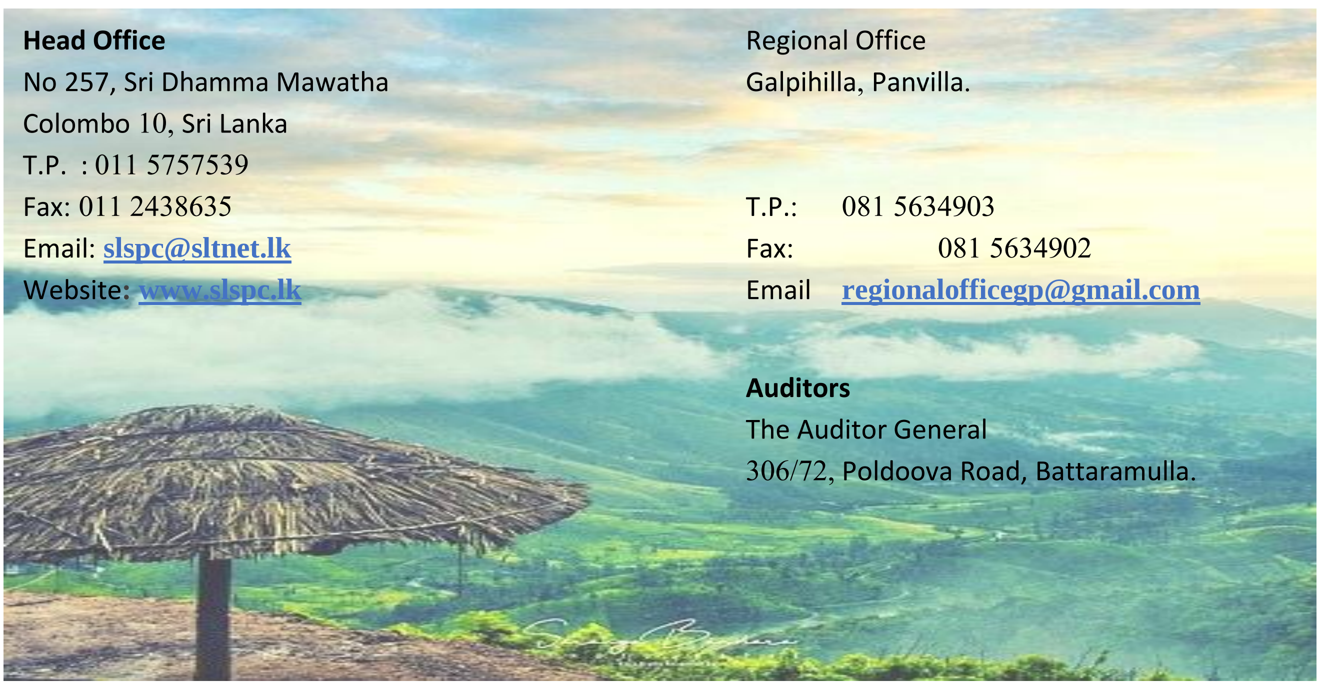
Sri Lanka State Plantations Corporation

Annual Report

2021

Contents



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Auditors
The Auditor General
306/72, Poldoova Road, Battaramulla.

Vision and Mission

Vision

Become the most powerful government-owned plantation company

Mission

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

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මණ්ඩලය 2021

Board of Directors

Mr. Srimal Wijesekera (Attorney-at-Law)

Chairman

Date of Appointment23.01. 2020

Board Members

R.A.R.S. Mayadunna
Board Member/ Ministerial Observer
Date of Appointment 12.10.2020.

Mr. J. L. A. Sampath Nalinda
Board Member
Date of Appointment28.01.2020

Mr. D. R. Susantha Senarathna
Board Member
Date of Appointment 28.01.2020

Mr. Kushan Wegodapola
Board Member
Date of Appointment28.01.2020

Mrs. D.A. Manorathna
Board Member
Date of Appointment28.01.2020

S. M. C. S. Siriwardhana
Board Member
Date of Appointment28.01.2020

Mr. A.M. Sumedha Renuka Bandara
Board Member
Date of Appointment28.01.2020

Mr. W. W. M. B. P. Kamburadeniya
Board Member
Date of Appointment12.10.2020

Management- Head Office 2021

Name	Designation
Mr. Srimal Wijesekera (Attorney-at-Law)	Chairman
Mr. H. N. P. Jinasena	General Manager.
Mr. J. H. I. Jayasundara	Deputy General Manager(Acting)-Administration
Mr. S. I. M Hassan	Deputy General Manager (Finance)
Mrs. K. A. H. D. Perera	Manageress- Procurement
Mr. K Munasingha	Manager – Legal
Mrs. B. V. L. C. Baneragama	Manager- Lands
Mr. W. D. W. Keerthi	Manager - Marketing
Mr. E. R. I. B. S.S. Bandara	Internal Auditor
Mr. R.G. S. H, Gunathilaka	Accountant
Mr. R. Y. G. S. Yapa	Assistant Manager Transport
Miss. G .D. S. C. Sudasingha	Assistant Manager -Administration/ Human Resources
Mr. P.V. Pradeep	Assistant Manager- Lands
Mrs. H. M. S. N. Herath	Assistant Manager- Sale
Mr. P.C. J. Panagoda	Assistant Accountant
Mr. I. P. Kuruppu	Audit Officer
Mr. G. B.C. Fonseka	Administrative Officer

Management - Plantation 2021

Name	Designation
Mr. P. I. L. Perera	Estate Superintendent- Keleboka State Plantation
Mr. A. C. Abewarna	Estate Superintendent- Rangala State Plantation
Mr. K. D. M. P. Weerasinghe	Estate Superintendent- Harepark State Plantation
Mr. S. Y. Liyanage	Estate Superintendent- Kotaganga State Plantation
Mr. R. A. R. M. Ranawaka	Estate Superintendent- Hunnasgiriya State Plantation
Mr. T.M.P. I. K. Tennakoon	Estate Superintendent- Galpihilla State Plantation
Mr. R. A. M. Dayaratne	Estate Superintendent- Gomara State Plantation
Mr. W. V.K Samaratunga	Estate Superintendent- Midlands State Plantation
Mr. T. R. H. Hewege	Estate Superintendent- Hagala State Plantation
Mr. Y. A. T. B. Wadugodapitiya	Estate Superintendent- Alakolla State Plantation
Mr. G. W. G. Wijerathna	Estate Superintendent- Opalgala State Plantation
Mr. I.W.R. Jayawardana	Estate Superintendent- Walahandoova State Plantation
Mr. D. W. T. C. Danthasingha	Estate Superintendent- Waithalawa State Plantation
Mr. G. K. R. B. Kiriella	Estate Superintendent- Viharagala State Plantation
Mr. M. M. C. B. Ehelamalpe	Estate Superintendent- Woodside State Plantation
Mr. C. J. Dasanayaka	Foreign Leave
Mr. C. H. H. K. G. Lakruchira	Acting Estate Superintendent- Nikoloya State Plantation
Mr. S. W. M. C.S. Aladeniya	Estate Superintendent- Kudaoya State Plantation

Organizational Structure

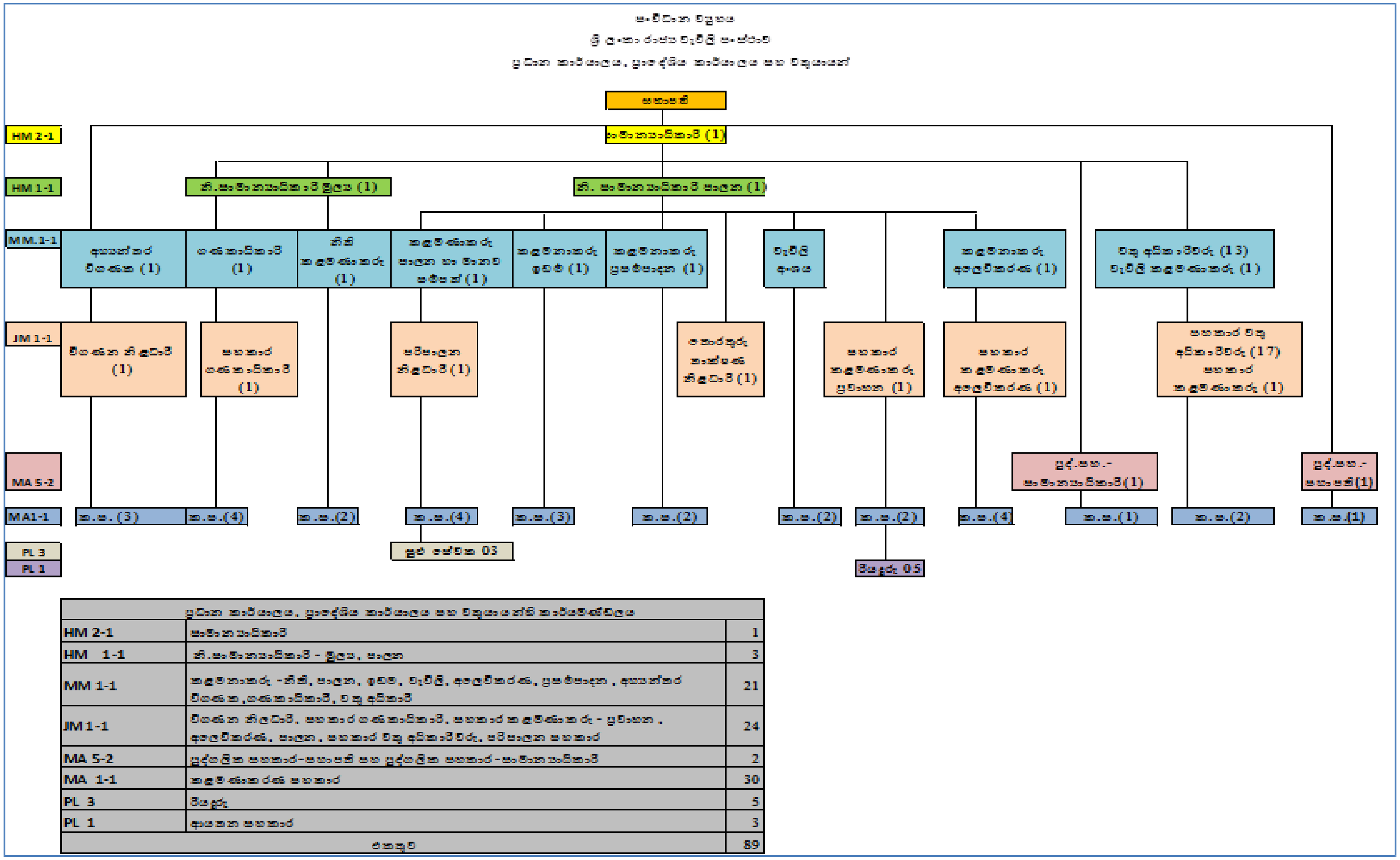
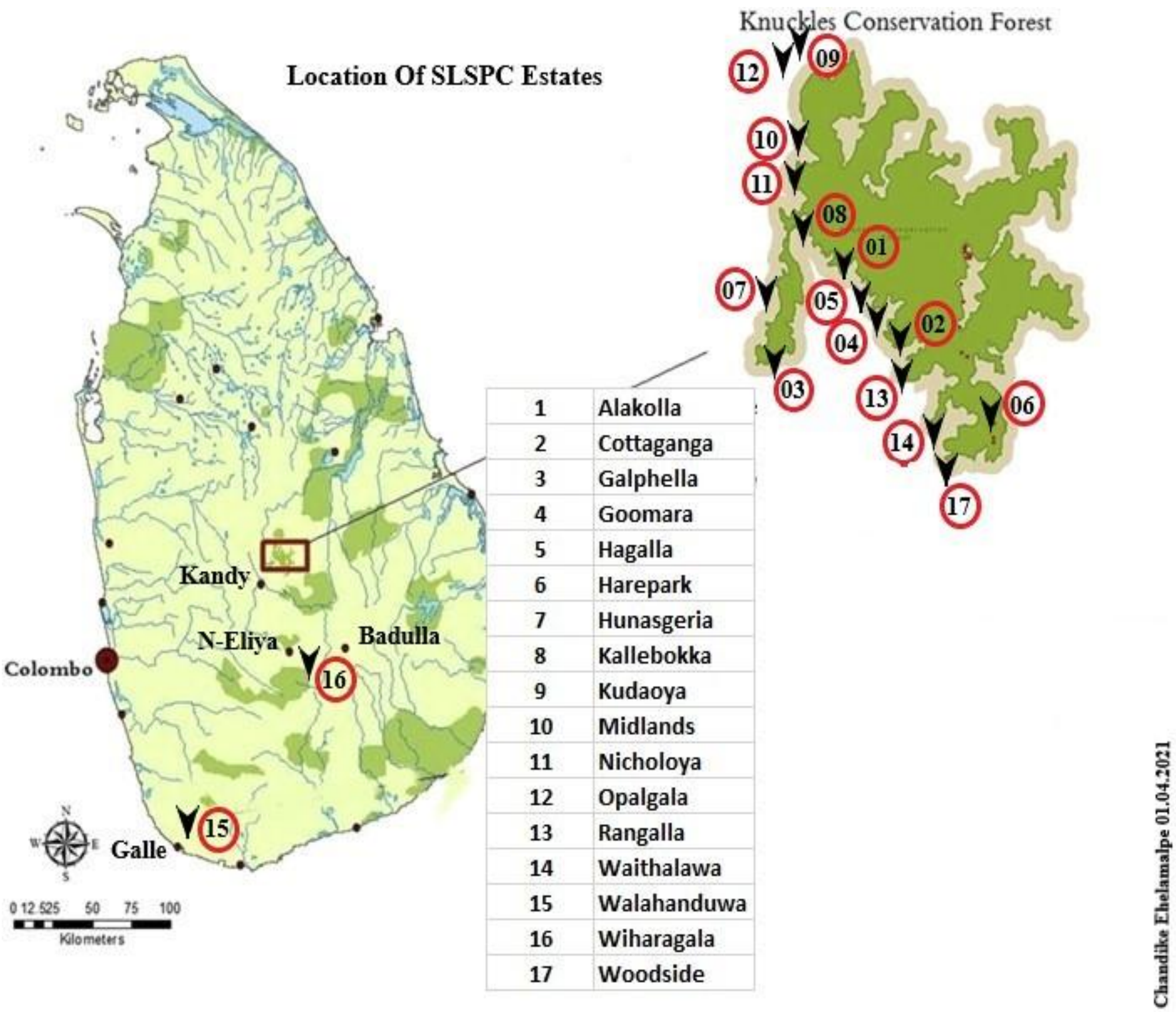


Figure 01- Organizational Structure

Extend of tea estates in Sri Lanka, owned by Sri Lanka State Plantation Corporation



1	Alakolla
2	Cottaganga
3	Galphella
4	Goomara
5	Hagalla
6	Harepark
7	Hunasgeria
8	Kallebokka
9	Kudaoya
10	Midlands
11	Nicholoya
12	Opalgala
13	Rangalla
14	Waithalawa
15	Walahanduwa
16	Wiharagala
17	Woodside

Figure **02-** Extend of tea estates in Sri Lanka, owned by Sri Lanka State Plantation Corporation

Review of the Chairman **2021**

The Board of Directors as well as the top management directed the activities of the institution in the year 2021 in order to achieve the further success of the programs started in the year 2020 with the purview of making the Sri Lanka State Plantations Corporation a profitable state enterprise and achieving the other goals of the corporation in a planned manner.

In the year 2021, the loss of the corporation was 231.19% and the previous year's loss was 149.63%. The reasons for this loss situation are not only the result of this year's performance but due to the result of many problems that have arisen in the corporation for a long time. In particular, the increase in losses was due to the increase in labour wages based on the government policy decisions from March 2021, which increased the total cost by about 34%.

The management within the Year 2020 realized that this public enterprise, which was in the red cum dependent on the allocations provided by the Treasury, and suffered from heavy losses in all sectors, is an institution with resources that can be recovered back and a specific program fragmented as: long term, medium term, and short term must be implemented to minimize the loss and to make this institute a profitable one. Even though a good understanding of the resources owned by the institution should be obtained for that purpose, the lack of accurate information about the land owned by the institution was a serious problem faced in the process of preparing a specific program. When the duties of the management of this company were assumed, there was no business plan or an action plan prepared based on it.

Therefore, having considered the preparation of a specific business plan as a primary task, the management activities of the institution were conducted by preparing a short-term programme in order to manage the institution until then as per the decisions of the Board of Directors taken by discussing with Managers and Estate Superintendents.

The plantations located in Kandy and Matale districts belonging to the Midlands are managed and controlled under the State Plantations Corporation of Sri Lanka which was established in the year 1994, and after the establishment of Elkaduwa Plantation Company they were being controlled as 16 Estates. Among those 16 estates, Harepark, Woodside and Waithalawa estates have been leased out to private parties in previous years based on the management decisions of the Sri Lanka State Plantations Corporation and acquired the same to the Sri Lanka State Plantations Corporation for not having a proper control. Due to such leasing, the estates were also left with a large amount of liability due to the lack of proper maintenance and management and were in a low state of productivity.

After the privatization of Walahandua Estate in Galle District and Viharagala Estate in Badulla District, they were brought back under the control of the Sri Lanka State Plantations Corporation due to the abandonment of their very small parts by the private sector, thereby the productivity was very low and the lack of proper cultivation and heavy losses caused to bear administrative costs. In the light of the aforesaid context, the maintenance of the staff on duty in those estates and not taking due measures to develop those states can also be pointed out as the main reasons for the heavy loss of the company.

Accordingly, by the year 2021, the number of estates controlled was 16 and the total extent was 11,282.48 hectares according to the reports held by the institute. However, all the estates in Kandy and Matale district belonging to the Sri Lanka State Plantations Corporation were located around the Knuckles Mountain range that has been declared a world heritage site, since a significant amount of the land was rough slopes and washed away as underutilized land unsuitable for cultivation, the Forest Conservation Department has used this land for pine plantation. Further, in 2007, with the issuance of the gazette notification declaring Knuckles as a World Heritage, a large amount of land by which revenue was received by the Sri Lanka State Plantations Corporation was included in the Knuckles Reserve and its Buffer Zone which resulted a loss of revenue receives to the Sri Lanka State Plantations Corporation from intercrops such as cardamom and commercial crops as well. The Sri Lanka State Plantations Corporation or the Department of Forest Conservation have not properly measured and identified the amount of land left after being declared as reserved land. The loss incurred by the State Plantation Corporation of Sri Lanka when the lands that were receiving income became a reserve has not been calculated and no compensation has been received.

