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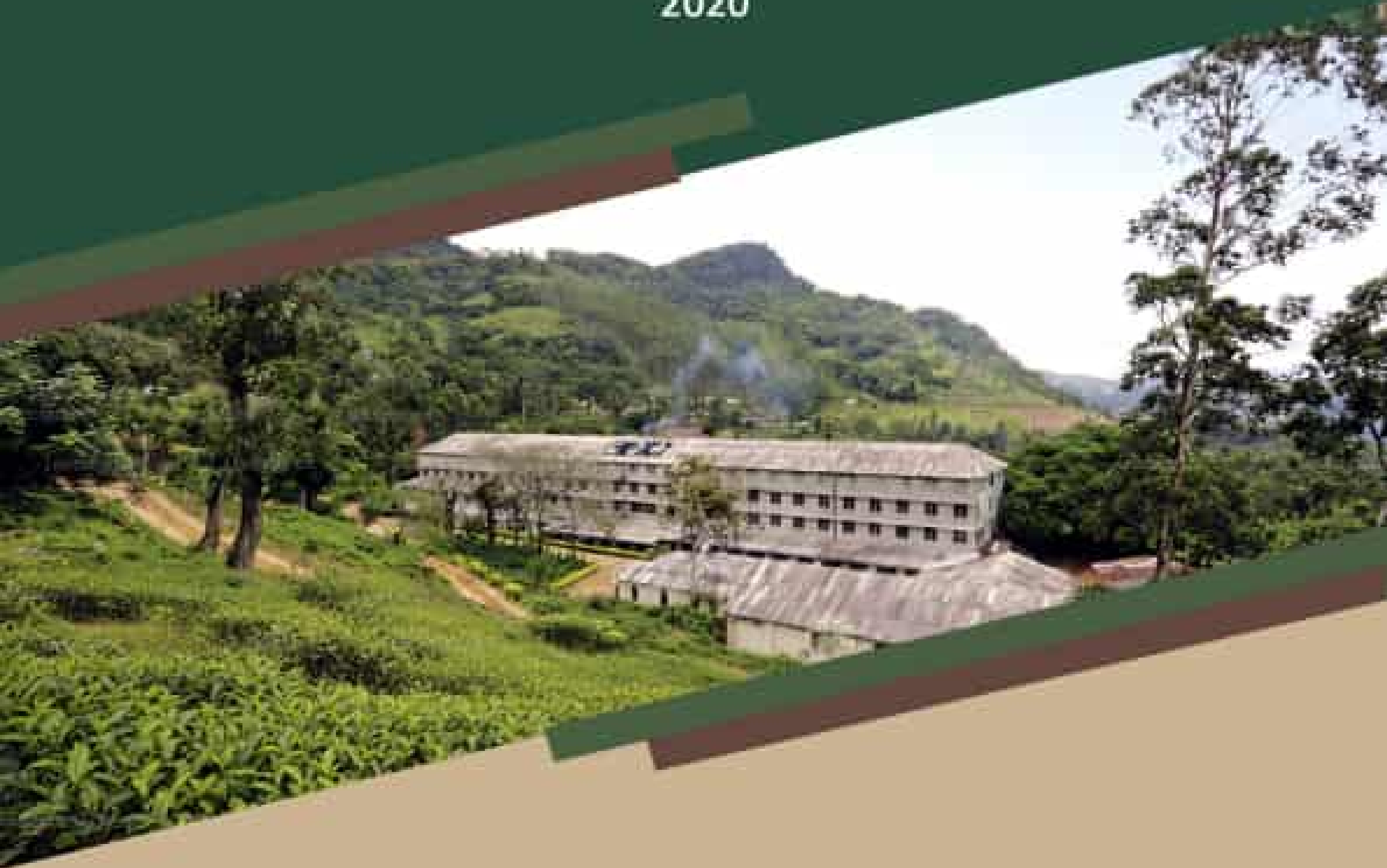
வருடாந்த அறிக்கை

ANNUAL REPORT 2020



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மக்கள் தோட்ட அபிவிருத்திச் சபை
JANATHA ESTATES DEVELOPMENT BOARD

JANATHA ESTATES DEVELOPMENT BOARD
ANNUAL REPORT 2020

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.

Janatha Estate Development Board
Annual Report 2020

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Chairman's Review

On behalf of the Board of Directors of the Janatha Estate Development Board, I am pleased to present the annual report for the financial year ended 31st December 2020.

When I assumed the position of Chairman in January 2020, it was apparent that the Board had been incurring losses for a long time, even though its main source of income was tea sales and rubber sales. The main reason for this is that although the institution owns a land extent of 12,273.74 hectares, the revenue-generating land under tea cultivation is only 2,795.82 hectares, and the revenue-generating land under rubber cultivation is only 535.5 hectares. The rest is uncultivated barren land, and the underutilization of the capacity of the three existing tea factories is also a contributing factor to the increase in losses.

Furthermore, this year was a challenging year for the Sri Lankan tea industry. The main reasons for this were the decrease in production due to the COVID-19 pandemic and the obstacles faced in tea exports. In addition, the non-application of agricultural inputs has also been a major factor contributing to the loss-making situation. Moreover, climatic changes and environmental issues have also had an impact.

Tea cultivation

The annual tea production in 2020 was 1,486,286 kilograms, while the tea production in the previous year was 1,371,532 kilograms. This is an increase of 114,754 kilograms. Accordingly, the yield per hectare was 471.68 kilograms in 2019, and this increased to 531.61 kilograms in 2020. The main reason for this was the application of the proper agricultural inputs in line with the estimated process.

Production Cost-Tea

The cost per kilogram of tea produced for this year is reported to be Rs. 651.67. This is an increase of Rs. 63.85 compared to the estimated cost of Rs. 587.82. This production cost has increased in proportion to the increased tea production.

Selling Price-Tea

The average market price for a kilogram of finished tea this year is Rs. 400.24, which shows an increase of Rs. 65.62 per kilogram compared to the previous year. However, the average estimated market price of Rs. 423.42 could not be achieved. The main reason we see for this is the failure of brokers to implement an adequate, subtle marketing strategy due to the competitiveness of the tea auctions.

Rubber production

The total rubber production was 444,612 kilograms, while the production in the previous year was 363,195 kilograms. The yield per hectare was 826.23 kilograms. Last year, it was 487 kilograms, which records an increase of 339.23 kilograms. The main factors that influenced the increase in production this year were the use of fertilizer and favorable weather conditions.

Production Cost-Rubber

The cost of production per kilogram of rubber in the year under review was reported as Rs. 283.81, which was higher than the estimated value of Rs. 280.06.

Selling Price- Rubber

Although the estimated selling price of rubber was Rs. 320.53, the selling price of rubber at the end of the year was Rs. 267.55. This was due to the decline in rubber market prices. This is a disadvantageous situation for our estate.

Staff Welfare Activities

With the financial grants issued by the Government of India, in collaboration with the Plantation Human Development Trust (PHDT), estate housing projects and infrastructure facilities have been initiated in some of the estates belonging to the Board during the year under review for the welfare and well-being of the labour community on the estates.

Leasing of lands belonging to the Board to external parties

Regarding the leased lands and buildings belonging to the Janatha Estates Development Board (JEDB), a large amount of outstanding lease rent was due to the institution because some lessees had not settled the rent owed for a considerable period during the past. The Board's management has already commenced action to repossess such lands, and approximately Rs. 20 million from the outstanding lease payments has been recovered during this year.

Special Projects

The management has already initiated various special projects to improve the working capital cash flow of the Janatha Estate Development Board. These projects are Kitul projects, compost projects, chilli projects, coffee projects, organic vegetable projects, etc. It is hoped that these crops will generate additional income and thereby minimize losses on the estates.

Head Office Revenue

The Head Office received an income of Rs. 112,683,370 for this year, which is income from tax income, building rent and the sale of trees.

Consumer sector revenue

Despite the disruption to the country's transport services during the months of March, April and May this year due to the Covid pandemic in the country, Due to the dedication of our employees at our head office and estates, maintaining a high level of tea production and tea supplies to the government's military and naval forces, the turnover of the consumer sector was Rs. 332,234,806, an increase of Rs. 48,355,175 over 2019.

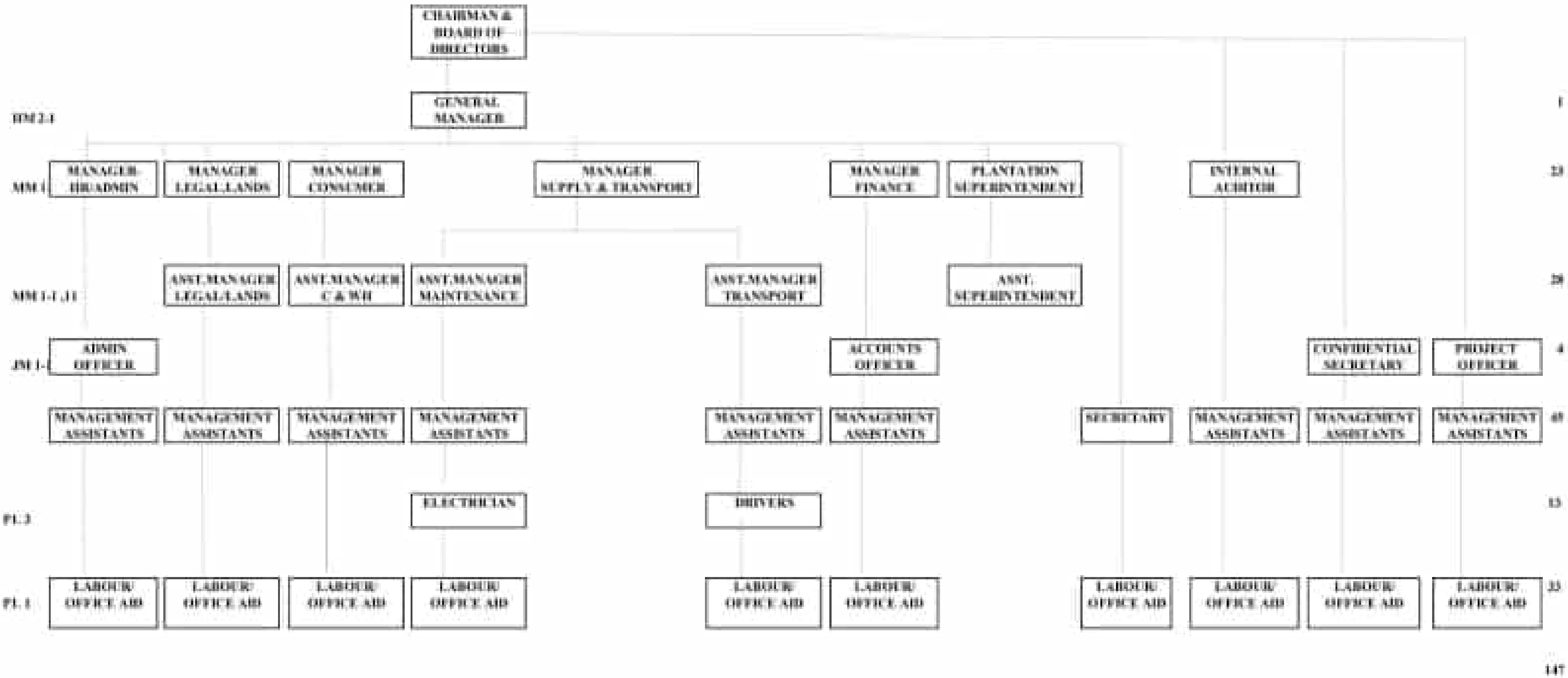
I would like to take this opportunity to express my gratitude to the Honorable Minister of Plantation Industries, the Secretary to his Ministry, and the entire staff of the Janatha Estate Development Board for their support and guidance towards the success of the Janatha Estate Development Board.

Chairman
Janatha Estate Development Board

Organizational Information

Name	Janatha Estates Development Board		
Legal Status	Established under the State Agricultural Corporations Act No. 11 of 1972, pursuant to Gazette Notification No. 199/1 dated 06th February 1976.		
Registered Office	No. 55/75, Vauxhall Lane, Colombo 02.		
Auditors	Auditor General		
	Bank of Ceylon		
Bankers	People's Bank		
	Nations Trust Bank		
Directors	Wing Commander B. D. Abeysooriya	Chairman	-
	Mr. P. Seneviratne	Deputy Chairman	From May
	Mr. J. V. B. Sakalasuriya	Director	-
	Mr. G. T. O. V. Ruberu	Director	-
	Mr. Janaka Ranatunga	Director	From May
	Mr. V. M. S. Jayathilaka	Treasury Representative	-
	Mr. R. A. R. S. Mayadunne	Ministry Representative	January to August
	Mr. M. J. S. Ranasinghe	Ministry Representative	September to October
	Mrs. Latheesha Liyanage	Ministry Representative	From November

ORGANIZATIONAL STRUCTURE



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.

