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வருடாந்த அறிக்கை
Annual Report
2018

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மக்கள் தோட்ட அபிவிருத்திச் சபை

JANATHA ESTATES DEVELOPMENT BOARD

JANATHA ESTATES DEVELOPMENT BOARD
ANNUAL REPORT 2018

CORPORATE MISSION & VISION

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 ESTATES DEVELOPMENT BOARD
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Postal Address	:	55/75 Vauxhall Lane, Colombo 02.
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E-mail Address	:	infor@jedb.lk
Website	:	www.jedb.lk

JANATHA ESTATES DEVELOPMENT BOARD
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CORPORATE INFORMATION

Name	Janatha Estates Development Board	
Legal Form	JEDB had 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.	
Address	55/75 Vauxhall Lane, Colombo 02.	
Auditors	Department of Auditor General	
Bankers	Bank of Ceylon Peoples' Bank Nation Trust Bank	
Board of Directors	Mr. Keerthi B Kotagama (January – July)	Chairman
	Mr. R D M Abdeen (Aug. – Sep.)	Chairman
	Mr. A Amarananda (Oct. – Nov.)	Chairman
	Mr. Tarik Omar (January – June)	Executive Director
	Mr. Bevan Perera (January – July)	Working Director
	Miss. Nilupama Karunarathna (January – Feb.)	Working Director
	Mr. Nilu Wijedasa (January – July)	Director
	Mr. Ananda Gallage	Director
	Mr. M S M Faizal (From July)	Director
	Mr. S M Dayarathna (January – Feb.)	Treasury Rep.
	Mr. I S M Rosa (From March)	Treasury Rep.

JANATHA ESTATES DEVELOPMENT BOARD
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CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the annual report for the financial year ended on 31st December, 2018.

Plantations
The JEDB has a Tea Plantation of 2866.80 hectares and a Rubber Plantation of 573.88 hectares.

Tea Harvest
The made tea harvest for this year is 1,435,769 kg. This shows a decrease of 8757 Kg over last year. This is mainly due to the unfavourable climatic conditions and the lack of proper agricultural activities in the Plantations, which have mainly contributed to a significant decrease in the tea yield obtained in this year.

Cost of Production – Tea

The cost of production in the year under review was Rs.557.95 per kg of tea. Last year also this was Rs.588.08. Compared to the previous year, there is a decrease in the production cost and in 2018, the cost of production has decreased due to good cost control.

Net Sale Average – Tea

Net Sale Averaged Rs.343.05 in 2018 as well. The Net Sale for the year 2017 averaged Rs.428.40 crores showing a decrease of 85.35 crores as compared to the year under review.

Rubber Plantations

Production

Compared to the last year's rubber production of 379,092 kg, the production of rubber this year was 389,525 kg, showing a slight increase. As mentioned above, the good weather conditions and proper use of fertilizer have influenced the increase in production.

Net Sale Average

During the year under review, the sales average would have increased by Rs.209.14 per kg in the market for rubber, the price was in a good condition during this period. This was an advantageous situation for our Estate as well.

Head Office Income

The income of the Head Office during this year is Rs.77,626,700. The incoming income includes tax income and building rent etc.

JANATHA ESTATES DEVELOPMENT BOARD
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Consumer Sales Revenue

The Consumer Division of the Head Office has made an income of Rs.156,645,782 and compared to the income of Rs.335,121,617 in the year 2017, there is a setback and the reason for that can be stated that the tea supply order of the Sri Lanka Army has not been received.

I would like to take this opportunity to express my gratitude to the Minister of Plantations, the Secretary of his Ministry and the entire working group for the support and guidance given to the success of Janatha Estates Development Board.

Chairman
Janatha Estates Development Board

JANATHA ESTATES DEVELOPMENT BOARD
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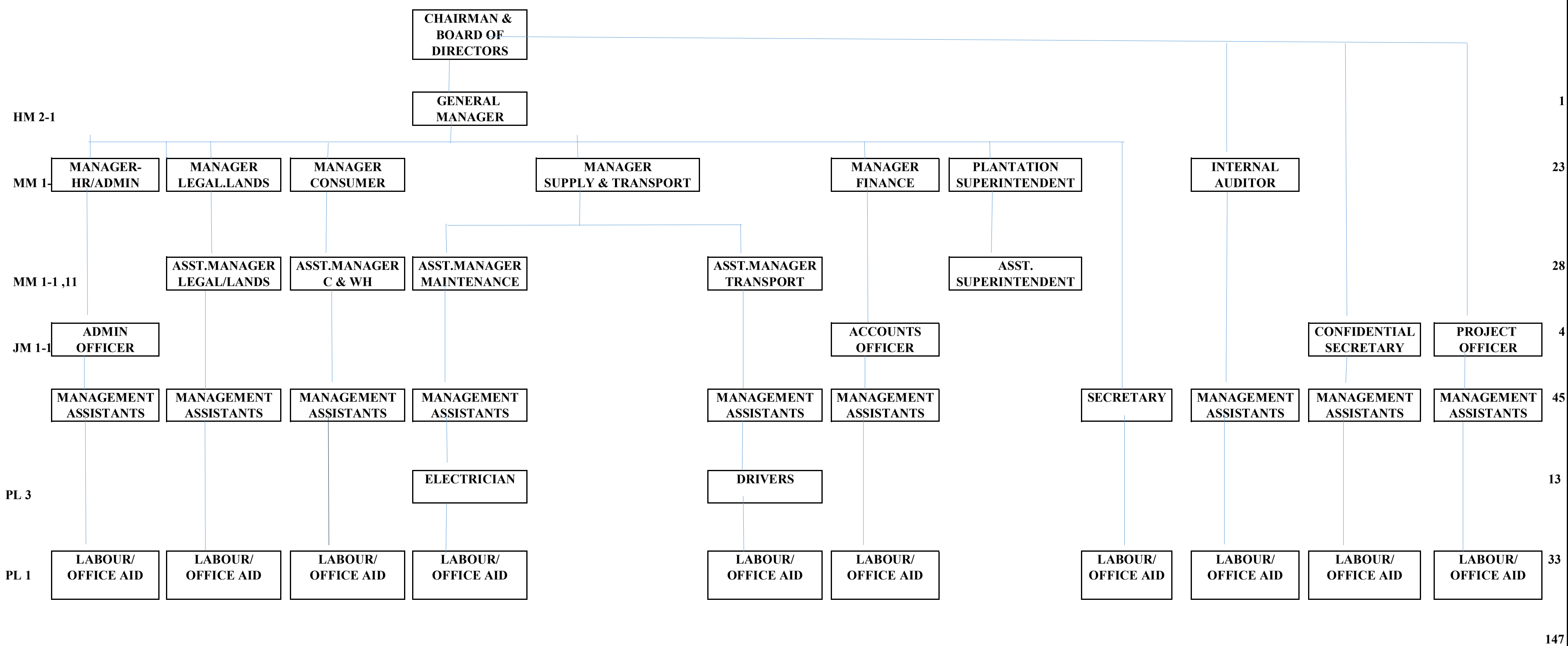
ORGANIZATIONAL STRUCTURE



JANATHA ESTATES DEVELOPMENT BOARD
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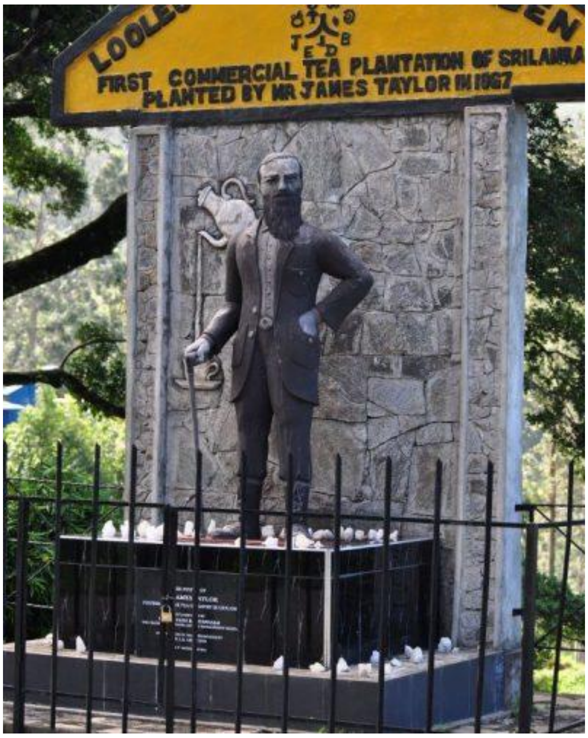
History and Background

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

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

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



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

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

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

Around 1984, due to the high demand for tea produced in Sri Lanka by the Russian Market, Janatha Estates Development Board achieved a highly profitable position in the years 1984 and 1985. Dividends have also been granted to the Treasury for these years.

Then after 1987 – 1988 due to the bad situation and political conditions in the country, the JEDB declined severely. Under this situation, around 1989 – 1990, we have to face a severe financial crisis. Therefore, in the face of this setback, the JEDB was restructured in 1992 and 242 Estates were given to 22 Plantation Companies on lease basis.

JANATHA ESTATES DEVELOPMENT BOARD
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BOARD OF DIRECTORS

1. Mr. Keerthi B Kotagama (January – July)	Chairman
2. Mr. Tarik Omar (January – June)	Executive Director
3. Miss. Nilupama Karunarathna (January – February)	Working Director
4. Mr. Bevan Perera (January – July)	Working Director
5. Mr. Nilu Wijedasa (January – July)	Director
6. Mr. S M Dayarathna (January – February)	Treasury Rep.
7. Mr. R D M Abdeen (August – September)	Chairman
8. Mr. A Amarananda (October – November)	Chairman
9. Mr. Ananda Gallage (October – November)	Director
10. Mr. M S M Faizal (From July)	Director
11. Mr. I S M Rosa (From March)	Treasury Rep.

JANATHA ESTATES DEVELOPMENT BOARD
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HEAD OFFICE MANAGEMENT TEAM

1.	Mr. S Sheriff (From June)	General Manager
2.	Mr. S Sheriff (January – May)	Dy. General Manager
3.	Mr. M C Premathilaka (January – February)	Manager – Transport/Maintenance
4.	Mr. K J T B Rajasooriya	Accountant - Estates
5.	Mrs. S D N Ranasinghe	Accountant – Head Office
6.	Mr. Upul Siriwardena	Manager – Human Resources
7.	Mr. Namal Wijethunga	Manager – Forestry/Lands (Actg.)
8.	Mr. Asela Rajapaksha	Manager – Legal
9.	Mrs. Krishmi Nanayakkara (From May)	Internal Auditor
10.	Mr. R M D S S Rajapaksha (Upto May)	Asst. Internal Auditor
11.	Mr. H A Anura	Asst. Manager – Marketing
12.	Mr. S A L Perera	Asst. Accountant
13.	Mr. K A N Perera	Asst. Manager – Maintenance
14.	Mrs. Chandima Ratiyala	Asst. Manager – Transport
15.	Mr. W G P Wadduwage	Asst. Manager – Marketing

JANATHA ESTATES DEVELOPMENT BOARD
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ESTATES MANAGEMENT TEAM

Estate	Superintendent	Crop	Extend (Hec.)	Address
Bopitiya/ Great Valley	Mr. K G H Kossinna	Tea	786.11	Deltota
Bowhil	Mr. A M D I Rajakaruna	Tea	472.01	Kataboola
Deltota	Mr. P Rajapaksha	Tea	410.10	Galaha
Gallebodda	Mr. A B D R Kumara	Tea	752.75	Galaboda
Hantane	Mr. Nishantha Raj	Tea	1405.63	Kandy
Hope	Mr. N S Athukorala	Tea	654.06	Hewaheta
Kandaloya	Mr. S H S I Samarasinghe	Tea	989.93	Nawalapitiya
Kolapatana	Mr. C Bandara	Tea	361.0	Nawalapitiya
Le Vallon	Mr. C D Aluwihare	Tea	1254.92	Pupuressa
Loolecondera	Mr. D C Kodituwakku	Tea	1048.03	Deltota
Mahawila	Mr. Harsha Kumara	Tea	293.64	Ulapane
Mount Jean	Mr. H M S D Hunugala	Tea	301.67	Watawala
Nagastenna	Mr. A S Dayarathna	Tea	506.43	Nawalapitiya
Rahathungoda	Mr. G G Pulasinghe	Tea	478.14	Hewaheta
Rookwood	Mr. Arjun Illankoon	Tea	429.67	Hewaheta
Kumarawatta	Mr. A C Sethunga	Rubber	1822.46	Monaragala
Diyaluma/ Thelipotenna	Mr. Asanga Wijesuriya	Rubber	354.34	Koslanda

JANATHA ESTATES DEVELOPMENT BOARD
ANNUAL REPORT 2018

AUDIT AND MANAGEMENT COMMITTEE MEETING REPORT

Committee Minutes

Implementing and following up on recommendations from the Internal Audit and External Audit Divisions to effectively manage the financial reporting system and internal controls to achieve corporate objectives.

Composition of the Committee

It consists of one independent Executive Director. This has established to assist to achieve goals of the Board and to oversee the functions of the Board.