It was identified as an essential fact to separate and identify the land that has been acquired as a reserve and due to the lack of basic funds required to fully survey these lands, it was requested from the Hon.Minister of Plantations to include the survey activities of the Sri Lanka State Plantations Cooperation to a programme conducted by Plantation Management Monitoring Division of the Ministry of Plantation in order to survey the land managed by the Regional Plantation Companies. The Ministry of Plantation has taken measures to get the approval for the said request accordingly.

According to statistics, the total area under tea cultivation of the State Plantations Corporation of Sri Lanka (along with plots belonging to the Knuckles Reserve) has extended to an area of 37.50%, which is about 4,074 hectares in size. It is regrettable that out of this amount, the Sri Lanka State Plantations Corporation directly manages only about 2,540 hectares to earn income through tea cultivation. The existing tea plantation in that area is not in a condition to get the best yield and the amount of tea shrubs available is also the minimum than the general amount per hectare.

Out of that cultivation, 30.4% is VP cultivation and 32.8% is Seedling cultivation. Further, due to nonpayment of the proper maintenance of the Seedling cultivation and due to the finding that the management by the corporation was not effective in the previous years, 36.8% of the land is vested to the workers residing in the estate and the contract plucking method of paying a price per kilo of harvested leaves (Out grower) has been implemented since some time. Under that system, there is no positive contribution to the income of the corporation.

It was confirmed that neither a new tea plantation has been set up, nor the existing plantations have been properly maintained for more than two decades. According to the above data, in order to bring the corporation to a profitable state and move it to a sustainable state enterprise, it was identified as a mandatory requirement to immediately establish Re- Planting and at least bring the monthly raw crop to the limit of 1,250,000 kg of leaves and thereby Re- Planting was initiated.

Accordingly, by the end of the year 2021, measures were taken to carry out New Planting/re-planting and Infilling of 10.75 hectares of land in the estates. Starting in the year 2022, tea nurseries were started based on several plantations to carry out tea cultivation on a large scale.

The primary goal of the management was to stop the sale of all raw tea leaves to outside parties and produce high-quality tea leaves in the factories of the Sri Lanka State Plantations Corporation, mainly to increase its income. Accordingly, with the intervention of Dr. Ramesh Pathirana, Honorable Minister of Plantation Industries, an amount of 14 Million Rupees granted to reestablish the Goomera Factory (where manufacturing is done on the orthodox system.) of the Sri Lanka State Plantations Corporation out of the finance allocated from the budget for adding modern technology to tea factories in the year 2021. This expects to result in a steady income of the Made Tea throughout the year. Further, in the year 2021, a finance of 47.34 Million Rupees spent for Re-Planting and factory modernization and maintenance, of which 33.3 Million Rupees spent entirely from the money earned by the corporation.

The main reason for the Sri Lanka State Plantations Corporation to incur an overall loss for the past several years is the increase in the production cost of 01 kg of raw tea leaves. Approximately 48.47% of the total cost of production (COP) spent on estate administration costs. This administrative expense monitored closely on a daily basis, controlling the expenses and bearing necessary administrative expenses. Similarly, management decisions were taken to make future profits since it was identified as a mandatory requirement to increase the income compared to the administrative expenses.

As of March 5, 2021, the government has increased the daily wage of estate workers to 1,000 rupees based on the policy decision, and accordingly, an amount of 1,150 rupees per worker is spent daily with statutory allowances. In compliance with the decision of the government, the payment of the increased salary of the workers made since March. Accordingly, the overall cost of the institution increased by 34.5% from March 2021.

Accordingly, in the year 2021, the total expenditure incurred for the newly increased labour wages was 147.30 Million Rupees, and necessary measures were taken to pay the expenditure related to the wage increase in full from the income earned by the institution during the year.

Being able to manage the total expenditure of the Sri Lanka State Plantations Corporation in the year 2021 despite the increase in labour wages without burdening the Treasury and without taking money from the Treasury was a special achievement.

During this year, approximately 25.06 Million Rupees had to be paid for the cases filed in the courts for the outstanding old statutory allowances, and 116 cases out of the said were closed. However, by that time, approximately 80 cases regarding unpaid statutory allowances had been filed against the corporation in the courts.

The total amount of loan interest that Sri Lanka State Plantations Corporation had to pay during this year on the loans obtained from banks and bank overdrafts is 27.09 Million Rupees. Due to the above-mentioned facts, it is an unfortunate fact to mention that the statutory allowances of the current employees could be paid properly in this year only for one month.

The reason for this was the sudden increase in the wages of workers, which increased by 34.5% in corporate expenses and old statutory allowances and money paid for bank interest. All the payments in this way were made from the money earned by the institution annually.

The total loss in the year 2021 was 249 Million Rupees, which is an increase compared to the year 2020. Nevertheless, I would like to mention that if there were no such an un estimated increase in labour wages in the year 2021, it would have been possible to reduce the loss considerably this year compared to the year 2020.

In the month of April 2021, the use of chemical fertilizers was completely stopped due to a government policy, therefore it was not possible to use fertilizers in the estates as prescribed. However, actions were measured to get the maximum amount of fertilizer available in the National Fertilizer Secretariat.

Despite such obstacles, Sri Lanka State Plantations Corporation's management under a new vision has been able to harvest more tea leaves in the year 2021 than in the year 2020. The harvest of the year 2021 was the highest on record since the year 2013.

Based on management measures and decisions, the total raw leaf yield obtained in the year 2021 was 8,385,002 kg. Out of the said, 3,072,360 kg of raw leaves were produced by the factories of the corporation. Accordingly, the amount of Made tea produced was 660,723 kg. That amount is an increase of 3.38% and 3.54% respectively compared to the year 2020. Such a result could be achieved due to the availability of fertilizers and other agricultural inputs under affordable financial conditions and increased supervision.

The cost of production in the year 2021 was Rs.1,033,504,673 which is a 12.01% increase compared to the year 2020. This was mainly due to a 34% increase in labour wages. Also, the overall net sales average was 460.43. It was an increase of 5.71% compared to the year 2020.

In the year 2021, despite the Covid 19 pandemic prevailing in the country for many months, it was possible to carry out all the administrative activities including the estates and the head office continuously and without interruption while adhering to the movement restrictions, health guidelines and government circulars.

According to the Forestry Management Plan, in the year 2021, timber extraction was done in accordance with the proper procurement methods adhering to the assessment values obtained by the government institutions, and the annual income earned was 108.59 Million Rupees and the number of timber trees removed was 1,902.

The sales volume of "SANSTHA TEA" produced by the Corporation increased by 30.3% in 2021 compared to the previous year. This was a very good step and even in the face of the Covid situation, the sale of those products could be increased this year. Actions were taken to develop a clear system for product distribution and to increase revenue by recruiting new sales representatives.

Actions were measured to fill the vacant and contract-based positions of the institution as much as possible by following the prescribed methods in order to carry out the administrative process efficiently. Accordingly, after a long period, an officer was recruited for the position of Deputy General Manager (Plantation) on a permanent basis and that appointment greatly contributed to strengthening the administration of the regional office and close supervision of the estates.

The progress review meetings of Estate Superintendents, which were not held properly in the previous years, were conducted monthly in a proper manner during this year, and meetings were held to observe the estates when necessary. Similarly, in the year 2021, meetings of the Board of Directors and Audit Management Committee meetings were held as scheduled.
I am pleased to mention that the correct decisions taken by the Board of Directors in this year have assisted the financial and operational performance achieved by the State Plantations Corporation of Sri Lanka in the year 2021. I also appreciate the sacrifices made by all the staff led by the General Manager of the corporation.

Accordingly, I would like to present the Annual Report of Sri Lanka State Plantations Corporation for the year 2021 on behalf of the Board of Directors.

Mr. Srimal Wijesekera (Attorney-at-Law)
Chairman
Sri Lanka State Plantations Corporation

Corporate Background

Legal establishment

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

Historical Background of Sri Lanka State Plantations Corporation

The Sri Lanka State Plantation Corporation was established under the Sri Lanka State Plantation Corporation Act No. 4 of 1958, and the main purpose of establishing the Sri Lanka State Plantations Corporation was to develop and establish the estates and cultivated lands owned by the government with the approval of the Honourable Minister. Furthermore, another objective of establishing the Sri Lanka State Plantation Corporation was to management and maintenance of the estates taken over by the Commissioner of Lands and Commissioner General of Inland Revenue.

Since the Sri Lanka State Plantation Corporation was functioning from the beginning with a few plantations vested to the government, the purpose of setting up the corporation was properly served. Therefore, it was possible to purchase about 15,000 hectares of plantations in a short period of time. Establishment of a strong Act and proper management led to this prompt development.

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

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

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

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

a) Promotion of plantation lands to achieve maximum productivity with proper agricultural management.

b) Diversification of agricultural crops with proper management and coordination by rehabilitating existing crops on land.

c) Processing and sale of agricultural products.

d) Development of animal husbandry in plantations.

e) Installation and better maintenance of machinery and equipment necessary for agricultural work in estates.

f) To carry out all procedures and activities necessary for the effective functioning and management of the Plantation Corporation.

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

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

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

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

In 2006, government policies were changed and a new policy has been introduced to manage the Sri Lanka State Plantations Corporation as a strategic organization of the government by removing it from the purview of the Public Enterprises Reform Commission and placing it under the purview of the Institute of Strategic Entrepreneurs. Under the intervention of the Management Strategic Enterprise Management Institute, just as the tea plantations changed, the method of administering these plantations also changed. Accordingly, a new concept of estate asset management has been introduced.

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

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

The most attractive places belonging to Sri Lanka State Plantation Corporation

Kellebokka 3600 view point

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

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

BURNSIDE

Located in Kandy, Burnside Bungalow is an attractive location, 13 miles from the Seaplane Airport on the Rangala Polgolla Reservoir.

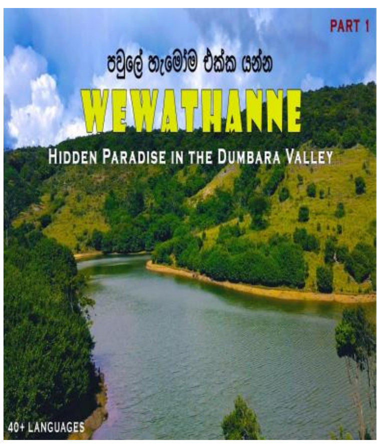
Dankanda Lake- Midlands

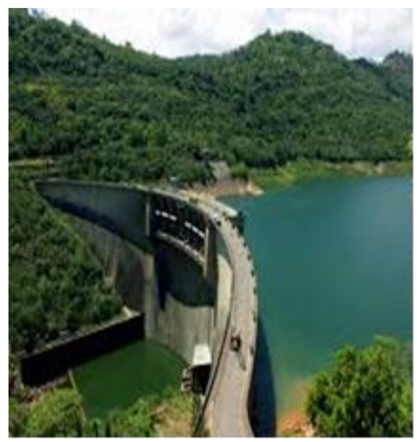
The beautiful Dankanda Lake is a reservoir in the Central Province and its height is 957 meters. The Dankanda Lake is close to Kirimatiaranda and Dankanda Estate and not far from the Midlands Estate owned by the State Plantation Corporation of Sri Lanka

Hunnasgiriya

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

Wewathanne - Woodside





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

Contact information

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Coordination Center : Regional Office
Address : Regional Office,
Galpihilla, Panwila.
Phone Number : 081-5634903
Fax No. : 081-5634902
Email : regionalofficegp@gmail.com

Status of plantations managed by State Plantation Corporation in the year 2020

At the beginning of 2020, there were 15 plantations under the management of Sri Lanka State Plantation Corporation, of which 14 plantations are located in Kandy and Matale districts, while Walahanduwa plantation is located in Galle district.

Table 01- Details of estates

No	Estate	District	Divisional Secretariat	Total Extent (Hectares)
1	Alakola	Kandy	Panvila	819.86
2	Cotaganga	Kandy	Medadumbara	1,059.81
3	Galpihilla	Kandy	Panvila/ Kundasale	761.24
4	Goomara	Kandy	Panvila	731.13
5	Hagala	Kandy	Panvila	449.49
6	Harepark	Kandy	Udukumbura	976.75
7	Hunnasgiriya	Matale	Ukuwela	739.72
8	Kelebokka	Kandy	Panvila	1,370.36
9	Kudaoya	Matale	Raththota	176.00
10	Midlands	Matale	Raththota	1,221.31
11	Nikoloya	Matale	Raththota	332.41
12	Opalgala	Matale	Medadumbara	723.10
13	Rangala	Kandy	Medadumbara	630.60
14	Waithalawa	Kandy	Medadumbara	551.05
15	Wiharagala	Badulla	Haldummulla	41.90
16	Woodside	Kandy	Medadumbara	472.75
17	Walahandoova	Galle	Akmeemana	95.22
	Total			**11,152.70**

Table 02- Estates, purchased by State Plantations Corporation

	Estate	Date of Purchase	Extend (Hectares)
1	Hapugasthenna	1/1/1972	1,709.31
2	Alupola	1/1/1972	1,228.74
3	Galaboda	1/1/1972	376.92
4	Halgolla	1/1/1972	1,006.88
5	Rassagala	1/1/1972	776.49
6	Wikiliya	1/1/1972	805.67
7	Thispane	1/1/1972	384.62
8	Maddekanda	1/1/1972	676.11
9	Sogama	1/1/1972	476.11
10	Mathurata	15/05/1975	278.54
11	Oduwela	1/6/1973	659.51
12	Aislab	26/11/1973	382.59
13	Wedamulla	1/9/1973	484.62
14	Ramboda	1/9/1973	765.18
15	Greatvally	1/1/1974	320.24
16	South Madadumbara	1/2/1974	505.26
17	Karolina	1/7/1974	1,063.56
18	Gallebodda	1/7/1974	752.63
19	Gethanty	1/7/1974	203.24
20	Sent Helier	1/7/1974	172.87
21	Rohampton	15/3/1974	100.61
22	Nanperial	11/4/1974	203.64
23	Udapola	27/5/1975	278.54
24	Delkin	19/5/1975	1,223.38
25	Elpitiya	1/6/1975	785.02
26	Galaha- Silk Protect	1/7/1975	694.33
27	Hotvill	1/7/1975	412.15
28	Campian	1/7/1975	848.99
29	Eheliyagoda	1/8/1975	410.93
30	Sapumalkanda	1/8/1975	646.96
31	Diyadawa		280.57
Total			**18,914.21**

Sri Lanka State Plantation Corporation has purchased the above estates using its own capital. All those estates have been managed by plantation companies under the Estates Privatization Policy of 1992. Therefore, our corporation does not receive any income from any of those properties..

Table 03 - Lands gazette to Sri Lanka State Plantation Corporation

Gazette No	Date	Received Mode	No. of Estates		Nominal Value
			Regional Plantation Corporations	Sri Lanka State Plantation Corporation	
150/12	7/24/1981	Land Reforms Commission	38	0	No
181/12	2/27/1989		55	25	No
815/10	4/21/1994		122	1	123
195/6	5/31/1982		6	8	123
569/14	8/2/1989		3	0	123
571/14	8/14/1989		1	0	123
206/15	8/20/1982		0	1	123
230/12	2/2/1983		1	0	123
937/2	8/19/1996		8	0	123
157/13	4/3/1975	Government	5	0	123
439/18	2/6/1987		0	1	123
Total			**239**	**36**	

The Land Reform Commission and various government agencies have assigned the State Plantation Corporation of Sri Lanka with the ownership of the estates. The transfers have been made through the above-mentioned gazettes and accordingly, the number of estates received is 275.

Table 04- Lands received to Sri Lanka State Plantations Corporation by Government Institutions

Estate	Received Mode	Received Date	Land Extent (Hectares)
Higgoda	Land Commissioner	1/10/1960	319.81
Radella	Commissioner of Inland Revenue	1/10/1960	633.6
Yatawatta	Commissioner of Inland Revenue	1/10/1960	522.67
Neliula	Commissioner of Inland Revenue	1/10/1960	337.65
Pallekele	Land Commissioner	1/1/1968	1270.04
Total			**3,083.77**

The above-mentioned estates, which were belonged to the government has been transferred to the Sri Lanka State Plantations Corporation in 1958 with the establishment of the State Plantations Corporation.

Table 05- Land consumption in estates 2021

The Hectare statement , Sri Lanka State Plantations Corporation -2021

Estate	Tea grown amount of land (Hectares)					Rubber (Hectares)		Minor Export Crops (hectares)	Timber Plantation	Other (Hectares)	Total Extent of land (Hectares)
	Tea with income		Amount of land provided	Tea plant beds	Replantation	Previous Rubber Plantatio	Rubber Replantation		Fuel wood		
	seedlings	VP Tea	seedlings								
Alakola	155.75	114.95	124.50	1.00	13.00	-	-	68.60	76.38	265.68	**819.86**
Kotaganga	264.46	34.42	141.31	0.40	3.00	-	-	60.69	24.14	531.39	**1,059.81**
Galpihilla	5.00	165.01	37.31	2.21	7.04	-	-	32.64	70.21	441.82	**761.24**
Gomara	96.85	116.73	136.61	-	9.00	-	-	74.80	53.30	243.84	**731.13**
Hagala	77.78	101.80	84.66	0.42	7.00	-	-	1.00	89.62	87.21	**449.49**
Harepark	164.50	-	183.50			-	-	60.00	-	568.75	**976.75**
Hunnasgiri	153.14	37.78	34.21	0.60	2.00	-	-	74.77	7.00	430.22	**739.72**
Kelebokka	112.22	278.24	282.41	1.21	17.50	-	-	534.94	15.00	128.84	**1,370.36**
Kudaoya	-	-	36.00	-	-	-	-	-	-	-	**36.00**
Midlands	104.42	117.41	57.17	1.34	10.00	-	-	271.79	218.84	440.34	**1,221.31**
Nikoloya	-	47.14	2.43		-	-	-	58.89	18.00	205.95	**332.41**
Opalgala	36.10	48.90	13.00	1.80	-	53.00	-	170.50	68.00	331.80	**723.10**
Rangala	124.10	85.44	112.70	2.00	5.00	-	-	11.50	152.52	137.34	**630.60**
Waithalawa	39.20	34.00	74.69		-	-	-	62.06	47.39	293.71	**551.05**
Walahanduwa	0.30		-	-	4.00	62.56	-	4.00	-	25.36	**96.22**
Viharagala	0.81	41.09	-	-		-	-	-	-	-	**41.90**
Woodside	-	-	203.31	0.20	5.00	-	-	42.69	38.10	183.45	**472.75**
Total	**1,334.63**	**1,222.91**	**1,523.81**	**11.18**	**82.54**	**115.56**	**-**	**1,528.87**	**878.50**	**4,315.70**	**11,013.70**

Table 06-The yield of main income crops: Tea and Rubber of the estates compared to the last 10 years.

