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வருடாந்த அறிக்கை

Annual Report

2019

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மக்கள் தோட்ட அபிவிருத்திச் சபை

JANATHA ESTATES DEVELOPMENT BOARD

JANATHA ESTATES DEVELOPMENT BOARD
ANNUAL REPORT 2019

VISION & MISSION

VISION

TO BE THE BEST MID GROWN/ORTHODOX TEA
MANUFACTURE IN THE REGION WHILST
ACHIEVING THE HIGHEST NET SALE AVERAGE
TO MAKE THE ORGANIZATION, ONE OF THE
PROFITABLE AND
VIABLE STATE OWN INSTITUTE.

MISSION

WHILST UTILIZING OF AVAILABLE RESOURCES,
WITH UTMOST CARE AND DEDICATION BY DEVELOPING SKILLS OF
PERSONNEL, TO ACHIEVE THE DESIRED GOALS WITH TEAMWORK,
TOWARDS A SUSTAINABLE PROGRESS
IN THE INDUSTRY AND FOR THE BENEFIT OF
THE COUNTRY AT LARGE.

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Janatha Estates Development Board
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Chairman's Review

On behalf of the Board of Directors of the Janatha Estates Development Board, I am pleased to present the Annual Report for the financial year ended on 31st December 2019.

Our institution, which is engaged in agricultural activities, has 2,935.81 hectares of tea and 536.93 hectares of rubber plantations that generate income. Accordingly, tea and rubber production are our main sources of revenue.

Tea Production and Revenue

The finished tea crop for the year was 1,371,532 kg. This represents a decrease of 64,237 kg compared to the previous year (2018). This decline was caused by adverse weather conditions, lack of fertilizer application, and insufficient liquid fertilizer provided to the tea plants. Furthermore, this crop was significantly lower than the estimated finished tea crop of 3,065,000 kg.

The yield per hectare was 471.68 kg of tea, a decrease from the 512.74 kg per hectare achieved in 2018.

The production cost and selling price per kilogram of tea compared to the previous year are as follows:

Year	Production Cost (LKR)	Selling Price (LKR)
2019	726.5	334.62
2018	557.95	343.05

The production cost per kilogram of tea has increased compared to the previous year, while the selling price has decreased.

Rubber Production and Revenue

Rubber production in 2019 was 363,195 kg, down from 389,525 kg in 2018.

The production cost and selling price per kilogram of rubber compared to the previous year are as follows:

Year	Production Cost (LKR)	Selling Price (LKR)
2019	335.65	220.2
2018	415.41	209.14

Compared to the previous year, the production cost of rubber has decreased, while the selling price has increased.

Head Office Revenue

The Head Office's revenue for this year was LKR 104,076,529, an increase from LKR 77,626,700 in 2018. This revenue includes lease rentals from land, building rentals, fixed deposit interest, and various other income sources.

Consumer Division Sales Revenue

The Consumer Division of the Head Office generated LKR 283,879,631 from tea sales, compared to LKR 156,645,782 in 2018. This represents a significant increase of LKR 127,233,847 over the previous year, primarily due to receiving the full tea supply order from the Sri Lanka Army.

Annual Profit/Loss

The loss, which was LKR 477 million in 2018, increased to LKR 757 million in 2019. The primary reasons for this were the increased labor wages resulting from the collective agreement and the large bonus expenses accounted for as a result. Additionally, this was further impacted by the lack of proper agricultural inputs, failure to modernize factories, and the lack of working capital for essential repairs and maintenance.

I would like to take this opportunity to express my gratitude to the Honorable Minister of Plantation Industries, the Secretary of his Ministry, and the entire staff of the Janatha Estates Development Board for their support and guidance in successfully carrying out all the board's activities.

Wing Commander B.D. Abesuriya RSP (SLAF - Retired)
Chairman
Janatha Estates Development Board

Janatha Estates Development Board

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Organizational Information

Name	: Janatha Estates Development Board
Legal Status	: The Janatha Estates Development Board was established by Gazette Notification No. 199/1 A.M. dated 6th February 1976, under the State Agricultural Corporations Act, No. 11 of 1972, for the purposes mentioned in that Act.
Registered Office	: 55/75 Vauxhall Lane, Colombo 02.
Auditors	: Auditor General
Bankers	: Bank of Ceylon
	People's Bank
	Nations Trust Bank

Directors	: Mr. Kapila Yakandawala	- Chairman (from February)
	Mr. M.S.M. Faizal	- Director (Jan. - Mar.)
	Mr. Nil Bogahalanda	- Director (from February)
	Mr. W.J.M.D. Jayarathna	- Director
	Mr. Jayantha Kudahetti	- Director (from January)
	Mrs. Thanuja D. Madawala	- Director (from February)
	Mr. S.I.M. Rosa	- Treasury Representative

JANATHA ESTATES DEVELOPMENT BOARD
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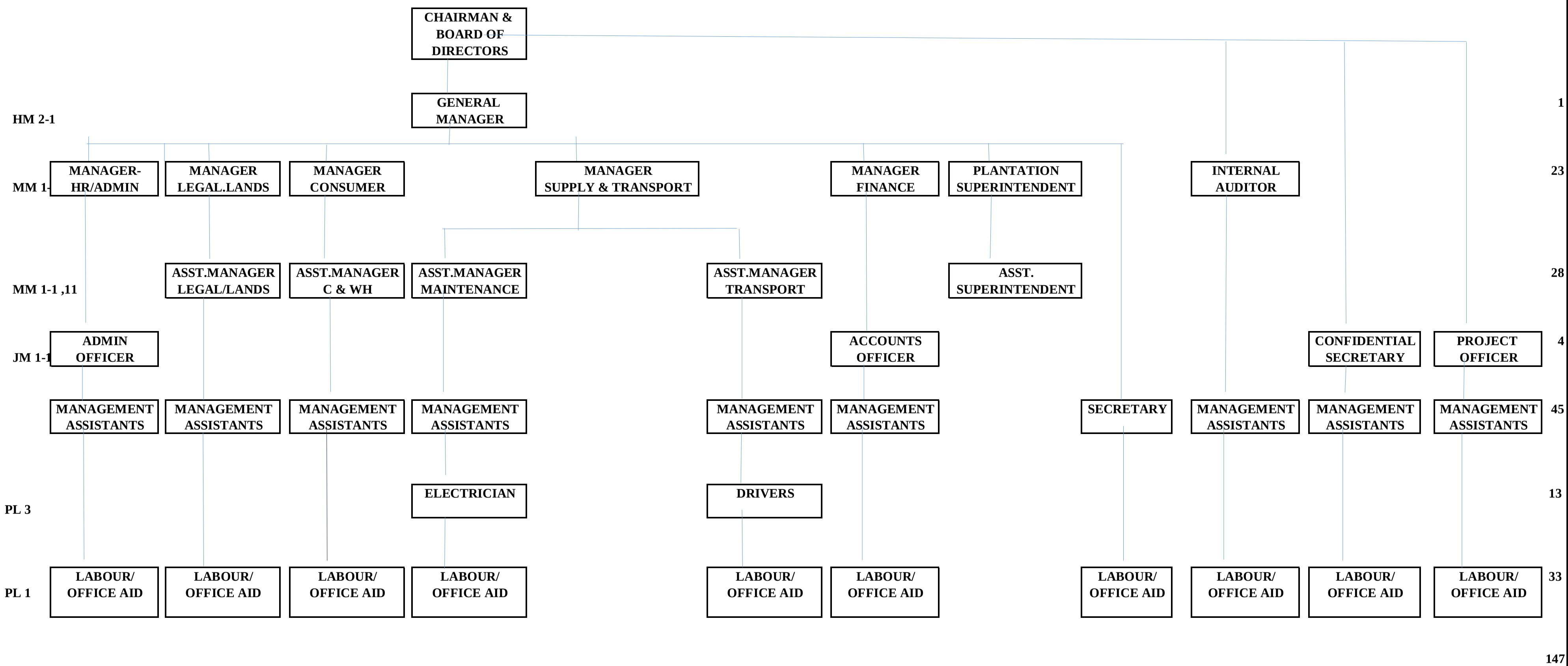
ORGANIZATIONAL STRUCTURE



Janatha Estates Development Board

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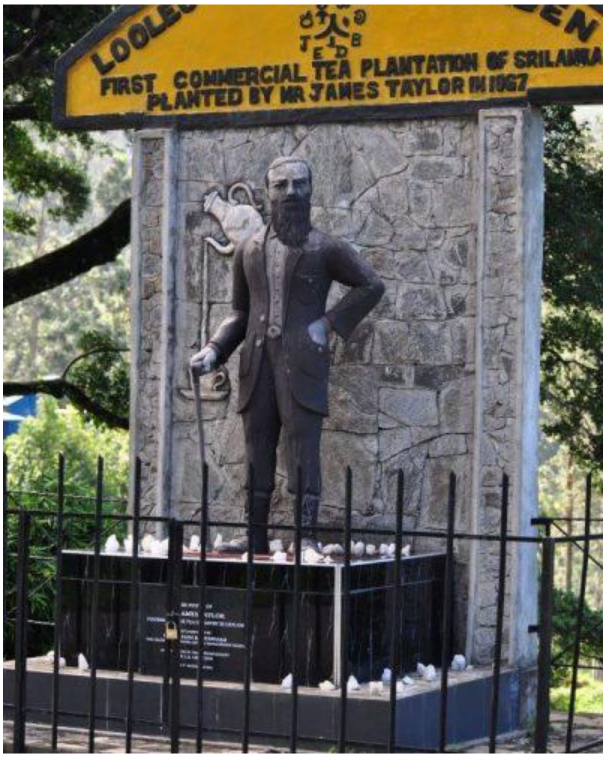
History and Background

The Land Reforms (Amendment) Act, which came into effect in 1975, handed over all plantation land owned by the company to the government. With the nationalization of these Estates, the management of the Estates expanded quite a bit, and the Estates were entrusted to several land management agencies.



Apart from the "Sri Lanka State Plantation Corporation" (SLSPC) which managed several plantations prior to nationalization, in 1976 under the State Agricultural Corporation Act No.11 of 1972.

The Act created a new body called "Janatha Estates Development Board" (JEDB). In addition to these two organizations, a new type of organization was created to manage the nationalized Estates. These institutions included "Usavasama" (Upland Cooperative Estate Development Board) settlement.

It is argued that the division of land between several managing agencies led to a severe backlog of management in the tea sector, resulting in many disadvantages such as low production, wastage and inefficiency.

Hence the immediate impact of this land reform was not favorable to the tea industry.

In view of this situation, the government that came to power in 1977 took several steps to unify the management structures and practices for the betterment of the tea industry. Accordingly, the Usavasama, settlement and election cooperatives were abolished and all the properties managed by these organizations were transferred to the Janatha Estates Development Board and the State Plantations Corporation of Sri Lanka.

These two main management agencies were brought under two separate Ministries from 1980 and their management structures were also decentralized through regional branches, thereby giving region's independence and decision making powers with the aim of increasing productivity.

JEDB was able to achieve high profitability during 1984 – 1985 period due to high demand from the Russian Market for Sri Lankan Tea. During this period JEDB was able to give dividends to the Treasury.

JEDB had to take challenges due to the political and economical set back during 1987 1988. JEDB had to face sever financial difficulties during 1989 – 1990 and had to restructure and 242 Estates to be given to the 22 Companies.

Janatha Estates Development Board
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Information on the Board of Directors

1.	Mr. Kapila Yakandawala	- Chairman (from February)
2.	Mr. M.S.M. Faizal	- Director (January - February)
3.	Mr. Neil Bogahalanda	- Director
4.	Mr. W.J.M.D. Jayarathna	- Director (from February)
5.	Mr. Jayantha Kudahetti	- Director (from January)
6.	Mrs. Thanuja D. Madawala	- Director (from February)
7.	Mr. S.I.M. Rosa	- Treasury Representative

JEDEB Head Office Management Team

1.	**Mr. M. Sheriff**	- General Manager
2.	**Mr. K.J.T.B. Rajasuriya**	- Accountant (Estates)
3.	**Mrs. N. Ranasinghe**	- Accountant (Head Office)
4.	**Mr. Upul Siriwardana**	- Manager - Human Resources
5.	**Mr. Namal Wijetunga**	- Manager - Forest Resources
6.	**Mr. Asela Rajapaksha**	- Manager - Legal (January - October)
7.	**Mrs. Krishmi Nanayakkara**	- Internal Auditor
8.	**Mr. H.A. Anura**	- Assistant Manager - Marketing
9.	**Mr. S.A.L. Perera**	- Assistant Accountant
10.	**Mr. K.A.A.N. Perera**	- Assistant Manager - Maintenance
11.	**Mrs. Chandima Retiyala**	- Assistant Manager - Transport
12.	**Mr. W.G.P. Wadduwage**	- Assistant Manager - Marketing
13.	**Ms. Tharumali Sewwandi**	- Assistant Legal Officer

Janatha Estates Development Board

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Estate Management Team

Estate	Manager in Charge	Crop	Extent (Hectares)	Address
Bopitiya/Great Valley	Mr. K.G.H. Kossinna	Tea	786.11	Deltota
Bohil	Mr. A.M.D.I. Rajakaruna	Tea	472.01	Ketaboola
Deltota	Mr. P. Rajapaksha	Tea	410.1	Galaha
Galaboda	Mr. A.B.D.R. Kumara	Tea	752.75	Galaboda
Hanthana	Mr. Nishantha Raj	Tea	1405.63	Nuwara
Hope	Mr. N.S. Athukorala	Tea	654.06	Hewaheta
Kandaloya	Mr. S.H.S.I. Samarasinghe	Tea	989.93	Nawalapitiya
Kolapathana	Mr. C. Bandara	Tea	361	Nawalapitiya
Levelan	Mr. C.D. Aluvihare	Tea	1254.92	Pupurassa
Loolkandura	Mr. D.C. Kodithuwakku	Tea	1048.03	Deltota
Mahawila	Mr. Harsha Kumara	Tea	293.64	Ulapane
Mount Jin	Mr. H.M.S.D. Hunugala	Tea	301.64	Watawala
Nagasthenna	Mr. A.A.S. Dayaratne	Tea	506.43	Nawalapitiya
Rahathungoda	Mr. G.G. Pulasinghe	Tea	478.14	Hewaheta
Rukwood	Mr. Arjuna Ilankoon	Tea	429.97	Hewaheta
Kumarawatta	Mr. A.C. Sethunga	Rubber	1822.46	Monaragala
Diyaluma/Thelipathenna	Mr. Asanga Wijesooriya	Rubber	354.34	Koslanda

Estate Details

The 18 estates belonging to the Janatha Estates Development Board are divided into four main groups as follows:

Groups

i)	Hewaheta	Tea
ii)	Galaha	Tea
iii)	Nawalapitiya	Tea
iv)	Kumarawatta	Rubber
v)	Thelipathenna	Rubber

Summary of Land Utilization

Category	VP Tea (Hectares)	Seedling tea(Hectares)	Marginal Plants (Hectares)	Low-Yielding Plants (Hectares)	Bare Land (Hectares)
Tea	1,223.95	927.14	667.54	853.54	983.83

Category	Seedling tea(Hectares)	Marginal Plants (Hectares)	Low-Yielding Plants (Hectares)	Bare Land (Hectares)
Rubber	286.28	35.93	281.59	169.39

1. Hewaheta Group

The Hewaheta region holds the distinction of being the oldest area for tea cultivation. The Loolecondera Estate serves as the exemplary plantation where tea was first cultivated as a commercial crop in Sri Lanka.