Mr. S.M.I. Rosa	–	Chairman (Treasury Representative)
Mr. K.P.G. Kumara	–	Audit Superintendent (Government Audit)
Mrs. Krishmi Nanayakkara	–	Internal Auditor (Conveyer)

Referral

To ensure state property are used sparingly effectively and efficiency, to ensure tasks, and programs are implemented as per the Audit Plan. Identify, correct and guide key issues in the reports of the Internal Auditor and the External Auditor General and enhance asset management.

No of meetings conducted during 2018

It was held 2 Audit Committee Meetings in year 2018 and details are as follows.

Name	2018.04.03	2018.06.25
Mr. S.M.I. Rosa	√	√

Audit & Management Committee 2018

1. **Assignment of Duties - All Division (Duty list)**

Employees are absorbed into the recruitment process and duty lists are issued to all employees by May 18, 2018.

2. **Debtors & Creditors List**

It is scheduled to reconcile the debtor and creditor balances after having confirmation and doing the proper reconciliation it is proposed to write off the debtor balances by submitting to the Director Board.

It was advised that such indebted balance sheet write-offs should not be repeated as the unidentified Rs. 11 Mn.

All debtor creditors' balances should be compared quarterly, and the debtor and debt control accounts submitted to the Internal Audit Division and the Government Audit Division before the end of the month following the quarter.

Appointing a separate officer to properly manage debt collections and collect money. To present its progress to the next Board of Directors.

The reason for not presenting the balance due properly on the receivables due from the Inland Revenue Department on the current assets in the balance sheet is that the balanced receipts of the estates are not exactly matched. As a solution to this, a person has been appointed to compare the debtor debt balance in six months and it is proposed to submit it to the long-term unidentified balances to the board and take action to write it off.

3. **Final Accounts 2016 - 570 million of the accounts receivable as shown in the Balance Sheet**

The 447 million balance sheet mentioned in it represents the Head Office and most of these are long-term debtors.

Prepare a list of debtors, send confirmation letters to all debtors, refer to the Legal Division for legal action if no reply is received within 14 days and inform the next Board of Directors of the progress.

4. **Advance accounts**

Submitting a detailed report on the amount of advances settled up to 31/12/2017 and the amount yet to be disbursed to the next Board of Directors meeting.

i. When a person has an unpaid advance, the advance is not refunded to the person concerned.
ii. If there is an unpaid advance within 02 months, notify him and deduct from the salary.
iii. Limiting the giving of advance to executive officers only to Rs. 50,000/-.

5. **Contract appointments**

Cover approval was not given by the Ministry for the recruitment of existing contract employees and these contracts are required to maintain the proper functioning of the institution and to obtain the approval of the Line Ministry again.

6. **Fixed Assets Register**

It was informed that this has not been prepared yet and should be prepared within two months. The Finance Division is responsible for this. Do this expeditiously so that only the cost of usable assets is revaluated, and the depreciated assets could be removed.

7. Procurement

Issuing an internal circular based on the procurement letter issued by the Ministry that procurement activities should not deviate from the guidelines.

Making legal decisions against officers who work outside the procurement guidelines.

Provide a list of registered Suppliers to the Internal Audit Division and the Government Audit Division for the year 2018. Termination of recruitment of Suppliers after a given period of it.

8. Code of Conduct

As the Board did not have a Code of Conduct and operations could not be carried out properly, it was informed that a Code of Conduct should be prepared by each Division. Existing Circulars filing all internal circulars issued by the Board from time to time and distributing copies to all Estates.

9. Receivable from Income tax department

It was advised to get optional solution from the Inland Revenue Department by giving all the required details to the Department to clear the receivable amount.

10. Lease land -Lakeside property

In consultation with the top management of the Municipal Council to obtain an assessment of all properties pertaining to the main land No. 320, it was instructed to obtain an appraisal by an assesses and distribute the valuations on the relevant property values. Reporting the progress of this to the next Board of Directors meeting.

11. Gallebodde Internal audit report

Conduct a disciplinary action against the Superintendent of Gallebodde Estate by issuing a charge sheet. regarding cutting trees without approval.

12. Lodgment Reconciliation -Estates

Copies of the monthly comparison of current accounts maintained by the estates on behalf of the Head Office were requested to be provided to the Internal Audit Division and the External Audit Division.

13. Leasing out of Hanthana Factory

The National Building and Research Institute (NBRO) has ordered the suspension of work at the Hanthana Factory, and the Legal Manager has informed that a stone wall should be constructed before starting the work and submitting a detailed report to the Government Audit.

JANATHA ESTATES DEVELOPMENT BOARD
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INFORMATION ABOUT ESTATES

All 18 Estates under Janatha Estates Development Board fall into 04 main groups.

Groups

i)	Hewaheta	Tea
ii)	Galaha	
iii)	Nawalapitiya	
iv)	Kumarawatta Thelepotenna	Rubber

Summary of Groups

	VP	Good Seedling	Marginal Seedling	Poor Seedling	Bare Lands
TEA	1,223.95	927.14	667.54	853.54	983.83

	Good Rubber	Marginal Rubber	Poor Rubber	Bare Lands
RUBBER	286.28	35.93	281.59	169.39

i) Hewaheta Group

The Hewaheta Valley claims the oldest tea growing district, in fact our model Estate to be Loolecondera is the first ever Commercial Tea Plantation in the Country.

The 04 Estates of the Hewaheta Group are as follows;

* All figures in Hectares.

Estate	VP	Good Seedling	Marginal Seedling	Poor Seedling	Bare Lands
Loolecondera	130.50	221.15	-	103.00	19.00
Hope	81.25	109.75	58.00	88.32	-
Rookwood	64.74	221.64	-	28.47	16.50
Rahathungoda	64.73	19.96	87.06	51.43	18.63
Total	**341.22**	**572.50**	**145.06**	**271.22**	**54.13**

ii) Galaha Group

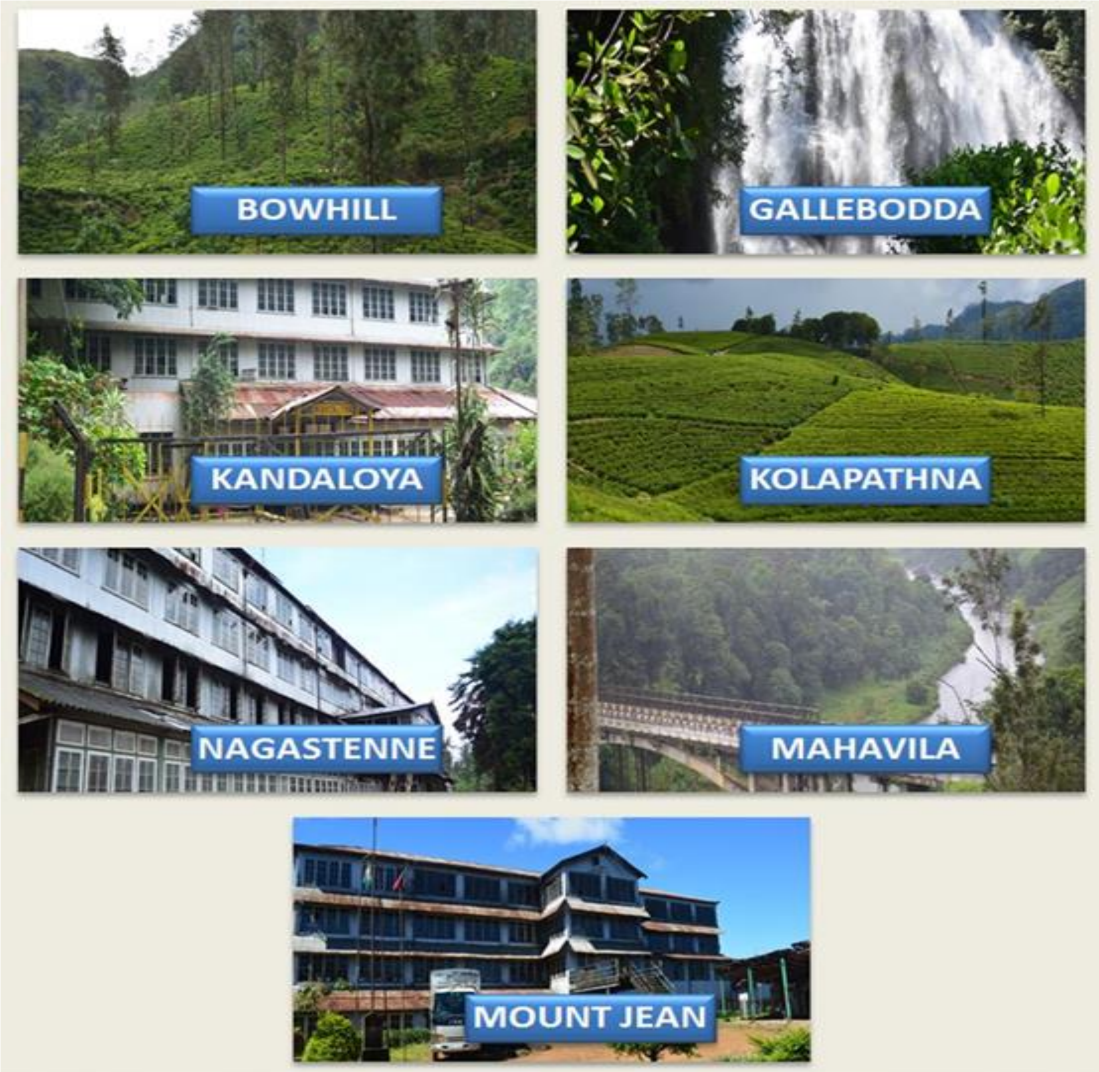
There are 5 Estates which fall under this Group;

Estate	**VP**	Good Seedling	Marginal Seedling	Poor Seedling	Bare Lands
Le Vallon	129.80	231.25	118.25	14.50	195.79
Great Valley	23.24	14.39	26.25	52.50	118.55
Hantane	111.14	3.16	196.12	161.05	109.57
Bopitya	39.75	-	25.50	34.75	-
Deltota	50.80	21.25	65.62	77.75	73.00
Total	**354.73**	**270.05**	**431.74**	**340.55**	**496.91**

* Bopitiya and Great Valley amalgamated.

iii) Nawalapitya Group

The following Estates fall under this Group;



Estate	**VP**	Good Seedling	Marginal Seedling	Poor Seedling	Bare Lands
Kolapatana	94.00	40.50	-	46.00	15.00
Bowhill	56.00	-	20.75	33.50	-
Kandaloya	52.30	24.59	8.00	56.20	11.90
Nagastenna	72.60	-	25.50	63.23	188.60
Gallebodda	88.40	19.50	-	25.25	70.60
Mahawila	107.82	-	-	-	-
Mount Jean	56.88	-	36.49	17.59	146.69
Total	**528.00**	**84.59**	**90.74**	**241.77**	**432.79**

iv) Rubber Estates

There are 3 Estates which fall under this group.

* Thelepotenna and Diyaluma amalgamated.

Estate	Good Rubber	Marginal Rubber	Poor Rubber	Bare Lands
Kumarawatta	282.78	30.81	211.59	5.19
Diyaluma	3.50	5.12	70.00	164.20
Total	**286.28**	**35.93**	**281.59**	**169.39**

Details of internal training programmes implemented by the institute.

1. Participating on behalf of the Institute in the training workshops conducted by the National Institute of Plantation Management for Plantation Superintendents related to tea and rubber products and factory modernization.

2. Participation in Skill Development Workshops conducted by Sri Lanka Foundation for Management Assistants and Office Assistants working in the Head Office.

3. Giving the opportunity to the members of the Opening Committee and Technical Assessment Committee belonging to the Tender Board to participate in the workshops conducted by the National Plantation Management Institute for further training.

4. Conducting further training courses on the new SAGE 50 accounting software system for the Officers who are involved in the accounting work of the Estates Staff.

5. Conducting training courses by the Ministry of Agriculture regarding the introduction of organic fertilizer production to Estates.

6. Conducting training courses related to maternity by PHDT with the support of the Ministry of Health for Child Development Officers working in Estates.

7. Conducting awareness workshops for Estate Workers to prevent the spread of Dengue Mosquitoes in Estates.

8. Attending a course conducted by the Mercantile Tea Broker Company on Tea Production and Classification for the Estate Superintendents, Asst. Superintendents and Tea Factory Officer of Le Vallon, Loolecondera and Hope Estates on behalf of the JEDB.

9. During the year under review, the Manager – Marketing/Consumer participated in the training sessions regarding the promotion and classification of tea production and also the rules and regulations to be followed in relation to exporting conducted by the Chamber of Commerce.