Information on the Board of Directors

Wing Commander B. D. Abeysooriya	Chairman	-
Mr. P. Seneviratne	Deputy Chairman	From May
Mr. J. V. B. Sakalasuriya	Director	-
Mr. G. T. O. V. Ruberu	Director	-
Mr. Janaka Ranatunga	Director	From May
Mr. V. M. S. Jayathilaka	Treasury Representative	-
Mr. R. A. R. S. Mayadunne	Ministry Representative	January to August
Mr. M. J. S. Ranasinghe	Ministry Representative	September to October
Mrs. Latheesha Liyanage	Ministry Representative	From November

JEDEB Head Office Management Team

1	Mr. Pradeep Liyanagedara	Acting (A/G) General Manager/Manager - Plantations	(From May)
2	Mr. K. J. T. B. Rajasuriya	Accountant (Estates)	
3	Mrs. S. D. N. Ranasinghe	Accountant (Head Office)	
4	Mr. Upul Siriwardana	Manager - Human Resources	
5	Mr. Namal Wijetunga	Manager - Forest Resources	
6	Ms. Anuruddhika Senavirathne	Manager - Legal/Lands	(From November)
7	Mrs. Krishmi Nanayakkara	Internal Auditor	
8	Mr. H. A. Anura	Assistant Manager - Sales	
9	Mr. S. A. L. Perera	Assistant Manager - Lands	
10	Mr. K. A. A. N. Perera	Assistant Manager - Maintenance	
11	Mrs. Chandima Ratnayaka	Assistant Manageress - Transport	
12	Mr. D. G. P. Wadduwage	Assistant Manager - Sales	
13	Ms. Tharumali Sevvandi	Assistant Legal Officer	

Estate Management Team

Estate	Manager in Charge	Crop	Extent (Ha)	Region
Bopitiya / Great Valley	Mr. Nishantha Raj	Tea	786.11	Deltota
Bohil	Mr. A. M. D. I. Rajakaruna	Tea	472.01	Kataboola
Deltota	Mr. C. D. Aluvihare	Tea	410.10	Galaha
Galaboda	Mr. S. H. S. I. Samarasinghe	Tea	752.75	Galaboda
Hantana	Mr. D. B. S. L. Perera	Tea	1,405.63	Kandy
Hope	Mr. Harsha Kumara	Tea	654.06	Hewaheta
Kandaloya	Mr. N. S. Athukorala	Tea	989.93	Nawalapitiya
Kolapathana	Mr. C. Bandara	Tea	361.00	Nawalapitiya
Le Vallon	Mr. P. Rajapaksha	Tea	1,254.92	Puwakpitiya
Loolecondera	Mr. Arjuna Ilankoon	Tea	1,048.03	Deltota
Mahavila	Mr. A. B. D. R. Kumara	Tea	293.64	Ulapane
Mount Jin	Mr. H. M. S. D. Hunugala	Tea	301.67	Watawala
Nagasthanna	Mr. A. S. Dayarathne	Tea	506.43	Nawalapitiya
Rahathungoda	Mr. J. J. Pulasingha	Tea	478.14	Hewaheta
Rookwood	Mr. K. J. H. Kossinna	Tea	429.67	Hewaheta
Kumarawatta	Mr. Asanga Wijesooriya	Rubber	1,822.46	Monaragala
Diyaluma / Thelipathanna	Mr. A. C. Sethunga	Rubber	354.34	Koslanda

Special Projects

The Janatha Estate Development Board has historically operated primarily within the plantation sector, focusing on the Tea Industry. However, with the constantly changing economic patterns, the attention of the management, led by the Chairman, was focused on establishing additional sources of income beyond the tea industry.

Following a concept introduced by the current Chairman, action was taken to initiate special projects on the estates. The Board has successfully managed and carried out these projects up to the present day. By successfully implementing the following projects, the organization has been able to generate additional revenue streams..

1. Kithul Project

This project is currently being successfully implemented on the following **estates**:

Bowhill, Deltota, Hantana, **Loolecondera** , **Le Vallon** , Mahavila , Nagasthanna , Kandaloya

2. Compost Project

This project is being successfully implemented across all estates belonging to the JEDB (Janatha Estate Development Board), with the approval of the relevant line Ministry.

3. Chilli Project

This project is being successfully implemented on the **Gallebodda** and **Mount Jin** estates.

4. Pepper Project

This project is being successfully implemented on the following estates belonging to the JEDB: **Diyaluma, Thelipathanna, Rahathungoda, Le Vallon, Mahavila, Deltota, Great Valley, and Bopitiya.**

5. Organic Vegetable Project

This project is being successfully implemented on the Rahathungoda, Gallebodda, and Mount Jin estates.

The SWOT Analysis

SWOT Analysis, which comes under strategic management, investigated the strengths, weaknesses, external opportunities and threats of the organization in achieving its main objectives in carrying out the activities of the Janatha Estate Development Board.[illegible]

Strengths

- High potential tea and rubber plantations.
- Strong "Jana Tea" brand.
- Availability of extractable timber.
- Availability of 07 factories for loan/lease through Purchasing Power Parity (PPP).
- Acquisition of uncultivated and vacant lands for crop diversification programs.
- Availability of a trained workforce.

Weaknesses

- Insufficient financial capital.
- Declining land productivity.
- Low investment in factory modernization.
- Low quality assurance for tea factories.
- Lack of product integration and diversification programs.
- Lack of crop diversification drivers.
- Weak strategic and long-term programs.

Opportunities

- Increasing demand for quality tea.
- Increasing supply of leaves through outside growers.
- Maintaining and growing tea plantations.
- Diversifying land for other projects.
- Increasing demand for skilled labor.

Threats

- Increasing aging workforce and high rate of labor migration.
- Declining market demand for tea.
- Declining demand for Sri Lankan tea in the traditional Middle Eastern market.
- Mixing of low quality tea with pure Sri Lankan tea.
- Land encroachment.

Training and Development Initiatives Implemented for Employees

Details of the training programs implemented by the institution for its employees are given below.

1. Facilitate the participation of Estate Superintendents in various workshops (relevant to Estate Superintendents) conducted by the National Institute of Plantation Management (NIPM), and allow them to take the necessary actions to improve the estates using that knowledge.

2. Conducting computer training courses for the estate staff to improve employee knowledge and thereby increase productivity.

3. Conduct several workshops on compost fertilizer for all Estate Superintendents, Assistant Estate Superintendents, and Field Officers, led by Professor Gamini Hitinayake of the Botany Department at the University of Peradeniya, in order to implement the organic fertilizer policy introduced by the government.

4. Programs relating to settling the balance in the suspense account of the Commissioner of Labour regarding Employees' Provident Fund activities were conducted under the leadership of the Assistant Commissioners of Labour at the Kandy South, Nawalapitiya and Gampola Labour Offices.

5. Workshops related to the necessary training and knowledge for estate medical assistants will be conducted by the Plantation Human Resources Trust with the support of the Department of Health.

6. Facilitating the participation of members of the Small-Scale and Large-Scale Tender Boards in procurement workshops conducted by the National Institute of Plantation Management (NIPM).

7. Educating the staff of the head office and estates regarding the necessary health measures to overcome the Covid disaster that has emerged as a nationwide epidemic during this period.

JANATHA ESTATES DEVELOPMENT BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	31/12/2020 Rs.	31/12/2019 Rs.
Revenue	5	1,017,246,783	864,436,195
Cost of Sales	6	(1,262,225,386)	(1,482,745,991)
Gross profit		**(244,978,603)**	**(618,309,795)**
Other Income	7	112,683,370	104,076,529
		(132,295,233)	**(514,233,267)**
Distribution Cost	8	6,254,901	4,558,480
Administrative Expenses	9	41,131,333	38,544,770
Staff Cost	10	119,453,141	119,711,595
Other Estate Expenses	11	23,370,203	55,431,225
		190,209,579	**218,246,071**
Operational Profit Before Finance Cost		**(322,504,812)**	**(732,479,337)**
Finance Cost	12	25,887,804	25,114,451
Profit Before Tax		**(348,392,616)**	**(757,593,788)**
Income Tax		-	-
Profit for the Year		**(348,392,616)**	**(757,593,788)**
Total Comprehensive Income For the year		**(348,392,616)**	**(757,593,788)**

JANATHA ESTATES DEVELOPMENT BOARD
Statement of Financial Position

	Note	31/12/2020	31/12/2019
Assets		Rs.	Rs.
Non Current Assets			
Property Plant and Equipment	13	1,482,442,177	1,464,996,221
Intangible Assets	14	406,993	1,067,025
Consumable Biological Assets	15	448,129,118	438,409,880
Lease Assets	16	32,168,955	32,168,955
Long - Term Investments	17	110,479	4,880,778
		1,963,257,721	1,941,522,859
Current Asset			
Inventories	18	88,606,850	74,377,945
Trade & Other Receivable	19	831,765,373	744,587,225
Cash & Cash Equivalents	20	28,597,537	19,409,074
		948,969,760	838,374,244
Total Assets		**2,912,227,482**	**2,779,897,102**
Equity & Liabilities			
Equity			
Stated capital	21	3,670,000,000	3,670,000,000
Accumulated Loss	22	(7,733,921,297)	(10,305,232,163)
		(4,063,921,297)	**(6,635,232,163)**
Reserves			
Capital Reserves	23	2,835,137,216	2,777,270,629
General Reserves / Govern. Gr	24	303,951,546	3,250,941,366
		3,139,088,762	**6,028,211,995**
Non Current Liabilities			
Retirement Benefit Obligation	25	722,014,161	729,874,650
Bank Loan	26	161,593,864	22,970,327
		883,608,025	**752,844,977**
Current Liabilities			
Gratuity Payables - Ex. Employ	27	740,824,144	672,728,617
Interest Bearing Borrowings	28	255,937,929	242,358,129
Lease Creditors	29	(651,220)	3,177,919
Brokers Advance	30	2,169,136	25,831,826
Trade & Other Payables	31	666,933,007	566,391,337
EPF/ ESPS/ CPPS	32	988,395,820	801,291,383
ETF & Other Payables	33	64,245,286	39,470,005
Deposits / Advance for property	34	195,040,454	201,971,242
Bank Over Draft	35	40,757,436	80,851,837
		2,953,451,992	**2,634,072,294**
Total Equity & Liabilities		**2,912,227,482**	**2,779,897,102**

S.D.Nayana Ranasinghe
Manager Finance
The Board of Directors is responcible 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 (SLFA - Rtd)
Chairman

R.G.P.Senevirathna
Deputy Chairman (Director)

JANATHA ESTATES DEVELOPMENT BOARD
STATEMENT OF CASH FLOW FOR THE TEAR ENDED DECEMBER 31, 2020

	31/12/2020 Rs.	31/12/2019 Rs.
Profit Before Taxation	(348,392,616)	(853,375,742)
Add - Previous year Adjustment	(27,155,018)	
Adjustment		
Provision for Gratuity	48,830,018	208,296,883
Depreciation	7,558,173	6,175,019
Depreciation Bearer Plants	25,929,375	26,559,329
Finance cost	25,887,804	24,456,737
Interest Income	(445,386)	(665,303)
Amortisation Cost	471,806	-
Gain from disposal of Motor Vehicles	-	
	108,231,790	**264,822,665**
Operating Cash Flows Before Changes in Working Capital	**(267,315,844)**	**(588,553,077)**
Changes in working Capital		
(Increase)/Decrease Inventory	(14,228,905)	31,381,903
(Increase)/Decrease Trade & Other Receivable	(87,178,149)	(44,665,062)
Increase/(Decrease) Trade & Other Payable	100,541,670	13,386,529
Increase/Decrease Deposit & Advance	(6,930,789)	24,730,238
Increase/(Decrease) EPF/ ESPS/ CPPS	187,104,437	77,766,475
Increase/(Decrease) ETF & Other Payables	24,775,281	9,778,266
Increase/(Decrease) Broker Advance	(23,662,690)	(24,521,890)
Increase/ (Decrease) Gratuity Payables - Ex. Employees	68,095,527	55,867,654
Cash Used in/generated From Operating Activities	**248,516,384**	**143,724,114**
Gratuity Paid	(6,300,173)	(28,669,952)
Income Tax Payment	-	-
	(6,300,173)	**(28,669,952)**
Cash generated From Operating Activities	**(25,099,633)**	**(473,498,916)**
Cash Flows From Investing Activities		
Long - Term Investments	**4,770,299**	(444,207)
Acquisition of Biological assets	**(36,271,572)**	(24,926,547)
Interest Income		665,303
Accquision of Intangible assets	(170,500)	(281,815)
Proceed from vehicle disposal		
Purchased form Fixed Assets	(24,503,590)	(8,141,293)
Cash generated From Investment Activities	**(56,175,363)**	**(33,128,560)**
Cash Flows from Financing Activities		
Re Payment of Loan	(1,376,462)	(20,986,283)
Re Payment of Over Draft	(40,094,400.65)	
Interest Bearing Borrowings		(1,420,200)
Lease creditors	(2,326,699)	(537,163)
Finance Cost	(22,308,004)	(24,456,737)
Treasury Grants		468,000,000
Rubber Subsidies Grants	-	651,830
Capital Reserves	56,218,040	1,050,500
Interest Income	445,386	
Loan	140,000,000	
Cash Used in Financing Activities	**130,557,860**	**422,301,948**
Net Increase in Cash & Cash Equivalents	**49,282,863**	**(84,325,527)**
Cash & Cash equivalent at the Beginning of the year	(61,442,762)	22,882,765
Cash & Cash Equivalents at the end of the Year	**(12,159,899)**	**(61,442,762)**
Analysis of the Cash & Cash Equivalent at the end of the Year		
Cash & Cash Equivalents in Favourable	28,597,537	19,409,074
Bank Overdraft	(40,757,436)	(80,851,837)
	(12,159,899)	**(61,442,762)**

JANATHA ESTATES DEVELOPMENT BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