Estate	Raw Tea Leaves (Kg)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Alakola	952,633	880,458	769,499	787,217	705,364	759,745	734,923	617,413	755,844	812,281
Kotaganga	370,453	258,308	194,663	216,383	170,940	205,002	293,452	253,262	303,817	298,549
Kotaganga	879,545	880,379	665,646	690,856	675,717	775,779	790,235	681,020	833,568	897,867
Goomara	566,360	574,639	486,583	547,711	667,328	764,337	743,270	706,865	849,230	920,770
Hagala	843,579	774,142	682,702	682,097	429,360	482,980	547,672	412,474	578,153	586,514
Harepark	399,609	463,485	375,497	298,837	229,330	252,911	298,088	252,867	362,826	349,541
Hunnasgiri		520,190	431,449	578,320	515,374	528,226	496,959	487,032	544,822	556,800
Kelebokka	2,006,814	1,762,933	1,331,815	1,608,769	1,373,408	1,382,689	1,468,809	1,435,669	1,780,625	1,911,748
Kudaoya	-	-	-	-	-	-	-	2,581	18,791	20,558
Midlands	669,558	730,241	395,511	586,442	438,614	503,015	586,207	494,211	520,382	518,951
Nikoloya****			458	1,122	1,550	2,979	159,993	138,379	191,445	187,163
Opalgala	369,158	430,719	297,287	301,755	247,751	305,494	354,023	263,246	399,514	347,170
Rangala	739,211	658,274	521,922	678,266	604,332	492,346	606,262	579,595	662,545	641,661
Waithalawa***							228,362	157,356	211,812	249,160
Viharagala	-	-	-	-	-	-	-	9,267	20,116	25,471
Woodside**							22,153	44,463	68,485	60,799
Total	**7,796,920**	**7,933,768**	**6,153,032**	**6,977,775**	**6,059,068**	**6,455,503**	**7,330,409**	**6,535,701**	**8,101,974**	**8,385,002**

Estate	Rubber - Latex (Kg)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Walahanduwa	39,218	44,861	40,140	36,809	37,522	42,470	33,395	28,122	29,660	19,063

****	Nikoloya Estate has been combined to Midlands from 2010-2013
***	Waitalawa Estate has been managed by Maruti corporation from 2008-2017.
**	Woodside estate has been assigned to external before 2018
*	DRC value of Rubber has been tranformed to Kg (Dry Rubber Content)

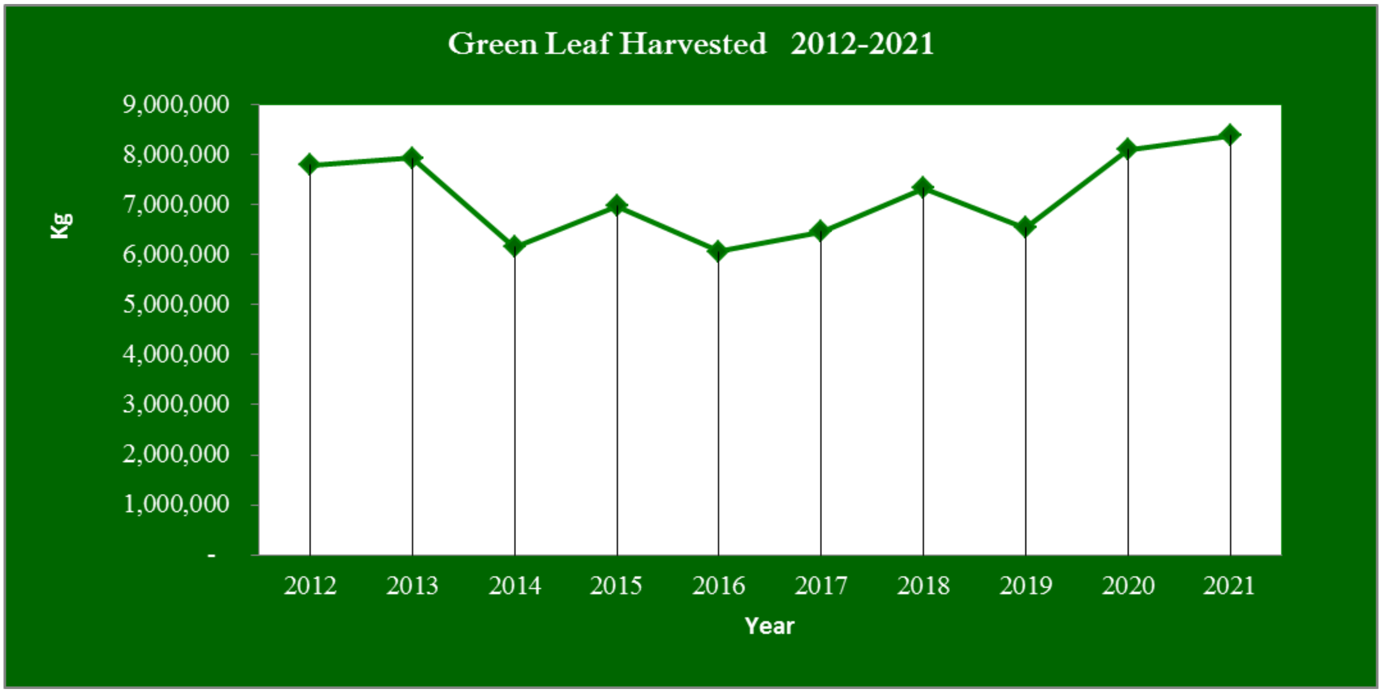

Figure 03- Raw Tea Leave Harvest Compared to the Previous 10 Years

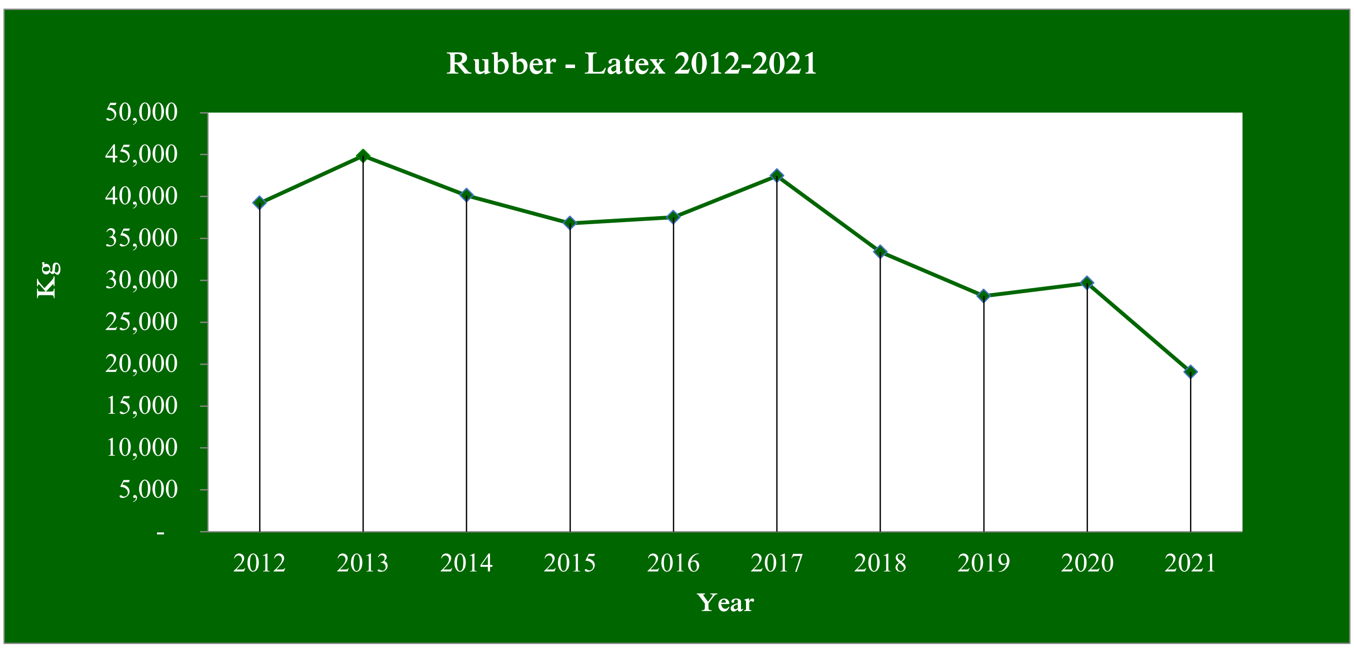

Figure 04 - Rubber yield compared to the last 10 years

Table 07 - Yield per Hectare of Raw Tea Leaves and Amount of Rubber (Latex) - 2012-2021

Estate	Amount of Raw Tea Leaves (kg per Hectare)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Alakola	2,856	2,660	2,321	2,293	2,121	2,479	2,367	2,032	2,513	2,692
Kotaganga	1,316	1,400	1,060	860	819	935	930	809	1,028	922
Galpihilla	4,009	3,819	2,926	2,981	2,916	3,656	3,901	3,362	4,183	5,257
Goomara	3,474	3,363	3,121	3,363	3,084	3,451	3,139	3,027	3,677	4,359
Hagala	3,595	3,223	2,772	2,716	2,447	2,781	2,883	2,241	3,141	3,170
Harepark	1,274	1,633	1,274	995	674	795	1,260	1,102	1,491	1,506
Hunnasgiriya	3,321	2,828	2,181	2,744	2,749	2,823	2,599	2,548	2,844	2,900
Kelebokka	3,479	3,079	2,353	2,828	2,888	2,777	2,651	2,553	3,617	3,986
Kudaoya	-	-	-	-	-	-	-	70	488	571
Midlands	2,498	2,460	2,084	2,167	1,995	2,293	2,585	2,204	2,334	2,321
Nikoloya	-		1,772	1,702	2,544	2,884	3,218	2,860	3,715	3,901
Opalgala	3,619	3,972	2,944	2,814	2,309	2,940	4,013	2,999	4,317	4,021
Rangala	3,772	3,256	2,553	3,247	2,916	2,316	2,581	2,660	2,723	2,869
Waithalawa	-	-	-	-	-	-	2,688	2,093	2,894	3,132
Viharagala	-	-	-	-	-	-	-	223	480	608
Average	**3,042**	**2,828**	**2,298**	**2,433**	**2,386**	**2,474**	**2,537**	**2,282**	**2,768**	**2,949**

Estate	Rubber (Latex) - Kg per Hectare									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Walahanduwa	603	690	618	566	577	649	510	430	474	272

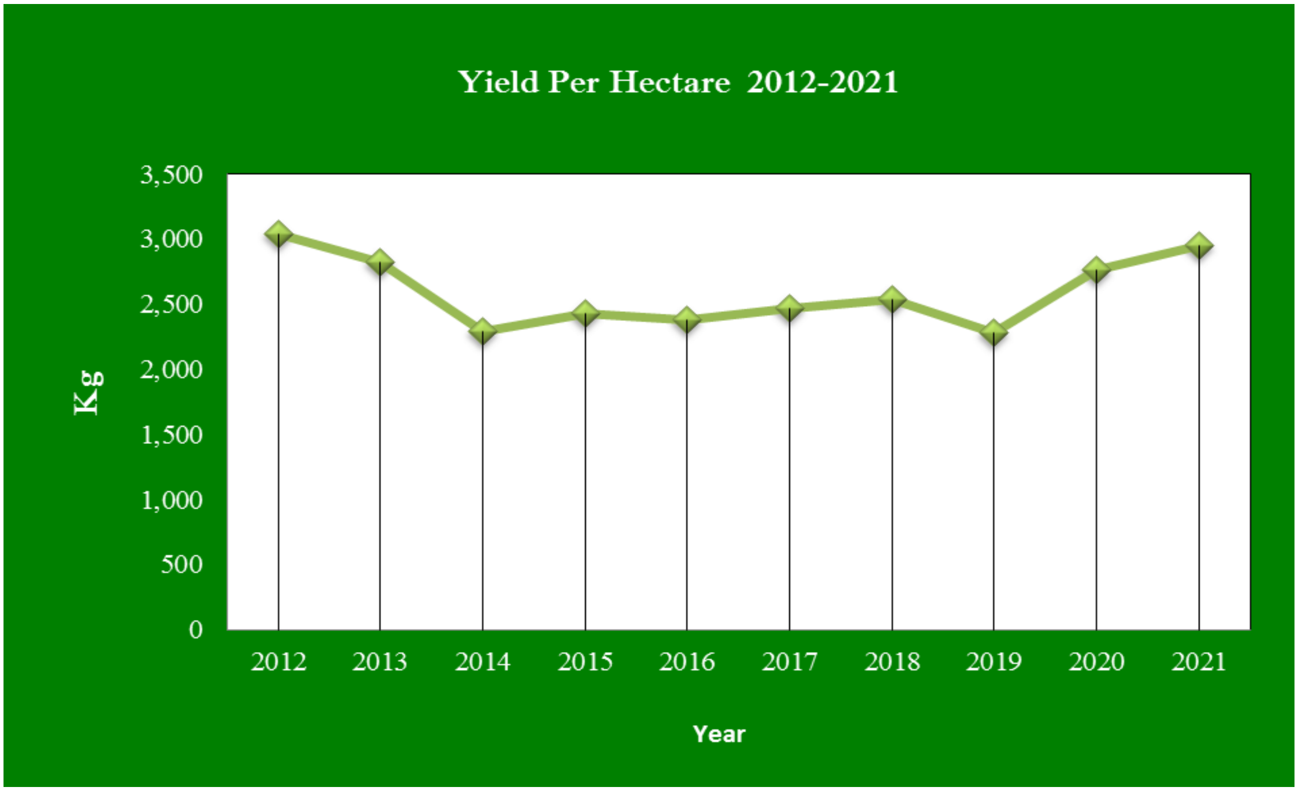

Figure 05: Green Leaf - Yield per hectare (2012-2021)

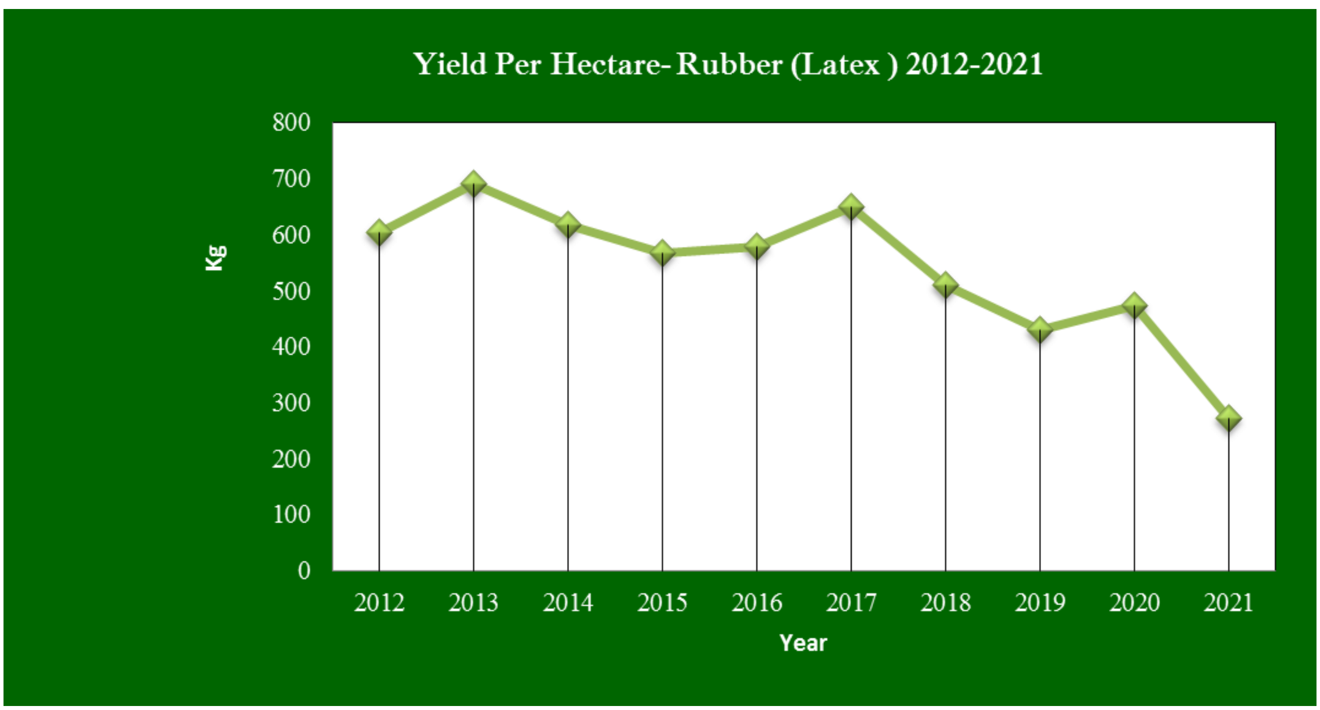

Figure 06: Yield of Rubber (Latex) per hectare (2012-2021)

Table - 08 – Annual rainfall in the West Midlands region in 2021

Annual rainfall in the West Midlands - 2021	
Estate	**Rainfall (mm.)**
Alakola	2364
Kotaganga	2790
Galpihilla	3810
Goomara	2816
Hagala	2805
Harepark	3551
Hunnasgiriya	1727
Kelebokka	3934
Kudaoya	2483
Midlands	3106
Nikoloya	2761
Opalgala	2432
Rangala	5184
Waithalawa	2231

According to the aforesaid data, the midland region received a good rainfall throughout the year 2020.

Fertilizer usage of the previous 03 years.