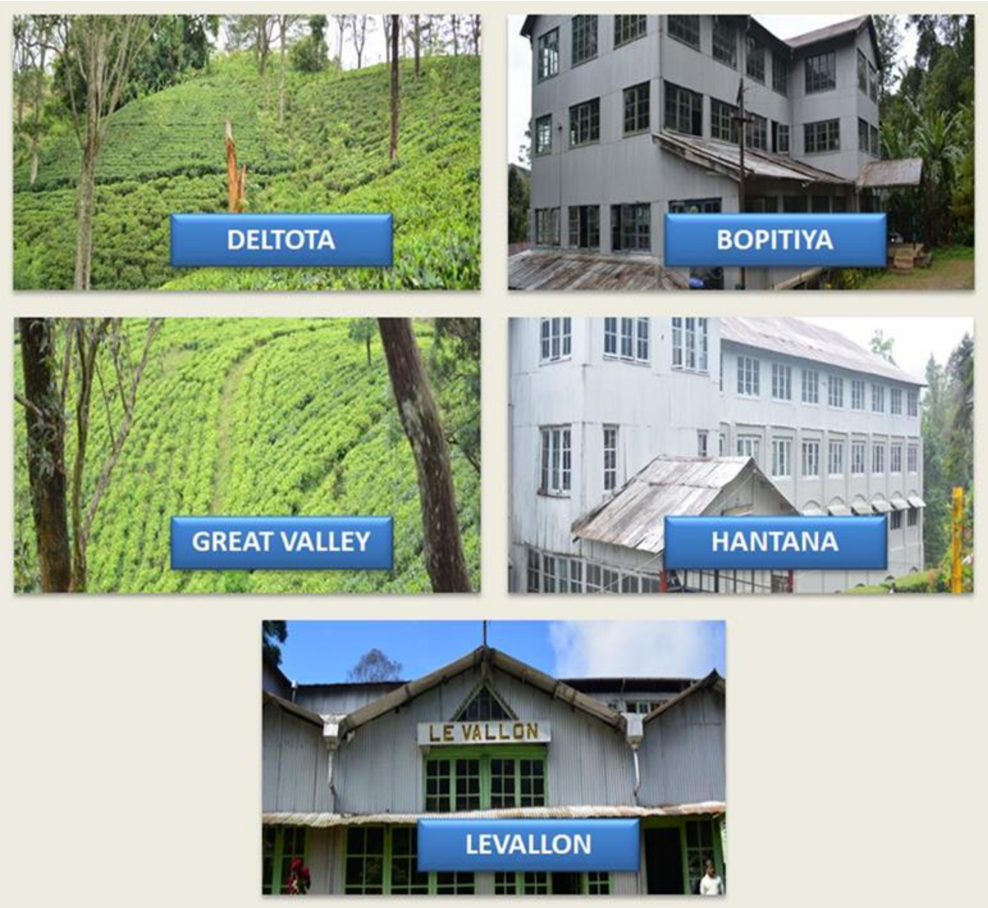
The four estates comprising the Hewaheta Group are listed below,

Land Utilization of Estates within the Hewaheta Group - all figures provided in hectares.

Estate	VP Tea	Healthy Seedlings	Marginal Seedlings	Poor Seedlings	Bare Land
Loolecondera	130.5	221.15	-	103	19
Hope	81.25	109.75	58	88.32	-
Rookwood	64.74	221.64	-	28.47	16.5
Rahatungoda	64.73	19.96	87.06	51.43	18.63
Total	341.22	572.5	145.06	271.22	54.13

II. Galaha Group

The five estates listed below are managed under this group.



Land Utilization of Estates within the Galaha Group

Estate	VP Tea	Healthy Seedlings	Marginal Seedlings	Poor Seedlings	Bare Land
Le Vellon	129.8	231.25	118.25	14.5	195.79
Great valley	23.24	14.39	26.25	52.5	118.55
Hantana	111.14	3.16	196.12	161.05	109.57
Bopitiya	39.75	-	25.5	34.75	-
Delthota	50.8	21.25	65.62	77.75	73
Total	354.73	270.05	431.74	340.55	496.91

The Bopitiya and Greatvalley estates have been amalgamated.

III. Nawalapitiya Group

The estates listed below are managed under this group.

Land Utilization of Estates within the Nawalapitiya Group

Estate	VP Tea	Seedlings	Marginal Seedlings	Poor Seedlings	Bare Land
Kolapathana	94	40.5	-	46	15
Bowhill	56	-	20.75	33.5	-
Kandaloya	52.3	24.59	8	56.2	11.9
Nagastenna	72.6	-	25.5	63.23	188.6
Gallebodda	88.4	19.5	-	25.25	70.6
Mahavila	107.82	-	-	-	-
Mount Jean	56.88	-	36.49	17.59	146.69
Total	528	84.59	90.74	241.77	432.79

IV. Rubber Estates

The three estates listed below are managed under this group.

Land Utilization of the Kumarawatta and Diyaluma Estates

Healthy Seedlings	Marginal Seedlings	Poor Seedlings	Bare Land
282.78	30.81	211.59	5.19
3.5	5.12	70	164.2
286.28	35.93	281.59	169.39

The Thelipatanna and Diyaluma estates have been amalgamated.

Janatha Estates Development Board

2019 Estimated Harvest and Achieved Targets

1. Plantation Sector

1.1 Targeted Harvest (in 000 kg) – Field

Harvest	**Annual Estimate (in 000 kg)**	**Achieved Target for the Year (in 000 kg)**
Tea – Kilograms		
Green Leaf	9,242	6,130
Harvest per 01 Hectare	733	484
Rubber – Kilograms		
Harvest	496	363
Harvest per 01 Hectare	821	507

1.2 Targeted Harvest (in 000 kg) – Factories

Harvest	**Annual Estimate (in 000 kg)**	**Achieved Target for the Year (in 000 kg)**
Tea – Kilograms		
Finished Tea	1,696	883
Rubber – Kilograms		
Harvest	435	-

2019 Estimated Turnover and Achieved Targets

1.3 Turnover – Field (in millions)

Harvest	Annual Estimate (Rs. in millions)	Achieved Target for the Year (Rs. in millions)
Tea		
Green Leaf	758	382.87
Rubber		
Harvest	132	80.75

1.4 Turnover – Factories (in millions)

Harvest	Annual Estimate (Rs. in millions)	Achieved Target for the Year (Rs. in millions)
Tea		
Finished Tea	272	311
Rubber		
Harvest	29	-

2019 Estimated Costs and Achieved Targets

1.5 Production Costs – Field (in millions)

Harvest	Annual Estimate (Rs. in millions)	Achieved Target for the Year (Rs. in millions)
Tea Green Leaf	1,057	877.07
Rubber Harvest	122	112.49

1.6 Production Costs – Factories (in millions)

Harvest	Annual Estimate (Rs. in millions)	Achieved Target for the Year (Rs. in millions)
Tea Finished Tea	140	312.17
Rubber Harvest	20	-

2019 Estimated Profit/(Loss) and Achieved Targets

1.7 Profit/(Loss) – Field (in millions)

Harvest	Annual Estimate (Rs. in millions)	Achieved Target for the Year (Rs. in millions)
Tea Green Leaf	(299.00)	(494.20)
Rubber Harvest	10	(31.74)

1.8 Profit/(Loss) – Factories (in millions)

Harvest	Annual Estimate (Rs. in millions)	Achieved Target for the Year (Rs. in millions)
Tea Finished Tea	132.00	(1.06)
Rubber Harvest	9.00	-

2019 Estimated and Achieved Consolidated Results

1.9 Summary Results – Consolidated

Harvest	Annual Estimate (Units)	Achieved Target for the Year (Units)
Turnover		
Tea	1,030	694
Rubber	161	81
Total	1,191	775

Production Costs (Units)

Tea	1,197	1,189
Rubber	142	112
Total	1,339	1,302

Profit/(Loss) Excluding Other Income (Units)

Tea	(167.00)	(495.00)
Rubber	19.00	(32.00)
Total	(148.00)	(527.00)

Other Income (Units)

Tea	23	30
Rubber	2	-
Factories	-	5
Total	**25**	**35**

Profit/(Loss) After Other Income (Units)

Tea	(144.00)	(466.00)
Rubber	21.00	(27.00)
Total	**-**	**(493.00)**

2019 Estimated Crop and Achieved Targets

No.	Activity		Unit	Annual Target		Actual Progress	
			Hectares	Physical (Hectares)	Financial (Rs Million)	Physical (Hectares)	Financial (Rs Million)
1	Tea	Infilling		8.25	12.38		
		Replanting		2	3.42		0.19
		Maintenance		82.25	20.4		
		Fuel/Planting		72	11.57	1	0.76
		Other Harvest			5.39		9.21
		Tools and Other Equipment			9.26		0.58
		Buildings			34.66		
		Factory Machinery and Other Development			87.95		5.56
		Vehicles			43.65		0.15
		Nurseries			3.34		
		Other Capital Activities (Roads, Bungalows, etc.)			0		0.02
2	Rubber	Replanting		25.47	15.9		8.84
		Maintenance		82.25	20.4		16.72
		Total			268.32		42.03

Estimated yield and targets achieved for the year 2019

2. Non-Plantation Sector

2.1 Head Office

Description	Targets Achieved in the Year 2018	Targets Achieved in the Year 2019
1. Income		
Monthly Tax Leases	`	30.03
Annual Tax Leases	25.86	21.56
C Category Land/Bare Land	-	-
Head Office Tax Leases	-	-
Tree Sales	5.50	-
Miscellaneous Income	0.56	0.45
Total Income	58.33	52.04
2. Expense		
Administrative Fees	38.26	68.60
Staff Cost	92.88	107.06
Depreciation	12.45	4.03
Other	48.83	
Total Expense	192.42	179.69
3. Profit/(Loss) Before Calculating Financial Cost	(134.09)	(127.65)
4. Less - Financial Cost	19.04	23.49
5. Profit/(Loss) After Calculating Financial Cost	(153.13)	(151.14)

2.2. Jana Tea

Description	**Targets Achieved in the Year 2018**	**Targets Achieved in the Year 2019**
1. Income		
Sales	144.1	285.23
2. Expense		
Cost of Sales	119.66	196.82
Administrative Fees	1.39	1.65
Staff Cost	4.65	4.99
Sales and Marketing	2.02	3.88
Total Expense	127.72	207.34
3. Profit/(Loss) Before Calculating Financial Cost	16.38	77.89
4. Less - Financial Cost	1.09	1.43
5. Profit/(Loss) After Calculating Financial Cost	15.29	76.46

Estimated yield and targets achieved for the year 2019

3. Consolidated

Description	Targets Achieved in the Year 2018	Targets Achieved in the Year 2019
1. Income		
Plantation	1,095.20	774.73
Head Office	58.33	52.04
Jana Tea	144.10	285.23
Miscellaneous Income	18.89	34.15
Total Income	1,316.52	1,146.15
2. Expense		
Plantation	1,447.49	1,301.73
Head Office	192.42	179.69
Jana Tea	127.72	207.34
Miscellaneous Income	-	-
Total Expense	1,767.63	1,688.76
3. Profit/(Loss) Before Calculating Financial Cost		
Plantation	(352.29)	(527.00)
Head Office	(134.09)	(127.65)
Jana Tea	16.38	77.89
Miscellaneous Income	18.89	34.15
Total	(451.11)	(542.61)
4. Less - Financial Cost		
Plantation	-	-
Head Office	19.04	23.49
Jana Tea	1.09	1.43
Total	20.13	24.92
5. Profit/(Loss) After Calculating Financial Cost	**(471.24)**	**(567.53)**

Action Plan for the Year 2019

4. Details of Sundry Income

4.1 Tea

Income Description	Income - Rs.
Firewood	3,600,000.00
Waste Tea	12,747,050.00
Sale of Tea Plants	400,000.00
Rental Income from Cement Mixer	180,000.00
Rental Income from Excavator	600,000.00
Rental Income from Road Roller	200,000.00
Building Rentals	28,800.00
Total	17,755,850.00

4.2 Rubber

Income Description	Income - Rs.
From Sale of Firewood	1,800,000.00
Cocoa	953,632.00
Total	2,753,632.00
Total - Tea + Rubber	**20,509,482.00**

Janatha Estate Development Board
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The following provides details of the training programs conducted by the Janatha Estate Development Board for its staff during the year under review.

1. Management Assistants from the Head Office participated in several workshops on the Establishment Code and Labour Laws, conducted by the Sri Lanka Foundation Institute.
2. Office support staff participated in training workshops on discipline management and file handling, conducted by the Sri Lanka Vocational Training Authority.
3. Training on accounting for labour wages using the SAGE 50 accounting software was provided to accounting officers across all estates.
4. Management training workshops were conducted for all field officers on the estates through the National Institute of Plantation Management.
5. Officers involved in procurement participated in workshops on procurement procedures, held by the Sri Lanka Foundation Institute.
6. A training workshop on the reconciliation of the Commissioner of Labour's account at the Central Bank of Sri Lanka was held at the Kandy Hantana Regional Office, led by the Commissioner of Labour. Officers from the Head Office, estate superintendents, and chief clerks from all estates participated in this program.
7. Specialized training courses on their official duties were conducted for all Child Development Officers and Welfare Officers serving in the estates, with the support of the Plantation Human Development Trust (PHDT).
8. Since enhancing the social status of employees is a key function of the Plantation Human Development Trust (PHDT), training programs on estate housing development and the enhancement of health and infrastructure facilities were held for all workers at the estate level.

Training programs designed to assist in the development of estate housing and the improvement of health and infrastructure facilities for the social upliftment of estate workers were conducted by the Plantation Human Development Trust (PHDT).

Special Achievements, Issues, and Challenges Faced by the Institution

Issues and Challenges Faced

- The institution had to face a severe working capital deficit, with an average monthly deficit of Rs. 44 million being observed.
- The current Employee Provident Fund (EPF) and Employee Trust Fund (ETF) payments for the year 2019 could not be made.
- Labour wages increased from Rs. 500 to Rs. 700.
- The estimated income was not received as projected.

Achievements

- Due to the increase in labour wages, the additional funds required were obtained from the Treasury of the Ministry of Finance. A sum of Rs. 468 million was secured for this purpose, which helped control strikes by ensuring that labour wages were paid on time.

Janatha Estate Development Board
Annual Report 2019

Progress in Achieving Sustainable Development Goals

Sustainable development is an integrated approach for achieving long-term sustainable prosperity by combining the triple dimensions of environmental, social, and economic factors. The 2030 Agenda for Sustainable Development, with its Sustainable Development Goals, forms the basis of the current leading global framework for international cooperation, with sustainability at its core.

To achieve these objectives, attention was focused on the following sustainable goals:

1. **No Poverty:** To eradicate poverty and eliminate all forms of hunger.
2. **Zero Hunger:** To ensure food security, improve nutrition, and promote sustainable agriculture.
3. **Good Health and Well-Being:** To ensure healthy lives and promote well-being for all at all ages.
4. **Quality Education:** To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. **Gender Equality:** To achieve gender equality and empower all women and girls.
6. **Clean Water and Sanitation:** To ensure the availability and sustainable management of water and sanitation for all.
7. **Affordable and Clean Energy:** To ensure access to affordable, reliable, sustainable, and modern energy for all.
8. **Decent Work and Economic Growth:** To ensure sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
9. **Industries, Innovation, and Infrastructure:** To build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

The Janatha Estate Development Board has carried out the following activities to achieve the aforementioned sustainable goals and has made progress:

- **Implementation of a forest management plan:** This includes reforestation projects after the extraction of commercial timber. This has helped mitigate climate change and its impacts.
- **Conversion of estate bungalows into holiday resorts:** By preparing beautifully located estate bungalows as holiday resorts, the board has created an additional source of income, which has enabled the timely payment of employee wages.
- **Purchasing tea leaves from small tea leaf owners:** The board has worked to purchase tea leaves from small tea leaf owners in the vicinity of the estates to maximize the capacity of its tea factories. By providing an additional source of income, this has helped to eradicate and alleviate poverty among the poor.
- **Provision of essential services:** The board has provided free Thriposha (a nutritional supplement) to children and mothers of the estate community to help eradicate malnutrition. The Plantation Human Development Trust (PHDT) has also intervened to provide infrastructure facilities, thereby helping to elevate the living standards of the estate community.
- **Wage increase:** Through a collective agreement, the daily labour wage was increased from Rs. 500 to Rs. 700 to alleviate poverty within the estate worker community. Wages are paid without discrimination based on gender. This has helped minimize employee issues that arise within the industry. Such wage increases are implemented once every three years through collective agreements.