Note 22

	Stated Capital	Capital Reserves	General Reserves/ Govn.Grant	Plantation Project Grants	Accumulated Loss	Total Rs.
Balance as at 01/01/2019	3,670,000,000	2,776,220,129	2,766,260,797	16,028,738	(9,451,982,726)	**(223,473,062)**
63500-HOO-000 -Profit Loss A/C					998,400	**998,400**
Prior Year Adjustment 2019					(96,654,049)	**(96,654,049)**
Land Sales		1,050,500				**1,050,500**
Grants Received			468,000,000			**468,000,000**
Grants Received			651,830			**651,830**
Total Comprehensive Income For Year					(757,593,788)	**(757,593,788)**
Balance as at 31.12.2019	**3,670,000,000**	**2,777,270,629**	**3,234,912,628**	**16,028,738**	**(10,305,232,163)**	**(607,020,169)**
Balance as at 01/01/2020	3,670,000,000	2,777,270,629	3,234,912,628	16,028,738	(10,305,232,163)	**(607,020,169)**
Adjustment - manual in 2018 & 2019			(2,946,989,820.00)		(131,320)	**(2,947,121,140)**
Prior Year Adjustment					2,919,834,802	**2,919,834,802**
Land Sales		57,866,587				**57,866,587**
Grants Received						**-**
Grants Received						**-**
Kumarawatte Subsidy						**-**
Total Comprehensive Income For Year					(348,392,616)	**(348,392,616)**
Balance as at 31/12/2020	**3,670,000,000**	**2,835,137,216**	**287,922,808**	**16,028,738**	**(7,733,921,297)**	**(924,832,536)**

		31/12/2020	31/12/2019
		Rs.	Rs.
5. Revenue			
Green Leaf and Bulk Tea	5.1	590,807,148	462,777,855
Consumer Tea	5.2	332,254,866	283,879,631
Rubber & Other	5.3	113,113,597	85,061,812
Minor Crops	5.4	66,859,751	33,116,898
Coconut		-	-
		1,103,054,903	**864,436,195**
Less - Sales amount for Jana Tea -(Disclosed under Note No. 4.7.1(f))		85,808,120	90,116,955
		1,017,246,783	**774,319,240**
Hope		68,043,500	89,752,155
Levellon		3,131,875	364,800
Loolecandura		14,632,745	
Disclosed under Note No. 4.7.1(f)		**85,808,120**	**90,116,955**

		31/12/2020	31/12/2019
6. Cost of Sales			
Green Leaf and Bulk Tea	**6.1**	967,983,561	1,296,424,487
Consumer Tea	**6.2**	256,038,068	183,792,175
Rubber & Other	**6.3**	124,011,876	-
Minor Crops Estate	**6.4**	-	2,529,329
Coconut		-	-
		1,348,033,506	**1,482,745,991**
Less - Tea purchase amount form the Estates		85,808,120	90,116,955
		1,262,225,386	**1,392,629,036**

6. Cost of Sales		
Green Leaf and Bulk Tea	**6.1**	
401001 - Brokerage Account		2,512,047
401002 - Brokerage On Sundry Sale		-
401003 - Chamber Charges		29,273
401004 - Coconut plantation Expenditure		41,539
401005 - General Charges +		444,771,130
401006 - Filed Works and Cultivation		144,209,709
401007 - Production		470,069,434
401009 - Insurance Charges		28,598
401011 - Public Sales Expenditure		722,157
401013 - Sales Tax		290,536
401014 - Sales Tax on sundry Proceed		-
401016 - Sundry Expenditure		1,280,594
401017 - Factory Expenditure		26,297,355
401018 - Chairman's Welfare Fund		1,643,093
Storage Rent		87,570
		1,091,995,437
Less :Rubber & other cost of production		124,011,876
		967,983,561
20000-TEA 000 Consumer Tea	**6.2**	256,038,068
Total Expense		**1,348,033,506**
Rubber & Other	**6.3**	
401001 - Brokerage Account		154,404
401002 - Brokerage On Sundry Sale		-
401003 - Chamber Charges		420
401004 - Coconut plantation Expenditure		41,539
401005 - General Charges		49,543,636
401006 - Filed Works and Cultivation		3,283,332
401007 - Production		70,796,655
401009 - Insurance Charges		-
401010 - Public Sale Expen Sundry Sale		-
401011 - Public Sales Expenditure		280
401013 - Sales Tax		19,037
401014 - Sales Tax		-
401017 - Factory Expenditure		-
Storage Rent		87,570
401018 - Chairman's Welfare Fund		282,763
Total Expense		**124,011,876**
Minor Crops Estate	**6.4**	
401015 - Sugar Cane Expenditure		

		31/12/2020 Rs.	31/12/2019 Rs.
7. Other Income			
Land Lease	7.1	28,757,454	31,430,256
Building Rent	7.2	62,340,100	46,328,523
Sundry Income	7.3	11,883,617	5,492,601
Loan/FD Interest	7.4	443,386	665,503
Security	7.5	192,832	153,846
Gain from disposal of Motor Vehicles		-	-
301026 - Tree Sales Income		7,336,475	
SD Trainee Fees		30,000	
401015 - Sugar Cane Expenditure		1,637,527	
		112,683,370	**104,076,529**

8. Distribution Cost	**Head Office**	**Consumer**	**Total**	**Total**
Transport Charges	1,295	4,075,404.17	**4,076,699**	2,939,166
Sales Promotions	-	332,686.00	**332,686**	201,081
Travelling & Subsistence	-	304,983.00	**304,983**	424,899
Trade License Fees	-	152,500.00	**152,500**	216,972
Accommodation	221,378	-	**221,378**	185,594
Grants	-	494,445.29	**494,445**	291,716
Tender Deposits	-	100,500.00	**100,500**	-
Loading & Unloading	-	111,210.00	**111,210**	55,530
Subscription Fees	-	-	-	-
Insurance	-	-	-	8,095
Advertisement Expenses	-	60,500.00	**60,500**	237,437
Donation	-	-	-	-
	222,673	**6,032,228**	**6,254,901**	**4,558,400**

9

9. Administrative Expenses	**Head Office**	**Consumer**	**Total**	**Total**
Vehicle Rent	4,546,167	-	**4,546,167**	4,135,333
Vehicle Fuel	3,382,976	846,360	**4,229,336**	4,181,818
Sundry Expenditure	2,022,303	959,667	**2,981,970**	4,849,867
Electricity	1,761,395	751,818	**2,513,213**	2,780,274
Legal Expenses	2,783,970	-	**2,783,970**	4,500,074
Vehicle Repair & Maintenance	1,578,380	907,282	**2,485,662**	2,100,367
Stationery	1,702,349	350,594	**2,052,943**	2,332,033
Rate & Taxes	6,542,340	-	**6,542,340**	2,824,280
Building / Office Maintenance	1,445,934	347,128	**1,793,061**	404,869
Telephone & Internet	634,082	208,027	**842,109**	1,045,958
Depreciations	855,590	112,702	**968,292**	922,806
Janitorial Service	738,200	-	**738,200**	1,019,000
Trainee Seminar & exam Fee	72,000	-	**72,000**	609,500
Access Trainee Allowances	54,000	-	**54,000**	496,600
Water	284,560	94,853	**379,413**	614,176
Advertisement	1,437,679	-	**1,437,679**	1,034,440
Director Fee	680,000	-	**680,000**	569,500
Office Equipment's Repair	594,995	31,297	**626,292**	764,228
Amortization	471,806	-	**471,806**	-
Postage	352,111	2,625	**354,736**	459,086
News Papers & Periodicals	17,920	-	**17,920**	26,410
Donation	15,000	-	**15,000**	35,000
Air Conditioner Repair	388,469	-	**388,469**	208,500
Audit Fees	1,600,000	-	**1,600,000**	150,000
Valuation Fee	1,328,140	-	**1,328,140**	1,817,983
Bank Charges	287,300	941,315	**1,228,615**	325,084
Consultation Fees	-	-	-	-
Survey Fees	-		-	1,095,000
	35,577,665	**5,553,669**	**41,131,333**	39,069,855

			31/12/2020 Rs.	31/12/2019 Rs.
10 Staff Cost				
Salaries & Allowances	76,965,393	5,066,756	**82,032,149**	80,368,524
EPF / ESPS / CPPS	9,167,235	560,112	**9,727,347**	9,500,784
Gratuity Provision	########	-	**9,518,616.56**	9,621,460
Non. Ex. Staff Medical	5,102,315	306,743	**5,409,058**	4,358,740
Labour Charges	3,186,247	-	**3,186,247**	4,283,678
Ex. Staff Medical	590,010	-	**590,010**	1,622,465
ETF	2,337,359	140,028	**2,477,388**	2,362,433
Over Time	2,690,511	646,501	**3,337,012**	3,397,923
Staff Welfare	1,631,396	-	**1,631,396**	2,856,479
Attendance Bonus	-	-	**-**	406,700
Travelling & Subsistence	520,720	-	**520,720**	720,100
Staff Tea	60,559	106,175	**166,735**	174,086
Cost of Pocket Expenses	25,876	-	**25,876**	38,223
CHAIRMAN WELFARE		830,587	**830,587**	
	111,796,238	**7,656,904**	**119,453,141**	**119,711,595**

11 Other Estate Expenses	**Head Office**	**Consumer**	**Total**	Total
Surcharge - Gratuity	14,481,338	-	**14,481,338**	19,515,088
Surcharge - ETF	2,190,670	-	**2,190,670**	2,946,937
Surcharge - ESPS	-	-	**-**	18,000,000
Surcharge -CPPS	-		**-**	890,192
Surcharge - EPF	6,698,195		**6,698,195**	14,079,008
	23,370,203	-	**23,370,203**	**55,431,225**

12. <u>Financial Expenses</u>				
Overdraft Interest	10,322,459	590,993	**10,913,452**	14,054,430
Broker Advance Interest	1,550,359		**1,550,359**	6,822,507
Other Loan Interest	3,200,000	379,800	**3,579,800**	3,579,800
Lease Interest	-	-	**-**	-
Penalty	-	-	**-**	132,630
Bank Loan Interest	9,844,193	-	**9,844,193**	-
	24,917,012	**970,793**	**25,887,804**	**24,589,366**

13 . Property Plant and Equipment

5,013.02

Description of Assets	COST					ACCUMULATED DEPRECIATION				W.D.V
	Balance as at 01.01.2020 Rs.	Additions Rs.	Disposal / Rs.	Note	Balance as at 31.12.2020 Rs.	Balance as at 01.01.2020 Rs.	For the Year Rs.	Transfer	Balance as at 31.12.2020 Rs.	As at 31/12/2020 31.12.2020 Rs.
Unimproved Land, Minor Plantation Vested & Other Asset Vested	27,557,464.50	-	17,925,851.57	13.1	9,631,612.93	24,926,939.56	-	18,520,206.06	6,406,733.50	3,225,079.41
Improved of Land, Road, Bridge & Intimet, Building & Stores	1,623,225,309.99	128,235.00	-	13.2	1,623,353,544.99	194,588,622.66	1,770,127.99	-	196,358,750.65	1,426,994,794.34
Machinery,	118,072,720.09	1,122,224.91	-	13.3.1	119,194,945.00	111,127,779.65	2,378,345.57	(14,539.43)	113,491,585.59	5,703,361.41
Office Equipment,	41,755,892.42	2,055,149.63	-	13.3.2	43,811,042.05	38,168,601.43	1,376,587.51	14,866.35	39,564,325.09	4,246,716.96
Vehicles	113,497,179.63	698,600.00	-	13.3.3	114,195,779.63	113,157,313.98	153,525.25	-	113,310,839.23	884,940.42
Computers & Printers	2,877,680.00	30,360.00	89,680.00	13.4	2,818,360.00	1,507,398.00	1,587,356.04	-	3,095,754.04	(276,774.04)
Furniture & Fittings	5,818,559.16	358,454.00	-	13.5	6,177,013.16	5,175,086.54	110,684.02	686.10	5,286,456.66	890,556.50
Water Supply Scheme, Mini Hydro Scheme & Peripheral Housing Scheme	17,033,710.33	-	-	13.6	17,033,710.33	16,552,226.65	96,782.61	-	16,649,009.26	384,701.07
Fences Security Lights, Glencalla Plantation	655,481.84	1,541,867.00	-	13.7	2,197,348.84	421,808.90	128,186.70	-	549,995.60	1,651,353.24
Ottagalawa Estate Fixed Assets	6,013,927.21	-	-	13.8	6,013,927.21	1,521,151.00	-	-	1,521,151.00	4,492,776.21
Capital Working Progress	15,675,571.82	18,568,699.73	-	13.9	34,244,271.55	-	-	-	-	34,244,271.55
Total	1,972,183,417.01	24,503,590.27	18,014,651.57		1,978,672,355.71	507,187,196.37	7,558,173.29	18,525,221.06	496,220,178.62	1,482,442,177.09

JANATHA ESTATES DEVELOPMENT BOARD

468,409,405

501,981,568.88

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

14 . Intangible Assets

Description of Assets	COST					AMORTIZATION				W.D.V
	Balance as at 01/01/2020	Additions During the Year	Disposal / Transfer		Balance as at 31/12/2020	Balance as at 01/01/2020	For the Year	Transfer	Balance as at 31/12/2020	As at 31/12/2020
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.		Rs.	Rs.
3801.HOO400 = Software	1,716,723.43	170,500.00			1,887,223.43	649,698.00	471,805.73	358,727.00	1,480,230.75	406,992.68
Total	1,716,723.43	170,500.00	-		1,887,223.43	649,698.00	471,805.73	358,727.00	1,480,230.75	406,992.68