Table - 09 – Fertilizer usage of the previous 03 years

Year	Quantities of Fertilizer Applied (MT)	Cost Of Fertilizer (Rs)	Quantities of Weedicide Applied (Litter/Kg)	Cost of Weedicide (Rs)
2019	215	4,794,653	3207 Litter	14,431,500
2020	350	8,548,750	5156 Litter	22,740,604
2021	552	15,924,100	3844 Litter	10,222,571
			692 Kg	2,698,800

In the year 2021, the sale price of one kilogram of raw tea leaves produced by the Sri Lanka State Plantations Corporation was 89.74 Rupees, whereas the sale price of one-kilogram of raw tea leaves in the midland region was 78.28 Rupees. Accordingly, the sales ratio of Sri Lanka State Plantation Corporation in the year 2021 has been maintained at a value of 11.46 Rupees higher than the sales ratio of the midland region.

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

Table - 10– The comparative production cost of one kilo of raw leaves of the corporation in the last 03 years

Year	Production Cost of Green Leaf Rs per Kg					
	Plucking	Field Works	Fertilizer	Weedicide	General Charges	Total
2019	45.34	18.34	2.15	12.34	44.19	122.36
2020	45.47	15.44	2.18	9.96	39.18	112.23
2021	47.94	12.61	5.02	6.00	32.78	104.35

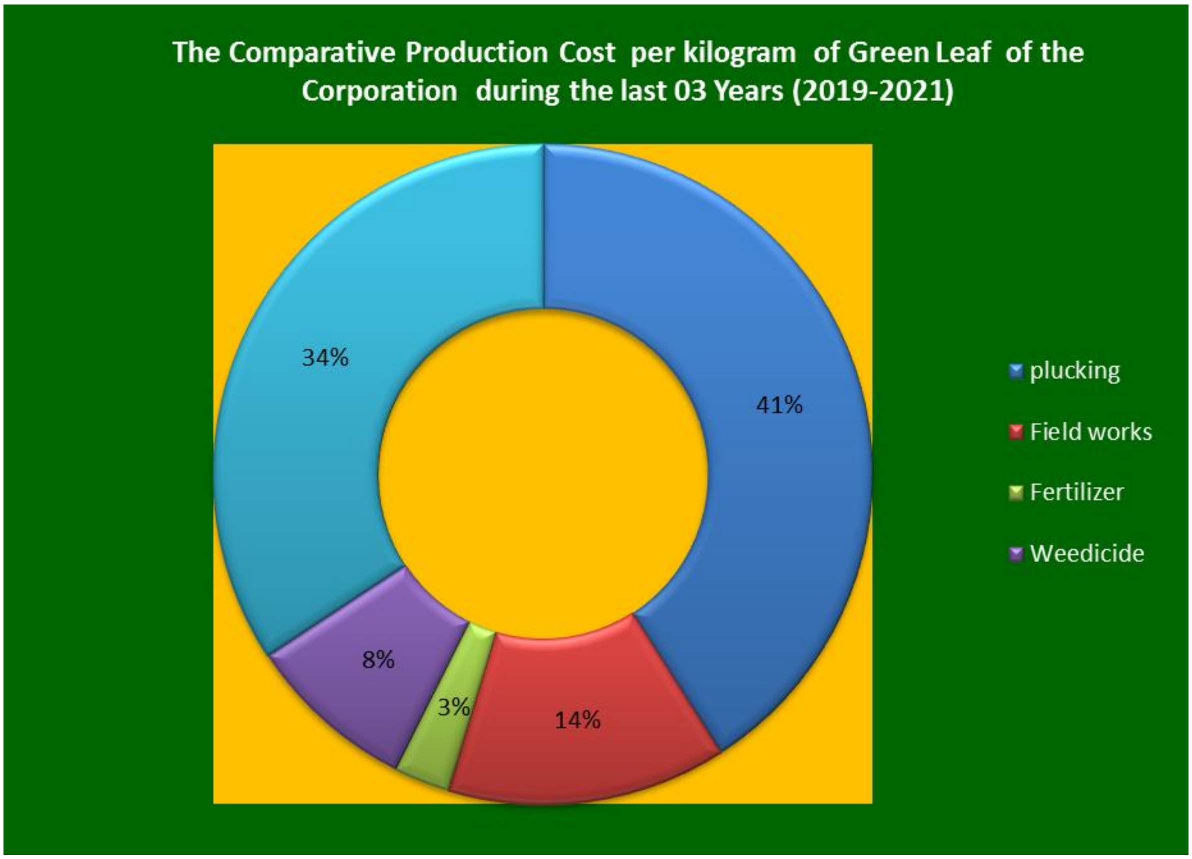

Figure 07 – The comparative production cost of one kilo of raw leaves of the corporation in the last 03 years

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

Tea Production

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

Table 11- Made Tea Production 2020-2021

Factory	Green Leaf (Kg)		Made Tea (Kg)		Made Tea Outturn %		Cost of Production Rs per Kg		Nett.Sale Average Rs Per Kg	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Kellebokka	1,742,062	1,765,256	382,930	405,796	21.98	22.99	655.26	723.99	453.69	444.21
Midlands	506,119	514,909	111,910	112,300	22.11	21.81	610.65	666.40	409.48	390.51
Rangala	642,059	604,650	142,483	146,498	22.19	24.23	604.41	635.23	469.82	435.15
Total	**2,890,240**	**2,884,815**	**637,323**	**664,594**						

Figure 08 – Made Tea Production

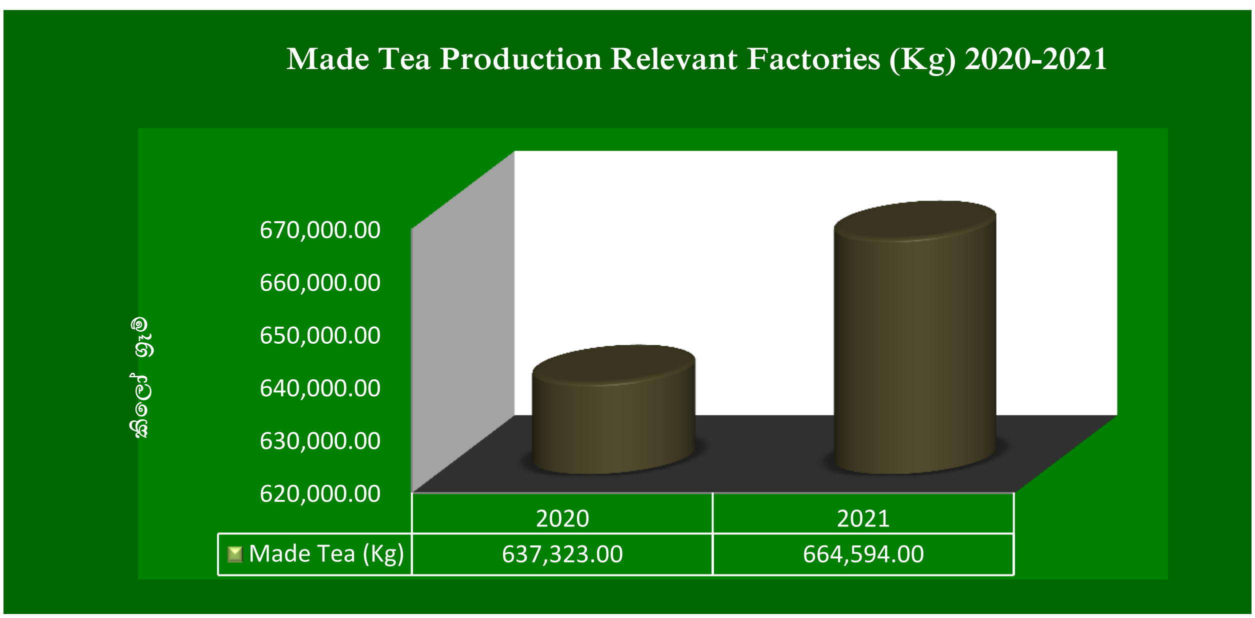

Figure 09 – Amount of raw tea production relevant to the factories

Table 12- Details over the Factories

Name of Factory	Location	Type of Tea	Shifting Capacity (Kg)	Present Situation
Cottaganga	Kandy	Othodox	1290	Silent
Goomera	Kandy	Othodox	8000 (Whole Capacity)	Silent
Hagala	Kandy	Othodox	1419	Silent
Hunnasgiriya	Matale	CTC	1720	Silent
Kellebokka	Kandy	CTC	12000(Whole Capacity)	Operating
Midlands	Matale	CTC	1400	Operating
Dankanda	Matale	Othodox	860	Silent
Nicholoya	Matale	Othodox	645	Silent
Rangala	Kandy	CTC	1500	Operating

The State Plantations Corporation of Sri Lanka is facing a severe financial crisis due to the very high cost of production in our factories and very low selling prices for our products.

It is a sad state of affairs that the green leaves and tea produced by Sri Lanka State Plantations Corporation, which has a well-experienced and trained management and supervisory staff, is priced lower than the average price in the country.

Midlands Tea Factory is the only CTC Tea Factory located in Matale District. Kekebokka and Rangala Estates are situated in the Kandy District.

Midlands Tea Factory

Kelebokka Tea factory

Rangala Tea Factory

Goomara Tea factory scheduled to be modernized

Sanstha (Ceylon) Tea

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

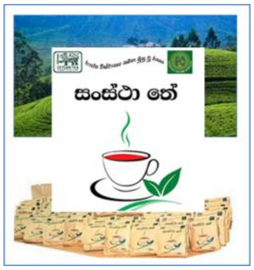

Table 13: Sanstha Tea Sale - Quantitative Comparison (2019-2021)

Month	Sold Tea (Kg)		
	2019	2020	2021
January	2,602	2,788	5,234
February	4,636	2,675	3,695
March	2,789	3,275	6,103
April	939	3,709	2,619
May	2,475	2,878	7,592
June	1,134	2,921	4,420
July	3,270	5,587	5,436
August	2,683	4,472	3,988
September	3,159	2,617	5,242
October	3,043	4,859	5,227
November	4,313	3,846	4,089
December	3,032	5,750	6,685
Total	**34,075**	**45,375**	**60,330**

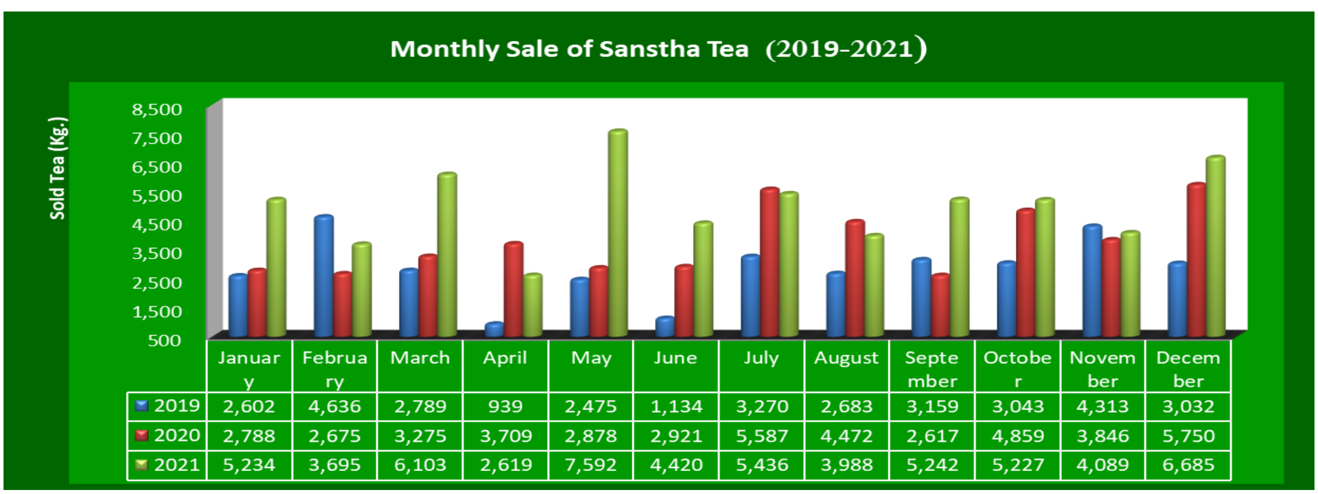

Figure10: Sanstha Tea Sale - Quantitative Comparison (2019-2021)

Table 14 - Income of Sanstha Tea Sale (2019-2021)

Month	Income Received from Sale of Sanstha Tea (Rs.)		
	2019	2020	2021
January	1,948,166	1,543,704	3,869,097
February	3,210,598	1,975,437	2,712,282
March	2,117,157	1,352,505	4,403,836
April	747,593	1,492,498	1,937,444
May	1,661,434	2,158,450	5,383,608
June	939,405	2,249,149	3,144,305
July	2,490,901	4,081,756	3,928,085
August	2,080,813	3,294,264	2,916,045
September	2,261,770	2,008,403	3,819,845
October	2,139,277	3,561,445	3,795,002
November	3,112,667	2,833,044	3,212,859
December	2,345,364	4,267,934	5,097,536
Total	**25,055,143**	**30,818,588**	**44,219,943**

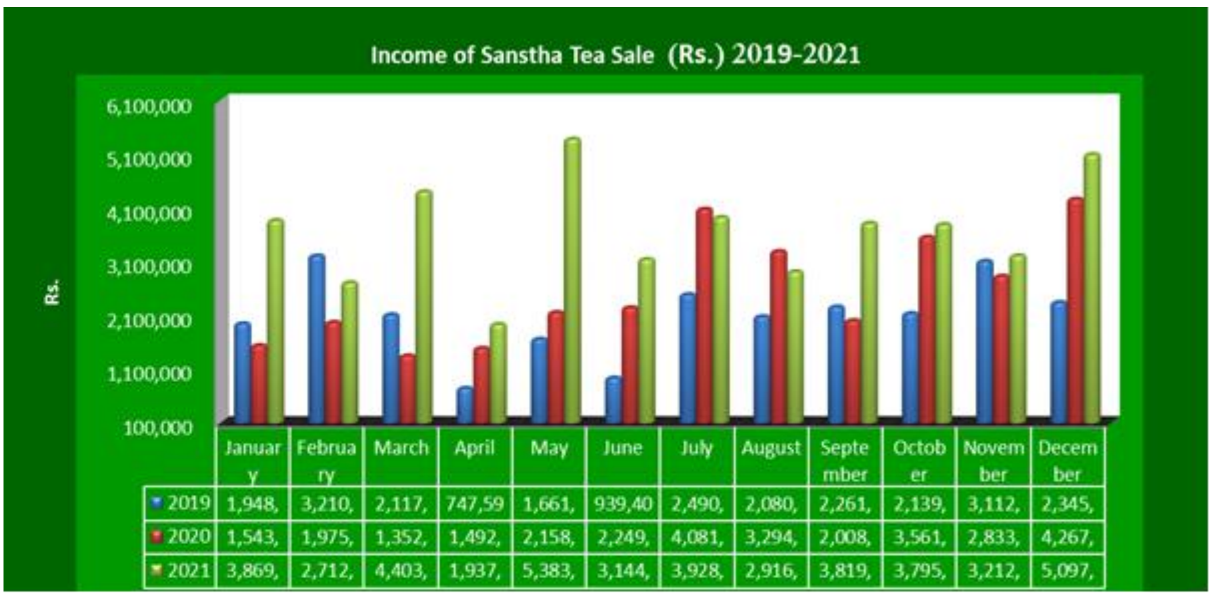

Figure 11: Monthly Income of Sanstha Tea Sale (2019-2021)

Rubber Production

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

Table 15- Total Rubber production for three years

Year	Latex(Kg.)	Total Cost(Kg)	Profit / (Loss) (Rs.cts)	Net Sale value(Rs.cts)	Production Cost per Kg. (Rs.cts)	Profit/Loss per Kg.
2021	19,063	13,117,780.90	(5,286,725.15)	410.80	688.13	(277.33)
2020	29,660	13,494,113.60	(5,151,942.00)	281.26	454.96	(173.70)
2019	28,122	14,686,995.72	(7,806,787.00)	300.00	522.26	(222.26)

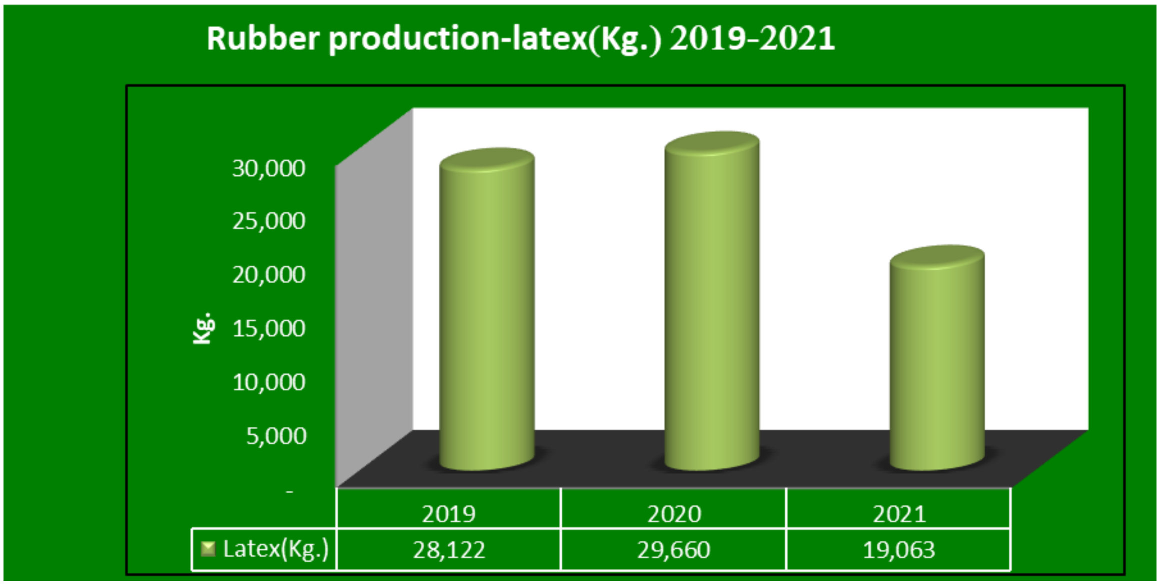

Figure12: Rubber Production (2019-2021)

Treasury Provisions

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

*Table - 16– **Summary of Treasury Grants to Sri Lanka State Plantations Corporation***

Item	2017	2018	2019	2020	2021	2022
Operation Cost (Labour Wages & Staff Salary)	130	68	222	-	-	-
Statutory Payments(Employee Provident Fund /Employee Trust Fund /Gratuity)	134	90	-	-	-	-
Development Affairs of the Sri Lanka State Plantations Corporation For Factory Modernization	-	-	-	-	14	-
Total Income (Rs.Million)	264	158	222	-	14	-