JANATHA ESTATES DEVELOPMENT BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2019

	NOTE	31.12.2019 Rs.	31.12.2018 Rs.
Revenue	5	864,436,195.28	818,735,838.02
Cost of Sale	6	(1,482,745,990.71)	(1,171,090,221.55)
Gross Profit		**(618,309,795.43)**	**(352,354,383.53)**
Other Income	7	104,076,528.68	77,625,700.42
		(514,233,266.75)	**(274,728,683.11)**
Distribution Cost	8	4,558,480.45	2,932,992.69
Administration Expenses	9	38,544,770.47	40,760,782.44
Staff Cost	10	119,711,594.64	115,346,385.32
Other Estate Expenses	11	55,431,224.96	22,346,312.30
		218,246,070.52	**181,386,472.75**
Operational Profit Before Finance Cost		(732,479,337.27)	(456,115,155.86)
Finance Cost	12	25,114,450.60	21,627,492.96
		(757,593,787.87)	**(477,742,648.82)**
Profit Before Tax			
Income Tax			
Profit for the Year		**(757,593,787.87)**	**(477,742,648.82)**
Total Comprehensive Income for the year		**(757,593,787.87)**	**(477,742,648.82)**

JANATHA ESTATES DEVELOPMENT BOARD
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2019

	NOTE	31.12.2019 Rs.	31.12.2018 Rs.
Assets			
Non Current Assets			
Property Plant and Equipment	13	1,464,996,221	1,433,813,863
Intangible Assets	14	1,067,025	785,210
Biological Assets	15	438,409,880	491,188,088
Lease Assets	16	32,168,955	32,168,955
Long Term investment	17	4,880,778	4,436,571
		1,941,522,859	**1,962,392,687**
Current Assets			
Inventory	18	74,377,945	105,759,848
Trade & Other Receivable	19	744,587,225	699,922,163
Cash & Cash Equivalents	20	19,409,074	83,860,670
		838,374,244	**889,542,681**
Total Assets		**2,779,897,102**	**2,851,935,368**
Equity & Liabilities			
Equity			
Stated Capital	21	3,670,000,000	3,670,000,000
Accumulated Loss		(10,305,232,163)	(9,451,856,421)
		(6,635,232,163)	**(5,781,856,421)**
Reserves			
Capital Reserves	22	2,777,270,629	2,776,220,129
General Reserves/Govt. Grants	23	3,250,941,366	2,782,289,535
Total Equity		**6,028,211,995**	**5,558,509,664**
Non Current Liabilities			
Retirement benefit obligations	24	729,874,650	572,177,063
Bank Loan	25	22,970,327	43,956,609
		752,844,977	**616,133,672**
Current Liabilities			
Gratuity Payable - Ex. Employees	26	672,728,617	616,860,963
Interest Bearing Borrowings	27	242,358,129	243,778,329
Lease Creditors	28	3,177,919	3,715,081
Broker Advance	29	25,831,826	50,353,716
Trade & Other Payable	30	566,391,337	553,004,808
EPF/ESPS/CPPS	31	801,291,383	723,524,907
ETF & Other Payables	32	39,470,005	29,691,739
Deposits/Advance for Property Lease	33	201,971,242	177,241,005
Bank Overdraft	34	80,851,837	60,977,905
		2,634,072,295	**2,459,148,453**
Total Equity & Liabilities		**2,779,897,102**	**2,851,935,368**

S D N Ranasinghe
Manager - Finance

The Board of Directors is responsible for the presentation of these Financial Statement. Approved and signed for and on behalf of the Board of Directors of Janatha Estates Development Board.

Wg. Cdr. B D Abeysuriya (SLAF-Rtd)
Chairman

R G P Senevirathna
Dy. Chairman (Director)

JANATHA ESTATES DEVELOPMENT BOARD
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2019

	31.12.2019	31.12.2018
	Rs.	Rs.
Profit before Taxation	(853,375,742)	(608,391,269)
Adjustment		
Provision for Gratuity	208,296,883	(82,175,282)
Depreciation	6,175,019	127,255,696
Depreciation - Bearer Plants	26,559,329	158,605,469
Finance Cost	24,456,737	19,455,885
Interest Income	(665,303)	(738,167)
Amortisation Cost	-	383,727
Disposal/Addition Biological - Assets	-	4,841,741
	264,822,665	227,629,069
Operating Cash Flows before Changes in Working Capital	**(588,553,077)**	**(380,762,200)**
Changes in working Capital		
(Increase)/Decrease Inventory	31,381,903	(23,898,176)
(Increase)/Decrease Trade & Other Receivable	(44,665,062)	(29,430,266)
(Increase)/Decrease Trade & Other Payable	13,386,529	31,464,521
(Increase)/Decrease Deposit & Advance	24,730,238	13,267,602
(Increase)/Decrease EPF/ESPS/CPPS	77,766,475	(46,458,899)
(Increase)/Decrease ETF & Other Payable	9,778,266	(6,267,354)
(Increase)/Decrease Broker Advance	(24,521,890)	4,309,078
(Increase)/Decrease Gratuity Payable - Ex. Employees	55,867,654	129,725,384
Cash Used in/generated from Operating Activities	**143,724,114**	**72,711,890**
Gratuity Paid	(28,669,952)	
Cash generated from Operating Activities	**(473,498,916)**	**(308,050,310)**
Cash Flows From Investing Activities		
Long Term Investments	(444,207)	(4,436,571)
Acquisition of Biological Assets	(24,926,547)	(30,095,968)
Interest Income	665,303	738,167
Accquision of Intangible Assets	(281,815)	
Purchased from Fixed Assets	(8,141,293)	
Cash generated from Investment Activities	**(33,128,560)**	**(33,794,372)**
Cash Flows from Financing Activities		
Repayment of Loan	(20,986,283)	(11,550,000)
Interest Bearing Borrowings	(1,420,200)	3,579,800
Lease Creditors	(537,163)	(4,433,012)
Finance Cost	(24,456,737)	(19,455,885)
Treasury Grants	468,000,000	425,000,000
Rubber Subsidies Grants	651,830	
Capital Reserves	1,050,500	
Cash Used in Financing Activities	**422,301,948**	**393,140,903**
Net Increase in Cash & Cash Equivalents		
Cash & Cash equivalent at the beginning of the year	(84,325,527)	51,296,220
Cash & Cash equivalent at the end of the year	**22,882,765**	**(28,413,455)**
	(61,442,762)	**22,882,765**
Analysis of the Cash & Cash Equivalent at the end of the Year		
Cash & Cash equivalent in Favourable	19,409,074	83,860,670
Bank Overdraft	(80,851,837)	(60,977,905)
	(61,442,763)	**22,882,765**

Janatha Estates Development Board

Annual Report 2019

Statement of Changes in Equity for the year ended 31st December 2019

	Stated Capital	Capital Reserves	General Reserve & Government Grant	Plantation Project Receipts	Accumulated Profit/(Loss)	Total
Balance as at 1st January 2019	367,000,000.00	2,776,220,129.00	2,766,260,797.00	16,028,738.00	(9,451,982,726.00)	(223,473,062.00)
Profit & Loss Account 63500-HOOO-OOO					998,400.00	998,400.00
Previous year adjustments to Profit/Loss					(96,654,049.00)	(96,654,049.00)
Land Sales		1,047,500.00				1,047,500.00
Treasury Grants			468,000,000.00			468,000,000.00
Capital Reserve		3,000.00				3,000.00
Subsidy			651,830.00			651,830.00
Loss for the year					757,593,788.00	
Total Comprehensive Loss for the year						(757,593,788.00)
Balance as at 31st December 2019	**367,000,000.00**	**2,777,270,629.00**	**3,234,912,627.00**	**16,028,738.00**	**(8,790,044,588.00)**	**(607,020,169.00)**

NOTE	31.12.2019	31.12.2018
	Rs.	Rs.
Revenue		
Green Leaf/Bulk Tea	462,377,855.00	485,809,432.00
Consumer Tea	283,879,631.00	156,645,783.00
Rubber and Other	85,061,812.00	155,891,628.00
Minor Crop Coconut	33,116,898.00	20,388,995.00
	-	-
	864,436,196.00	**818,735,838.00**
Cost of Sale		
Green Leaf/Bulk Tea	1,286,424,487.00	1,057,288,831.00
Consumer Tea	193,392,175.00	69,741,947.00
Rubber and Other	-	41,356,728.00
Minor Crop Coconut	2,929,329.00	2,690,149.00
	-	12,567.00
	1,482,745,991.00	**1,171,090,222.00**
Other Income		
Land Lease	51,436,256.00	37,796,794.00
Building Rent	46,328,523.00	36,553,920.00
Sundry Income	5,492,601.00	2,368,987.00
Loan/FD Interest	665,303.00	738,167.00
Security	153,846.00	167,832.00
Gain from disposal of Motor Vehicles	-	-
	104,076,529.00	**77,625,700.00**
Distribution Cost		
Transport Charges	2,939,166.00	1,543,596.00
Sales Promotions	201,081.00	407,956.00
Travelling & Subsistence	424,890.00	288,958.00
Trade License Fees	216,972.00	220,430.00
Accommodation	183,594.00	212,203.00
Gratis	291,716.00	165,048.00
Tender Deposits	-	46,375.00
Loading & Unloading	55,530.00	38,428.00
Subscription Fees	-	10,000.00
Insurance	8,095.00	-
Advertisement Expanses	237,437.00	-
Donation	-	-
	4,558,481.00	**2,932,994.00**

NOTE		31.12.2019 Rs.	31.12.2018 Rs.
9	**Administrative Expenses**		
	Vehicle Rent	4,133,333.00	5,296,500.00
	Vehicle Fuel	4,181,818.00	3,968,184.00
	Sunry Expenditure	4,849,867.00	3,290,270.00
	Electricity	2,750,274.00	2,529,393.00
	Legal Expenses	4,500,074.00	10,169,769.00
	Vehicle Repair & Maintenance	2,100,567.00	2,095,083.00
	Stationary	2,332,033.00	1,793,368.00
	Rate & Taxes	2,824,280.00	1,700,000.00
	Building/Office Maintenance	404,869.00	1,645,216.00
	Telephone & Internet	1,045,958.00	1,423,388.00
	Depreciations	922,806.00	1,098,725.00
	Janitorial Service	1,019,000.00	885,680.00
	Trainee Seminar & Exam Fee	608,900.00	598,917.00
	Access Trainee Allowance	496,660.00	532,500.00
	Water	614,176.00	532,283.00
	Advertisement	1,034,448.00	498,454.00
	Director Fee	569,500.00	365,008.00
	Office Equipments Repair	764,228.00	303,632.00
	Amortization	-	358,727.00
	Postage	459,086.00	289,040.00
	News Papers & Periodicals	26,410.00	118,605.00
	Donations	35,000.00	82,000.00
	Air Conditioner Repair	208,500.00	66,450.00
	Audit Fee	150,000.00	-
	Valuation Fee	1,417,983.00	-
	Survey Fees	1,095,000.00	-
	Compensation	-	1,119,594.00
		38,544,770.00	**40,760,786.00**
10	**Staff Cost**		
	Salaries & Allowances	80,368,524.00	79,612,801.00
	EPF/ESPS/CPPS	9,500,784.00	8,933,125.00
	Gratuity Provision	9,621,460.00	7,828,624.00
	Non. Ex. Staff Medical	4,358,740.00	4,439,807.00
	Labour Charges	4,283,678.00	4,037,080.00
	Ex. Staff Medical	1,622,465.00	2,518,739.00
	ETF	2,362,433.00	2,385,005.00
	Over Time	3,397,923.00	2,244,591.00
	Staff Welfare	2,856,479.00	1,980,332.00
	Attendance Bonus	406,700.00	795,110.00
	Travelling & Subsistence	720,100.00	458,143.00
	Staff Tea	174,086.00	104,737.00
	Cost of Pocket Expenses	38,223.00	8,290.00
		119,711,595.00	**115,346,384.00**

NOTE	31.12.2019 Rs.	31.12.2018 Rs.
11 Other Estate Expenses		
Surcharge - Gratuity	19,515,088	17,128,435
Surcharge - ETF	2,946,937	1,662,445
Surcharge - ESPS	18,000,000	528,306
Surcharge - CPPS	890,192	-
Surcharge - EPF	14,079,008	3,027,127
	55,431,225	**22,346,313**

NOTE	31.12.2019 Rs.	31.12.2018 Rs.
12 Financial Expenses		
Overdraft Interest	14,054,430	8,348,209
Broker Advance Interest	6,822,507	7,208,349
Other Loan Interest	3,579,800	3,579,800
Bank Charges	525,084	2,171,607
Lease Interest	-	319,528
Penalty	132630	-
Bank Loan Interest	-	-
	25,114,451	**21,627,493**

JANATHA ESTATES DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

13 Property Plant and Equipment

Description of Assets	COST					ACCUMULATED DEPRECIATION				W D V
		Additions			Balance as at 13.12.2019	Balance as at 01.01.2019 new	As per the Audit Quaries Adjusted amount	For the Year	W D V Balance as at 31.12.2019	AS AT 31.12.2019
	Rs.	Rs.	Rs.	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Unimproved Land, Mature Plantation vested & other Asset vested	27,557,465.00			13.1	27,557,465	24,926,939.56			24,926,939.56	2,630,524.94
Improved of Land, Road, Bridge & Latrines, Building & Stores	1,622,637,739.30	587,570,69		13.2	1,623,225,310	187,269,003.85	5,240,563.03	2,079,055.78	194,588,622.66	1,428,636,687.33
Machinary	113,045,806.69	5,026,913.40		13.3.1	118,072,720	105,178,222.14	3,674,680.82	2,274,876.69	111,127,779.65	6,944,940.44
Office Equipment	40,848,447.40	907,445.02		13.3.2	41,755,892	36,435,105.98	567,227.55	1,166,535.90	38,168,869.43	3,587,022.99
Vehicle	113,497,179.65			13.3.3	113,497,180	110,435,681.98	2,597,199.00	124,433.00	113,157,313.98	339,865,67
Computers & Printers	1,720,600.00			13.4	2,877,600	1,115,634.00	45,399.00	346,365.00	1,507,398.00	1,370,202.00
Furniture & Fittings	5,757,519.16	61,040.00		13.5	5,818,559	4,814,298.25	274,715.50	86,072.79	5,175,086.54	643,472.62
Water Supply Scheme, Minor Hydro Scheme & Peripheral Housing Scheme	17,033,710.33			13.6	17,033,710	16,484,981.41	9,565.06	97,680,18	16,592,226.65	441,483.68
Fences Security Lights, Gliricidia Plantation	655,481.84			13.7	655,482	421,808.90			421,808.90	233,672.94
Onugaloya Estate Fixed Assets	6,013,927.21			13.8	6,013,927	1,521,151.00			1,521,151.00	4,492,776.21
Capital Working Progress	16,644,405.03	401,324.23	1,370,157.44	13.90	15,675,572					15,675,571.82
Old balance Kumarawatta Estate						35,942,438.44				
Jaffna Old Balance										
	1,965,412,281.11	**8,141,293.34**	**1,370,157.44**		**1,972,183,417.01**	**524,545,265.51**	**12,409,349.96**	**6,175,019.34**	**507,187,196.37**	**1,464,996,220.64**