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

15. Biological Assets

Bearer Plants

	Immature Plantations					Mature Plantations						Total
	Tea	Rubber	Coconut	Others	Total	Tea	Mature Plantations-Vested	Rubber	Coconut	Other	Total	
Cost												
As at 1st January	17,869,613.01	87,036,172.01	1,102,638.19	8,823,663.17	114,832,086.38	389,978,985.51		251,663,363.74	1,071,944.00	9,534,347.18	652,342,368.43	767,095,246.81
Addition/(Disposals) During the year	9,137,017.68	25,493,766.35	-	297,203.65	34,528,635.64	322,301.45		-		-	322,301.45	35,251,227.09
Transfers During the Year	(16,920,150.40)	(1,972,023.00)	-	(13,954.63)	(18,910,168.03)	16,920,150.40	17,935,651.57	1,972,023.00			36,823,824.97	17,913,656.94
As at 31.12.2020	10,105,878.25	110,557,915.36	1,102,638.19	9,106,912.19	130,871,333.99	407,221,437.36	17,935,651.57	253,635,386.74	1,071,944.00	9,534,347.18	689,388,766.85	820,260,100.84
Accumulated Depreciation												
As at 1st January	-	-	-	-	-	304,352,969.19		56,949,985.68	-		361,302,208.87	361,302,208.87
Charged During the Year		-	-	-	-	11,621,651.59		14,286,497.84	-	21,246.10	25,929,375.33	25,929,375.33
Transfers During the Year					-	(20,240.10)	18,320,206.06			20,246.10	18,320,206.06	18,320,206.06
As at 31.12.2020	-	-	-	-	-	315,953,680.48	18,320,286.06	71,236,483.52	-	41,492.20	405,751,790.26	405,751,790.26
Written Down Value as at 31.12.2020					-	91,267,748.88	(384,554.49)	182,398,903.22	1,071,944.00	9,492,854.98	283,636,976.59	414,508,330.58

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

15. Consumable Biological Assets

Consumer Plants

	Immature Plantations					Mature Plantations						Total
	Timber	Ginger	Banana	Others	Total	Timber		Ginger	Banana	Other	Total	
Cost												33,[illegible]
As at 1st January	10,603,818.31	202,947.00	-	-	10,806,765.31	21,699,097.56			23,000.00	87,971.23	21,810,077.21	32,616,842.52
Addition During the year	1,020,354.63				1,020,354.63						-	1,020,354.63
Transfers During the Year												
As at 31.12.2020	11,624,172.94	202,947.00	-		11,827,119.94	21,682,687.56			23,000.00	87,971.25	21,793,667.21	33,620,787.15

	Note	Estate	Head Office	Consumer	31/12/2020 Rs. Total	31/12/2019 Rs.
Long - Term Investments	17					
Nationall. Savings Bank /Fixed Deposits		-	110,479		**110,479**	
		-	**110,479**	-	**110,479**	4,880,778

Inventory	18	Estate	Head Office	Consumer	Total	Total
Input Material and Consumables	18.1	11,721,341	1,576,229	6,041,271	**19,338,841**	19,232,796
Produced Crop	18.2	42,206,733	-	16,051,202	**58,257,935**	50,453,975
Growing Crop Nurseries		11,010,075	-	-	**11,010,075**	4,691,174
		64,938,149	**1,576,229**	**22,092,473**	**88,606,850**	74,377,945

Input material and consumables	18.1	Estate	Head Office	Consumer	Total	Total
Packing Materials		2,104,779		6,041,271	**8,146,050**	6,632,458
Fertilizer Stock change		2,747,409			**2,747,409**	4,700,299
Sundry Stock	18.1.1	6,375,266	566,687		**6,941,953**	4,603,376
Stationery	18.1.2	493,887	1,009,542		**1,503,429**	927,210
		11,721,341	**1,576,229**	**6,041,271**	**19,338,841**	16,863,343

Sundry Stock	18.1.1	Estate	Head Office	Consumer	Total	Total
Chemical G 2		2,803,087			**2,803,087**	815,703
Sundry stock G2		3,572,180			**3,572,180**	1,405,444
Sundry stock G1		-			-	1,574,028
		6,375,266			**6,375,266**	**3,795,175**
Maintenance Stocks			535,391		**535,391**	797,066
Sugar & Milk Powder Stocks			31,296		**31,296**	11,134
			566,687		**566,687**	**808,201**

Stationery	18.1.2	Estate	Head Office	Consumer	Total	Total
Postage		5,244			**5,244**	4,888
Stationery		488,644	1,009,542		**1,498,186**	137,133
		493,887	**1,009,542**		**1,503,429**	**142,021**

Produced crop	18.2	Estate	Head Office	Consumer	Total	Total
Tea Stock	18.2.1	38,462,943	-	16,051,202	**54,514,144**	49,487,927
Rubber		3,376,956			**3,376,956**	611,214
Sundry Stock		366,834			**366,834**	354,834
		42,206,733	-	**16,051,202**	**58,257,935**	**50,453,975**

Tea Stock	18.2.1	Estate	Head Office	Consumer	Total	Total
Obsolete Stock				**3,418,944**	**3,418,944**	2,369,453
Unbulck Tea				7,473,023	**7,473,023**	20,459,494
Packeded Tea Consumer				4,538,325	**4,538,325**	6,982,643
Working Progress				620,911	**620,911**	1,432,202
		-	-	**16,051,202**	**16,051,202**	**31,243,792**

	Note				31/12/2020 Rs.	31/12/2019 Rs.
Trade & Other Receivables	**19**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
Trade Receivable	**19.5**	36,565,660	316,419,153	135,119,375	**488,104,188**	422,961,318
SLSPC Loan & Interest	**19.4**		119,318,496		**119,318,496**	119,318,496
Sundry Debtors	**19.3**	36,368,073	(43,982,584)	89,762,519	**82,148,008**	68,195,701
Deposit & Prepayments	**19.2**	272,137	34,284,961	19,074,459	**53,631,557**	45,172,126
Staff & Labour Receivable	**19.1**	35,543,871	2,584,298	45,338	**38,173,507**	38,847,063
Adjustments		19,372,325	11,190,988		**30,563,313**	30,574,668
WHT Recoverable			9,694,535		**9,694,535**	9,694,535
Plantation Development Project			4,136,733		**4,136,733**	4,136,733
VAT Recoverable			3,818,353		**3,818,353**	3,509,905
Quenrich Argo Private Ltd			2,176,683		**2,176,683**	2,176,683
					-	-
		128,122,067	**459,641,615**	**244,001,691**	**831,765,373**	**744,587,225**

Staff & Labour Receivable	**19.1**	**Estate**	**Head Office**	**Consumer**		
Festival Advance		32,289,089	414,072	-	**32,703,161**	32,046,591
Sundry Receivable		1,297,865	1,832,882	45,338	**3,176,086**	4,690,747
Social Welfare		-	702,919	-	**702,919**	1,054,380
Estate Staff Debtors- (Recoverable)		1,956,917	-	-	**1,956,917**	986,857
Special Advance		-	(365,576)	-	**(365,576)**	68,488
		35,543,871	**2,584,298**	**45,338**	**38,173,507**	38,847,063

Deposit & Prepayments	**19.2**	**Estate**	**Head Office**	**Consumer**		
Advance Payments			33,440,872	5,914,990	**39,355,863**	30,809,202
Deposit		91,000	844,089	13,159,468	**14,094,557**	14,111,135
Pre Payments		181,137			**181,137**	251,789
		272,137	**34,284,961**	**19,074,459**	**53,631,557**	45,172,126

Sundry Debtors	**19.3**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
Monte Cristo Estate		-	40,503,226	-	**40,503,226**	40,503,226
Others	**19.3.1**	26,956,318	5,223	-	**26,961,541**	31,096,681
Estate Control		29,005	2,420,713	-	**2,449,718**	(9,258,533)
Matale Area Estate A/C		-	902,935	-	**902,935**	902,935
Jaffna Area Estates Old Balance		684,875	-	-	**684,875**	684,875
Jaffna Area Estate Control A/C		(1,152,879)	1,152,879		-	830,252
Muthalkele Estate Control A/C		436,345		-	**436,345**	436,345
ETF Legal		1,565,910	382,830	-	**1,948,741**	382,830
EPF Legal		7,848,499			**7,848,499**	2,155,961
EPF Surcharge		-			-	49,999
EPF Over Payment 1996 A/C		-	160,400	-	**160,400**	160,400
EPF Legal		-	132,529	-	**132,529**	132,529
Jana Tea Export Division		-	109,421	-	**109,421**	109,421
Jana Tea Control A/C		-	(89,752,740)	89,762,519	**9,779**	9,779
					-	-
					-	-
		36,368,073	**(43,982,584)**	**89,762,519**	**82,148,008**	**68,195,701**

	Note				31/12/2020 Rs.	31/12/2019 Rs.
Others	**19.3.1**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
Group / Suspence		4,342,561			**4,342,561**	4,342,561
Short Delevery		12,840			**12,840**	12,840
Sundry Debtors		3,791,194			**3,791,194**	3,791,194
Tea Shortage		2,143			**2,143**	2,143
DIYALUMA FACTORY			5,223		**5,223**	5,223
Debtors not on Estate		5,465,624			**5,465,624**	101,863
Mahavilla Authrity		-			-	211,602
Other Debtors		13,334,121			**13,334,121**	11,169,702
SUNDRY DEBTORS Estate GR 2		-			-	10,963,021
Sundy Debtors Estate		-			-	-
Suspense		-			-	299,042
Ex Staff		2,563			**2,563**	2,563
General & SWT		5,272			**5,272**	5,272
ETF		-			-	188,655
		26,956,318	**5,223.00**	-	**26,961,541**	**31,095,681**

		Estate	Head Office	Consumer	Total	Total
SLSPC CONTROL A/C	**19.4**		119,318,496		119,318,496	119,318,496
			119,318,496		**119,318,496**	**119,318,496**

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Cash & Cash Equivalent	**20**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
BOC 80669453			58,528		**58,528**	73,528
BOC 8624530			13,298,791		**13,298,791**	5,861,213
Estates Bank Balance		7,542,523			**7,542,523**	4,430,864
BOC 75648976			1,583,928		**1,583,928**	4,922,508
BOC 2164625			-		-	615,895
BOC 2327555			2,831,561		**2,831,561**	2,200,441
PB 014200183155909				203,013	**203,013**	195,478
PB 014100103155909			139,771		**139,771**	139,771
BOC 034021			524,033		**524,033**	4,685
PB 003200100022296			9,965		**9,965**	8,917
BOC Jaffna			-		-	
Cash in Transit		1,871,205		30,537	**1,901,742**	373,070
Cash in Transit		191,031			**191,031**	215,969
Cash in Hand		228,135	13,095	5,000	**246,230**	86,592
Cash in Hand Reginal Office		62,422			**62,422**	62,422
BOC Hyde Park 2327553				-	-	359,623
ıd Cash Equivalents		-			-	(141,900.00)
2327572 BOC CUR A/C			4,000		**4,000**	
		9,895,316	**18,463,671**	**238,550**	**28,597,537**	**19,409,074**

Stated capital	**21**	**Estate**	**Head Office**	**Consumer**	**Total**	Total
Stated 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	**23**	**Estate**	**Head Office**	**Consumer**		
Capital Reserves A/C		-	1,965,050,475	-	**1,965,050,475**	1,965,050,475
Capital Reserves Grants		-	656,308,762	-	**656,308,762**	656,311,762
Land Sale Income (Gr) A/C		-	208,110,398	-	**208,110,398**	150,240,811
Sale Of Assets Taken Over		-	5,667,581	-	**5,667,581**	5,667,581
Vehicle Sales Income (Gr)		-	-	-	-	-
		-	**2,835,137,216**	-	**2,835,137,216**	**2,777,270,629**

General Reserves / Govern. Gran	24	**Estate**	**Head Office**	**Consumer**		
Grants		-	-	-	-	2,946,969,820
General Reserve	**24.1**	-	287,922,808	-	**287,922,808**	287,922,808
Plantation Development Project		-	16,028,738	-	**16,028,738**	16,028,738
		-	**303,951,546**	-	**303,951,546**	**3,250,941,366**

	Note	Estate	Head Office	Consumer	31/12/2020 Rs. Total	31/12/2019 Rs. Total
General Reserve	24.1					
General Reserve A/C		-	224,486,712	-	**224,486,712**	224,486,712
General Reserve A/C		-	55,280,753	-	**55,280,753**	55,280,753
New Plantation Subsidy Re		-	8,111,408	-	**8,111,408**	8,111,408
Plantation Human Developm		-	43,934	-	**43,934**	43,934
		-	**287,922,808**	-	**287,922,808**	**287,922,808**

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Retirement Benefit Obligation	**25**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
Estate Gratuity Provision		640,138,907			640,138,907	655,390,616
Gratuity Provision A/C			81,875,254		**81,875,254**	74,484,034
		640,138,907	**81,875,254**	-	**722,014,161**	**729,874,650**

Bank Loan	**26**	**Estate**	**Head Office**	**Consumer**	**Total**	Total
People's Bank Loan 03 AC - 0102298		-	22,970,327	-	**22,970,327**	22,970,327
Pan Asia Bank - 010063380119		-	-	-	-	-
Bank of Ceylon Loan No - 712647723		-	-	-	-	-
BOC LOAN HYDE PARK 2327554			138,623,537		**138,623,537**	
		-	**161,593,864**	-	**161,593,864**	**22,970,327**