The financial Status of the corporation according to the annual estimation for the year 2021 and the statement of accounts for the year 2021 is represented as follows

Table 17 – Comparative Financial Performance for the years of 2021 -2020

Income Statement - 2021 (Estimate Vs. Actual)

Description	Estimate 2021	Annual Accounts 2021	Achievement %	Estimate 2020	Annual Accounts 2020	Achievement %
Made Tea - Cost of Production (C.O.P.)	432.60	562.56	130.04	490.68	492.88	100.45
- Net Sales Average (N.S.A.)	445.04	464.45	104.36	452.48	432.14	95.51
Rubber - Cost of Production (C.O.P.)	239.50	688.13	287.32	312.85	428.06	136.83
- Net Sales Average (N.S.A.)	300.00	410.80	136.93	300.00	277.73	92.58
Production - Made Tea (Kgs)	2,250,940	1,803,223	80.11	1,980,891	1,728,728	87.27
Production - Rubber (Kgs)	43,500	19,063	43.82	43,500	29,660	68.18
Revenue						
Made Tea & Green Leaf	1,001,747,364	837,510,629	83.60	896,312,171	758,598,254	84.64
Rubber - Latex	13,050,000	7,831,089	60.01	13,050,000	8,237,326	63.12
Total Revenue	**1,014,797,364**	**845,341,718**	**83.30**	**909,362,171**	**766,835,580**	**84.33**
Less : Cost of Production						
Made Tea & Green Leaf	973,747,394	1,014,421,407	104.18	971,988,808	852,056,592	87.66
Rubber	10,418,299	13,117,781	125.91	13,608,793	12,696,168	93.29
Total Cost of Production	**984,165,693**	**1,027,539,188**	**104.41**	**985,597,601**	**864,752,760**	**87.74**
Gross Profit/(Loss) - Estates	**30,631,671**	**-182,197,470**	**(594.80)**	**(76,235,430)**	**(97,917,181)**	**128.44**
Add : Other Income						
Other Income - Estates	558,984,506	159,982,251	28.62	447,155,724	108,706,579	24.31
Other Income - Head office	90,415,963	36,595,417	40.47	59,930,000	49,771,702	83.05
Total other Income - Head office & Estates	**649,400,469**	**196,577,668**	**30.27**	**507,085,724**	**158,478,281**	**31.25**
Total Income	**680,032,140**	**14,380,198**	**2.11**	**430,850,294**	**60,561,100**	**14.06**
Less : Expenditures						
Administration Expenses - Estates	91,764,130	94,248,387	102.71	88,602,646	81,860,486	92.39
Administration/Sales Expenses - Head office	47,685,023	58,132,610	121.91	38,905,198	40,726,247	104.68
Personnel Expenditures - Head office	57,230,921	52,489,375	91.72	60,421,500	58,338,254	96.55
Finance Charges - Estates	8,113,140	6,458,818	79.61	7,949,744	5,597,184	70.41
Finance Charges - Head office	29,743,333	34,248,604	115.15	23,220,000	23,666,011	101.92
Total Expenditures	**234,536,547**	**245,577,794**	**104.71**	**219,099,087**	**210,188,182**	**95.93**
Profit/(Loss) - Head office & Estates	**445,495,593**	**-231,197,596**	**(51.90)**	**211,751,207**	**(149,627,081)**	**(70.66)**

Profit/Loss of Sri Lanka State Plantation Corporation for last **05** years

Table 18 – Profit/Loss of Sri Lanka State Plantation Corporation for last 05 years

Year	Profit/Loss
2016	(150,916,820)
2017	(94,932,600)
2018	(147,798,507)
2019	(329,884,391)
2020	(149,627,081)
2021	(231,197,596)

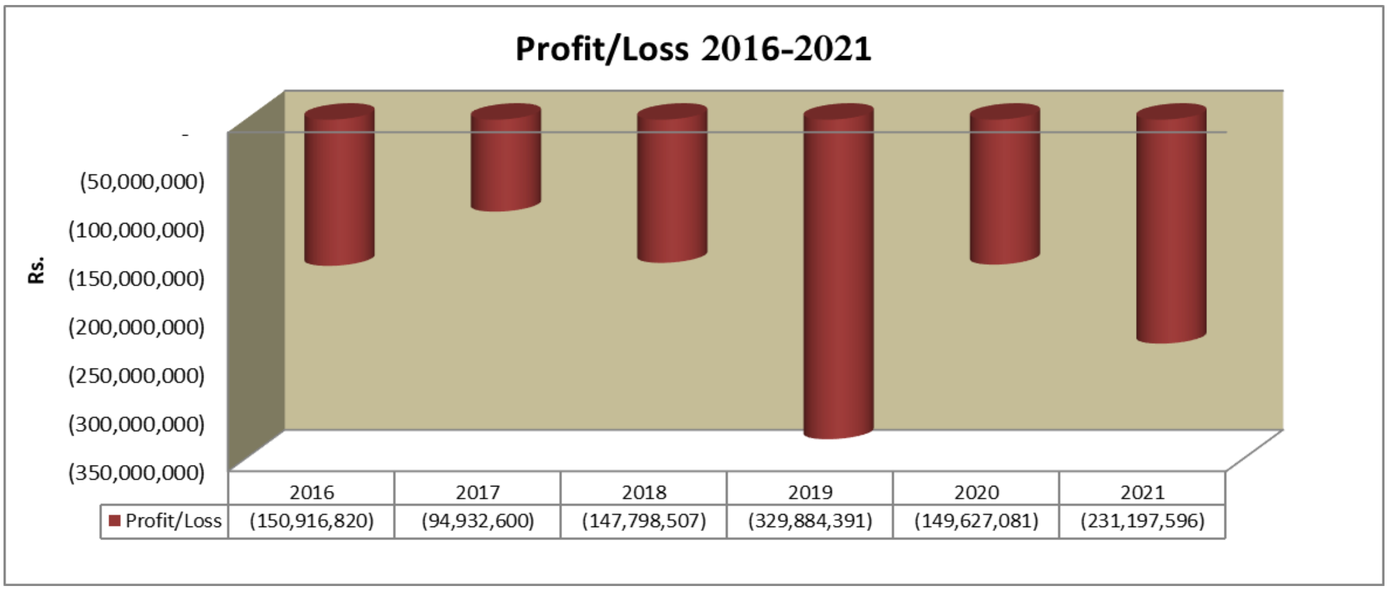

*Figure- 13– Based on last **05** years, comparison of Profit/Loss*

Human Resources of Sri Lanka State Plantation Corporation

The following table shows the management, supervisory and production staff of Sri Lanka State Plantation Corporation in the year 2021.

*Table - 19– **Human Resources of Sri Lanka State Plantation Corporation***

Estate	No.of Superintendents	No.of Assitant Superintendents	Staff		Labourers		Total
			Permanent	Contract	Permanent	Casual	
Alakola	1	2	13	-	264	0	264
Kotaganga	1	1	13	-	197	0	197
Galpihilla	1	2	19	-	182	8	190
Goomara	1	2	17	2	246	4	250
Hagala	1	1	11	.	157	0	157
Harepark	1	1	11	1	137	3	140
Hunnasgiriya	1	2	16	-	191	19	210
Kelebokka	1	4	34	2	730	58	788
Midland	1	2	24	1	305	13	318
Nikoloya	1	-	6	-	70	0	70
Opalgala	1	2	10	1	67	0	67
Rangala	1	1	22	1	195	55	250
Walahanduwa	1	-	3	1	35	17	52
Waithalawa	1	-	3	-	57	39	96
Woodside	1	-	2	1	30	0	30
Wiharagala					39	2	41
Head Office & Regional Offices	-	-	58	2	3	-	63
Total	**15**	**20**	**262**	**12**	**2905**	**218**	**3183**

By the end of 2020, the number of head office and regional office staff who received salaries from the head office was 63, and the same figure has been recorded as 63 in the year 2021.A finance of 48.1 million rupees has been spent in the year 2020 for the payment of salaries for these staff and in the year, 2021 Rs. 43.4 million have been spent. Compared to 2020, this has been decreased by Rs. 5.1 million i.e. 10.52% in 2021.

At the end of 2020, there were 249 office staff and field staff, including estate superintendents and assistant superintendents, and in 2021, it has been reported as 249. A finance of 114.72 million rupees have been spent in the year 2020 for the payment of salaries for these staff and in the year 2021 Rs. 121.32 million have been spent.

Board of Directors and Audit Committee Meetings

A number of 12 board meetings and 03 audit committee meetings have also been held during the year under review.

*Table - **20 – Board of Directors and Audit Committee Meetings***

No.	Name of the Meeting	date of the Meeting	No.of the Meetin
1	Board Meetings	2021.01.27	11
		2021.02.25	12
		2021.03.26	132
		2021.04.29	14
		2021.05.31	15
		2021.06.30	16
		2021.07.27	17
		2021.08.26	18
		2021.09.27	19
		2021.10.26	20
		2021.11.30	21
		2021.12.29	22
2	Audit Committee Meetings	2021.03.30	1
		2021.09.09	2
		2021.12.23	3

. The Auditor General of the Government has given an adverse opinion to the financial statement of Sri Lanka State Plantation Corporation in respect of the Year 2021. For a long time, there have been negative comments regarding the financial statements of Sri Lanka State Plantation Corporation, which have not been corrected.

Sri Lanka State Plantations Corporation

STATEMENT OF FINANCIAL POSITION

In LKR.

As at 31st December	Notes	2021	2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	8	957,032,724	756,246,749
Biological Assets - Consumable	9	3,356,355,765	3,507,753,636
Investment Property	10	1,611,520,641	1,611,520,641
Fixed Deposits		9,425,987	9,175,806
Deferred Assets	26	438,730	781,064
Total Non-current Assets		**5,934,773,847**	**5,885,477,895**
Current Assets			
Inventories	11	63,861,196	74,595,535
Trade and Other Receivables	12	248,384,533	184,025,544
Cash and Cash Equivalents	13	41,794,882	45,886,973
Total Current Assets		**354,040,611**	**304,508,052**
Total Assets		**6,288,814,458**	**6,189,985,947**
EQUITY AND LIABILITIES			
Capital and Reserves			
Contributed Capital	14	5,893,852,850	5,879,852,850
Retained Earnings		(2,127,008,077)	(1,725,362,785)
Total equity		**3,766,844,772**	**4,154,490,065**
Non-current liabilities			
Employee Benefit Obligations	15	610,141,017	469,291,620
Total Non-current liabilities		**610,141,017**	**469,291,620**
Current liabilities			
Trade and Other Payables	16	1,640,065,683	1,363,998,504
Bank Loan	16.1	100,000,000	100,000,000
Bank Overdraft		171,762,986	102,205,759
Total Current liabilities		**1,911,828,669**	**1,566,204,263**
Total liabilities		**2,521,969,686**	**2,035,495,883**
Total equity and liabilities		**6,288,814,458**	**6,189,985,947**

The accounting policies and notes on pages 5 through 19 form an integral part of the financial statements.

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

Mr. S.I.M.Hassan
Deputy General Manager - Finance

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

Mr. Srimal Wijesekara	**Mr. Y.K.Wagodapola**	**Mr. W.W.M.B.P.Kamburadeniya**
Chairman/CEO	Board Member	Board Member

June 28, 2022 Colombo.

Sri Lanka State Plantations Corporation

STATEMENT OF INCOME

In LKR.

Year ended 31st December	**Notes**	**2021**	**2020**
Revenue	17	**845,341,718**	**766,835,580**
Cost of Sales		(1,027,539,188)	(864,752,760)
Gross Profit / (Loss)		**(182,197,471)**	**(97,917,181)**
Other Income	18	194,790,022	156,276,640
Administrative Expenses	19	(204,870,371)	(180,887,340)
Operating Profit / (Loss)		**(192,277,820)**	**(122,527,882)**
Finance Income	18	1,787,646	2,201,642
Finance Expenses	20	(40,707,422)	(29,300,841)
Profit/ (Loss) for the Period		**(231,197,596)**	**(149,627,081)**

The accounting policies and notes on pages 5 through 19 form an integral part of the financial statements.

Sri Lanka State Plantations Corporation

STATEMENT OF CHANGES IN EQUITY **In LKR.**

Year ended 31 December 2021

	Capital Rs.	Land Contribution Rs.	Accumulated Profit/(Loss) Rs.	Total Rs.
Balance as at 01 January 2020	3,659,250,925	2,220,601,926	(1,570,849,043)	4,309,003,808
Grants Received from Treasury	-	-	-	-
Loss for the year	-	-	(149,627,081)	(149,627,081)
Prior year adjustments (Note 25)	-	-	(4,886,661)	(4,886,661)
Balance as at 31 December 2020	**3,659,250,925**	**2,220,601,926**	**(1,725,362,785)**	**4,154,490,066**
Balance as at 01 January 2021	3,659,250,925	2,220,601,926	(1,725,362,785)	4,154,490,066
Grants Received from Treasury	14,000,000	-	-	14,000,000
Loss for the year	-	-	(231,197,596)	(231,197,596)
Prior year adjustments (Note 25)	-	-	(170,447,696)	(170,447,696)
Balance as at 31 December 2021	**3,673,250,925**	**2,220,601,926**	**(2,127,008,077)**	**3,766,844,772**

The accounting policies and notes on pages 5 through 19 form an integral part of the financial statements.

Sri Lanka State Plantations Corporation
STATEMENT OF CASH FLOWS

In LKR.

Year ended 31st December	**Notes**	**2021**	**2020 (R)**
Cash Flows from Operating Activities			
Net Profit /(Loss) Before Taxation		**(231,197,596)**	**(149,627,081)**
Adjustments for :			
Depreciation of Biological Assets	8.1	3,035,076	4,019,863
Depreciation of Assets	8	9,428,089	8,667,581
Amortization of deferred Assets		39,128	-
Finance Expenses	20	40,707,422	27,989,617
Finance Income	18	(1,787,646)	(2,201,642)
Gratuity Provision	15	37,508,004	30,226,545
Audit fee Provisions		547,019	-
Insurance Provisions		954,089	-
Government Grants & Subsidy	18	(1,575,000)	-
Prior year adjustments		(175,084,833)	(4,886,661)
Profit before Working Capital Changes		**(317,426,248)**	**(85,811,778)**
Changes in Working Capital			
(Increase) / Decrease in Inventories		10,734,339	(12,092,894)
(Increase) / Decrease in Trade and Other Receivables		(64,358,989)	(8,815,799)
Increase / (Decrease) in Current Liabilities		392,131,886	72,413,700
Cash generated from operations		**338,507,236**	**51,505,007**
Gratuity Paid		(15,461,867)	(7,145,102)
Finance Cost Paid	20	(39,107,422)	(26,389,617)
Net cash generated from operating Activities		**(33,488,302)**	**(67,841,489)**
Cash flows from investing activities			
Finance Income	18	1,787,646	2,201,642
Government Grants & Subsidy	18	1,575,000	-
Treasury Grants Received		14,000,000	-
Additions to Property, Plant and Equipment	8	(51,141,051)	(12,522,619)
Additions to Biological Assets	9.2	(6,132,431)	(27,989,617)
Bank Loan - Peoples Bank		-	100,000,000
Investment in FDs		(250,181)	(312,007)
Net cash flow from in Investing Activities		**(40,161,017)**	**61,377,398**
Net Increase / (Decrease) in Cash and Cash Equivalents		**(73,649,318)**	**(6,464,091)**
Movement in cash and cash equivalents			
At the beginning of the period	13	(56,318,786)	(49,854,694)
Increase/(Decrease) for the year		(73,649,318)	(6,464,091)
Cash & Cash Equivalents at end of the year	13	**(129,968,104)**	**(56,318,786)**
Cash & Cash Equivalents at end of the year (Note 13)			
Cash in hand and at bank			
- Head Office		40,829,610	43,342,178
- Estates		965,273	2,544,796
Bank Overdraft		(171,762,986)	(102,205,759)
		(129,968,104)	**(56,318,786)**

Note for the Financial Statements

Accounting Policies

Year ended 31 December 2021

1. CORPORATE INFORMATION

General

Sri Lanka State Plantations Corporation (Corporation) is a Government Corporation incorporated in 1958 under the Act No. 4 of 1958 and domiciled in Sri Lanka. It is a Government Corporation located at No 21, Meerania Street, Colombo 12.

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

Principal Activities

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

2. BASIS OF PREPARATION

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

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

The financial statements are presented in Sri Lankan Rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1.1 Significant Accounting Policies

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

3.1.2 Property Plant and Equipment

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

3.1.3 Depreciation

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

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

Item	Useful Life	Rate
Buildings	20 years	5%
Motor Vehicles	4 years	25%
Furniture and Fittings	8 years	12.5%
Office Equipment	8 years	12.5%
Machinery	8 years	12.5%
Computer and Printers	3 years	33.33%

3.1.4 Biological Assets

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

3.1.4.1 Bearer Biological Assets

Bearer Biological Assets are the assets other than consumable biological assets and would include the major plantations such as Tea bushes, Rubber Trees and any field crops for the corporation. These would be carried at Cost less any accumulated depreciation and any accumulated impairment losses as per the option given by CA Sri Lanka and shown with Property, Plant and Equipment from the year 2021.

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

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

3.1.4.2 Consumable Biological Assets

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

3.1.4.3 Deferred Assets

Deferred Assets are amortized at 10 % per annum.

3.1.5 Investment property

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

3.1.6 Capital work in progress

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

3.1.7 Leases

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

Finance leases

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

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

Operating leases

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

3.2.1 Inventories

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

Measurement of inventories

3.2.2 Cost of Inventories

Raw Materials
Cost of purchases together with any incidental expenses.

Work in progress
Raw material cost and variable manufacturing expenses in full.

Finished Goods
Raw material cost and variable manufacturing expenses in full.

3.2.3 Cash and Cash Equivalents

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

3.2.4 Research costs

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

4. LIABILITIES AND PROVISIONS

4.1 Retirement Benefit Obligations

4.1.1 Defined benefit plan – Retirement Gratuity

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

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

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

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

Employees' Provident Fund

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

Employees' Trust Fund

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

5. INCOME STATEMENT

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

5.1.1 Revenue Recognition

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

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

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

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

Other Income

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

5.1.2 Expenses

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

5.1.3 Financial Expenses

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

6. FINANCIAL INSTRUMENTS- INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 Financial Assets

6.1.1 Initial Recognition and Measurement

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

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

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

6.1.2 Subsequent Measurement

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

6.1.2.1 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Corporation did not have any financial assets at fair value through profit or loss during the year ended 31 December 2021.