JANATHA ESTATES DEVELOPMENT BOARD
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2018

	NOTE	31.12.2018 Rs.	31.12.2017 Rs.
Assets			
Non Current Assets			
Property, Plant and Equipment	13	1,433,814,164	1,561,893,714
Biological Assets	13	458,732,768	592,472,216
Intangible Assets	14	785,210	1,168,937
Consumer Assets	15	32,455,320	31,242,957
Lease Assets		32,168,955	32,168,955
		1,957,956,117	2,218,946,780
Current Assets			
Inventoreis	16	105,759,848	81,861,673
Trande & Other receivable	17	699,922,163	670,491,897
Cash & Cash Equivalents	18	88,297,241	28,410,286
		893,979,252	780,763,856
Total Assets		2,851,935,368	2,999,710,636
Equity & Liabilities			
Equity			
Stated Capital	19	3,670,000,000	3,670,000,000
Accumulated Loss		(9,451,856,421)	(8,843,465,152)
		(5,781,856,421)	(5,173,465,152)
Reserves			
Capital Reserves	20	2,776,220,129	2,776,220,129
General Reserves/Govt. Grants	21	2,782,289,535	2,357,289,535
Total Equity		5,558,509,664	5,133,509,664
Non Current Liabilities			
Retirement Benefit Obligation	22	572,177,063	654,352,345
Bank Loan	23	43,956,609	55,506,609
		616,133,672	709,858,954
Current Liabilities			
Gratuity Payable - Ex. Employees	24	616,860,963	487,135,579
Interest Bearing Borrowings	25	243,778,329	240,198,529
Lease Creditors	26	3,715,081	8,148,093
Brokers Advance	27	50,353,716	46,044,639
Trade & Other payable	28	553,004,808	521,540,287
EPF/ESPS/CPPS	29	723,524,907	769,983,807
ETF & Other Payable	30	29,691,739	35,959,093
Deposits/Advance for property lease	31	177,241,005	163,973,403
Bank Over Draft	32	60,977,905	56,823,741
		2,459,148,453	2,329,807,170
Total Equity & Liabilities		2,851,935,368	2,999,710,636

Accountant

The Board of Directors is respoinsible for the presentation of these Financial Statement.
Approved and signed for an on behalf of the Board of Directors of JEDB.

Chairman

Board Director

JANATHA ESTATES DEVELOPMENT BOARD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	31.12.2018 Rs.	31.12.2017 Rs.
Revenue	5	818,735,838	1,099,303,454
Cost of Sale	6	(1,171,090,222)	(1,333,232,569)
Gross Profit		**(352,354,384)**	**(233,929,115)**
Other Income	7	77,625,700	82,057,703
		(274,728,684)	(151,871,412)
Distribution Cost	8	2,932,993	3,727,420
Administrative Expenses	9	51,817,732	80,964,828
Staff Cost	10	115,346,385	110,731,080
Other Estate Expenses	11	11,289,362	10,706,191
		181,386,472	206,129,519
Operational Profit Before Finance Cost		**(456,115,156)**	**(358,000,931)**
Financial Cost	12	21,627,493	23,021,592
Profit before Tax		(477,742,649)	(381,022,523)
Income Tax		-	-
Profit for the year		**(477,742,649)**	**(381,022,523)**
Total Comprehansive Income for the year		**(477,742,649)**	**(381,022,523)**

JANATHA ESTATES DEVELOPMENT BOARD
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2018

	31.12.2018 Rs.	31.12.2017 Rs.
Profit before Taxation	(608,391,269)	(386,966,139)
Adjustment		
Provision for Gratuity	(82,175,282)	29,610,941
Depreciation	127,255,696	24,053,358
Depreciation - Bearer Plants	158,605,469	24,340,262
Finance Cost	19,455,885	22,420,140
Interest Income	(738,167)	(575,478)
Amortisation Cost	383,727	290,971
Vehicles Sale income	-	(5,025,000)
Disposal/Addition Biological - Assets	4,841,741	
Operating Cash Flows before Changes in Working Capital	**227,629,069**	**95,115,194**
	(380,762,200)	**(291,850,945)**
Changes in working Capital		
Inventory	(23,898,176)	12,430,908
Trade & Other Receivable	(29,430,266)	(81,877,201)
Trade & Other Payable	31,464,521	(73,621,988)
Deposit & Advance	13,267,602	26,827,662
EPF/ESPS/CPPS	(46,458,899)	(114,126,277)
ETF & Other Payable	(6,267,354)	(25,921,932)
Broker Advance	4,309,078	26,284,766
Gratuity Payable - Ex. Employees	129,725,384	(25,532,828)
Cash Used in/generated from Operating Activities	**72,711,890**	**(255,536,890)**
Cash Used in/generated from Operating Activities	**(308,050,310)**	**(547,387,836)**
Cash Flows From Investing Activities		
Purchased of Biological Assets	(30,095,968)	(27,370,545)
Interest Income	738,167	575,478
Accquision of Intangible Assets	-	(555,127)
Vehicles Sale income	-	5,025,000
Purchased from Fixed Assets	-	(5,827,245)
Cash generated from Investment Activities	**(29,357,801)**	**(28,152,439)**
Cash Flows from Financing Activities		
Repayment of Loan	(11,550,000)	(45,360,418)
Interest Bearing Borrowings	3,579,800	3,353,110
Lease Creditors	(4,433,012)	(7,094,117)
Finance Cost	(19,455,885)	(22,420,140)
Treasury Grants	425,000,000	679,300,000
Rubber Subsidies Grants	-	1,628,896
Capital Reserves	-	278,505
Cash Used in Financing Activities	**393,140,903**	**609,685,836**
Net Increase in Cash & Cash Equivalents		
Cash & Cash equivalent at the beginning of the year	55,732,791	34,145,561
Cash & Cash equivalent at the end of the year	(28,413,455)	(62,559,016)
	27,319,336	**(28,413,455)**
Analysis of the Cash & Cash Equivalent at the end of the Year		
Cash & Cash equivalent in Favourable	88,297,241	28,410,286
Bank Overdraft	(60,977,905)	(56,823,741)
	27,319,336	**(28,413,455)**

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST DEC., 2018

	31.12.2018 Rs.	31.12.2017 Rs.
5 Revenue		
Green Leaf/Bulk Tea	485,809,432	520,978,068
Consumer Tea	156,645,783	335,121,617
Rubber and Other	155,891,628	196,840,890
Minor Crop	20,388,995	45,852,751
Coconut	-	510,127
	818,735,838	1,099,303,453
6 Cost of Sale		
Green Leaf/Bulk Tea	1,057,288,831	990,317,220
Consumer Tea	69,741,947	143,485,915
Rubber and Other	41,356,728	196,236,401
Minor Crop	2,690,149	1,467,979
Coconut	12,567	1,725,055
	1,171,090,222	1,333,232,570
7 Other Income		
Land Lease	37,796,794	27,981,200
Building Rent	36,553,920	42,863,392
Sundry Income	2,368,987	5,139,801
Loan/FD Interest	738,167	575,478
Security	167,832	472,832
Gain from disposal of Motor Vehicles	-	5,025,000
	77,625,700	82,057,703
8 Distribution Cost		
Transport Charges	1,543,596	2,329,878
Sales Promotions	407,956	25,239
Travelling & Subsistence	288,958	285,364
Trade License Fees	220,430	58,109
Accommodation	212,203	422,852
Gratis	165,048	351,077
Tender Deposits	46,375	46,375
Loading & Unloading	38,428	67,879
Subscription Fees	10,000	-
Insurance	-	74,599
Advertisement Expanses	-	66,049
Donation	-	-
	2,932,994	3,727,421

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC., 2018

		31.12.2018	31.12.2017
9	**Administrative Expenses**	Rs.	Rs.
	Gratuity Surcharge	17,128,435	17,493,328
	Vehicle Rent	5,296,500	5,220,665
	Vehicle Fuel	3,968,184	3,527,463
	Sunry Expenditure	3,290,270	2,902,808
	Electricity	2,529,393	2,412,723
	EPF Surcharge	3,027,127	28,573,486
	Vehicle Repair & Maintenance	2,095,083	1,658,186
	Stationary	1,793,368	1,433,933
	Rate & Taxes	1,700,000	2,824,080
	ETF Surcharge	1,662,445	2,250,905
	Building/Office Maintenance	1,645,216	397,701
	Telephone & Internet	1,423,388	1,635,245
	Depreciations	1,098,725	3,306,738
	Janitorial Service	885,680	966,000
	Trainee Seminar & Exam Fee	598,917	54,976
	Access Trainee Allowance	532,500	1,570,778
	Water	532,283	412,685
	Advertisement	498,454	1,828,442
	Director Fee	365,008	623,000
	Office Equipments Repair	303,632	555,645
	ESPS Surcharge	528,306	374,765
	Amortization	358,727	290,971
	Postage	289,040	167,049
	News Papers & Periodicals	118,605	45,680
	Donations	82,000	155,000
	Air Conditioner Repair	66,450	147,575
	Audit Fee	-	130,000
	Valuation Fee	-	5,000
		51,817,732	80,964,827
10	**Staff Cost**		
	Salaries & Allowances	79,612,801	82,881,535
	EPF/ESPS/CPPS	8,933,125	6,847,930
	Gratuity Provision	7,828,624	3,447,612
	Non. Ex. Staff Medical	4,439,807	3,464,233
	Labour Charges	4,037,080	2,954,656
	Ex. Staff Medical	2,518,739	1,909,466
	ETF	2,385,005	1,678,787
	Over Time	2,244,591	1,846,573
	Staff Welfare	1,980,332	3,186,170
	Attendance Bonus	795,110	706,350
	Travelling & Subsistence	458,143	417,854
	Staff Tea	104,737	1,252,191
	Cost of Pocket Expenses	8,290	137,724
		115,346,384	110,731,081

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST DEC., 2018

		31.12.2018 Rs.	31.12.2017 Rs.
11	**Other Expenses**		
	Legal Expenses	10,169,769	10,116,582
	Compensation	1,119,594	589,609
		11,289,363	10,706,191
12	**Financial Expenses**		
	Overdraft Interest	8,348,209	10,253,184
	Broker Advance Interest	7,208,349	8,156,989
	Other Loan Interest	3,579,800	3,579,800
	Bank Charges	2,171,607	97,952
	Lease Interest	319,528	138,663
	Penalty	-	503,500
	Bank Loan Interest	-	291,504
		21,627,493	23,021,592

JANATHA ESTATES DEVELOPMENT BOARD
DETAILED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

13 Property Plant and Equipment

	Description of Assets	COST				ACCUMULATED DEPRECIATION			W.D.V.	W.D.V.
		Balance as at 01.01.2018	Additions	Dosposal/ Transfer	Balance as at 31.12.2018	Balance as at 01.01.2018	For the Year	Balance as at 31.12.2018	Balance as at 31.12.2018	Balance as at 31.12.2017
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Unimproved Land, Mature Plantation Vested & Other Asset vested	27,557,465			27,557,465	24,926,940		24,926,940	2,630,525	2,630,525
2	Improved of Land, Road & Bridges, Line & Lattries, Building & Stores.	1,621,356,449	1,461,233	(179,943)	1,622,637,739	148,810,092	22,540,502	171,350,594	1,451,287,146	1,472,546,358
3	Machinery, Office Equipment, Vehicles	259,212,893	2,984,245	(97,800)	262,099,338	217,512,415	94,031,268	311,543,683	(49,444,346)	41,700,478
4	Computers & Printers	6,563,196	449,500		7,012,696	2,402,629	5,667,997	8,070,626	(1,057,930)	4,160,567
5	Furniture & Fittings	5,515,897	241,623		5,757,519	4,244,731	271,970	4,516,701	1,240,818	1,271,165
6	Water Supply Scheme, Mino Hydro Scheme & Peripheral Housing Scheme	16,980,349	53,361		17,033,710	6,009,827	4,742,759	10,752,586	6,281,124	10,970,522
7	Fences Security Lights, Gliricidia Plantation	655,482			655,482	436,088	1,200	437,288	218,194	219,394
8	Onugaloya Estate fixed assets	6,013,927			6,013,927				6,013,927	6,013,927
9	Capital Working Progress	22,380,778	(5,736,373)		16,644,405				16,644,405	22,380,778
	TOTAL	**1,966,236,436**	**(546,411)**	**(277,743)**	**1,965,412,281**	**404,342,722**	**127,255,696**	**531,598,418**	**1,433,814,163**	**1,561,893,714**

13 Biological Assets
Bearer Plants

	Immature Plantations					Mature Plantations					Total
	Tea	Rubber	Coconut	Other	Total	Tea	Rubber	Coconut	Other	Total	
Cost											
As at 01.01.2018	47,110,733	163,669,283	731,593	8,659,177	220,170,786	360,743,323	127,274,525	1,071,944	8,203,624	497,293,416	717,464,202
Additions/(Disposals) During the year		30,379,104	371,045	429,165	31,179,314	9,661	(2,305,368)			(2,295,707)	28,883,607
Transfer during the year	(29,219,722)	(17,036,562)			(46,256,284)	29,219,722	17,036,562		848,435	47,104,719	848,435
As at 31.12.2018	**17,891,011**	**177,011,825**	**1,102,638**	**9,088,342**	**205,093,816**	**389,972,706**	**142,005,719**	**1,071,944**	**9,052,059**	**537,236,407**	**742,330,223**
Accumulated Depreciation											
As at 01.01.2018	-	-	-	-	-	94,983,274	30,008,712	-	-	124,991,986	124,991,986
Charged during the year	-	-	-	-	-	65,161,775	93,443,693	-	-	158,605,468	158,605,468
As at 31.12.2018	**-**	**-**	**-**	**-**	**-**	**160,145,049**	**123,452,405**	**-**	**-**	**283,597,454**	**283,597,454**
Written down value as at 31.12.2017	**47,110,733**	**163,669,283**	**731,593**	**8,659,177**	**220,170,786**	**265,760,049**	**97,265,813**	**1,071,944**	**8,203,624**	**372,301,430**	**592,472,216**
Written down value as at 31.12.2018	**17,891,011**	**177,011,826**	**1,102,638**	**9,088,341**	**205,093,816**	**229,827,656**	**13,687,293**	**1,071,944**	**9,052,059**	**253,638,952**	**458,732,768**