14 Intangible Assets

Description of Assets	COST					AMORTIZATION				W.D.V.
	Balance as at 01.01.2019	For the year			Balance as at 31.12.2019	Balance as at 01.01.2019	For the year	Balance as at 31.12.2019	Balance as at 31.12.2019	Balance as at 31.12.2019
	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Software	1,434,908.43	281,815.00			1,716,723.43	649,698.43			649,698.00	1,067,025.43
Total	**1,434,908.43**	**281,815.00**			**1,716,723.43**	**649,698.43**			**649,698.00**	**1,067,025.43**

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

15. Biological Assets

Bearer Plants

	Immature Plantation					Mature Plantation					TOTAL
	Tea	Rubber	Coconut	Other	Total	Tea	Rubber	Coconut	Other	Total	
Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01.01.2019	17,891,011.01	177,011,825.68	1,102,638.19	9,088,341.14	205,093,816.02	389,972,705.51	137,139,698.27	1,071,944	9,052,058.86	537,236,406.64	742,330,222.66
Additions/(Disposals) during the year	-	24,548,011.80		159,646.10	24,707,657.90	-	-	-	-	-	24,707,657.90
Transfer during the year	-	(114,523,665.47)		(424,922.07)	(114,948,587.54)	-	114,523,665.47	-	-	114,523,665.47	(424,922.07)
As at 31.12.2019	**17,891,011.01**	**87,036,172.01**	**1,102,638.19**	**8,823,065.17**	**114,852,886.38**	**389,972,705.51**	**251,663,363.74**	**1,071,944**	**9,052,058.86**	**651,760,072.11**	**766,612,958.49**
Accumulated Depreciation											
As at 01.01.2019	-	-	-	-	-	290,650,605.71	-	-	-	290,650,605.71	290,650,605.71
Charged during the year	-	-	-	-	-	13,701,697.48	12,857,632.00	-	-	26,559,329.48	26,559,329.48
Adjustment/Addition previous year	-	-	-	-	-	-	44,092,273.68	-	-	44,092,273.68	44,092,273.68
As at 31.12.2019	-	-	-	-	-	**304,352,303.19**	**56,949,905.68**	-	-	**361,302,208.87**	**361,302,208.87**
Written down value as at 31.12.2019	**17,891,011.01**	**87,036,172.01**	**1,102,638.19**	**8,823,065.17**	**114,852,886.38**	**85,620,402.32**	**194,713,458.06**	**1,071,944**	**9,052,058.86**	**290,457,863.24**	**405,310,749.62**

Consumer Plants

	Immature Plantation					Mature Plantation					TOTAL
	Timber	Ginger	Banana	Other	Total	Timber	Ginger	Banana	Other	Total	
Cost											
As at 01.01.2019	10,384,929.31	202,947.00			10,587,876.31	21,699,097.96		23,008	145,337.50	21,867,443.46	32,455,319.77
Additions during the year	218,889.00				218,889.00						218,889.00
Transfer during the year									424,922.07	424,922.07	424,922.07
As at 31.12.2019	**10,603,818.31**	**202,947.00**	**0.00**	**0.00**	**10,806,765.31**	**21,699,097.96**	**0.00**	**23,008**	**145,337.50**	**21,867,443.46**	**33,099,130.84**

JANATHA ESTATES DEVELOPMENT BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2019

	NOTE				31.12.2019 Rs.	31.12.2018 Rs.
Long Term Investment	17	**Estate**	**Head Office**	**Consumer**		
Fixed Deposit HNB/Peoples' Bank			110,479	4,770,299	4,880,778	4,436,571
		-	-	-	-	-
Inventory	18	-	-	-	-	-
Input Material & Consumables	18.1	9,627,744	1,593,390	8,011,662	19,232,796	19,742,100
Produced Crop	18.2	21,579,636		28,874,339	50,453,975	79,352,902
Growing Crop Nurseries		4,691,174			4,691,174	6,664,740
		35,898,554	**1,593,390**	**36,886,001**	**74,377,945**	**105,759,842**
Input material and Consumables						
Packing Materials	18.1	814,679	-	5,817,779	6,632,458	5,493,678
Fertilizer Stock		4,700,299	-	-	4,700,299	6,252,942
Obsolete Stock		175,570	-	2,193,883	2,369,453	2,177,333
Sundry Stock	18.11	3,795,175	808,201	-	4,603,376	5,673,676
Stationary	18.12	142,021	785,190	-	927,210	144,572
		9,627,744	**1,593,390**	**8,011,662**	**19,232,796**	**19,742,199**
Sundry Stock	18.11					
Chemical G 2		815,703	-	-	-	-
Sundry Stock G 2		1,405,444	-	-	-	-
Sundry Stock G 1		1,574,028	-	-	-	-
		3,795,175	-	-	-	-
Maintenance Stocks		-	797,066	-	-	-
Suger & Mild Powder Stock		-	11,134	-	-	-
		-	**808,201**	-	-	-
Stationary	18.1.2					
Postage		4,888	-	-	-	-
Stationary		137,133	-	-	-	-
		142,021	-	-	-	-
Produced Crop						
Tea Stock	18.2.1	20,613,588	-	28,874,339	49,487,927	75,271,812
Rubber		611,214	-		611,214	3,726,256
Sundry Stock		354,834	-		354,834	354,834
		21,579,636	-	**28,874,339**	**50,453,975**	**79,352,902**
Tea Stock	18.2.1					
Unbulk Tea		-	-	20,459,494	-	-
Packeted Tea Consumer		-	-	6,982,643	-	-
Working Progress		-	-	1,432,202	-	-
		-	-	**28,874,339**	-	-

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Trade & Other Receivable	**19**					
Trade Receivable	19.5	36,306,219	260,151,034	126,504,065	422,961,318	369,110,600
SLSPC Lean & Interest	19.4	-	119,318,496	-	119,318,496	119,399,050
Sundry Debtors	19.3	33,288,765	11,416,327	23,490,609	68,195,701	91,270,768.50
Deposit & Prepayments	19.2	342,789	28,536,511	16,292,826	45,172,126	28,978,675.99
Staff & Labour Receivable	19.1	34,711,131	4,090,594	45,338	38,847,063	41,082,599
Adjustments		19,383,678	11,190,988	-	30,574,666	30,574,666
WHT Recoverable		-	9,694,535	-	9,694,535	9,670,772
Plantation Development Project		-	4,136,733	-	4,136,733	4,136,733
VAT Recoverable		-	3,509,905	-	3,509,905	3,521,614
Queenrich Agro (Pvt) Ltd		-	2,176,683	-	2,176,683	2,176,683
		124,032,581	**454,221,805**	**166,332,838**	**744,587,225**	**699,922,163**

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Staff & Labour Receivable	19.1					
Festival Advance		31,158,769	887,822	-	32,046,591	33,413,685
Sundy Receivable		2,553,912	2,091,497	45,338	4,690,747	6,358,892
Social Welfare		11,593	1,042,787	-	1,054,380	1,050,935
Estate Staff Debtors - (Recoverable)		986,857	-	-	986,857	589,634
Special Advance		-	68,488	-	68,488	(330,546)
		34,711,131	**4,090,594**	**45,338**	**38,847,063**	**41,082,599**

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Deposit & Prepayments	19.2					
Advance Payments		-	27,447,847	3,361,355	30,809,202	26,561,158
Deposit		91,000	1,088,664	12,931,471	14,111,135	2,162,450
Prepayments		251,789	-	-	251,789	255,068
		342,789	**28,536,511**	**16,292,826**	**45,172,126**	**28,978,676**

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Sundry Debtors	19.3					
Monte Cristo Estate		-	40503226.00	-	40,503,226	40,503,226
Others	19.3.1	31090458.00	5223.00	-	31,095,681	26,163,397
Estate Control A/c		29004.85	(9287538.00)	-	(9,258,533)	9,790,833
Matale Area Estate A/c		-	902935.00	-	902,935	902,935
Jaffna Area Estate Old Balance		684875.12	-	-	684,875	684,875
Jaffna Area Estate Control A/c		(1157879.34)	1988131.00		830,252	
Mulhulkelle Es. Control A/c		436345.00	-	-	436,345	436,345
ETF Legal		-	382830.00	-	382,830	432,829.71
EPF/ETF Legal G 1		2155961.00	-	-	2,155,961	-
EPF Surcharge		49999.00	-	-	49,999	-
EPF Over payment 1996 A/c		-	160400.00	-	160,400	160,400
EPF Legal		-	132529.00		132,529	12,076,728
Jana Tea Export Division		-	109421.00	-	109,421	109,421
Jana Tea Control A/c		-	(23480830.00)	23,490,609	9,779	9,779
Diyaluma Estate Control A/c		-	-	-	-	-
EPF Legal &Surcharge		-	-	-	-	-
		33,288,765	**11,416,327**	**23,490,609**	**68,195,701**	**91,270,769**

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Other	19.3.1					
Group/Suspence		4,342,561				
Short Delevery		12,840				
Sundry Debtors		3,791,194				
Tea Shortage		2,143				
Diyaluma Factory			5,223			
Debtors not on Estate		101,863				
Mahaweli Authority		211,602				
Other Debtors		11,169,702				
Sundry Debtors Estate G 2		10,963,021				
Sundry Debtors Estate		-				
Suspense		299,042				
Ex Staff		2,563				
General & SWT		5,272				
ETF		188,655				
		31,090,458	**5,223**	**-**	**-**	**-**

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
SLSPC Loan & Interest	19.4					
SLSPC Contral A/c		**-**	**119,318,496**	**-**	**-**	**-**
Trade Receivable	19.5					
Estate						
Debtors - Green Leaf		4,316,756				
Debtors for Proceeds		10,073,252				
Debtors on Estate		13,449,219				
104000 - Trade & Other Receivable 104002 - Debtors		2,641,925				
104000 - Trade & Other Receivable 104003 - Debtors		5,832,758				
206014 - Provision for bad Debtors		(7,690)				
		36,306,219				
Head Office	19.5					
Mr. S Jayaraman (Kumburumulai)			16,354			
Mr. C Warusawithana (Wathurawila)			237,025			
Mr. L M R Jayakody (Ganekanda)			1,174,398			
M/s Asian Cuttings (Pvt) Ltd (Jonsland)			292,426			
Drugs Control Board (Mahena)			145,456			
Mr. Krishan Perera (Kallumale)			-			
Mr. W M Mashel (Kudadola)			4,076,953			
M/s Madola Multi Plantation (Pvt) Ltd (Madola)			80,899			
Mr. D A Fernando (Meddegedara)			447,971			
Mr. Sarath Ranawaka (Paragoda)			426,142			
Ebert & Sons (Rilagala)			951,823			
Rev. Ulapane Paghghananda Tero (Dickoya)			1,162			
Nirodha Buddhist Centre (Gangamulla)			293,375			
Suntak Power (Pvt) ltd. (Bowhill)			1,569,780			
Hill Country Shooting Club (Hantane)			36,565			
Hantane Bird Park (Hantane)			1,961,234			
MTV (Pvt) Ltd (Hantane)			393,432			
Mr. Noman Harley (Malgolla)			15,422			
Central Hills Plantations (Monte Critsto)			16,779,109			
Sri Dhamramwijayaramaya (Monte Cristo)			20,067			
Etisalat Lanka (Pvt) Ltd (Great Valley)			309,981			
Mr. Narayan Ananda Kumar (Wingsly)			562,157			
Mr. Harshana Rajakaruna (Amithirigala)			1,492,811			
Mr. M M W Jayasinghe (Kirigala)			255,679			
Mr. Sisira Paranagama (Kopiwatta0			309,497			
Mrs. Ranjani Morawaka (Lindhurds)			15,037			
Mrs. Vajira Wickramarathna (Wilagama)			34,215			
Mr. P H J Jayawickrama (Carolain)			159,198			
Mr. B M R Sananayaka (Wiliyamulla)			927,353			
Mr. K K Dharmadasa (Labugodakanda)			33,497			
Mr. W P Perera (Coolborn)			4,622,139			
Harangala Tea Factory (Harangala)			3,373,156			
NWS & Drainage Board (Kumarawatta)			154,834			
State Timber Corporation (Kumarawatta)			26,737			
Mr. W P Perera (Gurukoya)			818,727			
Etisalat Lanka (Pvt) Ltd (Rahathungoda)			189,932			
Mobitel (Pvt) Ltd (Kolapatana)			1,753,721			
N R Eco Green (Pvt) Ltd (Kolapatana)			1,129,411			
N R Hydro Power (Kolapatana)			1,648,997			
Mr. T A J S Rathnayaka (Pandiyamaduwa)			196,686			
Mr. W E S Sowiz (Keriyankalliya)			183,398			
Mr. G J K Chandrasena (Pakkupattucholai)			363,264			
Mr. M A T Marasinghe (Pakkupattucholai)			97,724			

	ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Mr. K A D Chandrasena (Pakkupattucholai)		81,110			
Mr. H S Kalinga (Pakkupattucholai)		108,528			
Mr. Piyadasa Paladagama (Batadola)		1,127,105			
Kalawana Estate (Pvt) Ltd (Emaral Hill)		307,642			
Mr. R B P Wijayasiriwardana (Kumbalgoda)		20,820			
Mr. Joe Abeywickrama (Lelloopitiya)		19,687			
Mr. J M W Jayasinghe (Manelkanda)		829,405			
Mr. G P Daniel (Findhill)		390,696			
Mr. Asoka Wickramasinghe (Paraketiya)		290,615			
Mr. M P Hiripitiya (Somisanda)		175,864			
Diolog Asiata (Pvt) Ltd (Kolapatana)		1,002,581			
Hytech Model Farm (Galaha)		1,915,576			
Bowhill Hydro Power (Bowhill)		1,504,375			
M S Blue Bey Mineral (Nagastenna)		1,521,689			
Comodity Island (Galaha)		527,850			
Rishwana Agriculture (Galaha)		1,118,885			
Hagarankanda Plantation (Hangarankanda)		2,735,640			
Monaralla Mini Hydro Power (Nagestenna)		863,109			
Lalans Rubber (Pvt) Ltd (Kumarawatta)		642,090			
Cashew Corporation (Kumarawatta)		34,139			
Wellassa Rubber (Pvt) Ltd (Kumarawatta)		229,170			
Browns (Pvt) Ltd (Hantane)		4,585,798			
Mr. A K D Munidasa (Galaha)		38,420			
Peraj Minning (Pvt) Ltd (Ambalamana)		572,628			
Bizcon Asia (Pvt) Ltd (Great Valley)		492,660			
Mr. Abaya Gurusinghe (Gallebodda)		281,520			
Insite Factory (Pvt) Ltd (Mahawila)		375,440			
Country Eneragy (Pvt) Ltd.		22,870,730			
Prihan Holdings (Pvt) Ltd		7,279,030			
Mrs. A M Ranmenika (Castlefield)		2,892			
Hangrankanda (Pvt) Ltd		1,530,000			
Mrs. Renuka Herath (Mawatta)		130,614			
Mr. W T GaminiAppuhamy		56,793			
M E C C Plantation (Pvt) Ltd. (Bopitiya)		4,031,260			
Pradesheya Sabha - Wennappuwa		190,249			
Wildflower Hold Lanka Ltd		661,409			
Bravo Holding Lanka (Pvt) Ltd		2,697,900			
Ceylon Ceramic Corporation		2,005,435			
Sri Lanka Institute of Advance Technology		18,508,317			
Ministry of SR & E Development		592,134			
Sri Lanka Army Receivable		1,052,789			
National Lottories Board		607,225			
N S K Receivable		645,835			
Areen International (Pvt) Ltd		1,016,151			
Coconut Cultivation Board		4,558,254			
Hantane Bungalow Receivable		333,956			
I M L Receivable		43,593			
Kalubowitiyana Receivable		626,122			
Kandy Tyre House Receivable		1,266,628			
Mag Car Care (Pvt) Ltd Receivable		757,700			
Ministry of Science & Technology Receivable		957,620			
New Zealand College Receivable		3,826,888			
Rubber Research Institute		748,336			
Sri Lanka Tea Board Receivable		1,185,208			
Tea Shakthi Fund Receivable		224,727			
Minstry of Economic Development Receivable		112,470			
SRMC		3,537,860			
Kurunegala Plantations Ltd		1,075,359			
Elkaduwa Plantations Ltd		8,723,922			

