Broadcasting Corporation (Pvt) Ltd – Although the rental income from this company is Rs. 1,620,000, it has been incorrectly recorded as Rs. 2,664,000 in the schedule provided by the Land Division.
- Peoples Media Network (Pvt) Ltd – Although the rental income from this company is Rs. 1,080,000, it has been incorrectly recorded as Rs. 1,274,400 in the schedule provided by the Land Division.
- Selvaraj Sivakumar and Sumiko Lanka Hotel – The rental income received from these institutions is correctly stated in the financial statements, but the rental income listed in the schedule provided by the Land Division is incorrect.
- New Saman Group – The Land Division has not received the necessary information from the Land Division to issue an invoice regarding the rental income due from this entity.

Also, although the trade stall rents and building leases received from the estates have been correctly accounted for, those values are not mentioned in the schedule provided by the Land Division.

- (t) The 2024 financial statements are expected to be prepared avoiding such deficiencies..
- (u) It is expected that such deficiencies will be avoided during the preparation of the 2024 financial statements.
- (v) According to the physical verification conducted on 31.12.2023, the value of the plant nurseries in the estates was Rs. 15,951,139.00. However, according to the accounts on that date, the value of the plant nurseries was Rs. 23,230,823. Similarly, during the physical verification carried out at the end of 2022, the value of the plant nurseries was Rs. 10,524,054 less than the value recorded in the accounts. A provision for this difference was made in the preparation of the 2022 financial statements.

Reasons for the physical non-existence of plants in such a significant amount are currently being looked into and it is hoped to carry out the necessary activities to cut those physically non-existent books. Also, in the preparation of the final accounts of the year 2024, the value of plant nurseries will be affected by the presentation of the financial statements under stock items.

(w) According to the decision of the Board of Directors, we began paying Rs. 21.3 million each month from September 2023 to settle the corporation's outstanding statutory payments. By 31.12.2023, we had received a total of Rs. 63.9 million for these three installments. From this amount, we have been paying the required case premiums weekly, monthly contributions to the Provident Fund and Employee Trust Fund, as well as employee gratuities.

From the amount received on 08.12.2023 for the month of November 2023, Rs. 14,500,094.00, which had not been paid by 31.12.2023, was used in January 2024 to pay case premiums and gratuities. Since the money is typically paid within about a month after being received from the treasury, the full amount may not have been disbursed by the end of the month. Any remaining balance will be used to make statutory payments in the following month.

(x) This balance mentioned in the audit query (Rs. 167.161 million) consists of several current accounts. Most of these are current accounts that offset each other, and the account balances date back to the years 2012, 2019 and 2020. During the preparation of the final accounts for the year 2023, a significant amount was corrected by adjusting one balance from 2012. The remaining balances will be investigated further, and the necessary adjustments will be made in the future.

(y) Of the loan amount of Rs. 100 million taken from People's Bank in 2020, Rs. 79.31 million remained to be paid as of 31.12.2023. The bank overdraft on that date was Rs. 135.39 million, and after negotiating with the bank, the related interest due was converted into a five-year loan. This loan was converted in February 2024, and the reason for doing so was to take advantage of reduced interest payments for the corporation. To date, we have made the installments related to this loan as required.

(z) We have taken the following measures regarding the balances that have not been paid due to the corporation's financial difficulties over an extended period.

- Chilaw Plantations (Rs. 41.21million)-We have sent a letter on 16.05.2024 requesting that the amount (including interest) payable to Chilaw Plantations Company (Rs. 41.21) be written off due to the existing financial difficulties of our corporation.
- Lanka Mineral Sands Ltd (Rs. 25 million) – In our letter dated 16.05.2024, we requested that the necessary steps be taken to settle the case in the Colombo Commercial High Court regarding the amount owed to this company.
- Fertilizer Corporation of Sri Lanka (Rs. 35.93 million) – Due to the financial difficulties faced by our company, we have proposed that the company consider accepting a fixed asset owned by us as offset since it is challenging to settle the outstanding amount as of 31.12.2023. If this is not feasible, we have requested, in our letter dated 10.06.2024 that the loan be written off.
- State Resources Management Corporation (Rs. 28.71 million) – We sent a letter to the Ministry of Finance on 10.06.2024 regarding the amount due to this institution as of 31.12.2023. Given the financial difficulties of our corporation, we have requested, in this letter, that the outstanding amount be written off, as it is owed to the State Resources Management Corporation, an institution under the Ministry of Finance.