Gratuity Payables - Ex. Employe	**27**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
Gratuity Payable		556,693,375			**556,693,375**	506,718,962
Gratuity Legal		8,402,484			**8,402,484**	10,498,108
Estate Gratuity surcharge		171,549,690			**171,549,690**	152,357,317
Gratuity Payable group1					-	
78000-HOO-000 -Gratuity Payable			4,104,783		**4,104,783**	3,080,418
78010-HOO-000 - Gratuity Surcharge			73,812		**73,812**	73,812
		736,645,549	**4,178,595**	-	**740,824,144**	**672,728,617**

Interest Bearing Borrowings	**28**					
Other Loan Payables		**Estate**	**Head Office**	**Consumer**		
SRMC			119,887,859	12,822,672	**132,710,531.27**	132,330,731
Chilaw Plantation Ltd			73,227,397		**73,227,397.26**	70,027,397
Sri Lanka Tea Board			35,000,000		**35,000,000.00**	25,000,000
Lanka Minaral (Pvt) Ltd			10,000,000		**10,000,000.00**	10,000,000
Ceramic Cooperation			5,000,000		**5,000,000.00**	5,000,000
		-	**243,115,256**	**12,822,672**	**255,937,929**	**242,358,129**

Lease Creditors	**29**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
Leasings		-	-	-	-	4,029,139
Finance Lease Obligations		-	136,160	-	**136,160**	136,160
LEASE INTREST A/C		-	(211,009)	-	**(211,009)**	(211,009)
Inerest in Suspense		-	(776,371)	-	**(776,371)**	(776,371)
		-	**(851,220)**	-	**(851,220)**	**3,177,919**

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Brokers Advance	**30**	**Estate**	**Head Office**	**Consumer**	**Total**	**Total**
Mercantile Pro. Brokers Ltd-MPBL		-	1,425,000	-	**1,425,000**	25,068,311
Nawalapitiya Plantation		-	-	-	-	-
Jhon Keels		-	-	-	-	-
Sommerville & Company		-	744,136	-	**744,136**	744,136
JD & Sons (pvt) Ltd		-	-	-	-	21,379
		-	**2,169,136**	-	**2,169,136**	**25,833,826**

Trade & Other Payables	Note 31	Estate	Head Office	Consumer	31/12/2020 Rs. Total	31/12/2019 Rs. Total
Trade Payable	31.1	25,231	142,786,573	5,278,648	**148,090,453**	110,411,178
Staff Salaries & Wages Payable	31.2	137,893,919	6,413,264	-	**144,307,183**	78,456,468
Sundry Creditors	31.3	170,127,972	100,970,222	114,710	**271,212,903**	284,938,034
VAT Payable			78,557,447		**78,557,447**	73,020,583
NBT Payable		-	10,009,293	-	**10,009,293**	9,920,506
ESC Payable		-	6,400,313	-	**6,400,313**	6,357,269
Inter Estate Transfer		2,815,593.87	-	-	**2,815,594**	(58,016)
Bonus to Employees		2,323,776	-	-	**2,323,776**	2,581,204
Stamp Duty		-	547,875	-	**547,875**	473,125
PAYEE Tax		-	47,314	-	**47,314**	35,804
Rahatungoda Estate Con A/C		255,184.05	-	-	**255,184**	255,184
CHAIRMAN'S WELFARE FUND			2,365,672.40		**2,365,672**	
		313,441,676	**348,097,973**	**5,393,358**	**666,933,007**	**566,291,337**

Trade Payable	31.1	Estate	Head Office	Consumer	Total	Total
Others	31.1.1	25,231	102,566,455	3,778,648	**106,370,335**	68,391,060
Mahaweli Housing Projects		-	36,310,518	-	**36,310,518**	36,310,518
State Trading Corporation		-	3,909,600	-	**3,909,600**	4,209,600
MCM Marketing		-	-	1,500,000	**1,500,000**	1,500,000
		25,231	**142,786,573**	**5,278,648**	**148,090,453**	**110,411,178**

Staff Salaries & Wages Payable	31.2	Estate	Head Office	Consumer	Total	Total
Holiday Pay		41,133,975	-	-	**41,133,975**	31,983,209
Staff / Labour Deduction	31.2.1	35,546,372	3,604,109	-	**39,150,481**	22,195,102
Wager Payable	31.2.11	52,373,342	118,281	-	**52,491,622**	14,686,379
Staff Medical Aid Scheme	31.2.111	8,436,051	1,282,988	-	**9,719,038**	7,836,845
Unclaimed Wages	31.2.1v	404,180	1,407,888	-	**1,812,068**	1,754,932
		137,893,919	**6,413,264**	**-**	**144,307,183**	**78,456,468**

Sundry Creditors	31.3	Estate	Head Office	Consumer	Total	Total
Others	31.3.1	81,249,446	16,406,650	-	**97,656,096**	108,273,639
Trade Creditors	31.3.11	86,858,171	-	-	**86,858,171**	91,507,511
Refundable Deposits	31.3.111	-	71,219,226	-	**71,219,226**	69,531,146
Accrued Expenditure	31.3.1V	2,020,365	13,344,345	114,710	**15,479,410**	15,625,738
		170,127,972	**100,970,222**	**114,710**	**271,212,903**	**284,938,034**

Others	31.3.1	Estate	Head Office	Consumer	Total	Total
						-
206013 - Sundry Creditor		5,000			**5,000**	5,000
Creditors not on Estate		15,760,247			**15,760,247**	4,713,676
Other Creditors G1		-			-	67,435,226
Others STAFF / LABOUR PAYABLE		3,262,678			**3,262,678**	1,408,289
Estate Sundry Creditors		44,575,354			**44,575,354**	-
					-	-
Regional Office Kandy A/C		-	13,828,888	-	**13,828,888**	13,828,888
Audit fee		4,005,929		-	**4,005,929**	3,877,891
Estate Control Ac		13,618,215	-	-	**13,618,215**	12,213,629
Suspend Regional Office A/C		-	1,863,756	-	**1,863,756**	1,863,756
Fine		-	-	-	-	1,047,304
Prepayment		-	688,440	-	**688,440**	688,440
Insurance Premium		-	-	-	-	1,119,150
S N C Payable Ac		-	25,566	-	**25,566**	25,566
Deposits		-	-	-	-	25,000
Regional Office Control		21,822	-	-	**21,822**	21,822
Total		**81,249,446**	**16,406,650**	**-**	**97,656,096**	**108,273,639**

Trade Creditors	31.3.11	Estate	Head Office	Consumer
104000 - Tread and Other Receivable:10400		79,640		
206003 - Ceylon Fertilizer Company Ltd		768,600		
206010 - Provision for Audit Fees		5,233,308		
Creditors on Estate G1		-		
Creditors on Estate G2		33,143,310		
Stock Purchase Suspens		-		
TRADE CREDITORS		47,633,313		
		86,858,171		

	Note	Estate	Head Office	Consumer	31/12/2020 Rs.	31/12/2019 Rs.
Refundable Deposits	31.3.111					
REFUNDABLE DEPOSIT A/C			68,859,348			
REFUNDABLE DEPOSIT LAND A/C			2,359,878			
Total		-	**71,219,226**	-		

Accrued Expenditure	31.3.1V	Estate	Head Office	Consumer		
Accrued expenditure			13,344,345		13,344,345	
Accrued E-W Information Systems LTD			-		-	
Accrued Expenditure			0	114,710	114,710	
Accrued Charges		-	-		-	
Accrued Expenses		2,020,354.81			2,020,355	
Total		**2,020,355**	**13,344,345**	**114,710**	15,479,410	

EPF/ ESPS/ CPPS	32	Estate	Head Office	Consumer	Total	Total
EPF	32.1	852,194,700	20,748,482		**872,943,182**	739,200,120
ESPS	32.2	69,271,635	26,726,530		**95,998,165**	50,902,933
CPPS	32.3	18,043,870	1,410,603		**19,454,472**	11,188,329
		939,510,204	**48,885,616**	-	**988,395,820**	**801,291,383**

EPF	32.1	Estate	Head Office	Consumer	Total	Total
EPF Payable		160,774			**160,774**	
EPF Payable		496,227,904			**496,227,904**	
EPF Legal		343,545,425			**343,545,425**	
EPF A/C			20,748,482		**20,748,482**	
EPF Surcharge		12,421,371			**12,421,371**	
EPF Legal			-		-	
Total		**852,194,700**	**20,748,482**	-	**872,943,182**	

ESPS	32.2	Estate	Head Office	Consumer	Total	Total
ESPS Payable		54,124,786			**54,124,786**	
ESPS Legal		156,726			**156,726**	
E S P S A/C			25,527,093		**25,527,093**	
REFUND OF ESPS A/C			1,199,438		**1,199,438**	
Surcharges ESPS		14,990,123			**14,990,123**	
Total		**69,271,635**	**26,726,530**		**95,998,165**	

CPPS	32.3	Estate	Head Office	Consumer	Total	Total
C P P S A/C			1,404,349		**1,404,349**	
REFUND OF CPPS A/C			6,254		**6,254**	
CPPS Payable		23,210			**23,210**	
CPPS Payable		16,441,646			**16,441,646**	
Surcharges CPPS		1,579,013			**1,579,013**	
Total		**18,043,870**	**1,410,603**	-	**19,454,472**	

ETF & Other Payables	33	Estate	Head Office	Consumer	Total	Total
E T F A/C			4,776,411		**4,776,411**	2,553,203
ETF Payable G1+G2		47,224,843			**47,224,843**	30,931,410
ETF Legal		11,811,246			**11,811,246**	5,552,606
ETF Payable		25,698			**25,698**	25,698
ETF Surcharge		407,089			**407,089**	407,089
ETF Legal			-		-	
		59,468,875	**4,776,411**	-	**64,245,286**	**39,470,006**

Deposits / Advance for property	34	Estate	Head Office	Consumer		
Deposit Against Asset Lease	34.1	-	70,429,285		**70,429,285**	71,070,952
others	34.2		124,611,169		**124,611,169**	130,900,290
		-	**195,040,454**	-	**195,040,454**	**201,971,242**

Bank Overdraft	35	Estate	Head Office	Consumer		
BOC Hyde Park 2327554		-	40,356,658		**40,356,658**	78,299,740
BOC Hyde Park 2327553			-	396,614	**396,614**	-
People's Bank union Palace 014100293155909			-	-	-	2,547,929
Nation Trust 006100003643			954		**954**	954
BOC Jaffna		3,209			**3,209**	3,209
Petty Cash Regional Office		1			**0.67**	4
		3,210	**40,357,612**	**396,614**	**40,757,436**	**80,851,837**

Notes to the Financial Statement

1. CORPORATE INFORMATION

1.1 Reporting Entity

Janatha Estates Development Board has been established by virtue of a Gazette Notification No: 199/1M dated 06th February 1976 under the State Agricultural Corporation Act.No:11 of 1972. The registered office and the principal place of business are located at No: 55/75, Vauxhall Lane, Colombo-02.

1.2 Principal activities and nature of operations.

There were no significant changes in the nature of principal activities of the board during the financial year under review. The principal activities of the Board were the cultivation, manufacture and sale of Tea and Rubber. JEDB is conducted local Tea sales centre (Jana Tea / Consumer service) other than tea sales through brokers (Value added product)

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Board comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in equity and Statement of Cash Flows, together with the Accounting Policies and Notes to the Financial Statements

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS & LKAS) promulgated by

the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirement Sri Lanka Accounting & Auditing standard Act .No: 19 of 1995.

2.2 Basis of measurement

The financial statements have been prepared in accordance with the historical cost convention basis, Appropriate, specific policies are explained in the succeeding notes. No.

adjustment have been made for inflationary factors in the financial statements and these financial statement are prepared 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 the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the

judgments about carrying values of assets and liabilities that are not readily apparent from the other sources.

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

2.4 Going concern

The Board of directors has made an assessment that the board should be restructured under public private and employee partnership (PP&E) concept for going concern of the organization. Restructuring program is being applied at present with an intention of investing unutilized & under-utilized assets and properties in the Joint Ventures with private investors. Long outstanding including EPF & ETF will be settled by the income generated out of the income expected to generate from new investments. Financial statements have been prepared on going concern basis and they do not entrained either liquidate or cease any business activities till the restructuring program is executed.

2.5 Comparative Information

The accounting policies have been consistently applied by the board with those used in the previous year. These figures and phrases have been rearranged wherever necessary to confirm to the current year's presentation.

2.6 Events occurring after the Reporting Date

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the financial statements are authorized for issue. The materiality of the events occurring after the reporting period are considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

3.1 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessary take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Capitalization of borrowing costs commences when it incurs expenditure for the asset, it incurs borrowing costs and it undertake activities that are necessary to prepare the asset for their intended use or sell. It ceases capitalization when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Capitalization of borrowing costs shall be suspended, if it suspends active development of a qualifying asset.

Board borrows funds generally and uses them for qualifying asset such as immature plantations of tea, rubber and oil palm. The Board determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditure on the above biological assets. For this purpose Board uses weighted average of the borrowing costs applicable to the general borrowings. All other borrowing costs are recognized in Statement of Profit or Loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

3.2 Assets and Bases of their valuation

Assets classified as current assets in the of Financial Position are cash and bank balances and those, which are expected to be realized in cash during the normal operating cycle. or within one year from the Repotting date, whichever is shorter. Assets other than current assets are those, which the Board intends to hold beyond the one year period calculated from the reporting date

Non- Current assets have not been revalued for a long period and therefore present value of the will be differing from the figure mentioned in the financial statements.

3.2.1. Property Plant and Equipments

Recognition and measurement of the property plant and equipment are recorded at cost/valuation less accumulated depreciation and impairment losses. The cost of property, plant & equipment is the cost of purchase or construction together with any expenses incurred in bringing the assets to its working condition for its intended use

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for separate items (major component) of property, plant and equipment.