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Ministry of Plantations Receivable			5,809,308			
Global Lanka Tea Bag (Pvt) Ltd.			654,756			
Growth Lanka Receivable			8,215,722			
Thurusaviya Receivable			3,084,408			
Ministry of Public Estate Mgt.			686,188			
Somervill & Company			2,747,646			
Plantation Mgt. & Monitoring Division			3,641,370			
NLDB (Pallai)						
Sri Lanka Insitute of Advance Technology			15,473,251			
Barathi Airtel lanka (Pvt) Ltd			1,102,300			
Green Votes (Pvt) Ltd.						
Brodie Bonds (Pvt) Ltd.			3,829,074			
Palawatta Suger Company (Kumarawatta)			2,220,929			
Rue Plantation			107,916			
Thembiligala Bungalow (Ulapane)			116,720			
Mr. H R Sarath Gamini Peiris			19,550			
Mr. V D K Kaluarachchi (Labugodakanda)			645,150			
Mr. T M Galappatti (Sittampalam)			58,650			
Mrs. Priyani Withanage (Indurugolla)			100,826			
Gayyas Power (Pvt) Ltd (Nagastenna)			633,420			
Lakeside Property (T B Jaya Mawatha)			27,999,999			
Tea Recovery - RO			3,281			
Deenside Tea Factory (Pvt) Ltd			3,529,387			
Water's Bay Tea Estate			23			
Hatton Plantation Ltd			3,015,205			
Malgolla Estate			378,000			
Nildalukanda Tea (Pvt) Ltd			1,639,688			
Watawala Plantations Ltd			14,349			
Mr. Ranjan Gamini Walpola			61,835			
Insite Factory (Pvt) Ltd			915,227			
Pussellawa Plantation Ltd			300,000			
Madagoda Tea Factory			539,412			
Mr. K H N Hapuarachchi			685			
Mr. M K R Sampath Kumara (Ganakanda)			1,971,310			
Mr. S N Fernando (Williyamulla)			1,463,904			
Mr. M S P Ranasinghe (Emarald Hill)			12,903			
Kingdom Rest Inn (Pvt) Ltd			410,550			
Mr. R S R G Karunarathna (Mount Pearl)			307,114			
M S C Lanka (Pvt) Ltd (55/75 Vauxhall Lane)			993,203			
Cholankanda Youth Centre			8,915			
Ratwatta Tea Factory			5,865,670			
Total			**260,151,034**			
Consumer Division	19.5					
Accounts Receivable				127,361,669		
Debtors Provision				(857,605)		
TOTAL				**126,504,065**		

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Note	ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Cash & Cash Equipments	**20**					
BOC - 80669453			73,528		73,528	50,509,150
BOC - 8624530			5,861,213		5,861,213	13,470,230
Estate Bank Balance		4,430,864			4,430,864	12,456,160
BOC - 75646976			4,922,508		4,922,508	5,430,505
BOC - 2164625			615,895		615,895	337,373
BOC - 2327555			2,200,441		2,200,441	285,065
Peoples' Bank - 014200183155909				195,478	195,478	188,200
Peoples' Bank - 01410003155909			139,771		139,771	139,771
BOC 034021			4,685		4,685	118,615
Peoples' Bank - 003200100022296			8,917		8,917	8,917
BOC - Jaffna					0	1,791
Cash in Transit		373,070			373,070	726,701
Cash in Transit		215,969			215,969	
Cash in Hand		68,497	13,095	5,000	86,592	124,488
Cash in Hand - RO		62,422			62,422	63,704
BOC - Hyde Park 2327553				359,623	359,623	
Cash & Cash Equipments		(141,900)			(141,900)	
Petty Cash - RO					0	
		5,012,134	**13,950,532**	**5,330,399**	**19,409,074**	**83,860,670**
State Capital	**21**					
Capital			3,670,000,000		3,670,000,000	3,670,000,000
			3,670,000,000		3,670,000,000	3,670,000,000
Capital Reserves	**22**					
Capital Reserves A/c		-	1,965,050,475	-	1,965,050,475	1,965,050,475
Capital Reserves Grants		-	656,311,762	-	656,311,762	656,308,762
Land Sale Income A/c		-	150,240,811	-	150,240,811	149,193,311
Sale of Assets Taken Over		-	5,667,581	-	5,667,581	5,667,581
Vehicle Sales Income		-	-	-	-	-
		-	**2,777,270,629**	-	**2,777,270,629**	**2,776,220,129**
General Reserves/Govt. Reserves	**23**					
Grants		-	2,946,989,820	-	2,946,989,820	2,478,989,820
General Reserves	23.1	-	287,922,808	-	287,922,808	287,270,977
Plantation Development Project		-	16,028,738	-	16,028,738	16,028,738
		-	**3,250,941,366**	-	**3,250,941,366**	**2,782,289,535**
General Reserves	23.1					
General Reserves A/c		-	224,486,712	-	224,486,712	224,486,712
General Reserves A/c		-	55,280,753	-	55,280,753	55,280,753
New Plantation Subsidy Reserves		-	8,111,408	-	8,111,408	7,459,578
Plantation Human Development		-	43,934	-	43,934	43,934
		-	287,922,808	-	287,922,808	287,270,977
Retirement Benefit Obligation	**24**					
Retirement Benefit Obligation Group 2		279,232,740	-	-	279,232,740	235,512,418
Retirement Benefit Obligation Group 1		376,157,876	-	-	376,157,876	269,375,833
92100-H00-000 - Gratuity Provision A/c		-	74,484,034	-	74,484,034	67,288,812
		655,390,616	**74,484,034**		**729,874,650**	**572,177,063**

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

	Note	ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Bank Loan	**25**					
Peoples' Bank Loan 03 A/c - 0102298		-	22,970,327	-	22,970,327	22,970,327
Pan Asia Bank - 010063380119		-	-	-	-	20,986,283
BOC Loan No. 712647723		-	-	-	-	-
		-	**22,970,327**	**-**	**22,970,327**	**43,956,609**
Gratuity Payable - Ex. Employees	**26**					
Estate Gratuity Surcharge - Group 2		56,014,640		-	56,014,640	58,633,964
Gratuity Payable - Group 2		196,486,904			196,486,904	189,021,205
Gratuity - Legal		10,498,108			10,498,108	8,449,890
Estate Gratuity Surcharge - Group 1		96,342,677			96,342,677	84,568,723
Gratuity Payable - Group 1		310,232,058			310,232,058	274,371,416
78000-H00-000 -Gratuity Payable			3,080,418		3,080,418	1,741,952
78010-H00-000 - Gratuity Surcharge			73,812		73,812	73,812
		669,574,387	**3,154,230**	**-**	**672,728,617**	**616,860,963**
Interest Bearing Borrowings	**27**					
Other Loan Payable						
SRMC		-	119,887,859	12,442,872	132,330,731	131,950,931
Chilaw Plantation Ltd		-	70,027,397	-	70,027,397	66,827,397
Sri Lanka Tea Board		-	25,000,000	-	25,000,000	25,000,000
Lanka Minaral (Pvt) Ltd		-	10,000,000	-	10,000,000	15,000,000
Ceramic Corporation		-	5,000,000	-	5,000,000	5,000,000
		-	**229,915,256**	**12,442,872**	**242,358,129**	**243,778,329**
Lease Creditors	**28**					
Leasings		4,087,333	(58,195)	-	4,029,138	3,502,301
Finance Lease Obligations		-	136,160	-	136,160	136,160
Lease Interest A/c		-	(211,009)	-	(211,009)	852,991
Interest in Suspense		-	(776,371)	-	(776,371)	(776,371)
		4,087,333	**(909,414)**	**-**	**3,177,919**	**3,715,081**
Brokers Advance	**29**					
Mercontile Pro. Brokers Ltd-MPBI		-	25,066,311	-	25,066,311	48,397,095
Nawalapitiya Plantation Ltd		-		-	0	(830,766)
Jhon Keels		-		-	0	2,021,871
Summervile & Company		-	744,136	-	744,136	744,136
J D & Sons (Pvt) Ltd		-	21,379	-	21,379	21,379
		-	**25,831,826**	**-**	**25,831,826**	**50,353,716**

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Trade & Other Payable						
Trade Payable	30.1	25,231	105,107,208	5,278,648	110,411,178	124,059,776
Staff Salaries & Wage Payable	30.2	72,509,253	5,947,215	-	78,456,468	69,927,488
Sundry Creditors	30.3	184,564,175	100,259,149	114,710	284,938,034	273,398,672
VAT Payable		-	73,020,583	-	73,020,583	63,751,678
NBT Payable		-	9,920,506	-	9,920,506	8,369,467
ESC Payable		-	6,357,269	-	6,357,269	6,357,269
Inter Estate Transfers	-	58,015.78	-	-	(58,016)	3,758,082
Bonus to Employees		2,581,204	-	-	2,581,204	2,611,278
Stamp Duty		19,150	453,975	-	473,125	332,600
PAYEE Tax		-	35,804	-	35,804	183,315
Rahathungoda Estate Control A/c		255,184.05		-	255,184	255,184
		259,896,182	**301,101,797**	**5,393,358**	**566,391,337**	**553,004,808**
Trade Payable	30.1					
Other	30.1.1	25,231.20	64,587,180	3,778,648	68,391,060	82,039,658
Mahaweli Housing Project		-	36,310,518	-	36,310,518	36,310,518
State Trading Corporation		-	4,209,600	-	4,209,600	4,209,600
MCM Marketing		-	-	1,500,000	1,500,000	1,500,000
		25,231.20	**105,107,298**	**5,278,648**	**110,411,178**	**124,059,776**
Staff Salaries & Wages Payable	30.2					
Holiday Pay		31,983,209	-	-	31,983,209	25,711,038.37
Staff/Labour Deduction	30.2.1	18,113,637	4,081,465	-	22,195,102	19,962,369.50
Wager Payable	30.2.11	14,568,098	118,281	-	14,686,379	15,306,071
Staff Medical Aid Scheme		7,497,264.39	339,581	-	7,836,845	7,203,019
Unclaimed Wages		347,044.18	1,407,888	-	1,754,932	1,744,990
		72,509,253	**5,947,215**	-	**78,456,468**	**69,927,488**
Sundry Creditors	**30.3**					
Other	30.3.I	91,866,989	16,406,650	-	108,273,639	106,764,556
Trade Creditors	30.3.II	91,507,511	-	-	91,507,511	85,548,307
Refundable Deposits	30.3.III	-	69,531,146	-	69,531,146	62,598,726.04
Accrued Expenditure	30.3.IV	1,189,676	14,321,353	114,710	15,625,738	18,487,083
		184,564,175	**100,259,149**	**114,710**	**284,938,034**	**273,398,672**
Other	30.3.I					
Sundry Creditors			-	-	-	73,056,564
206013 - Sundry Creditors		5,000.00			5,000	
Creditors not in Estates		4,713,676.11			4,713,676	
Sundry Creditors - Group 1		67,435,226.43			67,435,226	
Other Payable - Staff/Labour		1,408,289.25			1,408,289	
Kandy R O A/c		-	13,828,888	-	13,828,888	13,828,888
Audit Fee		3,877,891.49	-	-	3,877,891	2,409,585
Estate Control A/c		12,213,628.96	-	-	12,213,629	13,618,215
Suspend A/C - RO		-	1,863,756	-	1,863,756	1,863,756
Panelty		1,047,303.68	-	-	1,047,304	866,884
Prepaid		-	688,440	-	688,440	688,440
Insurance Premium		1,119,150.41	-	-	1,119,150	359,836
NBT		-	25,566	-	25,566	25,566
Deposits		25,000.00	-	-	25,000	25,000
Control A/c - RO		21,822.00	-	-	21,822	21,822
TOTAL		**91,866,989**	**16,406,650**	-	**108,273,639**	**106,764,556**

	Note	ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
Trade Creditors	30.3.II					
1040000 - Trade and Other receivable Carolina Estate		79,640				
206003 - Lanka Fertilizer Company		768,600				
206010 - Provision of Audit Fee		3,969,394				
Estate Creditors - Group 1		31,252,792				
Estate Creditors - Group 2		11,433,948				
Suspend A/c - Purchase of Bulk		3,157,305				
Trade Creditors		39,689,292				
IET		1,156,540				
		91,507,511				
Deposits to be paid	30.3.III					
Deposits A/c - To be paid			67,671,268			
Deposits A/c (Lands) - To be paid			1,859,878			
Total			**69,531,146**			
Accrued Expenditure	30.3.IV					
Accrued Expenditure			14,321,353			
Accrued Expenditure - W Information System						
Accrued Expenditure				114,710		
Accrued Expenditure		153,866				
Accrued Expenditure		1,035,809.91				
Total		**1,189,676**	**14,321,353**	**114,710**		
EPF/ESPS/CPPS	**31**					
EPF (Legal) & Surcharge	31.1	-	-	-	-	340,623,374
EPF/ETF	31.2	-	-	-	-	-
EPF	31.3	724,325,726	14,874,394	-	739,200,120	342,193,295
ESPS	31.4	35,031,259	15,871,674	-	50,902,933	34,410,434.25
CPPS	31.5	10,100,217	1,088,112	-	11,188,329	6,297,804
		769,457,203	**31,834,180**	**-**	**801,291,383**	**723,524,907**
EPF/ESPS/CPPS	**31.1**					
EPF/ETF Legal/Surcharge						
EPF Legal						
EPF/ETF Legal						
104000 - Trade & Other receivable 104004 - EPF Surcharge						
104000 - Trade & Other receivable 104003 - ETF Surcharge						
Surcharge - EPF/ESPS/ETF						
EPF Legal						
ETF Legal						
Total		-	-	-	-	-
EPF/ETF	**31.2**					
EPF/ETF						
Total		-	-	-	-	-
EPF	**31.3**					
Payable EPF		160,774				
Payable EPF - Group 1		162,291,665				
Payable EPF - Group 2		275,388,230				
EPF A/c			14,874,394			
EPF Legal		277,282,334				
104000 - Trade & Other Receivable 104004 - EPF Surcharge		9,202,722				
Total		**724,325,726**	**14,874,394**		**739,200,120**	

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

		ESTATE	HEAD OFFICE	CONSUMER	31.12.2019 Rs.	31.12.2018 Rs.
ESPS	**31.4**					
Payable ESPS		16,171,628				
ESPS - Group 1		17,765,760				
ESPS A/c			14,686,453			
Refundable ESPS A/c			1,185,221			
ESPS Surcharge A/c		1,093,871				
Total		**35,031,259**	**15,871,674**		**50,902,933**	
CPPS	**31.5**					
CPPS A/c			1,081,858			
Refundable CPPS A/c			6,254			
Payable CPPS		23,210				
Payable CPPS		3,768,392				
CPPS Group 1		5,470,626				
CPPS Surcharge A/c		837,989				
Total		**10,100,217**	**1,088,112**		**11,188,329**	
ETF & Other Payable	32					
ETF A/c			2,553,203		2,553,203	510,992.68
Payable ETF		7,174,359			7,174,359	21,694,388.32
Payable ETF - Group 1		23,757,051			23,757,051	7,053,570.99
Payable ETF		25,698			25,698	25,697.54
104000 - Trade & Other receivable 104012 - ETF Surcharge		407,089			407,089	407,089.23
ETF Legal		5,552,606			5,552,606	
Total		**36,916,802**	**2,553,203**		**39,470,005**	**29,691,739**
Deposits/Advance for Property Lease	**33**					
Deposits against Lease	33.1	-	71,070,952		71,070,952	71,745,619
Other	33.2	-	130,900,290		130,900,290	105,495,386
		-	**201,971,242**		**201,971,242**	**177,241,005**
Bank Overdraft	**34**					
BOC - Hyde Park 2327554		-	78,299,740	-	78,299,740	50,368,399
BOC - Hyde Park 2327553		-	-		-	8,084,459
Peoples' Bank Union Place 014100293155909		-	-	2,547,929	2,547,929	2,524,093
Nations Trust 006100003643		-	954	-	954	954
BOC - Jaffna		3,209			3,209	
Petty Cash - RO		4			4	
		3,213	**78,300,694**	**2,547,929**	**80,851,837**	**60,977,905**

Financial Notes for the Year Ended 31st December 2019

1. Corporate Information

1.1 Reporting Entity

The Janatha Estate Development Board was established under the Agricultural Corporations Act, No. 11 of 1972, by Gazette Notification No. 199/1M dated 6th February 1976. Its registered office and principal place of business are located at No. 55/75, Vauxhall Street, Colombo 02.