- Janatha Estates Development Board (Rs. 97.71 million) - we have made a request by our letter dated 22.05.2024 to write off the amount of 54,969,666.00 which should be paid to the Janatha Estates Development Board (after setting off Rs.97,709,342.00 payable by our corporation and Rs.42,739,676.00 due to us) due to the financial difficulties of our corporation.

We have received a response only from the Janatha Estates Development Board, which informed us that the board's audit committee has decided that it is not possible to offset the amount owed by our corporation to the institution.

(aa) In the final accounts for the year 2022, a doubtful debt provision has been made for the debtor balances that have been pending for a long time. Furthermore, we are currently working to recover some of the outstanding balances, and we have informed the relevant institution both in writing and verbally to facilitate the recovery. Constant attention is being given to recover the outstanding amounts.

(ab) The total interest for the year is Rs.8,050,274.48 which has been paid to the following institutions.

Bartleet Produce Marketing	1,320,929.85
Forbs & Walker Broker	3,281,315.80
LCBL	3,288,863.53
Mercantile Brokers	159,165.30
Total	8,050,274.48

In the event of financial difficulties faced by the institution, these advances have been used for the payment of labour wages and timely payment of salaries to the staff at the head office, regional offices, and estate offices. During the monthly Board of Directors meetings, information about the advances obtained in the previous period has been presented through financial statements and made aware accordingly. The advances received this year have increased compared to last year due to a decrease in the inflow of funds from other financial sources. As mentioned in your Audit Report, the interest related only to the advances received has been presented through schedules, and it is informed that the total interest for the year also includes interest charged for Debit Notes, Tea Claims, and Penalty Charges.

(ac) In 2024, a survey board consisting of four estate superintendents was appointed, and the board identified 122 vehicles owned by our corporation, providing a report. According to the said report, 75 vehicles are not in running condition, and the chassis numbers of 25 irreparable vehicles have been removed by the Motor Traffic Department. So far, the registrations of 12 of these 25 vehicles have been canceled.

Of the 75 vehicles that are not in running condition, actions are being taken to repair 18 vehicles gradually, depending on the financial condition of our corporation, from the remaining 50 vehicles for which chassis numbers have not been removed and for which registrations have not been canceled.

Of the said 75 vehicles, actions are being taken to expedite the disposal process regarding the remaining 32 vehicles, for which chassis numbers have not been removed and registrations have not been canceled, and that cannot be used after repairs.

(ad) The information regarding the purchase of fixed assets in the estates is available at the head office and the estate offices and the estates have been informed to send the information available at the estate offices for submission to the audit. So far, relevant information has been received from several estates and is attached to this report. The information related to the Tea Color Separator Machine purchased for the Goomara estate at the head office has been submitted for audit. Information regarding other fixed assets is expected to be obtained from the estates and submitted for audit.

(af) All the estates mentioned in the 1977 annual report, which were provided to us by the Inland Revenue Department, the Land Commissioner, the Ministry of Plantation Industries, and the Janatha Estates Development Board, have been under the management of plantation companies since 1992.

We believe that the estates mentioned as having been granted by the Commissioner of Inland Revenue, the Land Commissioner, and the Ministry of Plantation Industries are granted through government gazettes. Accordingly, all government gazettes related to the years 1960 and 1975, which indicate the allocation of the said lands, have been arranged for retrieval from the National Archives Department.