3.2.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably. The carrying amount of the replaced part is derecognized the costs of the day to day servicing of property, plant & equipment are recognized in profit or loss as incurred.

3.2.3 Depreciation / Amortization

Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of item of Property, Plant, Equipment and **Biological Assists.** Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Board that is classified as held for sale) and the date that the asset is derecognized.

Depreciation is not charged on Freehold Land.

The assets are depreciated over their useful lifetime of the assets at the rate given below.

Item	Estates	Head Office
Buildings	5%	5%
Plant and Machinery (Old	33.33%	12.5%
Plant and Machinery (New)	20%	20%
Lines & Latrines	5%	5%
Motor vehicles	25%	
Furniture ,fittings & Equip.	12.5%	
Mature Plantation - Tea	5%	
Mature Plantation - Rubber	5%	
Mature Plantation - Cinnamon	5%	
Mature Plantation - Coca	5%	
Mature Plantation - Mango	5%	
Mature Plantation - Pepper	5%	
Mature Plantation - Cardamom	5%	
Road & Bridges	5%	
Hydro Power Plant	5%	
Computers & Printers New)	20%	
Computers & Printers	12.5%	

Fully depreciated assets

Although the fully depreciated assets of the head office and estates should be revised according to Sri Lanka Accounting Standard no.08 and get the correct carrying value, it has not been done due to the lack of sufficient working capital to pay a large valuation fee.

3.2.4 Computer Software

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets.

3.2.5. Permanent Land Development Costs

Permanent land development costs are those costs incurred to make major changes to land contours to build new access roads and other major infrastructure development. Cost incurred for this type projects is capitalized and depreciated according to depreciation policy of the board (Road, Bridges, Fence etc.)

3.2.6. Investment Properties - (Rented Land & Buildings)

Investment property is property held either to earn rental Income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings

3.2.7. Limited Life Land Development Costs

Immature and Mature Plantations

The costs directly attributable to re-planting and new planting are classified as immature plantations up to the time of harvesting the crop. Since the market determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable, the Board measures immature and mature plantations of bearer biological assets such as tea, rubber, oil palm etc. At its cost less any accumulated depreciation and any accumulated impairment losses on initial recognition in line with the ruling given by the Institute of Chartered Accountants of Sri Lanka to measure bearer biological assets under LKAS 16, Property, and Plant & Equipment.

Nurseries are carried at cost as the fair value cannot be easily determined. The costs consist of direct materials, direct labor and appropriate proportion of other directly attributable overheads. Once the fair value of such a biological asset becomes reliably measurable, the Board measures it at its fair value less cost to sell.

All expenses incurred in land preparation, planting and development of crops up to maturity or up to the harvesting of the crop are capitalized as biological assets. All expenses subsequent to maturity are recognized directly in Statement of Profit or Loss. General charges incurred on the re-plantation and new

plantations are apportioned based on the labor days spent on respective re-planting and new planting and capitalized on immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred

Items	Immature period-(Year)	Harvesting starts-(Year)
Tea	1 to 4	5
Rubber	1 to 6	7
Cinnamon	1 to 2.5 or 3	2.5 or 3
Cardamom	1-3	3-5
Cocoa	1-3	3-5
Pepper	1-2.5 or 3	2.5 or 3
Mango	1-5	5
Areca nut	1-3	3-5
Ginger	Annual Crop (3M)	08 Months
Nut meg	1-5	5

3.2.8 Infilling cost

The land development costs incurred in the form of infilling have been capitalize to the relevant mature field, only where that increases the expected future benefits from that field, beyond its pre infilling performance assessment. Infilling cost so capitalize are depreciated over the newly assets remaining useful economic life of the relevant mature plantation, or the expected lease period whichever is lower.

Infilling cost that are not capitalized have been charged to the income statement in the year in which they are incurred.

Timber plantation

Timber plantation is measured at fair value on initial recognition and at the end of each reporting period at fair value less cost to sell which includes all the cost that would be necessary to sell the assets including transportation costs.

Gain or loss arising on initial recognition of timber plantations at fair value less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in the Statement of Profit or Loss for the period in which they arise. All costs incurred in maintaining the assets are included in Statement of Profit or Loss in the year in which they are incurred.

Biological assets

Biological assets shall be qualified for recognition if the Board controls the-assets as a result of past event. It is probable that future economic benefits associated with the assets will flow to the Board and fair value or cost of the asset can be measured reliably.

3.2.9 Inventories

Inventories other than produce stock and nurseries are stated at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. The Board uses weighted average cost/ FIFO formula in assigning the cost of inventories. The cost includes expenses in acquiring stocks, production and conversion cost and other costs incurred in bringing them to their existing location and condition

Net realizable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

Manufactured up to the balance sheet date and sold since then, until the time of preparation of the financial statements are valued at the since realized price. The balance stock is valued at estimated selling price. The prices are net of all attributable expenses relating to the public auction.

Cost of production of one kilogram of tea is always higher than net realized value.

4 Financial Assets

Initial Recognition and Measurement Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Board determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Board commits to purchase or sell the asset. The Board financial assets include cash and cash equivalent, short term deposits, Loans and advances given to tea suppliers, trade and other receivables.

4.1.1 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below: Financial Assets at Fair Value through Profit or Loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Board that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are. Also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the income statement. The Board evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Board is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future.

Significantly changes, the Board may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset.

4.1.2 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Board that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

The Board evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Board is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future Significantly changes, the Board may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset.

4.1.3 Loans and Receivables

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

4.1.4 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 above categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Available for sale financial assets comprise equity securities and debt securities.

4.1.5 De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a Board of similar financial assets) is derecognized when. The rights to receive cash flows from the asset have expired, The Board has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Board has transferred substantially all the risks and rewards of the asset, or (b) the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Board's continuing involvement in it. In that case, the Board also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained.

4.1.6 Impairment of Financial Assets

The Board assesses at each reporting date whether there is any objective evidence that a financial asset or a Board of financial assets is impaired. A financial asset or a Board Of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Board of financial assets that can be reliably estimated Evidence of impairment may include indications that the debtors or a Board of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows; such as changes in arrears or economic conditions that correlate with defaults.

4.2 Financial Liabilities

4.2.1 Initial Recognition and Measurement

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

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

4.2.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

4.2.3 Financial Liabilities at Fair Value through Profit or Loss

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

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Board that are not designated as hedging instruments in hedge relationships as defined by LKAS 39, Separated embedded derivatives are also classified as held-for -trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held-for-trading are recognized in the profit or loss. The Board has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

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 method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the FIR. The EIR amortization is included in finance costs in the income statement.

4.2.5 De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated.

as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in the income statement.

4.2.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Board.

4.2.7 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may Include: Using recent arm's length market transactions; Reference to the current fair value of another instrument that is substantially the same; A discounted cash flow analysis or other valuation models.

4.2.8 Provision, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, where 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. All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

4.2.9 Trade and Other Receivables:

Trade receivables are stated at the amounts they are estimated to realize, net of provision for bad and doubtful debts.

4.2.10 Cash and Cash Equivalents:

Cash and cash equivalents comprise cash balances, fixed deposits and call deposits, Bank overdrafts that are repayable on demand and form an integral part of the Board's cash management are Included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Interest paid is classified as an operating cash flow while interest received is classified as an investing cash flow for the purpose of presentation of Statement of Cash Flow, which has been prepared based on the indirect method.

4.3 LIABILITIES & PROVISIONS

4.3.1 Retirement benefits of employees.

(a) Defined benefit plans.

The retirement benefit plan adopted is as required under the payment of Gratuity Act.No,12 of 1983 and the Indian Repatriate Act. No: 34 of 1978 to eligible employees. No adequate Provision has been made in the financial statements for retirement gratuities from the first year in the service for all the employees in conformity with LKAS -19 on retirement benefit cost. However, according to the

Gratuity Act No: 12 of 1983, liability for payment to an employee arises only after completion of 5 years continued service. Liabilities are disclosed in notes to financial statements.

(b) Gratuity Payable to Ex-'employees

Gratuity payable to estates workers had been correctly calculated and accounted in books of accounts of the estates as at year end date of 31st December 2020 Rs.741,474,648.25 is payable to ex employees as at December 2020. Gratuity have not been paid to the relevant person due date hence, Commissioner of Labor has filed legal action against directors of Board.

(c) Provision for Gratuity

A provision for retirement gratuities is made in the financial statements from the first year of service for all employees. The provision and payment of gratuity are in accordance with the Gratuity Act of 1983 (Number 12). Consequently, the liability is recognized in the balance sheet accordingly.

(d) Defined Contribution plans EPF, ETF ,ESPS, CPPS

All employees who are eligible for defined provident fund contributions and Employees Trust Fund contributions are covered by relevant contributory funds in line with respective statutes and regulations. Board contributes 12% to EPF, ESPS, CPPS fund and 3% to ETF fund on gross emoluments of employees.

EPF ETF and ESPS, CPPS have not been remitted to the EPF, ETF board within stipulated time from 2000 to 2020 Commissioner of Labor has filed legal action against directors of Board.

Balance as at 31/ 12/ 2020

EPF Payable (From 2000 . to 2020)	Rs. 872,943,181.96
ETF Payable (From 2000 to 2020)	Rs. 64,245,286.17
ESPS- Payable (From 2000 to 2020)	Rs. 95,998,165.39
CPPS- Payable (From 2000 to 2020)	Rs.19,454,472.33

4.4 Government Grants:

Grants are recognized initially as deferred income when there is a reasonable assurance that they will be received and that the Board will comply with the conditions associated with the grant. Grants that compensate the Board for expenses incurred are recognized in Statement of Profit or Loss on a systematic basis in the periods in which the expenses are recognized.

However, in previous years' final accounts, the government grant was shown under the Reserve in the Balance Sheet. As per the audit query and the Accounting Standard, the government grant has been adjusted to the Profit and Loss account this year. (previous year Adjustment account)

In the current year did not receive any treasury funds, and all expenses of the institution were met from the funds raised by the institution itself.
The adjusted amount year wise as follows

Year	Amount (Rs)
2014	244,500,000.00
2015	618,500,000.00
2016	511,689,820.00
2017	679,300,000.00
2018	425,000,000.00
2019	468,000,000.00
	2,946,989,820.00

4.5 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method

4.6 Taxation

4.6.1 Current Tax

Tax expenses for the period comprise the current and deferred tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto. However, during the current year, no tax liability has arisen due to loss making position of the Board

4.7 Income Statement

4.7.1 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Board and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

The Board has adopted following policies and methods to determine the time at which the entity transfer the significant risks and rewards of ownership of goods.

(a) Sale of tea at auction

As per the Tea by laws and conditions issued by the Ceylon Tea Traders Association (section 17) the highest bidder is accepted and a sale shall be completed at the fall of the hammer. The sale is valued at the price and quantity agreed up on and raising the sale note.

(b) Sale of rubber at auction

As per the Rubber by laws and conditions issued by the Colombo Rubber Traders' Association the highest bidder is accepted and a sale shall be completed at the fall of the hammer. The sale is valued at the price and quantity agreed up on and raising the sale note.

(c) Harvesting of timber plantation

Revenue from sale of timber is recognized when legal ownership and the risk of loss transfer to the buyer and the quantity sold is determinable.

(d) Gains and losses a revenue nature on the disposal of property, plant and equipment

Profit or loss is determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognized net within "other qualifying asset, in which case they are capitalized as part of the cost of that asset.

(e) Rental income

Board has rented our lands and factories to various parties and the rent income arose from them is identified as rent income. Accounted on accrual basis (Monthly and Annually)

4.8. Expenditure Recognition

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to Statement of Profit or Loss in the year in which the expenditure is incurred.

4.8.1 Finance cost

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

4.9 Cash Flow Statements

Interest received is classified as investing cash flows, while Interest paid, is classified as financing cash flows for the purpose of presentation of Cash Flow Statement which has been prepared using the 'Indirect Method

5. Disclosure in accordance with Sri Lanka Reporting Standards No. 7

5.1. Profit/ (Loss) Note number. 5 and 6.

The total income of Janatha Estate Development Board consists of three parts namely Estates, Consumer Division and Head
Office. However, in order to sell tea, the consumer sector buys tea from our estates sector and sells tea to the Government institutions and locals outside the company. When collecting the income of those three sectors, the income from the sale of tea Rs. 85,808.120.00 as well as the cost of production of tea Rs. 85,808,120.00 is doubled, so from this year, the double count has been removed from the total income and total production cost.

5.2 Fixed Deposit

An amount of Rs. 2,500,000.00 was deposited as a fixed deposit on 21.09.2012 at the People's Bank, Union Place branch and obtained overdraft facility against this fixed deposit in 05.10.2012. This fixed deposit has been withdrawn on 21.09.2020.

5.3 Rs. 140 Million - Bank Loan

JEDB has been got Rs, 140 Mn as a Loan on 06.05.2020 at the rate of 12.5%(subject to variable interest rates)24-month repayment period with 3-month grace period from the Bank of Ceylon – Hyde Park Branch. This loan issued to us, against the guarantee issued by the Treasury. The balance as on 31.12.2020 is Rs. 138,623,537.

5.4 Obsolete Stock Rs. 3,418,944

In the year 2018, the finished tea stock revealed by the Auditor General's Office was removed from the consumables input material and corrected to the finished tea stock.