JANATHA ESTATES DEVELOPMENT BOARD
DETAILED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

14 Intangible Assets

Description of Assets	COST				AMORTIZATION			W.D.V.	W.D.V.
	Balance as at 01.01.2018	Addition during the year	Dosposal/ Transfer	Balance as at 31.12.2018	Balance as at 01.01.2018	For the year	Balance as at 31.12.2018	Balance as at 31.12.2018	Balance as at 31.12.2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Software	1,459,908	-	(25,000)	1,434,908	290,971	358,727	649,698	785,210	1,168,937
Total	**1,459,908**	**-**	**(25,000)**	**1,434,908**	**290,971**	**358,727**	**649,698**	**785,210**	**1,168,937**

15 Consumer Assets

	Immature Plantations					Mature Plantations					Total
	Timber	Ginger	Banana	Other	Total	Timber	Ginger	Banana	Other	Total	
Cost	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
As at 01.01.2018	10,055,696	202,947			10,258,643	20,903,940		23,008	57,366	20,984,314	31,242,957
Additions/(Disposals) During th	329,233				329,233	795,158			87,971	883,129	1,212,362
As at 31.12.2018	**10,384,929**	**202,947**	**0**	**0**	**10,587,876**	**21,699,098**	**0**	**23,008**	**145,338**	**21,867,443**	**32,455,320**

		Estates	Head Office	Consumer	31.12.2018 Rs.	31.12.2017 Rs.
16 Inventory						
Input Material and Consumables	16.1	11,236,655	1,731,968	6,773,577	19,742,200	17,057,682
Produced Crop	16.2	46,004,817	-	33,348,086	79,352,903	61,732,053
Growing Crop Nurseries		6,664,746	-	-	6,664,746	3,071,938
		63,906,218	**1,731,968**	**40,121,663**	**105,759,849**	**81,861,673**
16.1 Input Material &Consumables						
Packing Materials		897,433	-	4,596,244	5,493,677	2,954,711
Fertilizer/Chemical		6,252,942	-	-	6,252,942	8,146,646
Obsolete Stock		-	-	2,177,333	2,177,333	1,833,254
Sundry Stock		3,941,708	1,731,968	-	5,673,676	3,927,026
Stationery		144,572	-	-	144,572	196,044
		11,236,655	**1,731,968**	**6,773,577**	**19,742,200**	**17,057,681**
16.2 Produced Crop						
Tea Stock		41,923,727	-	33,348,086	75,271,813	50,003,068
Rubber		3,726,256	-	-	3,726,256	11,520,815
Sundry Stock		354,834	-	-	354,834	208,169
		46,004,817	**-**	**33,348,086**	**79,352,903**	**61,732,052**
17 Trade & Other Receivables						
Trade Receivables		33,196,752	306,918,062	28,995,786	369,110,600	363,896,686
SLSPC Loan & Interest		-	119,399,050	-	119,399,050	119,346,347
Sundry Debtors	17.3	39,307,820	51,962,948	-	91,270,768	97,247,998
Deposits & Prepayments	17.2	346,068	24,976,913	3,655,695	28,978,676	29,034,165
Staff & Labour Receivable	17.1	37,312,115	3,725,145	45,339	41,082,599	30,347,996
Adjustments		19,383,678	11,190,988	-	30,574,666	11,190,988
WHT Receivable		-	9,670,772	-	9,670,772	9,592,687
Plantation Development Project		-	4,136,733	-	4,136,733	4,136,733
VAT Receivable		-	3,521,614	-	3,521,614	3,521,614
Queenrich Agro (Pvt) Ltd		-	2,176,683	-	2,176,683	2,176,683
		129,546,433	**537,678,908**	**32,696,820**	**699,922,161**	**670,491,897**
17.1 Staff & Labour Receivable						
Festival Advance		32,547,614	866,072	-	33,413,686	21,344,112
Sundry Receivable		4,169,705	2,143,848	45,338	6,358,891	7,125,342
Social Welfare		5,163	1,045,772	-	1,050,935	1,241,303
Estate Staff Debtors (Receivable)		589,634	-	-	589,634	501,029
Special Advance		-	(330,546)	-	(330,546)	136,209
		37,312,116	**3,725,146**	**45,338**	**41,082,600**	**30,347,995**
17.2 Deposit & Prepaments						
Advance		-	23,528,249	3,032,909	26,561,158	22,582,879
Deposits		91,000	1,448,664	622,786	2,162,450	5,840,972
Prepayments		255,068	-	-	255,068	610,315
		346,068	**24,976,913**	**3,655,695**	**28,978,676**	**29,034,166**

JANATHA ESTATES DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC., 2018

	Estates	Head Office	Consumer	31.12.2018	31.12.2017
17.3 Sundry Debtors				**Rs.**	**Rs.**
Monte Cristo Estate	-	40,503,226	-	40,503,226	40,503,226
Other	26,163,397		-	26,163,397	34,853,812
Estate Control	29,005	9,761,829	-	9,790,833	8,897,236
Matale Area Estate A/c	-	902,935	-	902,935	902,935
Jaffna Area Estate Old Balance	684,875	-	-	684,875	684,875
Mulhulkelle Es. Control A/c	436,345	-	-	436,345	436,345
EPF/ETF Legal	49,999	382,830	-	432,829	382,830
EPF Over payment 1996 A/c	-	160,400	-	160,400	160,400
EPF Legal and Surcharge	11,944,199	132,529	-	12,076,728	10,293,762
Jana Tea Export Division	-	109,421	-	109,421	109,421
Jana Tea Control A/c	-	9,779	-	9,779	2,840
Diyaluma Estate Control A/c	-	-	-	0	20,317
	39,307,820	**51,962,949**	**-**	**91,270,769**	**97,247,999**

	Estates	Head Office	Consumer	31.12.2018	31.12.2017
18 Cash & Cash Equipments					
BOC - 80669453	-	50,509,150	-	50,509,150	1,983,464
BOC - 8624530	-	13,470,230	-	13,470,230	5,053,888
Estate Bank Balance	12,456,160	-	-	12,456,160	12,931,959
BOC - 75646976	-	5,430,505	-	5,430,505	1,568,677
Fixed Deposit HNB/Peoples' Bank	-	110,479	4,326,092	4,436,571	4,022,540
BOC - 2164625	-	337,373	-	337,373	893,355
BOC - 2327555	-	285,065	-	285,065	684,892
Peoples' Bank - 014200183155909	-	-	188,200	188,200	281,196
Peoples' Bank - 01410003155909	-	139,771	-	139,771	139,771
BOC 034021	-	118,615	-	118,615	74,549
Peoples' Bank - 003200100022296	-	8,917	-	8,917	3,917
BOC - Jaffna	-	1,791	-	1,791	1,791
Cash in Transit	719,161	-	7,540	726,701	53,926
Cash in Hand	106,393	13,095	5,000	124,488	610,840
Cash in Hand - RO	62,422	1,282	-	63,704	105,523
	13,344,136	**70,426,273**	**4,526,832**	**88,297,241**	**28,410,288**

	Estates	Head Office	Consumer	31.12.2018	31.12.2017
19 State Capital					
Capital	-	3,670,000,000	-	3,670,000,000	3,670,000,000
	-	**3,670,000,000**	**0**	**3,670,000,000**	**3,670,000,000**

	Estates	Head Office	Consumer	31.12.2018	31.12.2017
20 Capital Reserves					
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	656,308,762
Land Sale Income (Gr) A/c	-	149,193,311	-	149,193,311	149,193,311
Sale of Assets Taken Over	-	5,667,581	-	5,667,581	5,667,581
Vehicle Sales Income (Gr)	-	0	-	0	-
	-	**2,776,220,129**	-	**2,776,220,129**	**2,776,220,129**

	Note	Estates	Head Office	Consumer	31.12.2018	31.12.2017
21 General Reserves/Govt. Reserves						
Grants		-	2,478,989,820	-	2,478,989,820	2,053,989,820
General Reserves	21.1	-	287,270,977	-	287,270,977	287,270,977
Plantation Development Project		-	16,028,738	-	16,028,738	16,028,738
		-	**2,782,289,535**	-	**2,782,289,535**	**2,357,289,535**

	Estates	Head Office	Consumer	31.12.2018	31.12.2017
21.1 General Reserves					
General Reserves A/c	-	224,486,712	-	224,486,712	224,486,712
General Reserves A/c	-	55,280,753	-	55,280,753	55,280,753
New Plantation Subsidy Re.	-	7,459,578	-	7,459,578	7,459,578
Plantation Human Development	-	43,934	-	43,934	43,934
	-	287,270,977	-	287,270,977	287,270,977

	Estates	Head Office	Consumer	31.12.2018	31.12.2017
22 Retirement Benefit Obligation					
Retirement Benefit Obligation	504,888,251	67,288,812	-	572,177,063	654,352,345
	504,888,251	**67,288,812**	**-**	**572,177,063**	**654,352,345**

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC., 2018

		Estates	Head Office	Consumer	31.12.2018	31.12.2017
23 Bank Loan					**Rs.**	**Rs.**
Peoples' Bank Loan 03 A/c - 0102298		-	22,970,327	-	22,970,327	22,970,327
Pan Asia Bank - 010063380119		-	20,986,283	-	20,986,283	32,536,283
BOC Loan No. 712647723		-	-	-	-	-
		-	**43,956,610**	**-**	**43,956,610**	**55,506,610**
24 Gratuity Payable - Ex. Employees						
Gratuity Payable - Ex. Employees		615,045,199	1,815,764	-	616,860,963	560,610,171
		615,045,199	**1,815,764**	**-**	**616,860,963**	**560,610,171**
25 Interest Bearing Borrowings						
Other Loan Payable						
SRMC		-	119,887,859	12,063,072	131,950,931	131,571,131
Chilaw Plantation Ltd		-	66,827,397	-	66,827,397	63,627,397
Sri Lanka Tea Board		-	25,000,000	-	25,000,000	25,000,000
Lanka Minaral (Pvt) Ltd		-	15,000,000	-	15,000,000	15,000,000
Ceramic Corporation		-	5,000,000	-	5,000,000	5,000,000
		-	**231,715,256**	**12,063,072**	**243,778,328**	**240,198,528**
26 Lease Creditors						
Leasings		4,087,333	(585,032)	-	3,502,301	6,840,071
Finance Lease Obligations		-	136,160	-	136,160	136,160
E-W Information System Ltd		-	852,991	-	852,991	1,171,863
Interest in Suspense		-	(776,371)	-	(776,371)	-
		4,087,333	**(372,252)**	**-**	**3,715,081**	**8,148,093**
27 Brokers Advance						
Mercontile Pro. Brokers Ltd-MPBI		-	48,397,095	-	48,397,095	36,299,149
Nawalapitiya Plantation Ltd		-	(830,766)	-	(830,766)	5,771,715
Jhon Keels		-	2,021,871	-	2,021,871	1,708,260
Summervile & Company		-	744,136	-	744,136	744,136
J D & Sons (Pvt) Ltd		-	21,379	-	21,379	21,379
Ratwatta Tea Factory		-	-	-	-	1,500,000
		-	**50,353,715**	**-**	**50,353,715**	**46,044,639**
28 Trade & Other Payable						
Trade Payable	28.1	25,231	118,755,806	5,278,648	124,059,685	124,170,872
Staff Salaries & Wage Payable	28.2	64,490,057	5,437,431	-	69,927,488	74,691,871
Sundry Creditors	28.3	178,695,908	94,587,964	114,710	273,398,582	251,569,315
VAT Payable		-	63,751,678	-	63,751,678	51,205,999
NBT Payable		-	8,369,467	-	8,369,467	6,648,637
ESC Payable		-	6,357,269	-	6,357,269	6,357,269
Inter Estate Transfers		3,758,082	-	-	3,758,082	3,332,395
Bonus to Employees		2,611,278	-	-	2,611,278	2,879,784
Stamp Duty		18,075	314,525	-	332,600	233,775
PAYEE Tax		-	183,315	-	183,315	195,186
Rahathungoda Estate Conr. A/c		255,184		-	255,184	255,184
		249,853,815	**297,757,455**	**5,393,358**	**553,004,808**	**521,540,287**