Out of the six estates mentioned in the 1977 Annual Report of the Sri Lanka State Plantations Corporation as having been granted to the Plantation Corporation by the Janatha Estates Development Board, four estates have been transferred to the Sri Lanka State Plantation Corporation by gazette notifications and are under the control of plantation companies. The Paradise estate mentioned therein is not under our control, and it is not possible to determine whether it is the same Paradise estate included in the lease agreement as part of the Palm Garden estate in the Ratnapura district.

The estate named Pinehill is not included in any of the plantation companies that have been granted lease agreements by the Sri Lanka State Plantations Corporation. Upon inquiry, it was learned that the estate is under the custody of the Janatha Estates Development Board. Accordingly, the information in the 1977 annual report provided by the Janatha Estates Development Board can be disregarded.

2.2.2

(a)/(b) Payments to the Provident Funds, namely the Employees Provident Fund (EPF), the Ceylon Planters' Provident Society (CPPS), the Estate Staffs' Provident Society (ESPS), and the Employees' Trust Fund (ETF), could not be paid as scheduled due to the Corporation's severe financial difficulties, which have persisted for a long time. Similarly, it has not been possible to pay the employee gratuity properly, and a significant surcharge has to be paid in this regard.

We have continuously informed our line ministry in this regard and have requested provisions for making these statutory payments through the treasury. As a result, Cabinet approval has now been granted to complete the payment of these arrears of contributions, and we hope to settle all outstanding statutory payments after receiving this money from the Treasury.

(c)

(i)/(ii) The corporation is expected to submit income tax returns promptly to the Inland Revenue Department henceforth. Since the tax returns related to previous years also need to be submitted to the Inland Revenue Department, we hope to obtain the assistance of a chartered accounting firm (audit firm) or tax consultant for this purpose, and the approval of the Board of Directors has now been secured. In the future, we expect that the necessary activities in this regard will be carried out promptly.

(d)

(i) Of the said 75 vehicles, actions are being taken to expedite the disposal process regarding the remaining 32 vehicles that cannot be used after repairs, for which chassis numbers have not been removed and registrations have not been canceled.

However, our Board of Directors has decided, under Board Paper No. SLSPC/2024/BP/Admin/01/Mar-49/01, to conduct a full audit of all vehicles owned by our corporation and prepares a report from the internal audit division. Therefore, actions will be taken accordingly.

ii) By now, we have stopped providing advance money to non-staff officers after the audit revealed that only staff officers can receive advances, subject to a maximum of Rs. 100,000.00 for a specific task. Accordingly, we are currently working in accordance with the revised Finance Regulations 371(2) of Public Finance Circular No. 03/2015, dated 14th July , 2015.

(e)

(I) Due to the unavailability of a suitable estate superintendent to be appointed as the Estate Superintendent of Galpihilla State Plantation after Mr. Mangala Dayaratne was suspended from service on 25.01 2023, the Deputy General Manager (Plantation) has been appointed to cover the duties of the estate effective from 25.01 2023.

An allowance of 25% for this Cover Up work will be paid from January 2023, based on the approval of the Board of Directors on 26.06.2023. According to the annual estimate for the estate, the commission entitled to the Estate Superintendent for providing fuel to supervise the estate and for collecting funds to pay the salaries of the estate staff has been given

(II) Mr. S. W. M. C. S. Aladenia has been appointed as the Acting Estate Superintendent of Galpihilla State Plantation with effect from 10.06.2024.

(f) Currently, the recruitment and promotion procedures prepared for the corporation were sent through the line ministry to the Department of Management Services for approval in March 2021. The procedures were revised again and forwarded to the Department of Management Services by the line ministry in January 2022 and May 2023. It has been communicated that the line ministry has taken action to refer the matter to the Department of Management Services to approve the positions in various categories and provide them to our corporation. As of now, approval has been received for the primary-level posts.