5.5 Disclosure about the Kandaloya & Nagastanna Estate money theft

On the 9th of September 2011, a theft occurred involving significant amount of money from two estates Kandaloya & Nagastanna.The stolen amounts are as follows.

Kandaloya Estate: Rs. 1,531,160.00

Nagastanna Estate: Rs. 1,256,046.50

The total amount Stolen is Rs. 2,787,206.50

The court case at the Kandy High Court continues to progress and Mr. Dinal Samaranayake, the former Superintendent, is appearing to this court case.

5.6 Mature tea plantation(vested)

According to the audit query-1.2.4 (ආ) the mature tea plantation(vested)amounting Rs. 17,925,652 have been removed from Property, Plant and Equipment (PPE) and disclosed separately under Biological Assets.

5.7. Disclose about the value of timber

The value assessment of commercially valuable timber was done in 2021. Therefore, the value of the timber will be adjusted to the ledger account accordingly in the year 2021.

5.8. Disclose about JEDB Owned lands

The information discloses by the Land Division to Finance regarding Jedb-owned land, updated on 15.07.2024, is as follows

	Hectare	Estates
Lands given by official Gazette notification.	140,824.43	525
Lands Purchased by JEDB	0.74	2
Acquired by the Government .	1785.10	37
Total JEDB Owned Land	**142,610.27**	**564**
Leased lands for 20 Private Companies (RPC)	120,521.19	402*
leased lands by JEDB	1,898.87	
JEDB Owned but not leased yet (Managed by the JEDB)	12,781.67	
Lands acquired from JEDB to the Government Institutions	1,454.89	
Lands Sold by JEDB	3.72	
Lands acquired from JEDB to Land Reform Commission	1,757.19	
Un Identify Lands	4,192.74	

* Even though the land division disclose that 402 estates leased to the RPC, as per the Gazette it was only 242. Information as per the Gazette as follows.

Gazette	Estate	Gazette	Estate
720/2	86	718/25	01
718/16	18	718/26	01
718/17	01	776/13	07
718/18	01	719/3	28
718/19	01	719/15	71
718/20	01	183/10	13
718/21	01	344/5	05
718/22	01	216/11	02
718/23	01	937/2	02
718/24	01	**Total**	**242**

Audit and Management Committee Meeting Report

1. Amount Receivable from the Department of Inland Revenue Confirm with the Department of Inland Revenue whether the exact amount recorded as receivable from the Department of Inland Revenue in the 2016 Balance Sheet has been received or not.

2. Reconciliation of Estate Deposits The Accountant (Estates) should be informed regarding the improper utilization of funds by the estates due to the failure to properly carry out the reconciliation of estate deposits.

3. Audit of Final Accounts Submit the correct documentation to the Government Audit Sector for the audit of the 2017 final accounts.

4. Advance Balances Accurately analyze the advance accounts and present them to the Committee, and recover the given advances in accordance with internal circulars.

5. Correcting Leased Land Balances Complete and present the leased land balances to the Committee before **30th October 2020**. Update the leased land balances as of **31st December 2019**.

6. Fixed Asset Register Commence the preparation of this register in several stages.

7. Felling of Risky Trees in Galaboda Estate A clarification was requested from the Committee regarding the delay in the relevant Estate Superintendent's salary increment. Issuance of cautionary letters for personal files based on the Board of Directors' advice.

8. Internal Audit Report on the Lease of the Kolapathana Stone Quarry It was advised to obtain the case file from the Geological Survey and Mines Bureau and take action to cancel the agreement after obtaining the Attorney General's advice regarding the national economic deterioration and the loss incurred by the government due to this.

9. General Manager Obtaining Labour Allowances from Estates Expedite the investigation against the General Manager and submit the report to the Committee.

10. Granting 07 Perches to Workers Investigate whether the granting of 07 perches to the workers of Galaboda Estate has been done correctly.

11. Regarding the Lease Agreement with Ranjan Gamini Weerapala Obtain the Committee's recommendations for recovering the loss incurred by the Board and present them to the Board of Directors.

12. Cancellation of Lease Agreements It was advised to prepare a detailed report on the economic deterioration caused to the government and the country by some of the Board's existing agreements, obtain the Attorney General's advice on the matter, and investigate the possibility of cancelling these agreements. The report should include the lease agreements of 175 Mr. Paint, MAG City, Lakeside Property, and Country Energy.

13. Legal Section To minimize legal fees, take steps to register lawyers to appear for cases within the jurisdiction of the Kandy, Gampola, and Monaragala courts where the Board has ongoing cases. Separate calls for applications must be issued for lawyers appearing in District Courts and Magistrate Courts, and they must be registered accordingly. The process for selecting lawyers and assigning cases must be systematized.

14. Rookwood Estate - Document Inspection Obtain statements related to the internal audit report, report the relevant findings to the Board of Directors by **23rd December 2020**, and issue charge sheets against the relevant officers if the allegations are proven.

15. Conducting a Master Survey of All Employees in All Estates Conduct a Master Survey of all employees in all estates and take steps to remove the names of all physically absent employees from the labour nominal lists to accurately identify the actual working labour force.

16. Use of Check Lists in Estates Provide sequentially numbered Check Lists for all estates and confirm that all internal controls related to the Check Lists are being implemented as instructed.

17. Payment of Labour Wages Instruct all Estate Superintendents to collaboratively manage all labour wage payments through bank accounts with the Accounts Division. Expedite the commencement of bank wage payments for Haputale and Kumbalwela Estates starting from January. Display the estate workers' payroll one day prior to payment and provide an opportunity to submit objections, if any.

18. Estate Employee Personal Files Grant Estate Superintendents a 3-month period to correctly update the estate employee personal files and provide the necessary Human Resource Management advice.

19. Strengthening the Internal Audit Division through Reorganization

- The Internal Audit Division lacks a sufficient number of suitably qualified officers to implement the annual internal audit plan; therefore, the institutional Internal Audit Division must be strengthened by deploying qualified and experienced officers.
- Obtain the assistance of a qualified and experienced Assistant Internal Auditor.
- Recruit an audit officer with estate-related experience on a contract basis.
- It was proposed to the Committee to recruit two Development Officers from the line ministry.

20. Reporting the Institutional Monthly Revenue Statement to the Internal Audit Committee

- Raw tea leaf sales revenue for each estate (with quantities).
- Quantity of tea leaves provided to the Janatha Tea Sector and the revenue.
- Quantity of tea leaves sent to the tea outgrower.
- Land sector revenue.
- Other revenue.

PAL/C/JEDB/01/2020/17 January 2025

Chairman

Janatha Estate development Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Janatha Estate Development Board for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Janatha Estate development Board ("Board") for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018, State Agricultural Corporations Act, No. 11 of 1972 and *Finance Act No. 38 of* 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

I do not express an opinion on the accompanying financial statements of the of the Board. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

(a) Although the total land owned by the Board is 142,593.03 hectares, including 123,306.37 hectares provided on lease by the Board, the value of these lands had not been assessed and accounted for under investment property and property, plant and equipment in the financial statements as at 31 December 2020, and 2,872.45 hectares of land had not been specifically identified by the Board. Accordingly, the fair value of the lands owned by the Board is not reflected in the accounts and the audit could not verify the accuracy and total value of those lands.

(b) The useful life and residual value of an asset should be reviewed and if the expected useful life and residual value are different from the previous year, action should be taken in accordance with the standard on accounting policies, changes in accounting estimates and errors in Sri Lanka Accounting Standards 08. The useful life and residual value of an asset should be reviewed and if the expected useful life and residual value are different from the previous year, action should be taken in accordance with the Sri Lanka Accounting Standards 08 on accounting policies, changes in accounting estimates and errors. However, such action had not been taken in respect of fully depreciated assets currently in use with a cost of Rs.348.79 million.

(c) Although depreciation of an asset should commence once it is ready for use in accordance with paragraph 55 of Sri Lanka Accounting Standards 16 and the Board's Accounting Policy 3.2.3, fixed assets worth Rs.5,609,889 purchased by the Estates and Head Office during the year 2020 were depreciated for the year under review irrespective of the date of purchase.

(d) According to Paragraph 57 of Sri Lanka Accounting Standard 19, the Actuarial Valuation Method such as the present service cost of the entity, the age of the employees, the life expectancy of the employees, the impact of employee turnover, retirement age, the discount rate, the salary and increment percentage should be used when calculating the Defined Benefit Obligation. However, the Board calculated the defined benefit obligation solely based on the basic salary received by an employee at the end of the year, disregarding the required actuarial method and factors.

(e) Although, in accordance with paragraph 12 of Sri Lanka Accounting Standards 41, biological assets should be measured at fair value less costs to sell upon initial recognition and at the end of each reporting period, the Board continued to carry forward the value of consumable biological assets of Rs. 33,620,787 as a fixed value without such annual valuation. Also, the annually updated tree census and valuation reports to verify that value were not submitted for audit. Although the sales revenue of consumable biological assets sold during the year under review was Rs.47,606,468, the cost related to these trees had not been removed from the assets.

(f) Although the depreciation method and depreciation rate for biological assets should be disclosed in the financial statements and depreciation should be accounted for accordingly in accordance with paragraph 54 (d) of Sri Lanka Accounting Standards 41, disclosures had not been made in the financial statements in relation to other biological assets of Rs.1,835,941 and depreciation had not been calculated and accounted for.

(g) Unreconciled Control Accounts

Following discrepancies were observed between the financial statements and the schedules submitted by the Board to the audit, relating to 07 Objects.

	Item	As per the Financial Statements of the Board (Rs.)	Document examined during the audit	The balance according to that document (Rs.)	Difference (Rs.)
(i)	Balance of loan and interest receivable by the Board from the Sri Lanka State Plantation Corporation.	119,318,496	Corporation Account	97,709,342	21,609,154
(ii)	Tree Sales Income	47,606,468	Schedule	47,158,339	448,129
(iii)	Rates and Taxes Expenses	6,542,340	Colombo Municipal Council Tax Reports	5,908,552	633,788
(iv)	Annual depreciation expense	30,666,760	Fixed Assets register	33,487,549	2,820,789
(v)	Cost of 05 types of property, plant and equipment Cost of 05 types of property, plant and equipment	349,237,039	Fixed Assets register	343,648,415	5,588,624
(vi)	Unidentified property, plant and equipment balance in the fixed asset register	12,284,534	Estate Ledgers	-	12,284,534
(vii)	Head Office Trade Creditors Balance	142,786,753	Schedule	142,966,115	179,362

(h) As the Suspense account balances of Rs.4,342,561 and Rs.1,863,756 included in trade and other receivables and payables respectively had not been settled as at the end of the year under review, current assets and current liabilities had been overstated by that amount.

(i) After the Nagastenna Estate was given to a private company on a long-term lease basis in 2007, the amount of Rs.2,176,683 due from that institution had been carried forward in the financial statements as trade and other receivables for more than 12 years. However, according to information received from the Lands Division, due to the re-acquisition of the estate by the Board in 2009, the amount due to that company as of 30 June 2024 was Rs.21,986,330, but no adjustments had been made in the financial statements in this regard.

(j) An adjustment of Rs. 27,155,018 was made to the Cash Flow Statement as the impact of adjustments relating to prior years' profits. However, since this amount did not have any impact on the profit of the current year, it was observed during the audit that the unfavorable balance of net cash flow from operating activities has further increased by this amount.

(k) Lack of Evidence for Audit

	Item	Value (Rs.)	Evidences not presented
(i)	Lands and Buildings - Head Office	1,503,744,550	Land plans, plans, valuation reports, gazettes related to transfer, physical assets verification reports.
(ii)	Fixed Asset Balance - Onugaloya Estate	6,013,927	Fixed Asset Register, Physical Asset Verification Reports.
(iii)	Other Assets	8,696,304	Fixed Asset Register, Schedules, Asset Physical Verification Reports.
(iv)	Biological Assets - mature cultivation	17,925,652	Tree census reports, reports related to valuation.
(v)	Work in Progress	34,244,271	Board minutes related to work approval, payment vouchers, and performance evaluation reports of completed works.
(vi)	Refundable deposits	68,859,348	Detailed schedules, Age analysis
(vii)	Tea leaf sales revenue	25,492,128	Sales related details and balance confirmations
(viii)	Closing stock - Plant nursery	11,010,075	Board of survey reports, detailed schedules and nursery reports

(ix)	Trade and other receivables - adjusted balance	30,563,313	Balance confirmations, detailed schedules
(x)	Miscellaneous Debtors -Head Office	4,114,051	Detailed schedules
(xi)	The balance due from the lease of the Monte Cristo estate (over 19 years)	40,503,226	Balance confirmations

(l) The amount of Rs. 4,136,733 spent by the Janatha Estate Development Board for the purchase of roofing sheets in relation to the plantation development project implemented by the Ministry of Plantation Industries and completed in the year 2010 had been recorded as trade and other receivables in the financial statements of the Board for over 10 years. Although the recovery of this money was uncertain, no provision had been made in the financial statements for the same

(m) Out of the balance of Rs.128,122,068 related to 17 estates, which was included in the Trade and Other Receivables balance on the Statement of Financial Position of the Board as at 31 December 2020, an age analysis and balance confirmations were not submitted for audit in respect of balances of Rs.115,546,879 relating to 10 estates. Furthermore, it was observed that a balance of Rs.7,287,138 which was older than 10 years had not been recovered and its recovery was in an uncertain state.

(n) The Board's stock balance as at 31 December 2020 included obsolete tea stock of Rs.3,418,944, within which the value of the obsolete tea stock belonging to the year under review was Rs.1,049,491. The necessary adjustments for this obsolete stock had not been made in the accounts, and the relevant stock verification reports regarding this matter were also not submitted for audit.