JANATHA ESTATES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC., 2018

			Estates	Head Office	Consumer	31.12.2018	31.12.2017
28.1	**Trade Payable**					Rs.	Rs.
	Other		25,231	78,235,779	3,778,648	82,039,658	81,961,378
	Mahaweli Housing Project		-	36,310,518	-	36,310,518	36,310,518
	State Trading Corporation		-	4,209,600	-	4,209,600	4,398,976
	MCM Marketing		-	-	1,500,000	1,500,000	1,500,000
			25,231	**118,755,897**	**5,278,648**	**124,059,776**	**124,170,872**
28.2	**Staff Salaries & Wages Payable**						
	Holiday Pay		25,711,038	-	-	25,711,038	27,678,532
	Staff/Labour Deduction		16,379,512	3,582,858	-	19,962,370	21,143,800
	Wager Payable		15,187,790	118,281	-	15,306,071	41,037,311
	Staff Medical Aid Scheme		6,874,615	328,405	-	7,203,020	7,717,979
	Unclaimed Wages		337,101	1,407,888	-	1,744,989	1,763,034
			64,490,056	**5,437,432**	-	**69,927,488**	**99,340,656**
28.3	**Sundry Creditors**						
	Other	28.3.1	90,357,906	16,406,650	-	106,764,556	143,725,360
	Trade Creditors		85,548,307	-	-	85,548,307	9,408,774
	Refundable Deposits		-	62,598,726	-	62,598,726	57,987,031
	Accrued Expenditure		2,789,785	15,582,588	114,710	18,487,083	15,684,657
			178,695,998	**94,587,964**	**114,710**	**273,398,672**	**226,805,822**
28.3.1	**Other**						
1	Sundry Creditors		73,056,564	-	-	73,056,564	-
2	Regional Office Kandy A/c		-	13,828,888	-	13,828,888	13,828,888
3	Audit Fee		2,409,585	-	-	2,409,585	-
4	Estate Contral A/c		13,618,215	-	-	13,618,215	-
5	Suspend Regional Office A/c		-	1,863,756	-	1,863,756	1,863,756
6	Fine		866,884	-	-	866,884	-
7	Prepayment		-	688,440	-	688,440	688,440
8	Insurance Premium		359,836	-	-	359,836	-
9	SNC Payable A/c		-	25,566	-	25,566	25,566
10	Deposits		25,000	-	-	25,000	-
11	Regional Office Control A/c		21,822	-	-	21,822	-
			90,357,906	**16,406,650**	-	**106,764,556**	**16,406,650**
29	**EPF/ESPS/CPPS**						
	EPF Legal & Surcharge		340,623,374	-	-	340,623,374	392,926,829
	EPF/ETF		-	-	-	-	-
	EPF		331,774,437	10,418,858	-	342,193,295	339,489,203
	ESPS		24,472,524	9,937,911	-	34,410,435	32,487,287
	CPPS		5,720,995	576,809	-	6,297,804	5,080,488
			702,591,330	**20,933,578**	-	**723,524,908**	**769,983,807**
30	**ETF & Other Payable**						
	ETF		29,180,746	510,993	-	29,691,739	35,959,093
			29,180,746	**510,993**	-	**29,691,739**	**35,959,093**
31	**Deposits/Advance for Property Lease**						
	Deposits against Lease		-	71,745,619	-	71,745,619	57,475,321
	Other		-	105,495,386	-	105,495,386	106,498,081
			-	**177,241,005**	-	**177,241,005**	**163,973,402**
32	Bank Overdraft						
	BOC - Hyde Park 2327554		-	50,368,399	-	50,368,399	49,422,534
	BOC - Hyde Park 2327553		-	-	8,084,459	8,084,459	4,943,149
	Peoples' Bank Union Place 014100293155		-	-	2,524,093	2,524,093	2,457,103
	Nations Trust 006100003643		-	954	-	954	954
			-	50,369,353	10,608,552	60,977,905	56,823,740

Janatha Estates Development Board
Annual Report 2018

For the year ended 31st December 2018.

1. Corporate information

1.1 Reporting status

Janatha Estates Development Board was established under the Agricultural Corporations Act No. 11 of 1972 vide Gazette Notification No. 199/1M dated 06th February, 1976. The registered office and principal place of business are established at No. 55/75 Vauxhall Lane, Colombo 02.

1.2 Basic activities and nature of operations

There has been no significant change in the nature of the core activities of the Board during the financial year under consideration. The primary activities of the Board were cultivation, production and sale of tea and rubber. Instead of selling tea through brokers (value added products), Janatha Estates Development Board runs regional tea shops (Jana Tea/Consumer Service).

2. The Basis of Preparation

2.1 Declaration of Conformity

The Board's Financial Statements consist of Profit/Loss Statement and other detailed income, Statement of Financial Position, Statement of Changes in Cash Flows and Accounting Regulations and Notes to the Financial Statements.

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA of Sri Lanka) and the Sri Lanka Accounting and Auditing Standards Act No. 19 of 1995.

2.2 Basis of Evaluation

The financial statements are prepared on the basis of historical cost agreements. The relevant special regulations are detailed in subsequent notes. The underlying statements have not been adjusted for inflation and these financial statements have been prepared in Sri Lanka Rupees.

2.3 Use of Estimates and Judgment

The preparation of financial statements in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) requires management to make judgments, estimates and assumptions that may affect the application of regulations and the reporting of amounts of assets, liabilities, income and expenses. Actual results may differ from these estimated values.

Estimates and related assumptions are based on past experience and other factors believed to be reasonable under the circumstances and are the basis for determining the value of assets and liabilities that cannot be easily determined from other sources.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the revision period and future periods if the revisions affect only that financial year, then in that period also the revisions have effects on that financial year and future financial years.

2.4 The Journey Ahead

The Board has decided to restructure the Board in a public, private and employee (PP & E) partnership concept for the future of the Board. A restructuring program is currently underway with the objective of utilizing unused or minimally utilized assets and properties for joint ventures with private investors. EPF and ETF shortfalls are settled using income generated from anticipated income from new investments. Financial statements are prepared on a going forward basis and they do not abandon or stop any business activities until the restructuring program is implemented.

2.5 Comparative Information

Accounting Policies have been implemented consistently with the Policies used in the previous year by the Board. These figures and sentences have been rearranged at relevant places to represent the current year's data.

2.6 Events Occurring after the Reporting Date

This includes events occurring after the end of the reporting period and favorable and unfavorable events occurring between the date the financial statements are authorized to issue. The materiality of events occurring after the reporting period is considered and, where necessary, appropriate changes or disclosures are made in the underlying disclosures.

3 Other Information

3.1 JEDB - Galabodda Estate

The above Estate has been mortgaged to M/s Pan Asia Bank in 1999 and has obtained a financial facility of Rs.40 million. A portion of the balance has been settled in advance. The interest payable is written off with the consent of the bank. As a result, as of 31st December, 2018, the balance of the ledger was Rs.20,986,283.

4 Significant Accounting Policies

The following Accounting Policies have been substituted for all periods presented in these financial statements.

4.1 Cost of Borrowing

General and special borrowing costs are directly attributable to the acquisition, construction or production of assets that take a significant period of time to prepare for intended use or sale and are added to the cost of those assets until they are ready for sale.

Capitalization of borrowing costs begins when it incurs the cost of the asset and the activities necessary to prepare the asset for its intended use or sale. Capitalization is stopped when the work required for the intended use of the asset is substantial. Capitalization of borrowing costs is suspended if operational development of a qualifying asset is suspended.

The Board receives funds and uses them for assets such as immature tea, rubber and coconut plantations. The Board determines the borrowing costs eligible for capitalization by substituting a capitalization approval for the costs of the above bio-assets. For this purpose the Board uses the relative average of borrowing costs applicable to normal borrowings. All other borrowing costs are recognized in the profit and loss statement in the period in which they are incurred. Investment income earned on temporary investments in specific borrowings is obtained by deducting their expenditure on eligible assets from the eligible costs for capitalization.

4.2 Assets and Bases of their Valuation

Assets classified as current assets in the statement of financial assets are cash and bank balances and those expected to be realized in cash during the normal operating cycle or within one year from the reporting date. Assets other than current assets are assets that the Board elects to hold for more than one year from the reporting date.

Non-current assets have not been revalued for a long time and therefore the present value may differ from the value stated in the financial statements as the value of the asset.

4.2.1 It has been reported that the identification and calculation of property, machinery and equipment is done by deducting the accumulated depreciation from the value obtained in the cost assessment. Property. The cost of machinery and equipment is the cost incurred to purchase or construct and any cost incurred to bring the asset into working condition for its intended use.

Purchased software integrated into the operation of the respective equipment is capitalized as part of the equipment itself. Property, plant and equipment are treated as separate parts (major components).

4.2.2 Delayed expenses

If future economic benefits flow to the Board from the replacement of a piece of property, machinery or equipment, it is recognized in its value and its cost can be measured reliably. The cost of the replaced part is recognized in the profit/loss statements as the day-to-day servicing of property, plant and equipment.

4.2.3 Depreciation/Amortization

Depreciation can be recognized as profit/loss directly over the estimated useful life of each piece of property, machinery and equipment. Depreciation of an asset begins when it becomes available for use, and depreciation of the asset ceases before the date on which it is classified for sale (or entered into a disposal table classified as held for sale). No tax is levied on freehold land.

Assets depreciate over their useful lives at the following rates:

Item	Estates	Head Office
Buildings	5%	5%
Machinery Gear (Old)	33.33%	12.5%
Machinery Gear (New)	20%	20%
Plumbing systems and Toilets	5%	5%
Motor Vehicles	25%	25%
Wood products and Equipment	12෴5%	12.5%
Mature crop	5%	5%
Roads and Bridges	5%	5%
Hydroelectric Power Plants	5%	5%
Computers and Printers (New)	20%	20%
Computers and Printers	12.5%	12.5%

4.2.4 Computer Software

All computer software that is not intrinsically linked to the associated hardware and is clearly identifiable, reliably measurable and gives rise to future economic benefits is included in the statement of financial position under the category of intangible assets.

4.2.5 Fixed Land Development Costs

Permanent land development costs are the costs incurred to make major changes to land contours for the development of new access roads and other major infrastructure. As per the Board's Depreciation Policy, the cost of these types of projects (roads, bridges etc.) is capitalized and depreciated.

4.2.6 Investment Property (rented Land and Buildings)

Investment property is properly held to earn rental income or for capital appreciation or both and not for sale in the ordinary course of business or for the production or supply of goods and services or for administrative purposes. Investment property is measured at cost on initial recognition and any subsequent changes are recognized as fair value gains/losses.

A gain/loss on disposal of investment property (calculated as the difference between the disposal proceeds and the value of the item) can be recognized in the profit and loss statement. Investments previously classified as property, plant or equipment.

Any amount included in the revaluation reserve is transferred to retained earnings when a property is sold.

4.2.7 Limited Lifetime Land Development Costs

Immature and Mature Cultivars

Costs directly attributable to replanting and replanting are classified under immature crops till harvest time. As there are no market-determined prices or values and alternative estimates of fair value are clearly unreliable, the Board has rejected the tea. Immature and mature plantations of biological assets like rubber, coconut are accounted for at their cost and depreciation and initial identification of biological assets under property, machinery and equipment as defined under LKAS 16 is done in accordance with the guidelines provided by the Institute of Chartered Accountants of Sri Lanka.

As fair value cannot be easily determined, the nursery is maintained at cost. Costs consist of appropriate proportions of direct materials, direct labor, and direct factors. When the fair value of such a biological asset can be measured reliably, the Board calculates the value obtained by deducting the cost to sell from that value.

All costs incurred in preparing the land, cultivating it and developing it until the crops are ripe or harvested are capitalized as biological assets. All expenses incurred after crop maturity are recognized directly in the profit/loss statement. General charges for replanting and new plantings are allocated on the basis of the number of labor days spent on the respective replanting and new plantings and are capitalized on the basis of immature areas. The rest of the common expenses are the expenses related to the time frame for which the calculations are made.

	Immature stage	Harvest begins
Tea	Years 1 – 4	5th year
Rubber	Years 1 – 6	7th year

4.2.8 Expenditure for Land Filling

Landfill development costs are capitalized as landfills for mature areas where expected future favorable conditions are higher than the previous landfill factor evaluation. Amortization costs are amortized if the useful economy of the relevant maturing estate remains, the new asset or the expected tax period is less.

If expenses are not capitalized, they are included in the income statement in the year in which they are incurred.

Timber Cultivation

In the initial identification, the timber plantation is calculated at fair value and at the end of each reporting period, the total cost including all the costs for sale including transportation is reduced from that fair value.

The fair value less costs to sell timber plantations and changes in fair value are included in the profit and loss statement for the period in which they arise. All expenses incurred for maintaining the assets are included in the profit and loss statement of the respective year.

Biological Assets

Biological Assets are eligible for recognition if the Board controls the asset as a result of past activity. The future economic benefits associated with the asset will flow to the Board and the fair value or cost of the asset can be accurately calculated.

4.2.9 Goods Register

After making proper allowances for obsolete and low-selling goods, goods other than stock and nursery stock are mentioned as goods with lower costs and net values. The Board uses the FIFO method in determining costs for inventory. These costs include acquisition of parts, production and conversion costs and costs incurred to reach the current status and condition. Net value means the value obtained when the estimated cost of completing the product and the cost of selling the product are deducted from the assessed value.

The value added value of the goods produced up to the date mentioned in the ledger was calculated as ninety. The value of the remaining stock was calculated at ninety times the assessed selling price. This value is the net value obtained after deducting all the money spent on the public auction.

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

Financial Assets

LKAS 39 Basic recognition and measurement of financial assets within the scope of profit or loss, loans and receivables, long-term investments. Financial assets designated as available-for-sale or financial instruments are classified as financial liabilities. The classification of financial assets is done by the Board in the initial identification.

All financial assets are initially recognized at fair value and transaction costs are applied to assets with no fair value through profit or loss. The identification, purchase or sale of financial assets that need to be distributed within a time frame established by the market (ordinary trading) regulations or agreements must be done on the day of trading, i.e. on the day the Board assigns the asset to be purchased or sold. The financial assets of the Board include cash or cash equivalents, short-term deposits, loans and advances to suppliers, sales and other receivables.