6.1.2.2 Loans and Receivables

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

6.1.2.3 Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to-maturity when the Corporation has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised as finance cost in the income statement in finance cost. The Corporation does not have any held to maturity investments during the year ended 31 December 2021.

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6.1.2.4 Available-for-Sale Financial Investments

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

The Corporation did not have any available-for-sale financial investments during the year ended 31 December 2021.

6.1.2.5 Derecognition

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

i). The rights to receive cash flows from the asset have expired

ii). The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Corporation has transferred substantially all the risks and rewards of the asset, or

(b) The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

6.1.2.6 Impairment of Financial Assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Currently the Corporation identifies a specific provision for trade receivables.

6.1.2.7 Financial Assets Carried at Amortized Cost

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

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

6.2 Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

The measurement of financial liabilities is at the amortised cost.

Derecognition

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

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

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

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY, PLANT AND EQUIPMENT

Head office	Freehold land	Buildings	Equipment & Furniture	Computer	Motor Vehicles	Total
Cost or Valuation						
As at 1st January 2021	**4,031,845**	**4,959,427**	**17,642,944**	**4,696,560**	**66,115,401**	**97,446,176**
Additions	-	-	(98,676)	321,992	-	**223,316**
Disposals	-	-	-	-	-	**-**
Transfer	-	-	-	-	-	**-**
As at 31st December 2021	**4,031,845**	**4,959,427**	**17,544,268**	**5,018,552**	**66,115,401**	**97,669,492**
Depreciation						
As at 1st January 2021	**-**	**4,959,384**	**13,647,035**	**4,057,324**	**66,094,153**	**88,757,896**
Depreciation Charge for the year	-	-	577,323	385,412	-	**962,734**
Previous Year Adjustment						
Disposals	-	-	-	-	-	-
Transfer						
As at 31st December 2021	**-**	**4,959,384**	**14,224,357**	**4,442,735**	**66,094,153**	**89,720,630**
Net book value						
As at 31st December 2021	**4,031,845**	**43**	**3,319,911**	**575,817**	**21,247**	**7,948,863**

Estates	Lands	Buildings	Equipment, Furniture & Fittings	Computer	Motor Vehicles	Machinery	Bearer Biological Assets (Note 8.1)	Other Vested Assets	Total
Cost or Valuation									
As at 1st January 2021	**645,345,972**	**182,789,431**	**25,004,570**	809,772	**82,419,651**	**117,017,392**	**536,851,014**	**6,705,259**	**1,596,943,061**
Additions	-	1,315,022	1,195,962	160,250	1,780,922	16,602,946	29,862,633	-	**50,917,735**
Disposals	-	-	-	-	-	-		-	
As at 31st December 2021	**645,345,972**	**184,104,453**	**26,200,532**	**970,022**	**84,200,574**	**133,620,338**	**566,713,647**	**6,705,259**	**1,647,860,795**
Depreciation and Impairment									
As at 1st January 2021	**-**	**112,846,289**	**18,761,361**	809,771	**70,601,460**	**102,901,073**	**374,683,577**	**6,672,972**	**687,276,503**
Depreciation Charge for the Year	-	3,835,499	588,224	31,482	1,019,593	3,026,538	3,072,070	-	**11,573,405**
Previous Year Adjustment	-	-	-	-	-	-	(17,690)	-	**(17,690)**
Transfer/Corrections							(55,284)		**(55,284)**
Disposals	-	-	-	-	-	-		-	
Transfer									
As at 31st December 2021	**-**	**116,681,788**	**19,349,585**	**841,253**	**71,621,053**	**105,927,611**	**377,682,673**	**6,672,972**	**698,776,934**
Net book value									
As at 31st December 2021	**645,345,972**	**67,422,665**	**6,850,946**	**128,769**	**12,579,521**	**27,692,728**	**189,030,974**	**32,287**	**949,083,861**
Net book value Head office and Estate as at 31st December 2021 (Total)	**649,377,816**	**67,422,708**	**10,170,857**	**704,586**	**12,600,768**	**27,692,728**	**189,030,974**	**32,287**	**957,032,724**

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

8.1 **Bearer Biological Assets**

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

Bearer Biological Assets	Tea		Coconut	Pepper	Rubber	Coffee	Other	Total
	Tea Immature & Mature	Immature Plantation						
Cost or valuation								
As at 1st January 2021	**506,933,377**	**-**	**3,809,207**	**3,551,947**	**15,270,484**	**1,501,242**	**5,784,759**	**536,851,014**
Additions	-	26,016,418	-	-	-	64,250	3,781,965	**29,862,633**
Disposals	-	-	-	-	-	-	-	-
As at 31st December 2021	**506,933,377**	**26,016,418**	**3,809,207**	**3,551,947**	**15,270,484**	**1,565,492**	**9,566,724**	**566,713,647**
Depreciation	**Tea**		**Coconut**	**Pepper**	**Rubber**	**Coffee**	**Other**	**Total**
	Tea Immature & Mature	**Immature Plantation**						
At 1st January 2021	**363,277,731**		**2,746,318**	**2,228,590**	**3,859,994**	**1,422,051**	**1,148,894**	**374,683,577**
Depreciation Charge for the Year	2,352,568	-	38,690	97,483	324,312	5,528	253,488	**3,072,070**
Previous Year Adjustment							(17,690)	**(17,690)**
Transfer/Corrections	14,919	-	-	(492)	-	-	(69,711)	**(55,284)**
Disposals	-		-	-	-	-	-	-
As at 31st December 2021	**365,645,218**	**-**	**2,785,008**	**2,325,581**	**4,184,306**	**1,427,579**	**1,314,981**	**377,682,672**
Net book value								
As at 31st December 2021	**141,288,159**	**26,016,418**	**1,024,199**	**1,226,366**	**11,086,178**	**137,913**	**8,251,743**	**189,030,975**
Net book value as at 31st December 2021								**189,030,975**

9 BIOLOGICAL ASSETS - CONSUMABLE

Consumable Biological Assets	As at 31.12.2021	As at 31.12.2020
	Rs.	Rs.
Biological Assets	**3,314,581,133**	**3,314,581,133**
Reforestration		
As at 1st January 2021	35,642,201	-
Additions during the year	6,132,431	-
Total Consumable Biological Assets	**3,356,355,765**	**3,314,581,133**

No valuation done during the year 2021 since some of this timber areas falling under Knuckles Conservation range and demarcation by Forest department is not completed. Also the valuation will require huge cash outflow and due to the prevailing tight cash flow situation SLSPC is not in a position to incur these costs at this time. We have started the process to value these biological Assets and written to the line Ministry requesting to support financially. In addition to this we have got the approval for forestry management plan for several estates and other estates' managements plans too are being processed towards getting the approval.

Sri Lanka State Plantations Corporation
NOTES TO THE FINANCIAL STATEMENTS

		As at 31.12.2021	As at 31.12.2020
10	**INVESTMENT PROPERTY**	**Rs.**	**Rs.**
	Land Contribution from Government	1,600,601,926	1,600,601,926
	Land for Capital Appreciation	10,918,715	10,918,715
		1,611,520,641	**1,611,520,641**

According to the Gazette number 181/12 dated 27th February 1982, the ownership of several estates was vested to Sri Lanka State Plantations Corporation by the Government of Sri Lanka. These were handed over to nineteen (19) regional Plantation Companies (RPCs) in 1992 on a long term lease. Management is of the view that the cost of such land as of the date that these lands were handed over to the RPCs reflects reasonably the cost of land and such amounts are carried forward in the books.

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

These Investment properties were not valued this year too, since valuation will require large sum of money and the present cash flow situation of SLSPC does not allow a huge expenditure of this nature at a time where even the large amounts of statutory dues are not being settled to date. Therefore we have written to the line Ministry requesting to assist financially to settle very old statutory dues that pending and court cases leveled against SLSPC

		As at 31.12.2021	As at 31.12.2020
11	**INVENTORIES**	**Rs.**	**Rs.**
	Finished Products	54,387,833	57,919,956
	Consumable Stock	9,473,362	16,675,579
		63,861,195	**74,595,535**

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

		As at 31.12.2021	As at 31.12.2020
12	**TRADE AND OTHER RECEIVABLES**	**Rs.**	**Rs.**
	Trade Debtors - Head office (a)	40,984,831	51,009,177
	Less : Specific Impairment of Head office debtors	(15,404,568)	(15,404,568)
	Trade Debtors - All Estates (b)	200,364,838	130,332,495
	Less : Specific Impairment of estate debtors	(49,128,420)	(49,128,420)
	Other Receivables - Head office	38,713,853	30,966,259
	Other Receivables - All Estates	32,853,999	36,250,601
		248,384,533	**184,025,544**

		As at 31.12.2021	As at 31.12.2020
a).	**Trade Debtors - Head office includes the following**		
	B.C.C. Company	15,404,568	15,404,568
	Less : Specific Impairment of Head office debtors	(15,404,568)	(15,404,568)
	Elkaduwa Plantation	1,916,092	1,916,092
	Woodside Estate	992,125	992,125
	Dukwarie	2,500,000	2,500,000
	Accounts Receivables - Green Leaf Buyers	19,122,815	27,487,452
	Sundry and Other Debtors	1,049,231	2,708,940
		25,580,263	**35,604,609**
b).	**Trade Debtors - Estates includes the following**		
	Sundry Debtors	23,200,768	33,891,252
	Consumer debtors	41,071,407	41,071,407
	Sundry Income Debtors	2,588,530	2,588,530
	J.E.D.B	1,668,269	1,668,269
	Debtors for Produce	726,644	726,644
	Less : Specific Impairment of estate debtors	(47,537,070)	(47,537,070)
	Less : Provision for Bad Debts	(1,591,349)	(1,591,349)
	Inter plantation Current Account	-	-
	Other Debtors	131,109,221	50,386,393
		151,236,419	**81,204,075**

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

13	CASH AND CASH EQUIVALANTS	As at 31.12.2021	As at 31.12.2020
	(a). Favourable Balances :	**Rs.**	**Rs.**
	Cash in hand and at bank		
	- Head Office	40,829,610	43,342,178
	- Estates	965,273	2,544,796
		41,794,882	**45,886,973**
	(b). Negative Balances		
	- Peoples Bank Current Accounts	**(171,762,986)**	**(102,205,759)**
	Cash & Cash Equivalents at end of the year	**(129,968,104)**	**(56,318,786)**

The permeant over draft facility is secured as per details below.

Present structure of Permanent overdraft (POD) Facility

POD secured against	Secured value Rs.		POD Amount Rs.
Peoples Bank Savings acct. No. 046-2005-9-0000933	33,000,000		29,000,000
Fixed Deposit (850680) 046600100005667-5	2,200,000		1,980,000
Fixed Deposit (850607) 046600100005591-6	5,000,000		4,500,000
Building owned by SLSPC at Dematagoda	396,000,000		100,000,000
Total			**135,480,000**

The balance amount obtained to the Peoples bank current account number 046-1001-5-0000933 as a Temporary overdraft to pay the Labour wages for the month of December 2021 with a settlement period of thirty days.

14	CONTRIBUTED CAPITAL	As at 31.12.2021	As at 31.12.2020
		Rs.	**Rs.**
	Government Contribution	3,277,262,947	3,263,262,947
	Land Contribution from Government	2,616,589,903	2,616,589,903
		5,893,852,850	**5,879,852,850**

Total Government contribution consists of cash received from government(Treasury) and the lands transferred to Sri Lanka State Plantations Corporation by the government through gazette notifications. During the year under review Rs. 14.0 Million grants received from the General Treasury to SLSPC to Modernize the tea Factory at Goomera State plantation.

15	EMPLOYEE BENEFIT OBLIGATIONS	As at 31.12.2021	As at 31.12.2020
		Rs.	**Rs.**
	Opening Balance - Estates	448,042,297	397,512,100.00
	- Head office	21,249,322	20,127,083.00
	Under/(Over) provision Adjustment (Estates & H/O)	159,683,488	66,563,349.00
	Provision for the Year	37,508,004	30,226,545.03
	Transferred to Gratuity Payable	(56,342,094)	(37,774,171.84)
	Payment During the Year	-	(7,145,102.00)
	Other Transaction	-	(218,183.47)
		610,141,017	**469,291,620**

NOTES TO THE FINANCIAL STATEMENTS

		As at 31.12.2021	As at 31.12.2020
16	**TRADE AND OTHER PAYABLES**	**Rs.**	**Rs.**
	Head office **(a)**	346,355,088	316,061,332
	Estates **(b)**	1,291,777,550	1,046,004,128
	Non Operative Balance	1,933,044	1,933,044
		1,640,065,683	**1,363,998,504**

		As at 31.12.2021	As at 31.12.2020
a).	**Trade and other payables for Head office includes the follov**		
	Advance - Opalgala (Lease Advance)	4,480,000	4,480,000
	Timber Advance	786,379	786,379
	Poly Chemix	715,389	715,389
	Perth Estate	6,870,411	6,870,411
	Janatha Estates Development Board (JEDB)	97,709,342	97,709,342
	Advance Received Made Tea Brokers	17,320,344	1,513,477
	Advance Received - Green Leaf Buyers	3,893,489	5,742,978
	State Resources Management Corporation	28,709,029	28,709,029
	Fertilizer Corporation	35,931,679	35,931,679
	Chilaw Plantation	38,010,959	36,410,959
	Loan - Lanka Mineral Sands	25,000,000	25,000,000
	Accrued Expenses	12,769,575	13,527,699
	EPF - Payable	16,239,547	12,637,260
	ESPS - Payable	5,687,647	1,927,075
	CPPS - Payable	9,288,594	3,225,603
	E.T.F Payable	688,434	1,226,571
	Refundable deposits	30,142,548	22,287,922
	Gratuity Payable	-	-
	Credit On Tree Sales	2,801,000	2,801,000
	Other Payables	9,310,724	14,558,560
	Total	**346,355,088**	**316,061,332**

		As at 31.12.2021	As at 31.12.2020
b).	**Trade and other payables for Estates includes the following**		
	Sundry Creditors	34,672,231	34,047,026
	Elkaduwa Plantation	172,137	172,137
	Refundable Tender Deposits	6,379,570	6,379,570
	Other Liabilities	53,640,544	15,594,104
	Trade Unions	7,996,009	7,428,863
	Staff and Workers Payables	45,631,961	49,177,269
	Prov. for Audit Fees & Insurance	9,725,898	8,673,278
	E. P. F. Payable	523,734,971	413,339,668
	E.S.P.S Payable	29,345,773	16,625,046
	C.P.P.S. Payable	24,954	24,954
	E.T.F. Payable	33,897,795	23,804,025
	Gratuity Payable	471,018,313	402,314,300
	Accrued Expenses	5,661,419	5,870,908
	Attendance Bonus Provision	1,847,974	2,036,935
	E.P.F Surcharges Payable	48,447,018	43,640,418
	E.T.F Surcharges Payable	3,425,078	2,658,745
	Gratuity Surcharges Payable	16,155,905	14,296,172
	Other Payables		
	Total	**1,291,777,550**	**1,046,083,419**
16.1	**Loan - Peoples Bank**	**100,000,000**	**100,000,000**

We have obtained the above from Peoples Bank on 09th April 2020 to cover our cashflow deficits during April and May 2020. This loan was guaranteed by the General Treasury with a settlement period of six months with interest. Interest rate agreed was AWPLR+2.5%. However due the tight cashflow situation we faced during the year 2020, we were unable settle this loan, rather extended the grace period by another year while settling only the interest due. In October 2021 too, we could not settle this loan and extended the settlement period by another year.

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

17 REVENUE	31.12.2021	31.12.2020
	Rs.	Rs.
Tea	368,159,225	327,616,538
Green Leaf	463,886,452	419,437,439
Minor Crops	5,464,951	11,544,276
Rubber	7,831,089	8,237,326
Other Agricultural		
Total Revenue	**845,341,718**	**766,835,580**

Tea Sales Includes Income received from Sale of Made tea at Colombo tea auction, sales income from Sanstha tea and income from Refuse tea sold.

18 OTHER INCOME	31.12.2021	31.12.2020
	Rs.	Rs.
Tree Tender	145,337,204	97,038,052
Lease Rentals	23,536,325	36,042,725
Management Fee	17,931,688	17,174,029
Finance Income	1,787,646	2,201,642
Income from Hunnas Water Falls	186,344	712,535
Government Grants & Subsidy	1,575,000	-
Mosquito Sticks Sales	254,500	-
Nursery Plants - Sale Income	1,192,297	-
Ticketing Income	1,754,661	1,344,670
Other Income - Estates & Head Office	2,604,003	3,442,121
Guest Bungalow Income	418,000	1,867,178
Total Other Income	**196,577,668**	**158,478,281**

19 ADMINISTRATION EXPENSES	31.12.2021	31.12.2020
	Rs.	Rs.
Personnel Cost	43,373,611	48,550,223
Defined Contributions - EPF, CPPS & ESPS	4,947,320	7,071,270
Defined Contributions - ETF	1,234,284	1,540,406
Depreciation - Head office	962,734	1,303,308
Gratuity Expense Head office and Estates	37,508,004	30,226,545
Sale Expenses	18,517,288	13,927,535
Other Administration Cost - Estates and Head Office	98,327,130	78,268,055
Total Administrational Expenses	**204,870,371**	**180,887,340**

20 FINANCE EXPENSES	31.12.2021	31.12.2020
	Rs.	Rs.
Commissions on Cash	6,458,818	5,597,184
Interest on Tea Brokers' Advances	4,310,113	2,015,159
Bank Charges	1,241,697	239,718
Bank O / D & Bank Loan Interest	27,096,793	19,848,781
Other Loan Interest - Chilaw Plantation	1,600,000	1,600,000
Total Finance Expenses	**40,707,422**	**29,300,841**

21 INCOME TAX

Income tax calculations are not appearing in the annual accounts of SLSPC for the past eighteen years. Due to this reason and with the existence of continuous losses it is presumed that in the future taxable profits may not be available and paying income tax is unlikely by SLSPC. For the past twenty six years (1995 to 2020) SLSPC has made profits only for four years.