1.2 Principal Activities and Nature of Operations

There has been no significant change in the nature of the board's principal activities during the financial year under review. The board's primary activities were the cultivation, production, and sale of tea and rubber. The Janatha Estate Development Board maintains regional tea outlets (Jana Tea/Consumer Service) for the sale of value-added products, instead of selling tea through brokers.

2. Basis of Preparation of Accounts

2.1 Statement of Compliance

The board's financial statements comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the Notes to the Financial Statements. The financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Sri Lanka Accounting and Auditing Standards Act, No. 19 of 1995.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost convention. The application of relevant special regulations is described in the subsequent notes. The financial statements have not been adjusted for inflationary factors and are presented in Sri Lankan Rupees.

2.3 Use of Estimates and Judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRSs/LKASs) requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on past experience and various other factors that are considered reasonable under the circumstances. These serve as the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future financial years.

2.4 Going Concern

To ensure the institution's going concern, the Board of Directors has decided to restructure it under a Public, Private, and Employee (PP&E) partnership concept. A restructuring program has been initiated with the aim of utilizing unused or underutilized assets and properties for joint ventures with private investors. The revenue expected from these new investments will be used to settle the outstanding EPF and ETF arrears. The financial statements have been prepared on a going concern basis, and no business activities will be abandoned or discontinued until the restructuring program is fully implemented.

2.5 Comparative Information

The accounting policies have been consistently applied with the policies used by the board in the previous year. Corresponding figures and phrases have been reclassified where necessary to reflect the current year's data.

2.6 Events After the Reporting Date

This includes favorable and unfavorable events that occur between the end of the reporting period and the date when the financial statements were authorized for issue. The materiality of events after the reporting period is considered, and appropriate adjustments or disclosures are made to the financial statements where necessary.

3. Significant Accounting Policies

The following accounting policies have been applied to all periods presented in these financial statements.

3.1 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset until it is ready for use or sale.

The capitalization of borrowing costs begins when expenditures for an asset are incurred and when activities necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization of borrowing costs is suspended if the active development of a qualifying asset is interrupted.

The board obtains funds and utilizes them for assets such as immature tea, rubber, and oil palm plantations. It determines the borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on these biological assets. For this purpose, the board uses the weighted average of the borrowing costs applicable to its general borrowings. All other borrowing costs are recognized in the Statement of Profit or Loss for the period in which they are incurred. The investment income earned on the temporary investment of specific borrowings is deducted from the qualifying costs when expenditures are made for qualifying assets.

3.2 Basis of Asset Valuation

Assets classified as current assets in the financial statements are cash and bank balances, and those expected to be realized in cash within the normal operating cycle or within one year from the reporting date. Assets other than current assets are those that the board intends to hold for more than one year from the reporting date. Non-current assets have not been revalued for a long time, and therefore their current value may differ from the value stated in the financial statements.

3.2.1 Property, Plant, and Equipment

Recognition and Measurement The value is reported as the cost less accumulated depreciation. The cost of property, plant, and equipment comprises the purchase or construction cost and any expenditure incurred to bring the asset to its working condition for its intended use. Acquired software that is integrated into the functionality of the related equipment is capitalized as part of the equipment itself. Property, plant, and equipment are treated as separate parts (major components).

3.2.2 Subsequent Expenditure

The cost of replacing a part of an item of property, plant, or equipment is recognized in its carrying value if it is probable that future economic benefits will flow to the board and the cost can be measured reliably. The carrying value of the replaced part is derecognized in the Statement of Profit or Loss as an expense for day to day servicing of the property, plant, and equipment.

3.2.3 Depreciation/Amortization

Depreciation for each component of Property, Plant, and Equipment is recognized directly in the Statement of Profit and Loss over its estimated useful life. Depreciation begins when an asset is available for use and ceases on the earlier of the date the asset is classified as held for sale (or included in a disposal group classified as held for sale) or the date it is derecognized. Depreciation is not charged on freehold land.

Assets are depreciated at the following rates over their useful lives:

Item	Estates	Head Office
Buildings	5%	5%
Machinery & Equipment (Old)	33.33%	12.5%
Machinery & Equipment (New)	20%	20%
Pipe Systems & Toilets	5%	5%
Motor Vehicles	25%	25%
Furniture & Equipment	12.5%	12.5%
Mature Cultivation	5%	5%
Roads & Bridges	5%	5%
Hydroelectric Power Plants	5%	5%
Computers & Printers (New)	20%	20%
Computers & Printers	12.5%	12.5%

3.2.4 Computer Software

All computer software that is not internally linked with related hardware, is clearly identifiable, can be measured reliably, and will generate future economic benefits has been included in the **Statement of Financial Position** under the **Intangible Assets** category.

3.2.5 Permanent Land Development Cost

Permanent land development cost is the cost incurred for making significant changes to land contours for the development of new access roads and other major infrastructure. According to the board's depreciation policy, the cost of these types of projects (roads, bridges, etc.) is capitalized and depreciated.

3.2.6 Investment Property (Leased Land and Buildings)

Investment property is held to earn rental income or for capital appreciation, or both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment properties are measured at cost on initial recognition, and any subsequent changes are recognized as a fair value gain or loss. A gain or loss on the disposal of investment property (calculated as the difference between the disposal proceeds and the carrying amount of the item) is recognized in the Statement of Profit or Loss. When an investment property that was previously classified as Property, Plant and Equipment is sold, any amount included in the revaluation reserve is transferred to retained earnings.

3.2.7 Limited Life Land Development Costs

Costs directly attributable to replanting and new planting of immature and mature crops are classified under **immature plantations** until the harvesting period. Since there are no market-determined prices or values, and alternative fair value estimates cannot be reliably determined, the board measures immature and mature plantations of biological assets such as tea, rubber, and oil palm at cost. The depreciation and initial recognition of biological assets, as defined under LKAS 16, are carried out in accordance with the rulings provided by The Institute of Chartered Accountants of Sri Lanka.

As fair value cannot be readily determined, nursery costs are maintained under cost. The cost comprises direct materials, direct labour, and an appropriate allocation of directly impacting overheads. When the fair value of such a biological asset can be reliably measured, the board calculates the value by deducting the costs to sell from that fair value.

All expenditures incurred for land preparation, cultivation, and development until the crops mature or are ready for harvesting are capitalized as biological assets. All expenditures incurred after the crops mature are recognized directly in the Statement of Profit and Loss. General overheads charged to replanting and new planting are allocated based on the number of labour days spent on the respective replanting and new planting, and are capitalized based on the immature areas. The remaining portion of general overheads is charged as an expense for the period in which the expenditure is incurred.

	Immature Stage	Start of Harvesting
Tea	1–4 years	5th year
Rubber	1–6 years	7th year

3.2.8 Infilling Costs

Infilling costs are capitalized as land development for mature fields where the infilling process previously undertaken has a greater expected future benefit than the factor valuation. Infilling costs are depreciated over the remaining useful economic life of the relevant mature plantation or the shorter expected lease period. If infilling costs are not capitalized, they are included in the Statement of Profit or Loss in the year they are incurred.

Timber Cultivation

At initial recognition, timber cultivation is measured at its fair value. At the end of each reporting period, the total costs of selling, including all necessary selling costs such as transport, are deducted from the fair value.

The fair value of timber plantations, less the costs to sell and the fair value changes for plantations at each reporting date, are included in the Statement of Profit and Loss for the period in which they arise. All costs incurred for maintaining the assets are also included in the Statement of Profit and Loss for the relevant year.

Biological Assets

The board qualifies for the recognition of biological assets if it controls the asset as a result of a past event. It is probable that future economic benefits associated with the asset will flow to the board, and the fair value or the cost of the asset can be measured reliably.

3.2.9 Inventories

Inventories, other than finished goods and nursery stocks, are stated at the lower of cost and net realizable value, after making due allowance for slow-moving and obsolete items.

The board applies the FIFO (First-In, First-Out) method to determine the cost of inventories. These costs include the costs of acquisition, production, conversion, and other costs incurred to bring the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The value of goods produced up to the Statement of Financial Position date was calculated based on the absorbed value. The value of the remaining stock was calculated based on the estimated selling price. The net value is obtained by deducting all costs of a public auction from this value.

- The production cost of 1 kg of tea is always higher than the calculated net value.

4. Financial Assets

Financial assets are classified as those designated as fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or equity instruments, subject to the scope of LKAS 39 for initial recognition and measurement. The board performs this classification of financial assets at initial recognition.

All financial assets are initially recognized at fair value. For assets not measured at fair value through profit or loss, transaction costs are applied. The recognition, purchase, or sale of financial assets that require delivery within a timeframe established by market regulations (ordinary trades) or conventions should be on the trade date, i.e., the date on which the board commits to purchasing or selling the asset. The board's financial assets include cash and cash equivalents, short-term deposits, loans and advances to suppliers, debtors, and other receivables.

4.1 Subsequent Measurement

The subsequent measurement of financial assets is classified as described below. Financial assets at fair value through profit and loss include financial assets held for trading and financial assets designated at fair value through profit and loss upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the board that are not designated as hedging instruments in an effective hedging relationship as defined by LKAS 39. Derivatives, including embedded derivatives that have been separated, are classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are presented in the Statement of Financial Position, and any changes in fair value are shown as financial income or financial expenses in the Statement of Profit and Loss.

The board has performed a fair value assessment of the financial assets through profit and loss to determine if they are suitable for sale in the near term. Since the board was unable to sell these financial assets due to inactive markets, management intends to sell them in the future.

The board may choose to reclassify these financial assets in rare circumstances when a significant change occurs. The classification of loans and other receivables, held for sale, or held to maturity depends on the nature of the assets.

4.1.1 Financial Assets at Fair Value Through Profit and Loss

Financial assets held for sale and financial assets initially designated as having a fair value through profit or loss are included in the financial assets at fair value through profit and loss. Financial assets held with the intention of selling or repurchasing in the near term are classified as held for sale. As defined in LKAS 39, this category includes derivative financial instruments entered into by the board that are not designated as hedging instruments in a hedging relationship. Derivatives, including separated derivatives, are classified as held for sale unless they are designated as hedging instruments. Financial assets with fair values are shown as profit or loss in the Statement of Financial Position. Any change in fair value is shown as financial income or financial expenses in the Statement of Profit and Loss.

The board has performed a fair value assessment of the financial assets through profit or loss to determine if they are suitable for sale in the near term. Since the board was unable to sell these financial assets due to inactive markets, the board intends to sell them in the future.

The board may choose to reclassify these financial assets in rare circumstances when a significant change occurs. The classification of loans and other receivables, held for sale, or held to maturity depends on the nature of the assets.

4.1.2 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 measured at amortized cost using the effective interest rate (EIR) method, less any impairment. The amortized cost is calculated by taking into account any discount or premium on acquisition, as well as fees or costs that are an integral part of the EIR. The EIR amortization is included as financial income in the Statement of Profit and Loss.

4.1.3 Available for Sale Financial Investments

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the financial asset categories mentioned above.

Available for sale financial assets are initially recognized at fair value plus directly attributable transaction costs. After initial recognition, they are measured at fair value, with gains and losses other than impairment losses and foreign currency changes on available-for-sale debt instruments recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the cumulative gain or loss previously recognized in equity is reclassified to the Statement of Profit and Loss. Available for sale financial assets are composed of equity securities.

4.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized (removed from the accounts) when the rights to receive cash flows from the asset have expired. Derecognition also occurs when the board has transferred its right to receive cash flows from the asset, or when, through an arrangement, it is committed to paying the received cash flows in full to a third party without material delay.

The board derecognizes an asset when:

(a) It has transferred substantially all the risks and rewards of the asset; or (b) It has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing Involvement in a Derecognized Asset

When the board has transferred its rights to receive cash flows from an asset or has entered into an arrangement, but has neither transferred nor retained substantially all the risks and rewards of the asset and has not transferred control, the asset is recognized to the extent of the board's continuing involvement.

In such a case, the board also recognizes an associated liability. The transferred asset and the value of the associated liability are measured to reflect the rights and obligations retained by the board.

4.1.5 Impairment of Financial Assets

To determine whether a financial asset or a group of similar financial assets has become impaired, an assessment is conducted on each reporting date. A financial asset or a group of similar financial assets is considered impaired only if there is objective evidence of an impairment loss as a result of one or more events that occurred after the initial recognition of the asset, and that event has a measurable impact on the future cash flows of the financial asset or the group of assets.

Evidence of impairment may include proof that a debtor or a group of debtors is experiencing significant financial difficulties, default or delinquency in interest or principal payments, bankruptcy or other financial reorganization, and a measurable decrease in future cash flows, which may include changes in arrears or related economic conditions.

4.2 Financial Liabilities

This section describes the policies related to the recognition, measurement, and accounting of financial liabilities.

4.2.1 Initial Recognition and Measurement

Financial liabilities that fall within the scope of LKAS 39 can be classified as financial liabilities at fair value through profit and loss, loans and borrowings, or derivatives designated as hedging instruments in an effective hedge. At initial recognition, the classification of the relevant financial liability is determined.

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

4.2.2 Subsequent Measurement

The measurement of financial liabilities is determined by their classification. The following subsections describe how this is done for each classification.

4.2.3 Financial Liabilities at Fair Value Through Profit and Loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated at fair value through profit and loss upon initial recognition.

Financial liabilities are classified as held for trading if they are acquired with the intention of selling them in the near term. This includes derivative financial liabilities that are not designated as hedging instruments in a hedging relationship according to LKAS 39. Separated embedded derivatives are also classified as held for trading if they are not designated as effective hedging instruments. Gains and losses on liabilities held for trading are recognized through profit and loss. Financial liabilities at fair value through profit and loss have not been recognized at initial recognition.

4.2.4 Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. When liabilities are derecognized, the gains and losses from the amortization process using the EIR are recognized in the Statement of Profit and Loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the financial expenses in the Statement of Profit and Loss.

4.2.5 Derecognition

A financial liability is derecognized (removed from the accounts) when the obligation under the liability is discharged, cancelled, or expires. An existing financial liability is considered to be replaced by another by the same lender with substantially different terms, or the terms of an existing liability are substantially modified. This is considered an exchange or modification. The derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts, are recognized in the Statement of Profit and Loss.

4.2.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit and Loss unless required or permitted by an accounting standard or interpretation (i.e., not specifically mentioned in the board's accounting policies).