(g) The appointments for the four posts of Administrative Assistant, Work Supervisor (Head Office), Assistant Accountant, and Office Employee Assistant (Regional Office) were made before the year 2017. In 2017, no submissions were made for these positions due to an inadvertence in obtaining the approval of the Department of Management Services. Similarly, to approve these positions as personal to the officers, the line ministry referred this matter to the National Pay Commission on 18.10.2022, and 15.03. 2023, for approval. Since no reply has been received from the National Pay Commission or the Department of Management Services so far, a reminder letter was sent by the line ministry under letter No. MPI/Admin/09/SLSPC/CC dated 22.11.2023. Further, the officer, L. Gamaralala, who worked as an Administrative Assistant, retired on 24.05. 2024.

(h) Business plan

A business plan for the years 2024-2028 was prepared last year with the intervention of the National Institute of Plantation Management, and the approval of the Board of Directors also received. With the transition of the line ministry from the Ministry of Plantation to the non-cabinet Ministry of State Plantation Enterprises Reforms, it was decided that the business plan should be revised on the recommendations given in the committee meeting of Committee on Public Enterprises held on 19.03.2024 regarding the lack of details about the land belonging to the corporation that can be released for cultivation or other projects are not included in the business plan according to the restructuring method of the institution

Accordingly, according to the new recommendations, the plan is being prepared with the support of the heads of the planning division of the Line Ministry. Accordingly, the new business plan (2024-2028) is to be handed over to the line ministry before the end of the second week of next month.

2.2.4.

(a) Currently, the Sri Lanka State Plantations Corporation has nine tea factories, of which three are engaged in production. Five factories, equipped with outdated machinery, that have been inactive for a long time and are unable to produce quality tea that meets current market standards. Therefore, they have been closed for an extended period.

However, since the furnace of the tea drying machine at the Rangala tea factory was in a very dilapidated state, initial measures were taken to remove and repair the relevant furnace since there was a possibility of damage to the factory due to fire. It was deemed more prudent to purchase a new tea dryer due to the fact that the said furnace is in a dilapidated state and unable to repair. Additionally, the old CTC machine in the factory was unable to produce quality tea.

Therefore, along with the above repairs, it has been recommended by the knowledgeable officials of the Tea Research Institute that a CTC machine and a CFU (Continues Fermentation Unit) machine that can produce quality tea should also be installed.

The Board of Directors has decided to postpone the purchase of these machines due to the financial situation of the Sri Lanka State Plantations Corporation last year. Similarly, measures have been taken to increase the capacity of the factory; the tea drying basins and other related parts, which were in disrepair, have been repaired to about 95%. It is anticipated that after the installation of the new machines, the factory will be able to operate as a modern facility for producing quality tea at lower costs.

(b) The old color separate machine in the Goomara tea factory is an old machine that is not used for tea production. This machine is being discussed to use for Dankanda Old Tea Factory to start production of tea under other funds and to start production of tea in a small capacity so that foreigners can watch the production of tea. Accordingly, the color separator machine is expected to be utilized at that location.

(c) The Knuckles bungalow, part of the Goomara State Estate, was leased to another party for 45 years and was not returned to the Plantation Corporation after the lease expired. In 2020, the corporation's management successfully reclaimed the property after considerable effort. Currently, arrangements are being made to lease the bungalow to new investors.

(d) Overall, in 2020 and 2021, the following amounts of fertilizer were provided to the tea estates generating income for the Sri Lanka State Plantations Corporation. Accordingly, 384 tons of fertilizers were applied in 2020 and nearly 550 tons in 2021, resulting in a corresponding increase in leaf yield based on the amount of fertilizer used. However, due to the government's restriction on chemical fertilizers in 2021, the fertilizer shortage in 2022, and the increase in fertilizer prices—approximately

tenfold compared to 2021—the amount of fertilizer applied across all plantations of the Sri Lanka State Plantation Corporation decreased to 40 tons in 2022. Despite this, a higher yield was harvested in 2022 compared to 2023, as sufficient fertilizer had been applied to the income-generating tea fields in 2021. However, in 2023, the amount of fertilizer available for leaf harvesting was limited to approximately 20% of the required amount, leading to a decrease in tea yield across all plantations, ranging from 7% to 41%. Factors such as the location of the plantations, monsoon rains, and soil fertility also significantly impacted the tea leaf yield.