Subsequent Calculation

Subsequent calculations of financial assets are classified as described below. Financial assets at fair value through profit and loss include financial assets held for trading and financial assets designated on initial recognition at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for sale or purchase in the near term. Derivative financial instruments included by the Board that have not been designated as hedging instruments in future hedging relationships as defined by LKAS 39 are included in this category. Derivatives, including separate and embedded derivatives, are classified as held-for-trading unless designated as effective forward hedging instruments. Financial assets at fair value are shown in profit or loss in the statement of financial position. Changes in fair value are presented as finance income or finance expense in the income statement. The board carried out an assessment of the financial assets at fair value through profit and loss to determine whether the sale of the financial assets is appropriate in the near future. As the board was unable to sell these financial assets due to inactive markets, the management intends to sell them in the future.

The Board may elect to declassify these financial assets in rare cases when they are significantly different. Classification of loans and other receivables, whether sold or held to maturity depends on the nature of the asset.

Financial Assets at fair value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for sale and financial assets initially designated as at fair value through profit or loss. Financial assets held with the intention of selling or repurchasing in the near future are classified as held for sale. As defined in LKAS 39, this category includes derivative financial instruments entered by the Board that are not designated as hedging instruments in forward hedging relationships. Derivatives, including separately held derivatives, are classified as available for sale unless designated as forward hedging instruments.

Financial assets with fair values

Shown as profit or loss in the statement of financial position. The basis of the income statement is the change in fair value as income or financial expense.

The Board has evaluated the financial assets at fair value through profit or loss to check whether the financial assets are suitable for sale in the near future. As the Board was unable to sell these financial assets due to inactive markets, the Board intends to sell them in the future.

The Board may elect to declassify these financial assets in rare cases when significant changes occur. The classification of loans and other receivables as held-to-maturity depends on the nature of the asset.

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 calculations, such financial assets are measured at amortized cost under an efficient interest rate method (EIR) with less depreciation. Amortized cost is calculated taking into account any discount or premium for acquisition and fees or costs which are an integral part of the EIR. EIR Amortization is included under finance income in the income statement.

Financial Investments available for Sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified under the above financial asset classification.

Available-for-sale financial assets are initially recognized at fair value and directly attributable transaction costs. After initial recognition, they are measured at fair value and charges excluding impairment losses and foreign exchange differences on existing debt instruments and are recognized in other comprehensive income and presented fairly in the fair equity reserve. Accumulated gain or loss on equity is reclassified to profit or loss when an investment is derecognized. Available-for-sale financial assets consist of equity securities.

Not Accepting

Non-recognition of a financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) occurs when the right to earn money from that asset expires. The Board has assigned the right to receive the proceeds of the asset or obliges a third party through any arrangement to pay in full the cash flows received without material delay. The Board has (a) transferred substantially all the risks and rewards of the asset or (b) has not transferred or retained all the risks and rewards of the asset but has delegated control of the asset.

When the Board has transferred its rights or entered into an arrangement to receive cash flows from the asset and substantially all of the risks and rewards of the asset have been transferred or retained.

In the absence and absence of a transfer of control, the asset is recognized to the extent that the Board continues to be associated with it.

In such a case, the Board recognizes joint responsibility. The calculation of the transferred asset and joint liability is reflected by the rights and obligations retained by the Board.

Impairment of Financial Assets

The Board performs an assessment at each reporting date to determine whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered impaired only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset and have a measurable effect on the future cash receipts of the financial asset or group of financial assets.

Evidence of harm includes evidence of debtors or credit unions experiencing significant financial difficulties, defaults or defaults on interest or principal payments, which may lead to bankruptcy or other financial reorganization and measurably reduce future cash receipts. That may include changes in balances or related economic conditions.

Financial Obligations

Basic identification and measurements

Financial liabilities within the scope of LKAS 39 can be appropriately classified as financial liabilities at fair values through profit or loss, loans and borrowings, derivatives designated as hedging instruments of an effective amount. In initial identification, the board identifies the relevant primary liability classification.

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

Subsequent Calculations

The measurement of financial asset is determined based on their following classification.

Financial Liabilities at fair value through Profit/Loss

Financial liabilities at fair value through profit/loss include financial liabilities held for trading and financial liabilities recognized on initial recognition at fair value through profit/loss.

Financial liabilities are classified as held for trading if they are acquired with the intention of selling them in the near future. LKAS 39 includes derivative financial liabilities entered into by the Board that are not recognized as hedging instruments in hedging relationships. Separate embedded derivatives are also classified as held for trading unless they are identified as effective hedges. The receipts and expenses of the liabilities taken for business activities are recognized in the profit and loss. The Board has not identified any financial liabilities at fair value as profit/loss in initial recognition.

Loans and Borrowings

After initial recognition, interest bearing debt and borrowings are subsequently measured at amortized cost using the effective interest rate method. Receipts and expenses are recognized from the income statement and the effective interest rate (EIR) method of amortization process when liabilities are not recognized. Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs and is an integral part of the effective interest rate system. Effective interest rate amortization is included in financial expenses in the income statement.

Not being recognized

A financial liability is derecognized when the obligation under the liability is released, canceled or expires. Such an exchange or modification is considered when an existing financial obligation is replaced by another from the same lender on substantially different terms or when the terms of the existing obligation are substantially changed.

Derecognition of the original liability and recognition of a new liability and the difference in the respective carrying amounts are recognized in the income statement.

Settlement of Financial Instruments

The net amount reported in the statement of financial assets and financial liabilities is offset only if there is a present enforceable legal right to set off the recognized amount, to settle on a net basis or to realize the asset or to settle the asset in lump sum. As specifically stated in the Board's accounting practices, income and expenses shall not be offset in the income statement unless required or approved by any accounting standard or interpretation.

Fair Value of Financial Instruments

At each reporting date, the fair value of financial instruments traded in an active market is determined at quoted market prices or dealer prices (long-term bids and short-term ask prices) without deducting any transaction costs. The fair value of financial instruments that are not traded in an active market identifies ninety appropriate valuation techniques.

Such methods include obtaining recent market transactions, fair value of a similar financial instrument, reviewing discounted cash gallons or other valuation methods.

Provisions, Contingent Liabilities, Contingent Assets

A liability shall be settled when the board has a present liability (legal or constructive) as a result of a past event and when it is probable that an economic benefit will result from the outflow of resources and a reliable estimate of the amount of the liability can be made.

Contingent liabilities are disclosed as a note in the financial statements if the outflow of resources is not liquid. Contingent assets are disclosed if an economic benefit is probable.

4.2.10 Trade and other receipts

Estimated amounts to be realized and net provision for bad and doubtful debts are stated in ninety trade receivables.

4.2.11 Money or Money Equivalents

Cash or cash equivalents Cash balances. Consists of Fixed Deposits and Demand Deposits. Bank overdrafts, which are repayable and an integral part of the board's financial management, are included in cash or cash equivalents as an objective of cash flows.

Interest paid is classified as operating cash flow and interest received as investment cash flow for representation in the cash flow diagram prepared based on the curve method.

5 Warranties and Provisions

5.1 Retirement Benefits of Employees

(a) Existing Benefit Plans

Payment of Gratuity Act No. 13 of 1983 and Indian Immigration Act No. 34 of 1978 provide for a retirement benefit scheme to eligible employees. In accordance with LKAS 19 on Retirement Benefit Costs, adequate provision has not been made in the financial statements for retirement gratuity from the first year of service to all employees. However, according to the Gratuity Act No. 12 of 1983, the obligation to pay employees arises after five years of continuous service. Liabilities are included in the notes to the financial statements.

(b) Gratuity payable to Ex-Employees
As on 31st December 2018, the gratuity payable to the employees of the Estate has been correctly calculated and entered in the accounts of the Estate. As of December 2018, the amount to be paid to old employees is Rs.616,860,963.

(c) Provision for gratuity
Provisions for retirement gratuity have been set aside for all employees from the first year of service and included in the financial statements. The liability recognized in the balance sheet for bonuses is the present value of the bond at the end of the reporting period. The Board has not done a life expectancy assessment for quite some time.

(d) Defined Contribution Plans (EPF, ETF, ESPS, CPPS)
All employees who are eligible for the Defined Provident Fund and Employees' Trust Fund are covered by the respective contributory funds in accordance with the relevant policies and regulations. 12% of employees' gross salary is paid by the Board to EPF, ETF, ESPS, CPPS funds and 3% to ETF fund.

EPF, ETF and ESPS, CPPS, EPF, ETF have not been remitted to the Board during the prescribed period from 2001 to 2018. The Labour Commissioner has taken legal action against the Board of Directors.

Balances as on 31.12.2018	
EPF Payables (2000 – 2018)	Rs.342,193,295
Payable ETFs (2000 – 2018)	Rs. 29,691,738
Payable ESPS (2000 – 2018)	Rs. 34,410,434
CPPS payable (2000 – 2018)	Rs. 6,297,804
EPF/ETF Cases (2000 – 2018)	Rs.340,623,374

5.3 Government Grants
Government grants related to the purchase of property, plant and equipment are measured at cost less impairment losses and are recognized as deferred revenue at their initially determined fair value when there is reasonable assurance that they will be received. The Board will also be subject to amortization and will be recognized in the profit and loss statement on a straight-line basis over the expected lives of the relevant assets.

Grants for compensation of Board expenses or losses already incurred are recognized in the statement of profit or loss as other income when the period of receipt and expenses are identified. An amount of Rs. 425,000,000.00 was received from the state treasury for the year under review.

Trade Payments

Trade payables are obligations to pay for goods or services obtained from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payments are due in one year or less. Otherwise they are presented as non-current liabilities. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Taxation

Current tax

Tax expense consists of current tax expense and deferred tax. Income tax assets and liabilities for current and prior periods are measured at the amount expected to be collected from or paid to the taxing authorities. Tax rates and tax laws used for cash calculations are those enacted or substantially enacted as of the balance sheet date. Provisions for income tax are based on an element of income and expenditure as reported in the financial statements and calculated in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and its amendments.

5.3 Statement of Income

Revenue

Revenue is recognized to the extent that economic benefits flow to the board and revenue can be easily measured at whatever stage the payment is made. Revenue from the sale of goods is measured at the fair value of the goods received or receivable, net of returns and allowances, trade discounts and volume discounts. Revenue is recognized if significant risks and rewards have been transferred to the buyer, if it is probable that the consideration will be realized, if the related costs and benefits of the goods can be estimated reliably, if there is no ongoing management involvement with the goods, and if 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 surveying the tasks performed. The Board has adopted the following policies and procedures for determining when entities transfer significant risks and rewards of ownership of objectives.

(a) Selling Tea at Auction

According to the terms and conditions of tea issued by the Ceylon Tea Merchants' Association (Section 17) the ninety highest bidder shall be accepted and the sale shall be terminated at the fall of the hammer. The sale value is determined by calculating the agreed price and quantity and raising the sales notes.

(b) Selling Rubber at Auction

Bidders shall be accepted in accordance with the rules and regulations of rubber issued by the Colombo Rubber Traders Association and the sale shall be terminated at the drop of the hammer. The value of the sale is determined by adding the agreed price and quantity to the ninety plus sales notes.

(c) Harvesting Timber Plantations
Revenue from the sale of timber is recognized when legal ownership and risk of loss are transferred to the buyer and the quantity sold is determined.

(d) Gains and losses of a revenue nature on disposal of property, plant and equipment
Profit or loss is determined by taking net sales proceeds and comparing them with property, plant and equipment capitalized as part of the cost of those assets and recognized net in other qualifying assets.

(e) Tax Revenues
The Board has leased out land and factories to various parties and the income received from them has been recognized as tax income. They are calculated monthly and annually based on receipts.

(f) State Allowances
Grants are initially recognized when there is reasonable assurance that they will be received and the Board is in compliance with the conditions associated with the grant. Grants indemnified by the Board for expenses are recognized in the profit and loss statement on a systematic basis over the periods in which the expenses are recognized.

5.3.2 Cost Identification

All expenses incurred for the running of the business are charged to income on receipt for the year. Repair and renewal expenses are charged to the profit or loss statement of the year in which they are incurred.

Financial cost

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

Statement of Financial Flows

Interest received is classified as a cash flow and interest paid is classified as a cash flow for the presentation of the statement of cash flows prepared using the indirect method.

PAL/C/JEDB/01/2018/19 March 2023

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 2018 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 2018 comprising the statement of financial position as at 31 December 2018 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 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 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

1.2.1. Going Concern of the Board

Due to the continued loss of the Board, the net assets and working capital of the Board had taken a negative value of Rs.223,346,757 and Rs.1,565,169,201 respectively as on 31 December 2018. Based on this situation, it was observed that there is an uncertain situation of maintaining the Board without further financial support from the Treasury or the Government.

1.2.2. Non- Compliances with the Sri Lanka Accounting Standards

(a) Although the Board's investment of Rs.2,500,000 in fixed deposits on 21 September 2012 had increased to Rs.4,326,092 as on 31 December 2018, according to section 66 of Sri Lanka Accounting Standards 01, the value of the deposit should be accounted for under non-current assets, but it was accounted for under current assets.