4.2.7 Fair Value of Financial Instruments

The fair value of financial instruments traded in an active market is recognized on each reporting date at the quoted market price or distributor prices (long term bid and short term ask prices) without deducting any transaction costs. The fair value of financial instruments not traded in an active market is recognized using appropriate valuation techniques. Such techniques include obtaining recent market transactions, fair value of another similar financial instrument, discounted cash flow analysis, or other valuation methods.

4.2.8 Provisions, Contingent Liabilities, and Contingent Assets

A provision is recognized when the board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If an outflow of resources is not probable, all contingent liabilities are disclosed as a note in the financial statements. Contingent assets are disclosed if it is probable that an economic benefit will be received.

4.2.9 Trade and Other Receivables

Trade and other receivables are stated at amounts estimated to be collectible, after deducting the net provision for bad and doubtful debts.

4.2.10 Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances, fixed deposits, and call deposits. Bank overdrafts, which are payable on demand and are an integral part of the organization's financial management, are included under cash and cash equivalents for the purpose of cash flow statements. For the purpose of presentation in the cash flow statement, which is prepared on an indirect method, interest paid is classified as an operating cash flow, while interest received is classified as an investing cash flow.

4.3 Liabilities and Provisions

4.3.1 Employee Retirement Benefits

(a) Existing Benefit Plans

A retirement benefit plan has been established for eligible employees in accordance with the Gratuity Payments Act No. 13 of 1983 and the Indian Repatriates Act No. 34 of 1978. In accordance with LKAS 19, adequate provisions for gratuity have not been made in the financial statements for all employees from the first year of service. However, according to the Gratuity Act No. 12 of 1983, the obligation to pay gratuity to employees arises after a continuous service period of five years. The liabilities are included in the notes to the financial statements.

(b) Gratuity Payable to Former Employees

The gratuity payable to the estate employees as of 31st December 2019 has been accurately calculated and included in the estate accounts. The amount payable to former employees as of December 2019 is Rs. 672,728,617.

(c) Provision for Gratuity

Provisions for gratuity have been made and included in the financial statements for all employees from their first year of service. The liability recognized for gratuity on the Statement of Financial Position is the present value of the obligation at the end of the reporting period.

4.3.1 Employee Retirement Benefits

(d) Defined Contribution Plans (EPF, ETF, ESPS, CPPS) All employees who are eligible for the Employees' Provident Fund (EPF), Employees' Trust Fund (ETF), Employee Share Purchase Schemes (ESPS), and Corporate Pension Plan Schemes (CPPS) are covered by the relevant contribution funds in accordance with the applicable policies and regulations. The organization contributes 12% of the employees' gross salaries to the EPF, ESPS, and CPPS funds and 3% to the ETF fund.

The EPF, ETF, ESPS, and CPPS funds have not been remitted to the organization for the prescribed period from 2001 to 2019. The Commissioner of Labour has initiated legal action against the board of directors.

The outstanding balances as of **31st December 2019** are:

- EPF Payable (2001–2019): Rs. 461,917,786
- ETF Payable (2001–2019): Rs. 33,917,399
- ESPS Payable (2001–2019): Rs. 50,902,93
- CPPS Payable (2001–2019): Rs. 11,188,329
- EPF/ETF Legal (2001–2019): Rs. 282,834,940

4.4 Government Grants

Government grants related to the purchase of property, plant, and equipment are primarily accounted for as a reduction from the cost. They are initially recognized as a deferred income at fair value when there is reasonable assurance that the grants will be received and that the organization will comply with the conditions attached to the grant. They are then recognized in the Statement of Profit and Loss on a straight-line basis over the expected useful life of the related assets.

Grants that compensate the organization for expenses or losses that have already been incurred are recognized in the Statement of Profit and Loss as other income during the period in which the grant becomes receivable and the expenses are recognized.

4.5 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. If payments are due within a year or less, the payables are classified as current liabilities; otherwise, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

4.6 Taxation

4.6.1 Current Tax

Tax expense consists of current tax expense and deferred tax. Current and prior period income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to calculate the amounts are those that have been enacted or substantively enacted as of the date of the Statement of Financial Position. The provision for income tax is based on the elements of income and expenses as reported in the financial statements and is calculated according to the provisions of the Inland Revenue Act No. 10 of 2006 and its amendments.

4.7 Statement of Profit and Loss

4.7.1 Income

Income is recognized as long as it is probable that the economic benefits will flow to the organization and the income can be measured reliably, regardless of when the payment is made. Revenue from the sale of goods is measured at the fair value of what has been received or will be received, net of returns and allowances, trade discounts, and volume discounts. Income is recognized when the significant risks and rewards of ownership have been transferred to the buyer, the amount can be reliably measured, it is probable that the consideration will be realized, there is no continuing management involvement with the goods, and the associated costs and returns can be reliably estimated.

Revenue from services rendered is recognized in the Statement of Profit and Loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by a survey of the work performed. To determine the time when the significant risks and rewards of ownership have been transferred, the organization has adopted the following policies and methods:

(a) Sale of Tea at Auction

In accordance with the rules and conditions for tea issued by the Colombo Tea Traders' Association (Part 17), the highest bidder is accepted, and the sale is concluded at the fall of the hammer. The sales value is determined by the agreed price and quantity and by raising the sales notes.

(b) Sale of Rubber at Auction

In accordance with the rules and regulations for rubber issued by the Colombo Rubber Traders' Association, the bidder is accepted, and the sale is concluded at the fall of the hammer. The sales value is determined by the agreed price and quantity and by raising the sales notes.

(c) Harvesting of Timber Plantations

Revenue from the sale of timber is recognized when the legal ownership and risk of loss have been transferred to the buyer and the quantity sold has been determined.

(d) Profit and Loss on Disposal of Property, Plant, and Equipment

The profit and loss on disposal is determined by comparing the net sales proceeds with the carrying amount of the property, plant, and equipment. For other qualifying assets, which are capitalized as part of the asset's cost, the net gain or loss is recognized.

(e) Rental Income

The organization has leased out land and factories to various parties, and the income from them is recognized as rental income. It is accounted for monthly and annually upon receipt.

(f) Government Grants

Grants are initially recognized when there is reasonable assurance that they will be received and that the organization will comply with the conditions attached to the grant. Grants that compensate the organization for expenses are recognized in the Statement of Profit and Loss on a systematic basis over the periods in which the costs are recognized.

4.8 Recognition of Expenses

All expenses incurred to operate the business are charged against the income for the year in which they are incurred. Repair and maintenance expenses are charged to the Statement of Profit and Loss in the year they occur.

4.8.1 Financial Costs

Financial costs include interest expenses on borrowings, fees charged on financial assets at fair value through profit and loss, and losses from hedging instruments recognized in the Statement of Profit and Loss. Borrowing costs not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in the Statement of Profit and Loss using the effective interest method. The interest expense component of finance lease payments is allocated to each period during the lease term to produce a constant periodic interest rate on the remaining balance of the liability.

4.9 Cash Flow Statement

Interest received is classified as an investing cash flow, while interest paid is classified as an operating cash flow for the purpose of presenting the Cash Flow Statement, which is prepared using the indirect method.

Audit and Management Committee Meeting Report

To fulfill corporate objectives, the Audit and Management Committee is established to ensure the efficient maintenance of the financial reporting system and controls, as well as to implement and follow up on recommendations received from the internal and external audit departments.

Committee Composition

The committee consists of a single independent executive director and was established to formally maintain the organization's objectives and functions with good governance.

- **Mr. S. S. I. M. Rosa**: Chairman (Representative of the General Treasury)
- **Mr. K. G. P. Kumara**: Government Auditor
- **Ms. Krishmi Nanayakkara**: Convenor (Internal Auditor, Janawasam)

Terms of Reference

The committee's mandate is to ensure the prudent and efficient use of the organization's resources (state property), confirm that project programs are implemented according to their plans, identify and correct key issues from the internal and Auditor General's reports, provide guidance, and enhance asset management.

Audit Committee Meetings Held

Four Audit and Management Committee meetings were held during the year on the following dates:

- 8th March 2019
- 21st June 2019
- 16th August 2019
- 9th October 2019

Responsibilities

While the Audit Committee should have assumed the responsibility of supervising internal controls to ensure the integrity of the financial statements, this process was delayed due to the late submission of the financial statements. The Audit Committee is responsible for ensuring the organization's integrity, its financial reporting process, compliance with laws and regulations, and making specific disclosures in the financial statements.

Functions and Matters Discussed by the Audit and Management Committee

1. **Financial Statement Reporting** The 2017 financial statements were not submitted to the government audit even in the year 2019.
2. **Monies Receivable from the Inland Revenue Department** It was decided to gather all information and discuss with the department to obtain an alternative solution.
3. **Estate Debtor/Creditor Balances, Receivables, Land Division – Advance Accounts** It was decided to prepare correct sub-schedules for the 2017 accounts.

4. **Lease Agreements** The lease agreements given to Lakeside Property and the Ministry of Higher Education were discussed. The decision was to collect dues and update the lease agreements.
5. **Contractual Appointments** The Ministry had not given blanket approval for the appointment of existing contract employees. However, since these employees are essential for the proper functioning of the organization's operations, it was decided to seek re-approval from the line ministry.
6. **Fixed Asset Register** The committee requested that the Fixed Asset Register be prepared within two months and reported to both the committee and the **COPE Committee**.
7. **Procurement Activities** Based on the letter issued by the Ministry regarding procurement, an internal circular should be issued stating that procurement activities should not be carried out in a manner that deviates from the guidelines. Legal action should be taken against officials who act in contravention of the procurement guidelines.
8. **Code of Procedures** As the board does not have a Code of Procedures, which hinders the proper conduct of operational activities, it was advised that a Code of Procedures be prepared for each division. It was also decided to file all existing circulars and all internal circulars issued by the board from time to time and distribute copies to all estates.
9. **Galaboda Audit Report** It was stated that a charge sheet had been issued to the Galaboda Estate Superintendent regarding tree felling, and a formal disciplinary inquiry would be held as soon as a response was received from him.
10. **Reconciliation of Estate Deposits** It was instructed that copies of the monthly reconciliations of the current accounts maintained by the estates on behalf of the head office should be provided to the internal and external audit departments.
11. **Leasing of Hanthana Factory** The Legal Manager had notified the committee that the National Building and Research Organisation (**NBRO**) had advised stopping work at the Hanthana factory and that a stone wall should be constructed before commencing work. A detailed report on this matter should be submitted to the government audit.

Internal Control, Risk Management, and Internal Audit

The committee discussed internal audit reports and reviewed the steps to be taken, identified risks and ways to mitigate them, and reviewed how the audit findings impact financial reporting. The implementation of the internal audit plan and its progress for the year were also reviewed.

Conclusion

The 2017 financial statements must be expedited, presented to the board of directors for approval, and then submitted to the external audit department.

Mr. S. I. M. Rosa
Chairman (Representative of the General Treasury)

W.P.C. Wickramaratne
Auditor General
10th April 2024

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st December 2019 **AND OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE JANATHA ESTATE DEVELOPMENT BOARD IN TERMS OF SECTION 12 OF THE NATIONAL AUDIT ACT, NO. 19 OF 2018**

1. Financial Statements

1.1 Disclaimer of Opinion

I have audited the financial statements of the **Janatha Estate Development Board**, which comprise the statement of financial position as at **31st December 2019**, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. These financial statements for the year ended **31st December 2019**, have been audited under my direction in accordance with the provisions of the National Audit Act, No. 19 of 2018, read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka, and the Finance Act, No. 38 of 1971.

My report will be tabled in Parliament in due course, in accordance with Article 154(6) of the Constitution.

I do not express an opinion on the Board's financial statements. Due to the significance of the matters discussed in the Basis for Disclaimer of Opinion section, I was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

1.2.1 Non-Compliance with Sri Lanka Accounting Standards

(a) In accordance with paragraph 17 of Sri Lanka Accounting Standard 20, government grants for specific expenses should be recognized as profit or loss during the period to which the related expenses belong. However, government grants amounting to Rs. 2,947 million received by the Board from 2014 to 2019 were accounted for under reserves. Accordingly, the Board's reserves and losses were overstated by this amount.

(b) In accordance with paragraph 57 of Sri Lanka Accounting Standard 19, the defined benefit obligation should be calculated using actuarial methods that consider assumptions such as current service cost, employee age, life expectancy, impact on staff turnover, retirement age, discount rate, and salary growth percentage. However, the Board calculated its employee benefits based only on an employee's basic salary at the end of the year.

(c) In accordance with paragraph 12 of Sri Lanka Accounting Standard 41, biological assets should be measured at fair value less costs to sell at initial recognition and at the end of each reporting period. However, the Board carried forward the value of consumable biological assets of Rs. 33,099,131 as a fixed value without an annual reassessment. Furthermore, updated tree census and valuation reports for verification were not presented for the audit. The Board also failed to remove the cost of commercially valuable trees sold for Rs. 28,207,665 from its assets.

(d) In accordance with paragraph 34 of Sri Lanka Accounting Standard 40, the Board should have measured and accounted for the value of 111,790 hectares leased to 20 regional plantation companies, 744.56 hectares leased from land under the Board's control, and 2.4 hectares leased to 13 parties in Colombo as investment property in the financial statements. However, the Board failed to do so. The statement of financial position showed non-current assets of Rs. 1,941,522,859, but detailed schedules to identify and confirm the existence of these assets were not provided for the audit.

(e) In accordance with paragraph 37 of Sri Lanka Financial Reporting Standard 13, the value of 11,585.44 hectares of land belonging to and managed by 18 of the Board's estates was not measured and presented as property, plant, and equipment in the financial statements as at **31st December 2019**.

1.2.2 Accounting Policies

(a) In accordance with paragraph 55 of Sri Lanka Accounting Standard 16, depreciation should start when an asset is ready for use. However, contrary to its own accounting policy 3.2.3, the Board depreciated fixed assets purchased by estates for Rs. 8,141,293 during the 2019 financial year for the entire year, regardless of the purchase date.

(b) The Board calculated depreciation without considering the assets' future productive lives.

(c) Accounting policy 3.2.7 specifies the period for transferring capital expenses from immature to mature cultivation for tea and rubber. However, the policy did not disclose the maturity period for other biological assets such as cocoa, mango, cinnamon, nutmeg, arecanut, cardamom, and pepper, or for consumable biological assets like timber and ginger.

1.2.3 Accounting Deficiencies

(a) The Plantation Industries Ministry's "Estate Development Project" ended in 2010, but the Board accounted for Rs. 4,136,733 spent on roofing sheets for this project as a trade and other receivable in its financial statements. After more than nine years, the recovery of this balance is uncertain, but no provision was made in the financial statements.

(b) The net asset value of the Montha Cristo estate, leased to a private company in 2001, amounting to Rs. 40,503,226, has been carried forward in the financial statements under other debtors for 18 years. The Board's response to the draft audit report stated this was income receivable from the lease. However, recovery is uncertain, and no provision was made for this balance during the year.

(c) The sales revenue from commercially valuable trees sold during the year was Rs. 28,207,665, according to the financial statements for each estate. However, this revenue was recognized as Rs. 25,883,500 under other income in the financial statements, resulting in an understatement of other income by Rs. 2,324,165.

(d) The accumulated depreciation for mature rubber cultivation at the end of 2018 was Rs. 123,452,405, but no opening accumulated depreciation balance was carried forward for the rubber cultivation in 2019. Furthermore, an adjustment of Rs. 44,092,274 was made to the accumulated depreciation for rubber cultivation during the year, but detailed information was not presented for the audit. Similarly, the closing accumulated depreciation for tea cultivation in 2018 was Rs. 160,145,049, while the opening accumulated depreciation balance in the 2019 financial statements was Rs. 290,650,606. This resulted in an overstatement of the opening accumulated depreciation balance by Rs. 130,505,557 in 2019.