But due to the fact that in 2023, the amount of fertilizer required for leaf harvesting is limited to approximately 20%, the tea yield of all plantations has depreciated from 7% to 41%. The location of the plantations and the monsoon rains and the fertility of the plantations is a factor that affects the tea leaf yield.

(e) All the tea lands provided by the Sri Lanka State Plantations Corporation to external planters consist of seedling tea plants that are over 100 years old. The number of tea bushes per hectare on these lands is as low as 1,650. Although chemical fertilizers should be applied to these lands, the significant increase in fertilizer prices has made it unaffordable compared to the income generated. As a result, the amount of harvested leaves has decreased considerably with the rise in fertilizer costs.

(f) According to the facts mentioned under (d) above, the raw tea leaf harvest in 2023 decreased by 27% compared to 2022. Consequently, the production cost per kilogram of leaves has increased across the estates. However, in 2023, most estates managed to maintain production costs below the estimated value.

At the Harepark estate, since the entire tea harvest comes from old seedling tea plants per hectare, the plants are more resilient to weather conditions even when fertilizers are not applied properly. Additionally, the estate incurs lower costs than VP cultivation, requires less labor, and has a higher average leaf yield. As a result, the production cost in 2023 has decreased compared to 2022.

(g) Capacity/Deficiency/Utilization

According to the machinery available in the tea factories owned by our corporation, the raw leaf capacities per day are as follows.

Kalabokka Factory	9000 Kg
Midlands factory	7000 kg
Rangala Factory	7000 Kg
Gomara factory	5400 kg

Under that, compared to the year 2022, the production of made tea in tea factories in 2023 has suffered a big setback as the production of tea in plantations all over Sri Lanka is less than 50% compared to last year. It is said that the reasons for the sail law yield are :the adverse weather condition of the year 2023, the constant rise of the fertilizer price followed by the chemical fertilizer ban in year 2022. Accordingly, the amount of raw leaves received by the factories has also decreased significantly. Further, compared to last year, the percentage of the decrease in the number of leaves this year is 35% to 25%.

(h) We have not yet applied to the Sri Lanka Survey Department for the advance of 5 lakhs given to the said authority due to the following reasons.

- Although this Uduwela estate is an estate purchased by Sri Lanka State Plantations Corporation, it remains without any development process under Janatha Estates Development Board (JEDB)

- After discovering the deed for this estate, as a condition of selling 50 acres with the Ministry's approval, half of the proceeds from the sale will be allocated to pay the arrears of the statutory allowances owed to the Janatha Estates Development Board, and the Board must relinquish possession of the Uduwela estate.
- Accordingly, in taking the estate back into the corporation's custody, it was necessary to conduct a survey to determine whether the amount of land mentioned in the deed is physically available. As a result, no action has been taken to recover the advance money.

(i) The reason why Goomara State Estate was profitable in the year 2022 is that the proper amount of fertilizer was provided to the estate at the end of 2021. As a result, a higher tea leaf harvest of 214,477 kg was obtained in 2022 compared to 2023. In the 2022/2023 period, it was not possible to apply the required amount of fertilizer due to shortages and the high cost of fertilizers. Consequently, it was not possible to obtain tea leaves of suitable quality for traditional (Orthodox) tea production. As a result, the expected Net Sale Average of tea (NSA) for the year 2023 was not achieved, which affected the production of the Goomara Tea Factory. Additionally, the decrease in leaf yield led to an increase in production costs. Furthermore, losses have increased, including the capital expenditure for modernizing the Goomara Tea Factory.

Furthermore, Kelebokka State Plantation earned a profit of Rs. 10,461,477 from tea and other income, as indicated in the final accounts report for the year 2022. Similarly, according to the final accounts report for the year 2023, a profit of Rs. 10,717,096 was achieved, along with other income. Accordingly, Kelebokka State Estate did not incur any losses in the years 2022 and 2023.