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

22 RELATED PARTY TRANSACTIONS

Transactions with State and State Controlled Entities

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

	2021 Rs.	2020 Rs.
Outstanding Balances:		
Payable to		
State Resources Management Corporation	28,709,029	28,709,029
Fertilizer Corporation	35,931,679	35,931,679
Chilaw Plantations	38,010,959	36,410,959
Lanka Mineral Sands Limited	25,000,000	25,000,000
Elkaduwa Plantation	172,137	172,137
Janatha Estates Development Board (JEDB)	97,709,342	97,709,342
Perth Estate	6,870,411	6,870,411
	232,403,557	**230,803,557**
Receivable from		
Elkaduwa Plantation	1,916,092	1,916,092
Janatha Estates Development Board (JEDB)	41,071,407	41,071,407
Janatha Estates Development Board (JEDB)	1,668,269	1,668,269
	44,655,768	**44,655,768**

23 COMMITMENTS AND CONTINGENCIES

As at the balance sheet date, 700 legal cases have been filed against the SLSPC's Management at Panwila, Teldeniya & Matale Magistrate courts for non payment of Statutory Liabilities (EPF, ETF and Gratuity) which were long outstanding. We have fully settled 116 cases during the year and 119 new cases were filed against us. The Corporation has been advised by its lawyers that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any contingent liability has been made in these financial statements.

During the years 2020 & 2021 too, we continued to pay for the Legal court cases coming up weekly, from the own funds without getting any assistance from the General treasury. During the year 2021 we were able to pay only the contributions for one month. This is mainly due to the increase of Labour wages to Rs. 1000 from March 2021 an increase of 34.5% and the additional cost incurred due this is around Rs. 147.2 Million.

24 EVENTS AFTER THE BALANCE SHEET DATE

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

25 PRIOR YEAR ADJUSMENTS

Prior year adjustments includes the following transactions relating to the previous financial years and these adjustments were made during this year by the plantations. Gratuity under provision is mainly due to the increase in the Labour wages to Rs.1,000/day from March 2021.

Details	2021 Rs.	2020 Rs.
Gratuity Payable / Provision (Under/Over Provision)	168,951,369	-
Gratuity Surcharges	651,732	-
EPF Surcharges	2,426,005	-
ETF Surcharges	1,089,055	-
Vegetable & Cardamom Planting expenses 2020	1,118,489	-
Other Expenditures/Adjustments	(3,788,954)	4,886,661
Total	**170,447,697**	**4,886,661**

26 DEFERRED ASSETS

During the year Deferred Assets were amortized by 10% as per the accounting policy number 3.1.4.3 and charged to General Charges - Roads in the profit & loss account. The adjustment for prior financial year too accounted and debited to Profit and los appropriation account.

Answers to the Audit Paras mentioned in the Auditor General's Report as per the Financial Statements of the year ended in 31st December 2021 and Section 12 of the National Audit Act No.19 of 2018 which is over the other legal and regulatory requirements.

1.2.1 Non-compliance with Sri Lanka Accounting Standards

(a) It is informed that necessary arrangements are being made to prepare the financial statements for the year 2022 so as to avoid the deficiencies mentioned in the audit.

(b) The necessary measures have already been initiated to survey the lands owned by the Sri Lanka State Plantations Corporation in conformity with the instruction given by the letter dated 14.10.2021 of the Secretary of the Ministry of Plantation and by the letter dated 01.07.2021 of the Secretary of the Company Estate Reforms, Tea and Rubber Estates Related Crops Cultivation and Factories Modernization and Tea and Rubber Export Promotion.

Due to the poor financial condition of the institution that existed for many years, the valuation of the lands owned by the corporation has been delayed. Nevertheless, it is expected to submit a request to the Treasury through line ministries to obtain the needy finance after calculating the cost incurred for the relevant valuation by contacting the Department of Valuation and it is informed that the relevant valuation activities will be started immediately after receiving the money.

(c) The fundamental measures required for the valuations of all the buildings, factories, and machinery owned by the corporation have already been started by the Department of Valuation, and the necessary funds required for that purpose are expected to be obtained from the Treasury. Similarly, it is expected to start the work related to the revaluation of all the cars owned by the institute in the year 2023.

(d) According to Sri Lanka Accounting Standards No. 19 and Para 57 of the same, an Actuarial Valuation must be done to calculate the gratuity benefits. At present, our corporation does not have the knowledge and resources to carry out that Actuarial Valuation. Therefore, in the year 2023, it is expected to select one of the few institutions in Sri Lanka that will perform the said task and start the calculation of employee gratuity benefits of our corporation.

(e) The value of the property leased by the corporation to the regional plantation companies has been stated in the financial statements as investment property, and the details and contractual obligations of the said property will be disclosed in the financial statements of the year 2022.

(f) As the initial step to assess the consumable biological assets, all the Estate Superintendents have been asked to number all the trees of commercial value in all the Estates and to submit a report, whereas the reports have already been received from 10 Estates. Accordingly, it is informed that the valuation of these assets will be done in the year 2023.

(g) In the financial statements of the year 2021, the tea plantations of the corporation's Estates have been shown separately as mature and immature, whereas it is informed that the other biological assets will also be depicted separately as mature and immature in the preparation of the financial statements for the year 2023.

1.2.2 Accounting Policies

As the initial step of the valuation of the consumable biological assets, all the Estate authorities have been asked to number all the trees of commercial value in all the Estates and submit a report, and the reports have already been received from 10 Estates. Accordingly, it is informed that the valuation of these assets will be done in the year 2023.

1.2.3 Accounting Deficiencies

(a) At present, the identification of assets for the preparation of the Fixed Asset Register of the Estates has been started, and it is expected to start the preparation of the Fixed Asset Register after the said works are completed. It is further informed since the survey work of the Head Office as at 31.12.2022 has now been completed and the reports of the same have already been received, the works related to the preparation of the fixed asset registers of the Head Office will be completed within the year 2023.

(b) It is informed that the necessary account adjustments will be made in the preparation of the financial statements for the year 2023 in this regard,.

1.2.4 Non-reconciled Control Accounts

(a) Disagree with audit query. Among the bank balances obtained as per the bank reconciliation statements mentioned in the enquiry, the values of the assets marked below have been wrongly recorded in the audit enquiry. However, a difference of Rs. 1,000.00 is visible between the bank balance in the bank reconciliation statement and the balance sheet of Rangala Estate.

Name of the Estate	The ledger account bank balance as per the query (According to the Bank Reconciliation) (Rs. Cts.)	Bank Balance in Balance Sheet (Rs Cts.)	Bank Balance as per the ledgers (Rs Cts.)
Alakolla	25,263.00	25,562.70	25,562.70
Kotaganga	39,298.00	45,138.00	45,138.00
Galpihilla	44,027.00	21,187.37	21,187.37
Goomara	62,847.00	62,847.60	62,847.60
Hagala	63,921.00	26,080.88	26,080.88
Harepark	47,908.00	47,908.48	47,908.48
Hunnasgiriya	93,448.00	124,007.08	124,007.08
Kelebokka	156,044.00	156,043.94	156,043.94
Midland	35,016.00	35,015.51	35,015.51
Nikoloya	187,470.00	42,470.12	42,470.12
Opalgala	17,041.00	(2,305.78)	(2,305.78)
Rangala	58,736.00	59,736.29	59,736.29
Waithalawa	47,560.00	47,559.76	47,559.76
Walahanduwa	17,219.00	17,219.35	17,219.35
Wiharagala	96,713.00	96,713.84	96,713.84
Woodside	22,194.00	22,193.93	22,193.93
Kudaoya	65,820.00	65,819.08	65,819.08

(b) This situation has arisen due to the accounting deficiencies in the transfer of account balances related to these Estates to the current account of the Head Office. It is informed that after ascertaining in this regard, the necessary account adjustments will be made in the year 2023.

1.2.5 Unexplained Changes

(a) . According to the financial statements, the consumable biological assets balance of the Estates is Rs. 3,356,355,765.04 and there is no difference in the balances according to that value and the ledger accounts of the corporation. Listed below are how the relevant ledger accounts are set up

Biological Assets (Woodside Estate)	-	229,104,709.00
Timber Valuation	-	3,085,476,423.89
Reforestation	-	41,774,632.15
Total	-	3,356,355,765.04
		=============

However, the value of plantations in Woodside Estate is Rs. 229,104,709.00, which was included in the beginning of the related schedules, yet those values were not included in the final total.

(b) The financial statements have been prepared according to the ledger balances related to the bearer biological assets as at 31.12.2021, and accordingly, the net value of the bearer biological assets of Rs. 189,030,975.00 shown in the financial statements is correct. However, mistakes have been made in the preparation of these asset value schedules, and these mistakes have now been corrected.

Accordingly, the details of the balance corrected by the schedule are given below.

Plantation	Ledger Balance	The balance as per the rectified schedule	Difference
Immature Tea	141,288,159.00	141,277,617.26	10,541.74
Mature Tea	26,016,418.00	26,016,418.00	-
Coconut	1,024,199.00	1,024,199.00	-
Pepper	1,226,366.00	1,231,191.70	(4,825.70)
Rubber	11,086,178.00	11,084,246.16	1,931.84
Coffee	137,913.00	137,897.19	15.81
Other	8,251,743.00	8,159,687.84	92,055.16
Total	**189,030,976.00**	**188,931,248.15**	**99,715.85**

The schedule bearing No. PAL/C/SLSPC/2021/AQ/04 on rectified bearer biological assets is attached with the reply sent to the audit query dated 12.01.2023.

It is kindly informed after ascertaining the differences between the balance as per the financial statements and the balance of the schedules, necessary corrections will be made in the preparation of the financial statements for the year 2023.

(c) When showing the balance related to the employee benefit obligations related to the Estates in the preparation of financial statements for the year 2021, a debit balance of 85,247,549.00 is subtracted from the ledger account balance related to the Estates amounting to Rs. 670,881,826.00 and the corresponding liability value is Rs. 585,634,277.00. Out of this value, a finance amounting to Rs. 85,527,147.00 is a debit balance prevailing before 2011, and the remaining Rs. 9,598.00 is a credit balance incurred in the year 2021. It is informed that this will be ascertained and the necessary corrections will be made at the time of the preparation of the Statement of the Year 2023.

(d). In the gratuity payable account shown in the financial statement, Rs. 471,018,313.00 is set up below.

Opening Balance as at 01.01.2021	-	Rs.402,314,300.00
Added		
Transferring from Gratuity Account to the Paying Account	-	Rs. 55,788,495.44
Rectifying the underestimate of the Gratuity Payment Account	-	Rs. 9,267,881.84
Re-inserting a removed value in respect of a case	-	Rs. 72,653.75
Rectifying Errors 2020	-	Rs. 18,481,969.47
		Rs. 485,925,300.00
		==============
subtracted		
for gratuity payments -for cases	-	Rs.(12,723,580.52)
gratuity payments of the year - General	-	Rs. (56,000.00)
Surcharge Payments included in the gratuity to be paid		Rs.(2,127,386.93)
The balance as at 31.12.2021.	-	Rs. 471,018,332.55
The difference in the balance shown in the financial statement	-	Rs. 19.55

.Actions will be taken to ascertain this difference and it will be corrected in 2023.

(e) The value of Rs. 9,267,881.34 which is adjusted in Gratuity Allocation Account is set out below.

Estate	value (Rs.Cts)
Kotaganga	78,400.00
Nikoloya	2,732,130.66
Rangala	6,457,350.68
Total	**9,267,881.34**

Letters received from each Estate regarding the said matter are attached herewith

(Annexure No 01)

There are differences between the ledger balances mentioned in the audit query and the ledger balances of the corporation, which is explained below.
(f)

Asset Category	The balance as per the ledger of the corporation			The ledger balance as per the Audit Query	Difference
	Estates	Main Office	Total		
Buildings	184,104,453.00	5,959,427.00	189,063,880.00	189,478,858.00	(684,978.00)
Computers & Printers	970,022.00	5,018,552.00	5,988,574.00	5,506,574.00	482,000.00
Equipment and Furniture and installation	26,200,532.00	17,544,268.00	43,744,800.00	42,648,014.00	1,096,786.00
Motor Vehicle	84,200,574.00	66,115,401.00	150,315,975.00	148,535,052.00	1,780,923.00
Machinery	133,620,338.00		133,620,338.00	117,017,392.00	16,602,946.00

Differences arise between the ledger balances relating to fixed assets and the balances shown in the Schedule of Fixed Assets for assets owned by the corporation.

The details are given below.

Asset category	Estates			main Office		
	The balance as per the ledger	The balance as per the schedule	Difference	The balance as per the ledger	The balance as per the schedule	Difference
Buildings	184,104,453.00	148,266,753.00	35,837,700.00	4,959,427,.00	1,959,427.00	-
Computers & Printers	970,022.00	952,522.00	17,500.00	5,018,552.00	5,018,552.00	-
Equipment and Furniture and installation	26,200,532.00	15,227,568.00	10,972,964.00	17,544,268.00	17,544,268.00	-
Motor Vehicle	84,200,574.00	36,142,310.00	48,058,264.00	66,115,401.00	66,115,401.00	-
Machinery	133,620,338.00	114,408,412.00	19,211,926.00	-	-	-

This situation has arisen due to the non-maintenance of fixed asset registers in Estates. Accordingly, it is informed that the necessary corrections/necessary account adjustments will be made in the preparation of the 2023 financial statements having ascertained the period from which the changes have arisen and the reason for the said.

1.2.6 Receivable and Payable Accounts

(a) It has been agreed with the bank to repay the bank loan of 100 million rupees obtained in the year 2020 in 10 installments, accordingly the first installment has been paid in January 2023. It is informed that the remaining bank overdrafts will be settled from time to time when the financial situation of the institution improves.

(b) The corporation expects to settle the outstanding debts to be paid to the below-mentioned government institutions or write them off from the books negotiating with the relevant institutions, the line ministry, and the treasury

Chilaw Plantation Corporation Limited	-	Rs. 38 Million
Lanka Mineral Sands Ltd	-	Rs. 25 Million
Janatha Estates Development Board (JEDB)	-	Rs. 97 Million

(c) It is informed that the relevant allocations will be made in the preparation of the 2022 financial statements for those debtors who have not yet made allocations under doubtful debts from all debtor balances that are more than 5 years old. Similarly, it is informed that the necessary measures to recover money from other debtors or make allocations under doubtful debts/cut off from the books will be done in the year 2023.

(d) The necessary measures to write off or recover the finance of Rs. 1,916,092.00 due from Elkaduwa Plantation Company (the amount of loan to be received is Rs. 1,500,000.00 and the salary to be received is Rs. 416,092.00) will be discussed with the relevant institution and the Ministry of Plantation Industries in the year 2023.

(e) Since the advance of Rs.786,379.00 received related to the sale of trees is a balance carried out prior to the year 2013, it is informed that the said finance will be taken back into the income in the preparation of the financial statements for the year 2022.

(f) The amount payable to Estate Staff Provident Fund (ESPS) as at 31.12.2021is Rs. 29,345,773.00 which is outstanding and unable to settle as scheduled due to the financial crisis faced by the institution.

1.27 Lack of Evidence for Auditing

(a) As the initial step in assessing the consumable biological assets, all the Estate authorities have been asked to number all the trees of commercial value in all the Estates and submit a report, and whereas the reports have already been received from 10 Estates. Accordingly, it is informed that the assessment of these assets will be done in the year 2023.

Accordingly, it is informed that the financial statements related to the year 2023 can indicate the value of consumable biological assets of all the Estates owned by the corporation.

(b) It is informed that an age analysis of the bearer biological assets included in the financial statements will be prepared in the preparation of the final accounts for the year 2023 for each plantation.

(c) The reports showing how the employee gratuity allocation balances related to Woodside, Waitalawa, Wiharagala and Midland Estates have been prepared are attached with the reply to the Audit Query No.PAL/C/SLSPC/21/AQ/07 dated 12 January 2023.

(d) The value of Rs.159,683,488.00 which is adjusted in the gratuity allocation account is set out below. Due to the 33% increase in daily wages of plantation workers in the year 2021, the adjusted value of gratuity allocation at the end of the year has been higher.

As Head Office gratuity allocations are based on employee salaries as at 31.12.2021, necessary adjustments have been made in December 2021 accordingly.

Estate	The month in which the Estates are transferred to the Current Account	Credits (Rs. Cts)	Debits (Rs. Cts)
Alakolla	December 2021	21,245,404.45	-
Kotaganga	December 2021	11,777,743.34	-
Galpihilla	December 2021	10,749,716.73	-
Goomara	December 2021	15,169,288.71	-
Hagala	December 2021	10,347,150.42	-
Harepark	December 2021	16,926,000.00	3,805,883.50
Hunnasgiriya	December 2021	14,322,000.00	-
Kelebokka	December 2021	48,869,872.75	-
Opalgala	December 2021	5,377,500.44	-
Rangala	December 2021	8,892,724.34	-
Midland	December 2021	-	1,974,016.00
Nikoloya	December 2021	-	724,878.37
Head Office	December 2021	2,510,865.00	-
		166,188,266.18	6,504,777.87

Net Adjustment value - Rs.159,683,488.31

(e) A finance of Rs. 6,705,259.00, the balance of the other vested assets shown under property, plant and equipment as at 31.12.2021 is a balance carried out prior to the year 1997. Further, we do not have any documents related to these assets.

It is informed that after preparing the fixed asset documents for the Estates, the balance of these transferred assets would able to be identified.

(f)
5. The preliminary work to assess the land, buildings, factories and machinery owned by the corporation has already been started, and survey activities in respect of the lands of the corporation has also been carried out. It is informed that the registration certificates, insurance certificates and log books related to all the vehicles in use at the Head Office are in the custody of the institution. The details related to those vehicles are given in the table below.

Vehicle No	Registration Certificate	Insurance Certificates	Logbook
KY 4653 Car	Obtained	Obtained	Obtained
PB 8673 Double cab	Obtained	Obtained	Obtained
43-1066 Van	Obtained	Obtained	Obtained
LW 0203 Jeep	Obtained	Obtained	Obtained
204-4233 Threewheel	Obtained	Obtained	Obtained
KG 5690 Car	Obtained	Obtained	Obtained

Copies of above documents are attached herewith. (Attachment No. 02)

The preliminary work to assess the equipment, furniture, and computers belonging to the Estates has been started so far.

(g) It was delayed in replying to the query No. PAL/C/SLSPC/INFO/2021/04 due to the shifting of our institution to another place. However, it is informed that the relevant verification reports have been attached with the relevant reply to audit query No. PAL/C/SLSPC/2021/AQ/08 dated 12 January 2023 Similarly, a report showing how the stock amounting to 63,861,195.00 as at 31.12.2021which is inclusive of the stocks of the corporation has been set up is also attached herewith. (Annexure 03)

(h). It is informed that the Land lease due of Rs. 15,780,848.00 will be categorized under Allocation for Doubtful debts in preparing the financial statements for the year 2022. Necessary measures to ascertain over the other remaining credit balances will be done in the year 2023 and necessary account adjustments related to the said are expected to be done in the preparation of the financial statements for the year 2023.