(b) Although adequate disclosure is required in the financial statements in respect of pledged assets as per Clause 07 (a) and (b) of Sri Lanka Financial Reporting Standards (SLFRS) 07, the required disclosures as per the Financial Statements Standard had not been made for the fixed deposit of Rs.2,500,000 opened in the People’s bank Union Place branch during the year under review and land at No. 175, Vauxhall Street, Colombo 02, which were mortgaged at Bank of Ceylon Hyde Park Branch for obtaining overdraft facility

(c) In accordance with paragraph 20 of Sri Lanka Accounting Standard 07, while determining the net cash flow under operating activities under the indirect method, the relevant adjustment should be made to the net profit or loss of the company for the year under review, but contrary to that, the Board made the adjustment to the difference in accumulated loss amount of Rs.608,391,269.

(d) As per paragraph 42,43,49 of Sri Lanka Accounting Standard 08, after retroactive adjustment of the errors committed in the previous years the comparative information presented with the year under review should be corrected and adequate disclosure should be made in the financial statements, the Board had not made adequate disclosures in the financial statements of the year under review regarding such adjustments of Rs 7,469,668 made in the assets and liabilities of the year 2017.

(e) As per paragraph 37 of Sri Lanka Financial Reporting Standards (SLFRS) 13, 12,331 hectares of freehold land belonging to 17 estates of the Board, which has been stated as Rs.935,509 in the statement of financial position for many years, had not been valued and accounted for at fair value therefore it was observed that fixed assets are undervalued.

(f) Although paragraph 37 of Sri Lanka Accounting Standard 16 states that only assets of similar nature and use should be grouped and accounted for, contrary to that the Board had shown all the items of machinery, office equipment and vehicles under a single category in the financial statements.

(g) Due to failure to review the residual value and useful life of an asset at least at the end of each financial year in accordance with paragraph 51 of Sri Lanka Accounting Standards 16, although the Board continued to use the fully depreciated assets in the Estates and Head Office, costing Rs.1,737,414,854 as at 31 December 2018, the estimated error had not been rectified in accordance with Sri Lanka Accounting Standards 08 and the correct carrying value had not been shown in the financial statements.

(h) In calculating the service benefit obligation of the entity in accordance with paragraph 57 of Sri Lanka Accounting Standards 19, the actuarial method should be used to calculations by using assumptions such as present service cost of the entity, age of employees, life expectancy of employees, effect on service turnover, retirement age, discount rate, salary and growth rate, the board had not used the above acturial method in its benefit calculation.

(i) The useful life or percentage of depreciation used in respect of carrying amount of the biological assets is required to be disclosed in the financial statements in accordance with paragraph 54 (e) of Sri Lanka Accounting Standards 41, although depreciation adjustments were made for tea, rubber and other crops during the year under review, the depreciation policy and rate of depreciation were not disclosed in the financial statements. Due to this, the correctness of the depreciation value for the year under review could not be checked.

(j) Although biological assets are to be measured at fair value less costs to sell on initial recognition and at the end of each reporting period in accordance with paragraph 12 of Sri Lanka Accounting Standard 41, but Timber plantation was not so assessed and accounted for by the Board.

1.2.3. Accounting Policies

(a) Although it is stated in the financial statements that depreciation of the asset starts from the date of purchase of the asset as per the depreciation policy of the Board, the fixed assets purchased by the estates during the year 2018 were depreciated throughout the year under review regardless of the date of purchase, and no date of purchase was mentioned in the fixed assets register. Due to this, it was not possible to calculate the correct amount of depreciation of the estates in the year under review

(b) It was observed that under the depreciation policy of the Board, two depreciation rates are used for assets like machinery and computers and computer printers for estates and head office instead of one depreciation rate for old and new assets. Accordingly, the Board had not used a specific depreciation policy.

(c) Although accounting policy No. 3.2.7 mentioned in the financial statements of the Board specifies the period during which the capital expenditure incurred on tea and rubber is transferred from immature to mature plantations, the accounting policy of the Board did not disclose the maturation time of other biological assets i.e. cocoa, mango, cinnamon, ginger, nutmeg, areca nut, cardamom and pepper in the estates of the Board.

1.2.4. Accounting Deficiencies

(a) The stock of tea worth Rs 2,177,332 returned to the Board from Sathosa was not included in the stock of finished goods but was included in the stock of packaging materials, therefore, the stock of closing finished materials was understated and the stock of packing materials was overstated in the year under review.

(b) Under the work in progress classification of assets in the financial statements, 04 items namely small fish project, water bottle project, special project and miscellaneous projects amounting to Rs 1,761,785 were included.

(c) A mature plantation valued at Rs.17,925,652 to be accounted for under biological assets was shown under property, plant and equipment in the financial statements.

(d) Rubber plantation amount of Rs. 2,305,369 which was mistakenly transferred from immature plantation to mature plantation during the years 2002, 2003 and 2012 prior to the year under review was transferred back to immature plantation during the year under review. It is further observed that this plantation has been destroyed or is physically non-existent due to any other reason at present.

(e) According to the financial statements, there is a Cardamom crop of Rs.1,936,455 cultivated in the years 1996 and 1998 in the Kandaloya Estate, but during the physical inspection it was observed that this crop is not physically available at present. It was further observed that the land where the plantation was took place is seemed as an uncultivated land at present.

(f) The Board has not taken steps to remove the value of trees of commercial value sold each year, from biological assets in the financial statements. Although, trees worth Rs.7,399,067 were cut and removed during the year under review, no action was taken to remove them from the accounts.

(g) The balances of 5 estates amounting to Rs 3,197,505 under work in progress under non-current assets since 1996 were debited to an adjustment account during the year under review and had indicated under leased assets and work in progress in the statement of financial position. No action was taken to check and to capitalize, to complete or to write off these balances.

(h) According to the financial statement of the Board, a sum of Rs.5,189,961 was identified as expenditure incurred for acquisition of property, plant and equipment in the year under review, but no any expenses adjustments was made for acquisition of property, plant and equipment under investment activities in the cash flow statement.

(i) Due to addition to loss in statement of cash flows of non-physically existing immature rubber plantations amount of Rs.4,841,741 ,which were removed from books during the year under review, the net cash flow generated through operations had increased by that value.

(j) The Journal Voucher prepared by the Board was signed only by the Prepared Officer but the Journal Vouchers were not signed by the checking Officer and the Approving Officer.

(k) Although the accounts revealed that immature tea plantations take 4 years to mature, the tea plantations of Rs.29,011,699 cultivated from 5 to 11 years from 2007 to 2013 were transferred to mature tea plantations in the year under review.

(l) The board has earned land lease income of Rs.37,796,794 and building lease income of Rs.36,553,920 as on 31 December 2018, but the value of these leased land and buildings was not disclosed under investment properties in the financial statements.

(m) A census of the biological assets such as tea, coconut and rubber which had a net value of Rs 458,732,760 as at the end of the year under review, had not been carried out and verified the existence.

(n) Due to non-payment of dues by the Board to the Employees' Provident Fund (EPF), a penalty of Rs.340,623,374 was payable to the Employees' Provident Fund by the end of the year under review, but no allocation was made in the financial statements regarding this liability.

(o) It was revealed during the audit that there is an amount of Rs.866,884 in the trade and other payables was not recognized in the income of the year in the final accounts so far, which was charged by the estates from external parties for various reasons and it was revealed that the loss of the Board was overstated due to non-recognition of that income as income in the year under review.

(p) Although the financial statements of Kandaloya and Nagasthanna Estates show that a case has been filed in the Magistrate's Court regarding loss of Rs 2,787,206 on 09 September 2011, no disclosure or provision had been made in the financial statements of the Board and this amount could not be recovered.

(q) A plantation development project was implemented by the Plantation Management Monitoring Division (PMMD) of the Ministry of Plantation Industries, and it was completed in the year 2010. However, a non-reimbursed debtor balance of Rs.4,136,733 from the Ministry as on 31 December 2018 related to the said project was shown in the financial statements of the Board. But it was observed that the debtor balance in the balance sheet is overstated as it is not acceptable to reimburse the amount from PMMD to the Board.

(r) Although the net asset value of the Monte Cristo Estate, which was transferred to the private sector in 2001 on the basis of lease, was Rs. 40,503,226, it was shown as debtors in the financial statement for a period of 17 years, but there was no specific explanation of this balance, and although it was observed that it was uncollectible, no provision was made for doubtful debtors in the financial statements.

(s) It was observed during the audit that fixed assets balance amounting to Rs.6,013,927 relating to the abandoned Onugaloya Estate has been presented in the financial statements for many years, but physically such asset balance does not exist.

1.2.5 Un-reconciled Control Accounts

(a) According to the financial statements of the Board, the Gratuity Payable Account balance is Rs. 463,392,621, but as per the schedules provided to the audit, the balance of the gratuity account was Rs.467,753,167 therefore, a difference of Rs.4,360,546 was observed between these balances.

(b) According to the financial statement of the board, the balance of the gratuity related surcharge provision account was Rs.143,202,687, but as per the schedule provided to the audit, the balance of the gratuity related surcharge provision account was Rs.144,920,316, therefore a difference of Rs.1,717,629 was observed between these balances.

(c) Although the loan and interest receivable balance from Sri Lanka State Plantation Corporation as at 31 December 2018 was Rs.119,346,347, the payable balance as per the financial statements of Sri Lanka State Plantation Corporation was Rs.97,709,342. Accordingly, a difference of Rs. 21,637,005 was observed.

1.2.6 Unexplained Differences

(a) Although the interest expense shown in the income statement on accrual basis for the year under review was Rs.21,627,493, the net cash flow from operating activities was understated by Rs.2,171,608 due to the adjustment amounting to Rs.19,455,885 made to loss under operating activities in the cash flow statement.

(b) According to the financial statements of the Board, a difference of Rs 4,733,172 was observed between the balance of Value Added Tax payable at the beginning of the year and the balance of the "Value Added Tax payable ledger account" at the end of last year. Also, a reconciliation statement was not submitted to the audit to identify the balance of Rs.46,472,826 in the Value Added Tax control ledger account as on the opening date of the year 2018.

1.2.7 Receivable and Payable Account

(a) 07 unsettled credit balances of Rs.36,833,017 are observed in trade and other payables as at end of the year under review due to non-settlement of transactions between estates and the Board had not taken action to settled the relevant values even at the time of preparing the final accounts for the year 2018.

(b) According to the creditor age analysis of the Board, the unsettled balance from 1 to 5 years was Rs 15,663,093 and unsettled balance over than 5 years was Rs103,092,804 and action had not been taken to settle or remove from the books of those balances.

(c) Although the lease creditor balance amount of Rs.4,087,333 relating to the estates of the Board, had been paid by the end of the year under review, a liability to be paid for 04 lorries taken on lease basis was erroneously recorded in the final accounts. Due to this, the lease creditor liability was overstated in the financial statements of the Board.

(d) According to the financial statements of the Board, there were cancel cheques amounting to Rs.601,413 in trade and other payables as at end of the year under review and action had not been taken to established or written-off from the books the relevant debtor balance.

(e) Due to the sale of tea leaves to external parties, there is a debtor balance of Rs.33,196,752 as of 31 December 2018. Although a credit period of about 14 days is given for the sale of tea leaves, out of the above balance, the tea leaf debtors of Rs.28,183,139 are old from the year 2003 to the year 2016, but the Board has not been able to recover these old balances.

(f) There are 33 old debtor balances of Rs.4,008,885 relating to the years 1999 to 2016 in the estates, but no action has been taken to recover the balances or make provision for doubtful debtors in the financial statements.

(g) The total debtor balance of Jana tea sector was Rs.29,390,337, and according to debtor age analysis, the debtor balance more than 90 days was Rs.21,748,690. Out of that balance, the total debtors over one year are Rs.11,625,553, and even though, those balances are many years old, the board has not taken any effective steps to collect these balances, no provision for doubtful debtors was done for these loan balances of the Board.

(h) Only a sum of Rs.8,856,575 had been settled up to 15 March 2022 by the debtors for the balance of Rs.288,839,894 out of the balances as on 31 December 2018. Those settlements were made in the year 2019. Accordingly, it was observed that there is no possibility to recover Rs. 279,983,319 out of the due balances.

(i) It was observed that current assets have been overstated due to the fact that debtor balances of Rs.11,190,988, which were found to be irrecoverable in the years prior to the year under review, have been included in the financial statements as adjustments. Apart from this, the loss of the year was also understated from that amount due to the fact that not making appropriate provisions for even it was found that it could not be recovered as mentioned above.

(j) The Nagasthenna estate was given to a private company on a long-term lease basis in the year 2007 and no steps were taken to recover the lease arrears of Rs. 2,176,683 due from that company within 10 years or to make provision for doubtful debtors for the balance in the financial statements.

1.2.8 Lack of Evidence for Audit

(a) During the checking regarding the gratuity of the estates belonging to the board, a detailed schedule including the paid persons, the amount paid, the date of payment, and provision relating to the gratuity provision for the year 2018 and the gratuity value paid during the year 2018 was not submitted to the audit.

(b) Even though according to the financial statements the gratuity provision of Diyaluma Estate is Rs.977,846, but no schedule was submitted for the audit.

(c) Although the gratuity payable account balance in Mulhalkele estate is Rs.2,572,004, no schedule was submitted for the audit.

(d) Although the final stock balance disclosed in the financial statements as of 31 December 2018 was Rs.105,759,848, physical verification of the stock was not carried out at the end of the financial year and they were not submitted for audit.

(e) While valuing the stock as on balance sheet date, it was disclosed in the financial statements that stock valuation is done at the lower of cost or net realizable value, but stock valuation reports were not submitted to the audit to confirm this.