Furthermore, the Kotaganga and Viharagala estates are the least fertile among those owned by our corporation. The number of tea bushes per hectare in each estate is also low compared to others and due to the lack of sufficient fertilizer application in the income-generating fields during 2022/2023 has led to a considerable decrease in the tea leaf yield. As a result, the cost of production has also increased.

In addition, since the Midland State Estate is located in the mid-country dry zone, the Net Sale Average (NSA) for 2023 has decreased compared to 2022 due to the insufficient application of fertilizers and the declining quality of green leaves for tea production. Consequently, the loss in 2023 is higher than in 2022.

(j) (k) In relation to the facts mentioned under (j) and (k), the percentages have been compared with the labor costs and total income of the Harepark, Hunnasgiriya, Rangala, Hagala, Kotaganga, Woodside, Goomara, and Midlands estates. The cost of the workers employed under the new tea cultivation program has been calculated based on the capital provided by the Ministry of Plantation Industries for the re-cultivation of tea in these estates.

However, the funds received for the new tea cultivation were provided by the Ministry of Plantation as capital expenditure. Therefore, the given data should accurately reflect the percentage of revenue in relation to labor costs and the associated expenditures.

(l) Acquisition of land for setting up a Technology Park - Walahanduwa Estate

i .Walahanduwa State Estate was transferred to the Sri Lanka State Plantations Corporation by Gazette Notification No. 815/10 dated 21.04.1994. However, the Land Reform Commission took steps to revoke this transfer through Gazette Notification No. 2124/40 dated 24.05.2019.

Accordingly, the legal ownership of the estate was transferred to the Land Reform Commission, which then handed over possession of the land for the Technology Park to the Ministry of Technology.

The above situation has now been rectified. In response to continuous ministerial-level requests made by the Sri Lanka State Plantations Corporation to withdraw the aforementioned gazette notification, Gazette Notification No. 2271/25 dated 15.03.2022 was issued, canceling the previous notification and revoking the transfer of the Walahanduwa Estate.

ii) As mentioned above, the portion of land to be given for the Technology Park has been decided by the Land Reform Commission.

iii) Several written requests, dated 30.11.2021, 15.12.2021, 28.12.2021, 13.12.2022, 28.07.2023, and 24.11.2023, were submitted to the Secretary of the Ministry of Technology and the Akmeemana Divisional Secretary, seeking compensation for the land after it became impossible to prevent the loss of income from the rubber trees."

In the meantime, the Akmeemana Divisional Secretary informed us in a letter dated 02.12.2023, in response to our earlier correspondence, that the acquisition of land for the Technology Park has been temporarily suspended. Following this, we submitted a letter dated 12.02.2022 to the Secretary of the Ministry, requesting that the necessary steps be taken to return the land portions to the custody of Walahanduwa Estate since the acquisition activities are currently on hold.

iv) While the above responses are relevant and although the land in question has not yet been handed over to us, the estate superintendent of the said estate has stated that the harvest of the remaining rubber plantation will proceed.

(m) Although the inter-crop promotion and reforestation of timber programs were planned under No. 02 and 03, a target of 160.93 hectares was set for cultivation in 2022 under the tea replantation and new tea plantation program. However, a portion of the targeted hectares had to be carried over to 2023. Further, the maintenance work for the projects initiated in 2022 also had to be continued into 2023.

Accordingly, due to the high labor demand, it is reported that the other crops could not be completed as planned because of the labor shortage. Although Rs. 190.4 million was allocated for the renovation of factories and machinery under No. 04, only Rs. 40.53 million has been spent due to the financial crisis in the Sri Lanka State Plantations Corporation.

Maintenance of tea plants in Walahanduwa Estate

The tea plantation program in Walahanduwa Estate is a project that was initiated in 2022 with the support of the Sri Lanka Tea Board. However, due to a lack of aids as planned in 2023, this program had to be limited to 25%.

The 475,000 Tea Plant Preparation Program

Under the program for preparing 475,000 tea plants in 2023, no activities other than maintenance have been carried out this year, making it impossible to demonstrate any physical progress.