(e) A difference of Rs. 42,995,589 was observed between the accumulated depreciation value of Rs. 531,598,418 at the end of 2018 and the opening accumulated depreciation value of Rs. 488,602,828 (before adjustments) in 2019.

(f) While the Board's financial statements disclosed the depreciation method and rates for biological assets as required by Sri Lanka Accounting Standard 41, paragraph 54(d), depreciation for other biological assets amounting to Rs. 10,124,003 was not calculated and accounted for.

1.2.4 Going Concern

Due to continuous losses, the Board's net assets and working capital were negative, at Rs. (607.02) million and Rs. (1,795.70) million, respectively, as at **31st December 2019**. Furthermore, statutory payments in arrears amounted to Rs. 1,513.49 million on that date. These factors indicate a significant uncertainty regarding the Board's ability to continue as a going concern. While note 2.4 to the financial statements disclosed that the Board of Directors had decided to reorganize the Board, no such reorganization had been carried out as of **31st March 2024**.

1.2.5 Unreconciled Control Accounts

(a) According to the financial statements, the balance of the gratuity payable account as at **31st December 2019** was Rs. 520,297,488. However, the schedule presented for the audit showed a balance of Rs. 445,947,515, indicating an overstatement of gratuity payable in the financial statements by Rs. 74,349,966. Similarly, the annual gratuity surcharge account balance in the financial statements was Rs. 152,431,129, but the schedule showed a balance of Rs. 152,740,006. This resulted in an understatement of the annual gratuity surcharge value by Rs. 308,877, which was due to the failure to account for the gratuity surcharge of the Head Office in 2019.

(b) The gratuity provision account balance as at **31st December 2019** was Rs. 729,874,650 in the financial statements, while the schedule presented for the audit showed Rs. 723,568,859. This resulted in an overstatement of the non-current liability balance by Rs. 6,305,791.

(c) The loan and interest receivable from the Sri Lanka State Plantations Corporation as at **31st December 2019** was Rs. 119,346,347 in the financial statements. However, the balance payable to the Board in the Sri Lanka State Plantations Corporation's financial statements was Rs. 97,709,342, indicating a difference of Rs. 21,637,005 in the receivable balance.

1.2.6 Receivables and Payables

(a) The Head Office had unsettled creditor balances of Rs. 19,485,533 for 1 to 5 years and Rs. 39,018,431 for over 5 years. The Board had not taken any action to settle these balances or address the unclaimed creditors over 5 years.

(b) After the Nagas Thenna estate was given on a long-term lease to a private company in 2007, a receivable of Rs. 2,176,683 from that entity has been carried forward in the financial statements as trade and other receivables for over 11 years. Recovery is uncertain, and no provision was made. The Board also had no confirmation of this receivable.

(c) The Board had insufficient documentation for miscellaneous debtors of Rs. 1,693,337. No action had been taken to recover these balances, which were due since 1996, and no provision was made for them.

(d) The Board was required to collect money from registered tea leaf buyers within a 15-day credit period, as per the agreement. However, as at **31st December 2019**, debtor balances of Rs. 10,482,485 had exceeded this period by 3 months to 6 years.

1.2.7 Lack of Audit Evidence

Subject	**Amount (Rs.)**	**Audit Evidence Not Provided**
(a) Head Office land and buildings	1,503,744,550	Detailed schedules, land plans, deeds, relevant gazettes, valuation reports, etc. Physical verification annual reports.

(b) Gratuity and surcharge payments of the Rockwood estate	12,656,292	Gratuity payment schedule and payment vouchers.
(c) Final stock	74,377,945	Stock valuation reports, physical verification stock reports.
(d) Balance carried forward from the 2012 opening balance of the advance account	9,071,137	Detailed schedules.
(e) Undisbursed funds received from the Mahaweli Ministry for the Kotmale reservoir project in 2000	36,310,518	Cash confirmation and details of receipts.
(f) Other payable balances	130,900,290	Balance confirmation letters.
(g) Fixed asset balance of the Onugaloya estate carried forward for over 20 years	6,013,927	Fixed asset register, annual physical verification reports.
(h) Work in progress	15,675,572	Board papers for work approval, payment vouchers, performance evaluation reports on the inability to complete work.
(i) Mature cultivation presented under property, plant, and equipment in the financial statements	17,925,652	Tree census reports, valuation reports, and clarifications.

(j) Adjustment balance in trade and other receivables on the statement of financial position	30,574,666	Detailed documents, balance confirmations.
(k) Other asset balance included in property, plant, and equipment	8,696,304	Schedules required to verify the type, existence, class, accuracy, and value of the assets.
(l) Employees' Provident Fund (EPF), Employees' Trust Fund (ETF), and Estate Staff Provident Society (ESPS) surcharges of estates	122,753,947	Detailed schedules.
(m) Negative balances in the trade receivable account ledger	11,541,671	Legal documents related to the values.

As described above, I was unable to confirm or verify the quantitative items in the statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows through alternative methods. Consequently, I could not determine whether any adjustments were necessary regarding the recorded or unrecorded values or transactions in these financial statements.

1.3 Management's and Those Charged with Governance's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the

Board's ability to continue as a going concern, and, unless management intends to liquidate the Board or cease operations, or has no realistic alternative, for using the going concern basis of accounting and disclosing matters related to the Board's continued existence.

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

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My responsibility is to issue an auditor's report on the financial statements based on an audit conducted in accordance with Sri Lanka Auditing Standards. However, due to the matters described in the Basis for Disclaimer of Opinion section, I was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

2. Report on Other Legal and Regulatory Requirements

In terms of Section 16(1) of the National Audit Act, No. 19 of 2018, the Board is required to maintain proper books and records of its income, expenditures, assets, and liabilities to enable the preparation of its annual and periodic financial statements.

2.1 Special Provisions Regarding the Following Requirements of the National Audit Act, No. 19 of 2018:

2.1.1 According to the requirements of Section 12(a) of the National Audit Act, No. 19 of 2018, I have not obtained all the information and explanations considered necessary for the audit, and I was unable to determine whether the Board has maintained proper accounting records.

2.1.2 According to the requirements of Section 6(1)(d)(iii) of the National Audit Act, No. 19 of 2018, the Board's financial statements correspond with those of the previous year.

2.1.3 According to the requirements of Section 6(1)(d)(iv) of the National Audit Act, No. 19 of 2018, the recommendations I made in the previous year are included in the financial statements presented, except for the observations noted in the Basis for Disclaimer of Opinion section, specifically 1.2.2 (a, b, c), 1.2.3 (a, b, c, d, e, f), 1.2.5 (a, b, c), 1.2.6 (a, b, c, d), and 1.2.7 (a, b, c, d, e, f, g, h, i, j, k, l, m).

2.2 Based on the actions taken and evidence obtained, and limited to material matters, nothing has come to my attention to indicate the following:

2.2.1 That any member of the Board's governing body has a direct or indirect relationship with a contract related to the Board, deviating from normal business practices, as required by Section 12(d) of the National Audit Act, No. 19 of 2018.

2.2.2 That any action was taken in non-compliance with any relevant written law or other general or special directions issued by the Board's governing body, except for the following observations under Section 12(e) of the National Audit Act, No. 19 of 2018:

Reference to Law/Instruction	Observation
Section 5(1) of Part II of the Payment of Gratuity Act, No. 12 of 1983	Gratuity should be paid within 30 days of an employee's retirement or death. However, as of **31st December 2019**, the Janatha Estate Development Board had not paid gratuity of Rs. 520,297,488 and surcharges of Rs. 152,431,129.

Section 15 of the Employees' Provident Fund Act, No. 15 of 1958	An employer must pay the employee's monthly contribution to the fund before the end of the following month. However, a sum of Rs. 729,997,398 due since 2001 was not paid for 18 years. As of **31st December 2019**, Rs. 49,809,062 was due to the Estate Staff Provident Society (ESPS), Rs. 9,202,722 to unauthorized funds, and Rs. 1,093,871 for taxes.
Section 16(1) of the Employees' Trust Fund Act, No. 46 of 1980	Employee contributions must be paid before the end of the next month. However, Rs. 39,062,916 due to the fund since 2011 for 8 years and Rs. 10,350,340 to the Ceylon Planters' Provident Society (CPPS) were in arrears. As of **31st December 2019**, Rs. 407,089 was due to unauthorized funds and Rs. 837,989 to the Ceylon Planters' Provident Society.

Section 1(2)(c) of the Industrial Disputes Act, No. 9 of 2009	Employee salaries must be paid according to the collective agreement. However, according to the agreement signed in October 2019, only Rs. 5,492,601 of arrears of Rs. 51,436,256 was paid. No provision was made for salary arrears of Rs. 1,138,577.
Section XIV of Schedule II of the Collective Agreement	According to the terms of the collective agreement, a sum of Rs. 153,413,370 in arrears was not paid.
Sections 2, 6, and 10 of the Economic Service Charge Act, No. 13 of 2006	The Economic Service Charge on every month of income exceeding Rs. 8.10 must be paid within three days of the end of that month. However, Rs. 2,161,090 due for 18 estates since 2007 was in arrears. Rs. 6,357,267 was also in arrears, and no action was taken regarding penalties.

Section 93 of the Inland Revenue Act, No. 24 of 2017	Tax deducted from employee salaries must be paid within 8 days. However, the Board failed to do so.
Section 387 of the Sri Lanka Democratic Socialist Republic Constitutional Amendment Act	Taxes on the Board's estates were not paid on time. As of **31st December 2019**, there were arrears of Rs. 80,851,833 and penalties of Rs. 14,054,430.
Section 6.5.1 of the Public Enterprise Circular, No. 12 of 2003	Financial statements must be submitted for audit within 60 days of the year-end. However, they were submitted on **16th February 2023**.
Public Finance Circular No. 1/2020 dated **28th August 2020**, Part I, 3:1 and Internal Circular No. JEDB/Finance/10/2018 dated 9th August 2018	The Board procured dilapidated vehicles at prices ranging from Rs. 50,000 to Rs. 10,000,000 without following proper procurement procedures.

2.2.3 That the Board acted inconsistently with its powers, duties, and functions, as required by Section 12(u) of the National Audit Act, No. 19 of 2018.

2.2.4 That procurement related to the waste, irregularities, and corruption of the Board's resources was not in accordance with the rules, as required by Section 12() of the National Audit Act, No. 19 of 2018.

W.P.C. Wickramaratne
Auditor General

Performance Summary

According to the financial statements presented, the financial result of the organization's operations for the year ended 31st December 2019 was a loss of Rs. 757,593,787.87. This is an increase of Rs. 279,851,139.05 compared to the previous year's corresponding loss of Rs. 477,742,648.82. Finished tea and green leaf income for the reviewed year increased by Rs. 23,431,577 compared to the previous year, while rubber income decreased by Rs. 70,829,816. The main reasons for the increased loss were a Rs. 200 increase in labour wages and a Rs. 126,121,601 increase in gratuity provisions compared to the previous year. In 2019, the organization produced 1,384,760 kilograms of finished tea and 389,524 kilograms of rubber.

Income from the sale of the consumer-branded "Jana Tea" in the reviewed year increased by Rs. 127,233,848 compared to 2018.

Audit Query

The Auditor General's Department did not express an opinion on the financial statements due to a lack of sufficient and appropriate audit evidence on some accounts. However, steps have been taken to rectify the audit deficiencies pointed out by the government auditor, and responses have been provided for all audit queries received by the organization.
Medium Term Actions to Enhance the Organization's Performance

1. Conduct professional training and development programs/workshops for staff to improve their knowledge.

2. Maximize the capacity of Janawasam tea factories by procuring green leaf from smallholder tea leaf owners surrounding the estates.

3. Take steps to dispose of obsolete vehicles, machinery, and other assets that have been out of use for a long time, using accepted procurement methods.

4. Cultivate minor export crops and vegetables on Bare Land to minimize losses on the estates.

5. Explore opportunities to develop the "Jana Tea" division.

6. Change the tea pruning period and devise a method to obtain a higher yield by considering the tea leaf growth conditions.

7. Implement the forest management plan.

8. Convert beautifully located estate bungalows into holiday resorts to generate additional income.

9. Take necessary legal action to recover overdue rental payments from leased-out institutions.

10. Carry out agricultural practices at the correct time (e.g., providing agricultural inputs such as fertilizers and chemicals at the appropriate time).

11. Increase sales revenue by modernizing tea factories to produce higher-quality products.

12. Resolve legal issues related to leased lands by the head office and the estates.

13. Take steps to increase rental income by obtaining the current valuation of the lands.

Actions Taken to Address 2019 Audit Observations

No.	Queries/Deficiencies	Corrective Actions
1	According to accounting policy 3.2.7, the period for transferring capitalized expenses from immature to mature plantations for tea and rubber was specified. However, the maturity period for other biological assets within the board's estates, such as cocoa, mango, cinnamon, nutmeg, betel nut, cardamom, and pepper, as well as consumable biological assets like timber and ginger, was not disclosed in the board's accounting policy.	As of the year 2020, measures are being taken to disclose this information in the accounting policy in accordance with Annexure 3.
2	In contravention of paragraph 55 of Sri Lanka Accounting Standard 16, the board's financial statements stated in accounting policy 3.2.3 that the depreciation of assets would begin when they are ready for use. However, fixed assets worth Rs. 8,141,293 purchased by the estates during the year 2019 were depreciated for the entire year, regardless of the purchase date.	The head office has been depreciating assets in accordance with their purchase date since 2019, but the estate division has been depreciating them for the full year. Corrective actions are being taken to align the accounts with this accounting policy starting from the year 2020.

Actions Taken to Address 2019 Audit Observations

No.	Queries/Deficiencies	Corrective Actions
3	At the board's head office, the uncleared creditor balance for 1 to 5 years was Rs. 19,485,533. Additionally, the balance exceeding 5 years was Rs. 39,018,431. However, the board had not taken appropriate steps to clear these balances or address the creditor claims exceeding 5 years.	As per the query, the creditor balance of Rs. 39,018,431.25 that had exceeded 5 years can be analyzed as follows, based on the status in the year 2019: 1. Cancelled Cheques Account The balance in this account is Rs. 601,413.45. The account is being verified and corrected in the year 2020. 2. PH & SWT Account The balance here is Rs. 18,057,479.53. These payments are scheduled to be made in the future, depending on the working capital available to the organization. 3. Rates and Taxes The balance here is Rs. 15,083,982.57. Currently, the relevant assessment fees are being paid properly. The organization plans to negotiate a payment plan with the Colombo Municipal Council for the outstanding arrears and obtain approval for it.

Action Taken to Address 2019 Audit Observations

No.	Queries/Deficiencies	Corrective Actions
4	According to the Board's financial statements as of 31st December 2019, the balance in the gratuity payable account was shown as Rs. 520,297,488. However, according to the schedule submitted for the audit, the balance was Rs. 445,947,515. Consequently, the value of the gratuity payable in the financial statements was overstated by Rs. 74,349,966. Furthermore, according to the financial statements, the balance in the annual gratuity surcharge account was Rs. 152,431,129. However, the audit observed that according to the schedule submitted for the audit, it was Rs. 152,740,006. As a result, the value of the annual gratuity surcharge was understated by Rs. 308,877, and this discrepancy was due to not accounting for the gratuity surcharge value related to the head office for the year 2019.	The schedule submitted for the audit in 2019 was incorrect, and I will be submitting a corrected schedule to the audit in the future.
5	According to the Board's financial statements as of 31st December 2019, the balance in the gratuity provision account was shown as Rs. 729,874,650. However, according to the schedule submitted for the audit, the balance was Rs. 723,568,859. As a result, the non-current liabilities balance was overstated by Rs. 6,305,791.	The schedule submitted for the audit in 2019 was incorrect, and I will be submitting a corrected schedule to the audit in the future.