(f) The value of tea returned from Sathosa to the Board was shown as Rs.2,177,332 in the financial statements as at 31 December 2018, but the stock was not physically verified as on the balance sheet date.

(g) Creditor balance confirmation letters and information about late settlements were not submitted to the audit regarding the creditor balance of Rs.68,628,172 included in the creditor balance of the Board in the year under review.

(h) Creditor ege analysis were not submitted to the audit regarding the creditor balance of Rs.151,218,560 .

(i) The Board has leased the Montho Cristo estate and related immovable and movable properties to Nawalapitiya Plantation Pvt. Company on lease basis from 27 June 2017 for a period of 30 years. In this agreement, it was not specified the property, plant and equipment assigned to Nawalapitiya Plantation Pvt. Company, but in the financial statements, it was stated as the cost of the property was Rs.38,553,244 and the accumulated depreciation was Rs.6,384,289. Apart from this, a list of these assets was not submitted for audit. There was no disclosures were made in the financial statements in this regard.

(j) The Board had not submitted balance confirmations for loans of Rs.220,907,541 received from other boards, corporations and companies as at end of the year under review, and out of which Rs.43,956,610 was bank loan balances. Further, the interest expenses relating to the year under review for the loan balance of Rs.88,956,610 were also not identified in the books.

(k) Confirmation for the lease creditors amount of Rs.4,087,333 was not submitted to the audit.

(l) The balance confirmation for the lease payable balance of Rs.852,991 to a computer software company in Colombo area was not submitted to the audit.

(m) Two negative values of Rs.585,032 and Rs.776,371 have been shown as lease and interest in suspense respectively in the lease creditor balance of the head office of the Board, but the vouchers related to the excess paid lease installments included in those balances were not submitted to the audit.

(n) The board had failed to confirm the existence of the balances of the advance of Rs.50,353,716 received from the lease brokers due to non-submission of balance confirmations and time analysis to the audit.

(o) The receipts, names of depositors, deposited balance, etc. for Rs.71,745,619 related to the deposits received for the property given on lease basis by the Board were not submitted to the audit.

(p) An unrecognized receipt balance of Rs.6,461,737 was observed in the deposits received by the Board at the end of the year under review.

(q) Balance confirmations were not submitted for audit for a balance of Rs.93,024,351 included in advance for deposits/leased property in the financial statements of the Board.

(r) No written evidence was submitted to the audit to confirm the existence of the balance of Rs.40,548,258 shown in the financial statements as creditors, including a sum of Rs.36,310,518, which was given by the Ministry of Mahaweli for the construction of

Mahaweli houses under the Kothmale Reservoir Project since the year 2000, but was not used in that work.

(s) Explanations about the balance of Rs.58,255,152 stated under the debtors and miscellaneous debtors from the year 2000 to the year 2018 was not submitted and neither the recovery of the said balances nor the provision for doubtful debtors for the same were made in the financial statements.

(t) The sales invoices and related information issued to the institutions regarding the debtor balance of Rs.1,622,194 of Sathosa which exceeded one year, Rs.8,067,575 of Sri Lanka Army which exceeded 214 days and Rs.2,233,819 of Cooperative Wholesale Corporation were not provided to the audit.

(u) The information regarding the balance of Rs.4,441,537 existing from the year 2004, named as old balances in the debtors balance which is over 90 days, was not submitted to the audit. Necessary explanations were not given in this regard in the previous year as well.

(v) The balances of Rs.12,908,386 shown under sundry debtors were not confirmed, and those balances are related to the period from 1996 to 2014, and the actions taken in recent years regarding the recovery of those balances were not submitted to the audit. Also, due to these balances, it was observed that current assets have been overvalued from that amount.

(w) A debtor age analysis was not submitted for the trade receivable balance of Rs.306,918,062 shown in the statement of financial position at the end of the year under review.

(x) The debtor balance of the main branch of the Board in the year under review was Rs.306,918,062 and from that balance, the Board was informed to carry out the necessary activities to confirm the balance in relation to a sample of Rs.288,839,894 related to 31 debtors, but the board had not taken action for that.

(y) A stock of Rs.5,491,939 as a stock of tea worth Rs.4,771,585 and a rubber stock of Rs.720,354 was included in the stock of Rs.41,923,725 in the financial statements of the Board which was belonging to the period before 1999 and the year 2017. In addition, there was a credit balance of Rs.1,613,874 in the produced tea stock records and a credit balance of Rs.109,143 in the rubber stock of Kumarawatte for the year 2003. Due to the above errors, the value of the closing stock was overstated by Rs.3,768,922 in the financial statements, and the net loss of the year 2018 was understated by that value.

(z) A balance of Rs.9,670,772 is shown as Withholding Tax in the statement of financial position, and the relevant Withholding Tax certificates were not submitted for audit to verify its accuracy.

(aa) An age analysis for Value Added Tax on old receivables of Rs.3,521,614 shown in the trade and other receivables balance as at 31 December 2018 had not been submitted to the audit.

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

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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 is 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

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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 include 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 1.2.2 (a), (j), 1.2.3 (c), 1.2.4 (b),(h), 1.2.5 (b), 1.2.6 (c) 1.2.7. (a), (b),(e), (f),1.2.8 (a), (d),(g),(h),(j),(s), (t),(u) 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/ direction	**Observation**
(a)	Sub-section 5 (1) of Part II of the Gratuity Act No. 12 of 1983	Although the payment of gratuity should be made within 30 days from the date of retirement or death of an employee, Janatha Estate Development Board has not done so. Furthermore, any employer who fails to pay any amount due as gratuity, shall pay surcharges calculated according to the provisions of the Act in addition to the amount to be paid as gratuity. Accordingly, an amount of Rs.143,202,687 should have been paid as surcharge by the end of 2018, due to non-payment of gratuity by the board.
(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R. 387	The paying officer should always check that the bank balance is sufficient for all payments made by cheques and although it is prohibited to take overdrafts from any government bank account, but due to the Janatha Estate Development Board maintained a total of Rs. 60,977,905 as bank overdraft at the end of 2018 in the 4 accounts maintained in Bank of Ceylon, Nation Trust Bank and People's Bank, it was observed that an overdraft interest of Rs.8,348,209 had been paid.

(c)	Nation Building Tax Act No.09 of 2009	
	(i). Section 2 (i)	Although the provisions of the Nation Building Tax Act are applicable to all persons engaged in the business of manufacturing goods and rendering services of any nature, the board had not made arrangements to pay the nation building tax for land lease rental income of Rs.37,796,794 and other income of Rs.2,368,987 in the 2018 accounting year. Due to this, the Nation Building Tax was underestimated and calculated by Rs.803,315 (40,165,782 * 2%).
	(ii). Sub-section 4	As the Board had not calculated and paid the Nation Building Tax by the due date to the Inland Revenue Department, there was arrears of Rs.1,182,458 as on December 31, 2018.
	(iii). Section XIV of Schedule (I)	Although only tea supplied to a registered broker for sale in the Colombo tea auction is exempt from tax, the tax calculation was not done for other tea sales income of Rs.156,645,783 in the year under review.
(d)	Economic Service Charges Act No.13 of 2006 (i). Section 2	Although every organization whose income per quarter exceeds Rs.10 million should be subject to tax, the board has not done accordingly and the total turnover was Rs.818,735,838 million in the financial year under review and for this, a sum of Rs.2,046,839 (818,735,838*0.25%) should have been paid as Economic Service Charges, but this was not done. In addition to this, another Rs.6,357,269 continued to be shown as payable of Economic Service Charges in the balance sheet.

	(ii).Sub-section 06	Although, every entity exceeding taxable turnover shall pay economic service charges on or before the 20 of the month following the end of the quarter, the board had not submitted reports or paid fees from the financial year 2012 to 2019. Further, in terms of section 10 of the Act any service fee shall be deemed to be in default where the service fee or any part thereof for any quarter has not been paid on or before the date specified in section 6 of the Act, and every director or other principal officer of the board may be treated as a defaulter for the purposes of the Act.
(e)	Inland Revenue Act No.24 of 2017 (i). Section 90	An individual or partnership businesses shall pay income tax to the Inland Revenue Department on or before 15 August, 15 November, 15 February and 15 May of the following year respectively at the end of a quarter on self-assessment basis. If there is any remaining tax, it must be paid on or before September 30 of the following year. But the board had not paid the income tax related to the assessment year 2018 till the date of audit and the income tax liability had also not been calculated.
	(ii).Section 93	Although an income report for the assessment year should be handed over to the Inland Revenue Department within a period not less than 08 months after the end of each assessment year, the Board had not handed over the income tax report related to the assessment year 2018/2019 to the Inland Revenue Department till the audit date..

(f)	Section 15 of the Employee Provident Fund Act No.15 of 1958	Although the employer shall deduct an employee's monthly contribution from the employee's earnings and pay it to the fund before the last day of the following month, there was an outstanding amount of Rs.342,193,295 as arrears for almost 17 years from 2001 due to non-payment by the Board.
(g)	Sub-section 16(1) of the Employees' Trust Fund Act No. 46 of 1980	Although the employer shall be liable to pay a contribution of three percent of the total earnings earned by the employee to the employees' trust fund on or before the last day of the following month for each month during which the employee is employed, an amount of Rs.29,691,739 payable to the Employees' Trust Fund for nearly 7 years from 2011 had not been paid by the Board by the end of the year under review.

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;

W.P.C. Wickramarathne
Auditor General

JANATHA ESTATES DEVELOPMENT BOARD
ANNUAL REPORT 2018

DEFICIENCIES MENTIONED IN THE AUDIT ACCOUNTS AND AUDIT REPORTS OF 2018 CORRECTIVE ACTIONS TAKEN

No	Queries/Deficits	Correction
1	As of 31st December, 2018, the Board's Net Assets and Working Capital had taken a negative value of Rs.223,346,757 and Rs.1,565,169,201 respectively due to the Board's continued losses. Based on this situation, it was observed that there is an uncertain situation of maintain the Board without further financial support from the Treasury or the Government.	In the year 2019, reporting has been done according to accounting standards.
2	According to Sri Lanka Accounting Standards 41 of 54 (e), the useful life or the percentage of depreciation used in respect of host biological assets should be disclosed in the financial statements, although depreciation adjustments were made for tea, rubber and other crops in the year under review, the policy of depreciation and the rate of depreciation were not disclosed in the financial statements. Due to this, the correctness of the depreciation value of the reviewed year could not be checked.	It has been stated in the audit observation that the depreciation provision used in respect of host biological assets is not disclosed in the financial statements. Therefore, in the financial statement in the year 2019, the policy of ninety depreciation has been presented from the year 2019 to 54 (e) of Standard No.41.
3	The stock of tea work Rs.2,177,332 sent back to the Board from Sathosa was not included in the final finished goods, but was included in the stock of packaging materials, so the stock of finished, finished materials was understated and the stock of packaging materials was overstated.	As per the Account Notes the stock of Rs.2,177,332 sent back from Sathosa has been overvalued by including the stock of packaging materials in the final accounts of the year 2018 instead of the finished materials stock. The above accounting correction has been made in the 2019 accounting revision.
4	Although the balance of the gratuity account payable in Mulhalkelle Estate is Rs.2,572,004 no schedule was submitted for the audit.	The information related to the gratuity account payable in the Mulhalkelle Estate has been submitted to the Auditor General's Department in response to the audit queries.
5	Although the final inventory balance disclosed in the financial statements on 31st December, 2018 was Rs.105,759,848 physical verification of the inventory had not been carried out on the last day of the financial year and they had not been submitted for audit.	With the completion of production from the tea and rubber factories, the stock is sent to the Warehouses owned by the Brokerage Companies through invoices. Therefore, we do not do a stock calculation in an external storage complex and the Head Office maintains the Crop Ledger, which records the sales of all stocks.

DEFICIENCIES MENTIONED IN THE AUDIT ACCOUNTS AND AUDIT REPORTS OF 2018 CORRECTIVE ACTIONS TAKEN

6	The employer should deduct and employee's monthly contribution from the employee's earnings and pay it to the fund before the last day of the following month, but the Board has remained unpaid for almost 17 years since 2011 of Rs.342,193,295.	Due to bad financial difficulties since 2001, it was not possible to pay the employees' provident fund on the due date. Later, on several occasions, payments were made using the money received from the Treasury. Apart from that, the premiums stipulated by the Court Judgments have been paid to the Court without delay. However, the contributions of all employees from July 2017 to December 2018 have been paid by the then administration despite the financial difficulties.
7	The Board has leased the Monte Cristo Estate and related immovable and movable property to Nawalapitiya Plantation (Pvt) Ltd. In this agreement, the property, plant and equipment assigned to Nawalapitiya Plantation (Pvt) Ltd was not specified, but in the financial statements, the cost of the property was Rs.38,553,244 and the accumulated depreciation was Rs.6,384,289. Apart from this, no evidence about these assets was submitted to the audit. And this was not disclosed in the financial statements.	The Monte Cristo Estate was leased to the Private Sector around 2003. At the time of lease, the assets in the books of accounts were transferred to the Head Office and the liabilities were assigned to the company. Later, around June, 2017, this Estate was transferred to a company known as Nawalapitiya Plantation (Pvt) Ltd, but the assets and properties belonging to this Estate remain the same in the books of the Head Office. Regarding this, the assets have been disclosed in the 2019 accounts.