(o) According to the Creditors Schedule, creditor balances exceeding 5 years in 9 estates amounted to Rs.13,028,558, and creditor balances exceeding 10 years in 4 estates amounted to Rs.6,512,056. However, the Board had not taken action to either settle these creditor balances or to identify creditors who were not claiming their dues and take those amounts into revenue.

(p) **Going Concern**

Due to continuous losses, the Board's Net Assets and Working Capital as at 31 December 2020 had recorded negative values of Rs.924.8 million and Rs.2,004.4 million, respectively. Furthermore, the statutory payments that had been defaulted as of that date amounted to Rs.1,793.5 million. There was also a bank loan balance of Rs. 161.5 million to be settled at the end of the year under review. Accordingly, it was observed that there is a material uncertainty regarding the Board's going concern. Although the Board of Directors had decided to restructure the Board, such restructuring had not been carried out even as at 31 December 2024.

As described above I was unable to confirm or verify by alternative means, material items included in the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement. As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

My responsibility is to conduct an audit of the Board's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However because of the matters described in the Basis for Disclaimer of Opinion section, I was not able to obtain sufficient appropriate audit evidences to provide a basis for an audit opinion on these financial statements.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 I have not obtained all the information and explanation that considered necessary for the purpose of audit and I was unable to determine whether proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.2 (a), (c), (d), (e), (g), (p) (i), (ii), (iii), (iv) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;

2.2.2 to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

	Reference to Law, Rules/ Provisions	Observation
(a)	Sub-section 5 (1) of Part II of the Payment of Gratuities Act, No. 12 of 1983	Although gratuity payments should be made within 30 days from the date of retirement or death of an employee, according to the financial statements, the Janatha Estate Development Board had not paid gratuity of Rs.569,200,642 by the end of the year under review. Furthermore, since any employer who fails to pay any amount due as gratuity is required to calculate and pay surcharges in addition to that amount in accordance with the provisions of the Act, according to the financial statements, the Board should have paid an amount of Rs.171,623,502 as surcharge by the end of the year 2020.
(b)	Section 15 of the Employees' Provident Fund Act, No. 15 of 1958	Although the employer must deduct the employee's share of the Employees' Provident Fund contribution from the employee's earnings and pay it to the fund before the last day of the following month and the employer's contribution must also be paid accordingly, the Board had to pay a sum of Rs. 860,521,811 to Provident Fund for a period of almost 19 years since 2001, and Rs. 98,883,502 to Estate Staff Provident Fund (ESPS) and Ceylon Planters Provident Fund (CPPS), and as of the end of 2020, according to the financial statements, a sum of Rs.28,990,507 in surcharges had not been paid to the above funds.
(c)	Sub-section 16 (1) of the Employees' Trust Fund Act, No. 46 of 1980	Although the employer is required to pay a contribution of about three percent of the total earnings of the employee to the Employees' Trust Fund on or before the last day of the following month for each month in which the employee is employed, the Board had defaulted on payments of Rs.63,838,198 to the Employees' Trust Fund for a period of almost 9 years since 2011

		and, as per the financial statements, by the end of 2020, a surcharge of Rs.407,089 was also due to be paid to the Trust Fund.
(d)	Section 93 of the Inland Revenue Act, No. 24 of 2017	Although an income report for that assessment year should be submitted to the Inland Revenue Department within a period of not less than 08 months after the end of each assessment year, the Board had submitted the income tax report for the assessment year 2020/2021 only on 11.02.2024.
(e)	Section 6.5.1 of the Public Enterprise Circular No. PED/12 dated 02 June 2003 and Treasury Circular No. 01/2004 dated 24 February 2004	Although the annual accounts and draft annual report of the institution should be submitted to the Auditor General within 60 days of the end of a financial year, the financial statements and draft annual reports for the years 2021, 2022, 2023 had not been submitted to the Auditor General and the accounts for the year 2020 were submitted to the Auditor General on 08 August 2024 and the draft annual report for that year had not been submitted to the Auditor General up to the date of this report.
(f)	F.R. 756(6), included by Paragraph 11.1 of the Public Enterprise Circular No. 01/2020 dated 28 August 2020.	Although the board of survey report is to be submitted to the Auditor General before 15 June of the next financial year as per the time frame for completing the annual board of survey, the board of survey report for the year 2020 was submitted to the Auditor General on August 8, 2024.

2.2.3 to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;

2.2.4 to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018;

2.3 Other Matters

(a) According to the Board's Financial Statements, the annual income earned from the main revenue sources of Tea Leaf Sales Income, Manufactured Tea Sales Income, In-Estate Tea Sales Income, and rubber Latex Sales Income excluding other income earned by the estates, amounted to Rs. 703,920,345 and according to the ledger accounts, the main cost sources included in the cost of sales, including general expenses, expenses for field work and expenses incurred for production, amounted to Rs.1,055,242,384. Therefore, except for Diyaluma Estate, none of the 16 estates were able to earn income beyond these main expenses.

(b) In accordance with the agreements entered into with registered buyers for the sale of tea leaves by the Board, although the receivables should be collected within a credit period of 15 days, the outstanding balance of the debtors amounted to Rs. 40,270,672 as of 31 December 2020, exceeding the periods of 3 months to 7 years,.

(c) According to the trade creditor age analysis, the Board had not taken the necessary action to settle the balance of Rs.7,758,060 for 1 to 3 years, the balance of Rs.12,821,559 for 3 to 6 years and the balance of Rs.92,162,860 for more than 6 years.

(d) A fund called "Chairman's Welfare Fund" was established in the year 2020 by crediting 0.25 percent of the income of the Board and Estates without a formal approval and a sum of Rs.2,475,672 was credited to the fund during the year under review.

W.P.C. Wickramarathne
Auditor General

Performance Summary

The financial result from operating activities was a loss of Rs. 62,348,392,616, and the corresponding loss in the year 2019 was Rs. 757,593,787.

Finished tea production has increased by 114,740 kilograms compared to the previous year. Accordingly, the year's production is 1,486,272 kilograms of tea.

Likewise, rubber production has increased by 81,417 kilograms compared to the previous year. Accordingly, the year's production is 444,612 kilograms.

The reason for these production increases is the application of agricultural inputs (fertilizers, weedicides) necessary for tea and rubber production to a certain extent.

Head Office income and the income of the "Jana Tea" sector have also increased compared to the previous year. "Jana Tea" income has increased by Rupees 48,355,175 compared to the previous year.

Due to the above factors, it has been possible to reduce the loss in the year 2020 compared to the previous year.

Audit Inquiries

The main reason why the Auditor General's Department did not express an audit opinion on the financial statements is the failure to submit the necessary specific evidence required for the audit. Therefore, suitable action is currently being taken to submit that audit evidence in the future.

Short-Term and Medium-Term Measures Expected to Enhance Organizational Performance

1. Holding professional training and development programs/workshops for the staff to enhance knowledge.
2. Ensuring maximum capacity utilization of Janawasam tea factories by taking steps to purchase tea leaf from smallholder tea leaf owners situated around the estates.
3. Taking steps to dispose of unserviceable vehicles, machinery, etc., that have not been in use for a long time, through accepted procurement methods.
4. Cultivating minor export crops and vegetables on Bare Land (formerly Vacant Land) to minimize losses on the estates.
5. Looking for opportunities to develop the "Jana Tea" sector.
6. Developing a system that makes it possible to obtain a higher yield by changing the tea bush pruning period and considering the condition of leaf growth.
7. Implementing the forest management plan.
8. Making estate bungalows located in scenic surroundings suitable as holiday resorts to earn additional income streams.

9. Taking the necessary legal steps to recover due lease rentals not being received properly from the institutions to which properties have been leased.
10. Executing agricultural practices on time. Example: Providing agricultural inputs (fertilizers, chemicals) as scheduled and on time.
11. Increasing sales income by obtaining good quality products through the modernization of tea factories.
12. Resolving legal issues concerning the lands leased by the Head Office and the estates.
13. Taking steps to increase lease rental income by obtaining the currently existing assessed values for the lands.

Audit Queries in 2020 and actions taken to correct them

<table>
<tr><th></th><th>Audit Query</th><th>Corrective actions taken</th></tr>
<tr><td>1.2</td><td>(a.)
Although the total land owned by the Board is 142,593.03 hectares, including 123,306.37 hectares provided on lease by the Board, the value of these lands had not been assessed and accounted for under investment property and property, plant and equipment in the financial statements as at 31 December 2020, and 2,872.45 hectares of land had not been specifically identified by the Board. Accordingly, the fair value of the lands owned by the Board is not reflected in the accounts and the accuracy and total value of those lands could not be verified by the audit.</td><td>Due to the lack of plans of the estates owned by the JEDB and due to financial difficulties, it has not been possible to assess the values. Therefore, the Line Ministry is gradually taking steps to prepare the plans of the estates belonging to the JEDB. Accordingly, the Line Ministry will take steps to forward for preparation the plans of the following estates to the Survey Department.
• Rahathungoda
• Kandal Oya
• Lulkandura
• Hope
The assessment will be carried out after the plans are received.</td></tr>
<tr><td></td><td>(c.)
Although depreciation of assets should commence once they are ready for use in accordance with paragraph 55 of Sri Lanka Accounting Standard 16 and the Accounting Policy No. 3.2.3 of the Board, fixed assets amounting to Rs.54,609,889 purchased by the Estates and Head Office during the year 2020 were depreciated for the year under review irrespective of the date of purchase.</td><td>Action will be taken to correct this in 2022.</td></tr>
<tr><td></td><td>(k) Lack of Evidence for Audit
<table>
<tr><th></th><th>Item</th><th>Value (Rs.)</th><th>Evidences not Presented</th></tr>
<tr><td>(i)</td><td>Land and Buildings - Head Office</td><td>1,503,744,550</td><td>Land plans, plans, valuation reports, gazettes related to transfer, asset physical verification reports.</td></tr>
</table></td><td>Although these balances, which had existed before the restructuring of the Board in 1992, have been continuously recorded in the books of accounts since then, the Board does not have the relevant verification reports and supporting documents required to verify their authenticity and accuracy.</td></tr>
</table>

	(ii)	Fixed Asset	6,013,927	Fixed Asset Register, Asset Physical Verification Reports	Accordingly, the Board of Directors will be informed about the lack of documents related to these historical accounting balances. Thereafter, the appropriate next steps to be taken in relation to these balances according to accounting standards will be discussed and appropriate steps will be taken.
	(iii)	Other Asset	8,696,304	Asset register, schedules, asset physical verification reports.	
	(iv)	Biological assets - Mature cultivation	17,925,652	Tree census reports, reports related to valuation.	
	(v)	Work-in-progress	34,244,271	Board papers related to work approval, payment vouchers, and performance evaluation reports of completed works.	
	(vi)	Refundable Deposits	68,859,348	Detailed schedules, time analysis.	
	(vii)	Tea leaf sales revenue	25,492,128	Sales details and balance confirmations.	
	(viii)	Closing stock - Plant nursery	11,010,075	Board of survey report, detailed schedules and nursery reports.	
	(ix)	Trade and other receivables adjustment balance	30,563,313	Balance confirmations, detailed schedules.	
	(x)	Sundry Debtors - Head Office	4,114,051	Detailed Schedules	

<table>
<tr><td></td><td>
<table>
<tr><td>(xi)</td><td>Balance due from the lease of the Montecristo estate (over 19 years)</td><td>40,503,226</td><td>Balance Confirmations</td></tr>
</table>
</td><td></td></tr>
<tr><td>2.2.2</td><td>(a) Sub-section 5 (1) of Part II of the Payment of Gratuities Act, No. 12 of 1983.

• Although gratuity payments should be made within 30 days from the date of retirement or death of an employee, according to the financial statements, the Janatha Estate Development Board had not made gratuity payments of Rs.569,200,642 by the end of the year under review.. Furthermore, any employer who defaults on paying a sum due as gratuity must, in addition to that sum, pay a surcharge calculated according to the relevant sections of the Act. Consequently, according to the financial statements, the Board was also liable to pay a sum of Rs. 171,623,502 as surcharges by the end of the year 2020.

(b) Section 15 of the Employees' Provident Fund Act, No. 15 of 1958.

• The employer must deduct the employee's share of the Employees' Provident Fund contribution from the employee's earnings and pay it to the fund before the last day of the following month, and the employer's contribution must also be paid accordingly, The Board had an outstanding liability of Rs.860,521,811 for Employees' Provident Fund (EPF) and Rs.98,883,502 for Estate Staff Provident Scheme (ESPS) and Ceylon Planters' Provident Scheme (CPPS) for a period of approximately 19 years, starting from the year 2001 and furthermore, according to the financial statements, surcharges amounting to Rs.28,990,507 for the above funds had also not been paid by the end of the year 2020.</td><td>In accordance with the requests made by the institution, the Ministry of Finance, with the intervention of the line ministry, is preparing Cabinet papers to fully pay these outstanding statutory allowances.</td></tr>
</table>

	(c) Sub-section 16 (1) of the Employees' Trust Fund Act, No. 46 of 1980. • Although the employer is required to pay a contribution of about three percent of the total earnings of the employee to the Employees' Trust Fund on or before the last day of the following month for each month in which the employee is employed, the Board had defaulted on payments of Rs.63,838,198 to the Employees' Trust Fund for a period of almost 9 years since 2011, and according to the financial statements, surcharges of Rs.407,089 should have been paid to the Trust Fund as at the end of 2020,	