The details of the subsequent settlement of balances owed to the institutions by the institutions that are already dealing with it have been given in the letter dated 23.12.2022.

(i). The copies of the balance confirmation letters related to the following creditor balances as at 31.12.2021 are sent along with the answers to the Audit Query No. PAL/C/SLSPC/2021/AQ/10 dated 12 January 2023.

Fertilizer Corporation	-	Rs.35,931,679.00
Chilaw Plantation	-	Rs.38,010,958.00
Lanka Mineral Sand	-	Rs.25,000,000.00
		Rs.98,942,637.90

The overdue creditor balances mentioned below are to be re-accounted for as income when preparing the financial statements for the year 2022.

Poly Chemix	-	Rs.715,388.50
Getagahawela Tea factory	-	Rs.337,883.00
Mount Leesory Lanka Private Limited	-	Rs.200,000.00
Waters bay Tea Factory	-	Rs.3,224,640.67
		Rs.4,497,912.17

Due to the financial crisis that the institution is currently grappling with, the related creditor balances of the government-owned institutions included in the creditor value of Rs. 255,518,946.39 have not been able to settled. It is informed that the other creditor balances will be examined further and appropriate action in this regard will be taken in the year 2023 as per the approval of the Board of Directors.

(j). According to the financial statements related to the year 2010, the allocation for doubtful debt and special damages is shown below.

i Allocations under doubtful debts		
The balance carried prior to the year 2006	-	Rs. 1,591,349.00
ii Allocation for the Special Damages	-	Rs.47,537,070.00
		Rs.49,128,419.00

Debt balances for the above doubtful debt allocations		
Consumer Debtors (J.E.D.B)	-	Rs.41,071,407.00
Sundry Debtors	-	Rs. 2,588,530.00
Debtors for produce	-	Rs. 726,644.00
Debtors of the Production Department	-	Rs. 25,876.00
Debts to be received (J.E.D.B)	-	Rs. 1,668,269.00
Miscellaneous Debtors	-	Rs. 3,047,693.00
		Rs.49,128,419.00

Copies of the 2010 financial statements and debtor schedules are attached. (Annexure 04)

Before the year 2004, the accounts of the corporation were maintained in two folds as Estates and Head Office accounts. Due to an error incurred in the year 2006, when these 02 sections of accounts were combined into one accounting unit, a difference of 1,933,044.00 has arisen, and the said amount has been brought forward as a dormant account balance. It is informed that this amount will be removed from the books in the preparation of the financial statements for the year 2022.

(k) Since the finance of Rs.6,379,570.00 shown in the accounts as a refundable tender deposit is a balance from the year 2006, it is informed that this amount will be removed from the books in the preparation of the financial statements for the year 2022.

(l) Since the amount of 2,801,000.00, the debt value on the sale of trees is a balance carried from the year 2013, it is informed that this amount will be accounted under income at the preparation of the financial statements for the year 2022.

(m) This problem has resulted due to a mistake made in making a note to transfer finance of Rs. 312,238.00, The medical allowance of the non-executive staff of the corporation for the month of December 2020 from People's Bank Account No. 046100240000933 to Bank of Ceylon Account No. 2327539 belonging to the Contribution Fund Corporation.

(n) Letters have been sent to the Estates to obtain information on the value of the trade receivables shown in the balance sheets of the Estates, and the answer report to the relevant audit query bearing No. PAL/C/SLSPC/INFO/2021 dated 23.12.2022 inclusive of copies of the letters sent and received (Alakolla, Galpihilla, Viharagala, Hunnasgiriya, Kotanga, Hairpark) have handed over to the audit department on 23.12.2022.

(o). This amount is an account maintained by Galpihilla Estate for the premiums paid for employee provident fund cases, and after the premiums are paid, it is transferred to the payable provident fund account.

2.2.2 Non-compliance with rules and regulations and management decisions.

(a). In the wake of the financial crisis that the corporation has been facing for a long time, this surcharge has been imposed due to the inability to pay employees' contributions, employees' trust fund contributions and employee's gratuity. We expect to receive finance from the Treasury to settle these arrears, and it is informed that after receiving the money, the related payments will be settled. The Corporation's Employees' Provident Fund and Employees' Trust Fund balances payable on 31.12.2021 are Rs. 539,974,518.00 and Rs. 34,586,229.00. We acknowledge that the organization does not have detailed information about these balances, and the Board of Directors will be informed in this regard and the proceedings will be taken according to the instructions.

(b) Due to the financial difficulties faced by the institution for a long time, it has not been possible to settle the employee gratuity payments on the due date, and for that reason, surcharges have also been imposed on the due balances. It is expected to receive money from the Treasury to settle these outstanding, and it is informed that after receiving the money, the related payments will be settled.

(c).. The Sri Lanka State Plantations Corporation has been making losses for the past several years, and accordingly the cumulative loss is Rs. 2.127 million as at 31.12.2021 Therefore, due to this financial crisis, the institution has not paid attention to the taxes that had to be paid to the Inland Revenue Department. However, the other tax reports (PAYE) have been submitted to the Inland Revenue Department on the due date. Nevertheless, it is expected that the Board of Directors will be informed about this and take the next steps as per the instructions received in this regard.

(d) In the preparation of bank reconciliation statements related to every current bank account maintained by the Head Office belonging to the corporation, it has been arranged to record the date of the preparation of reconciliation statements from January 2022.

(e) The preparation of the business plan for the year 2023 of the corporation has been entrusted to the National Plantation Management Institute, which is currently being prepared, and the same is expected to be submitted to the Ministry of Plantation Industries by April 2023.

Although there is no business plan for the corporation, an action plan has been prepared for the year 2021 for the plantation sector, which has also received approval from the line ministry. A copy of the action plan for the plantation sector for the year 2021 approved by the line ministry is attached herewith. (Annexure No. 05)

(f) Even though the Performance reports/progress reports should be prepared and submitted quarterly, semi-annually, and annually in accordance with guidelines No: 4.2.3 and 4.2.6 of the Public Enterprises Guidelines for good governance, it is accepted that such reports were not submitted for the years 2019, 2020 and 2021.

In the year 2021, it was not possible to prepare the performance reports/progress reports on a quarterly basis due to the coronavirus epidemic and other reasons. However, for the year 2022, performance reports have been prepared on a quarterly basis as per the action plan of the plantation sector.

The budget document of the corporation for the year 2021 has been prepared and approved by the Board of Directors. A copy of the relevant budget document is attached herewith. (Attachment No. 06)

(g) According to the physical inspection of the vehicles carried out on 19.08.2022, the details of the vehicles that are at the level of disposing mentioned in the audit para and the vehicles that are currently running are given below.

- Vehicles that are in the level of running condition

The place where the vehicle is located at present	Vehicle No.	Vehicle Type
Head Office	43-1066	van
Head Office	204-4233	Threewheel
Head Office	37-9005	Tractor

- Vehicles at Repair

The place where the vehicle is located at present	Vehicle No.	Vehicle Type
Kotaganga Estate	GA 0343	Lorry
Kelebokka Estate	GJ 3629	Lorry

- The vehicles planned to be repaired

The place where the vehicle is located at present	Vehicle No.	Vehicle Type
Kelebokka Estate	43-1067	Van
Galpihilla Estate	32-4773	Jeep
Galpihilla Estate	32-5871	Jeep
Galpihilla Estate	32-3753	Jeep
Galpihilla Estate	32-3646	Jeep
Galpihilla Estate xxx	32-4734	Jeep

Following is the list of vehicles inspected by the motor vehicle department for removal as disposable material. These vehicle parts are designed to be sold as disposable items after the chassis numbers are cut off and the registration certificates are canceled.

The place where the vehicle is located at present	Vehicle No.	Vehicle Type
Kelebokka Estate	46-2086	Tractor
Kelebokka Estate	46-1229	Tractor
Kelebokka Estate	43-1192	Lorry
Kelebokka Estate	41-5682	Lorry
Kelebokka Estate xxx	43-1570	Lorry
Kelebokka Estate	43-1435	Lorry
Galpihilla Estate	125-4601	Motor Cycles
Kelebokka Estate	127-3478	Motor Cycles
Alakolla Estate	43-2641	Lorry
Alakolla Estate	43-2623	Tractor
Galpihilla Estate	16-1107	Car
Galpihilla Estate xxx	145-6413	Motor Cycles
Kelebokka Estate	GI 9961	Motor Cycles
Galpihilla Estate	15-0386	Car
Kelebokka Estate xxx	127-3372	Motor Cycles
Kelebokka Estate	46-0225	Tractor
Galpihilla Estate	127-3399	Motor Cycles
Galpihilla Estate	125-4632	Motor Cycles
Kelebokka Estate	127-3415	Motor Cycles
Kelebokka Estate	43-1814	Lorry
Galpihilla Estate	26-3316	Lorry
Galpihilla Estate	127-3759	Motor Cycles

According to the reports given by the Department of Motor Traffic on vehicles that can be repaired and used after the sale (not in running condition), bids have been invited for the sale of vehicles by newspaper advertisements on 10.01.2023 (Dinamina, Daily News and Thinakaran). The last date inviting for bids is 10.03.2023. The list of vehicles is as follows.

The place where the vehicle is located at present	Vehicle No.	Vehicle Type
Kelebokka Estate	41-5412	Motor Truck
Kelebokka Estate	41-4850	Motor Truck
Galpihilla Estate	40-5185	Motor Truck
Galpihilla Estate	16-1075	Car
Kelebokka Estate	GI 9543	Motor Cycles
Alakolla Estate	GI 9544	Motor Cycles
Kelebokka Estate	GI 9591	Motor Cycles
Kelebokka Estate	GI 9561	Motor Cycles
Kelebokka Estate	GI 9670	Motor Cycles
Galpihilla Estate	16-1103	Car
Galpihilla Estate	125-4662	Motor Cycles
Galpihilla Estate	127-3753	Motor Cycles
Head office	16-1108	Car
Head office	16-0967	Car

xxx The vehicles which are not mentioned in the relevant audit query but identified during the physical inspection of the vehicles are marked as follows in the above table

Accordingly, a summary of the number of vehicles owned by the corporation as reported is given below.

Number of vehicles mentioned in the relevant audit query - 98

Number of vehicles identified during physical inspection - 6
Although not mentioned in the relevant audit query

Total - 104

Subtracted

The No.of vehicles mentioned in the aforesaid tables - 47

The remaining vehicles - 57

A number of 57 vehicles were identified as not being in the custody of the corporation in the physical inspection of the vehicles and it has come to know that these vehicles have also been assigned during the transfer of the assets owned by the corporation to the regional plantation companies, Therefore it is informed that this will be investigated in the future. The relevant vehicle registration is attached herewith. (Attachment No. 07)

(i) The car bearing No. KY 4353 mentioned in the audit para is the official vehicle used by the Chairman of the corporation, whereas the cab bearing No. PB 8673 has not been used by the corporation in the year 2021. This vehicle which was provided by the Ministry of Plantations has been put into use by the Corporation from the middle of 2022 after repairs.

Even though it is mentioned in the audit para that approval for additional fuel has not been obtained using the Annexure 03 form mentioned in the Public Administration Circular No. 11/2006 dated 14 July 2006, since the year 2015, Fuel and transport allowances of officers of corporations, statutory bodies, and state-owned companies are regulated as per the Circular No. PED/1/2015 dated 25.05.2015 of the Department of Public Enterprises. According to section 3.2 of that circular, approval for additional fuel should be obtained, but the specimen to be used for that has not been mentioned.

The provisions imposed by the Circular No.PED/01/2020 and Circular No.PED/01/2015 of the Department of Public Enterprises for obtaining additional fuel has been canceled, and the above letter has been issued by the Secretary of the Ministry of Plantations according to the PED/04/13(1) dated 18.03.2021 issued by the Department of Public Enterprises subsequently. A copy of the letter issued by the line ministry is attached herewith. (Annexure No. 08)

(j) The officer who was the internal auditor who received the transport and fuel allowance left the service on 31.05.2021, after which the related allowance payments have not been made. Similarly, the transport and fuel allowance paid to the officer working in the position of Manager (Land) has been stopped from 01.01.2022.

2.2.3. It is informed that the Board of Directors of the Sri Lanka State Plantations Corporation has acted in accordance with the powers and duties of the Corporation.

2.2.4 The management of the corporation has done its best to utilize the resources of the corporation efficiently and effectively.

(a). In the year 2021, the tea production of the State Plantations Corporation has grown by 4% compared to the year 2020. According to the corporation's files, among the corporation's Estates in the year under review, it is an admittable fact that the yield of the Estates of Kotaganga, Harerpark, Midland, Opalgala and Woodside had decreased from 4% to 11% in the year 2021 as compared to the year 2020.

A higher percentage of the tea cultivation in Kotangaga and Harepark Estates is old seedlings tea cultivation, and in the reviewed year, a lower percentage of fertilizer was given to ancient seed tea plantations than in the year 2020, and it took more time to get results from the fertilizers than the VP tea cultivation whereby the harvest of these two Estates is lower than the year 2020. It is further said that the low rainfall received by Midland and Opalgala Estates in the year under review is affected by the lower harvest of those two Estates in that year.

(b) Even though it was targeted to produce 10,345,522 kg of tea in the year 2021, t due to the problematic conditions that arose with the covid 19 epidemic conditions in the country at that time, the actual production in 2021 was 8,385,002 kg of tea. Accordingly, it is a decrease of 19% compared to the expected production.

(c) In 2021, the expected yield of tea from the lands vested to external planters was 1,059,607 kg, but the actual production was 793,501 kg. It is 75% of the expected tea production yield. However, the external planters have been given very low productivity tea lands, and similarly, due to the problematic situation in the purchase of chemical fertilizers in the year 2021, external planters are provided with less amount of fertilizer and thereby the tea production could not grow as expected.

(d) It is kindly informed that this system will be reviewed again and the necessary revision in this system will be made in the year 2024 accordingly.

(e) The average cost of producing one kg of raw tea leaves is Rs.121.08 in the year under review and the cost of production in Wiharagala Estate is Rs.360.

The Estate has been under third-party control for many years, and is 100% of old seedings tea plantations. Accordingly, as the yield of day tea was very low, its production cost was higher than the average production cost of the corporation.

(f) The Goomara factory modernized (Orthodox) with the aim of increasing the value chain under the new technology, is scheduled to start working in the year 2023, and through this, it will be possible to supply raw leaves from several Estates of the corporation to that factory. Apart from this, the Kelabokka factory is also being modernized with new machinery. Accordingly, it is expected that the tea factories of the corporation will be able to operate from the tea leaves of the Estates owned by the corporation in the future.

2.3 Other Audit Observations

i Advertisements have been published in newspapers for calling bids related to the sale of tea leaves, and copies of those newspaper advertisements have been sent along with the answers to audit query No. PAL/C/2021/AQ/03 dated 12 January, 2023. Copies of those advertisements were not included in the relevant files, and by now those deficiencies have been completed.

ii Refundable deposits have been collected from all selected buyers for the sale of tea leaves. Hatton Plantation Company who paid a refundable tender deposit of Rs. 1,100,000.00 on 28.02.2020 has not obtained the said finance back. The relevant receipt number is recorded in the tender form when the tenders related to the purchase of tea leaves are submitted. However, it is informed that henceforth the copies of the receipts will be included in the relevant files.

iii According to the agreements signed with the selected parties for the purchase of tea leaves, the institutions have obtained bank bonds or cash bonds for an amount equal to twice the amount of tea leaves purchased monthly.

iv Since the sale of tea leaves in the Estates belonging to the corporation must be done on the first day of every month, the sale of the leaves has been made based on the trust established with the institutions from which the leaves are bought for a long time amidst the bad health conditions prevailed in the country and other unavoidable reasons, even though the relevant contract conditions were not fulfilled. However, it is informed that the relevant files will be completed later.

v This situation has arisen due to the low level of staff attendance in the wake of the the Corona epidemic situation that prevailed in the country in the year 2021. Nevertheless, it is informed that all bid openings have been done before the bidders.

vi As the Kurugama Tea Factory has agreed to pay a higher price for tea leaves than the prices offered by the buyers, the related tea leaves tender has been offered to the said factory based on the agreement of other applicants in order to get more income in the face of the severe financial crisis that the corporation is facing, The Kurugama Tea Factory had also submitted the quotations for the purchase of these leaves, and a copy of the committee's report on opening the bids on 21.10.2021 is attached herewith. (Annexure 9)

(b) Legal proceedings have been initiated for the recovery of 2-4 years of balances of tea leaf revenue due on 31.12.2021. Other balances of less than 1 year due from the following institutions have already been collected.

Name of the Debtor	The balance as at 31.12.2021	Settlement date	Settled Amount	Receipt No.
Karolina Estate	4,360,872.28	2022.01.09	5,000,000.00	RH/22/09
Staddon	1,339,769.17	2022.01.24	1,500,000.00	RH/22/50
Kurugama Tea factory	2,105,193.00	2022.01.07	2,105,911.00	RH/22/14
Rakshawa tea factory	1,493,118.00	2022.01.10	1,493,118.00	RH/22/20

The finance of Rs.242,503.00 which is shown as a balance to be recovered from Ittagala Tea Factory is a balance arising from an accounting deficiency from the year 2019, and it is informed that the relevant accounting adjustments will be made in the preparation of the financial statements for the year 2022 to rectify the said.

The details of the institutions which have already taken legal steps for debt recovery are given below.

Institute	Finance (Rs. Cts)
MECC Plantations Private Limited	3,541,873.00
Nanuoya Tea Factory	5,136,192.00
Pussathenna Tea factory	655,279.00

(c) The current vacant posts in the corporation as at 31st December 2021 is 22 and the manner in which the position is vacant is depicted below.

1 Manager (sales)

This post has been vacant since 01.07.2020, yet the duties of the said post were under the supervision of the Deputy General Manager (Control). However, a request is submitted to the Treasury through the Line Ministry to fill these vacancies.
ii Internal Auditor

The officer who worked as an internal auditor resigned from the corporation on 31.05.2021, and an officer was appointed for the same position again on 03.01.2022.

iii Senior Estate Superintendent

The line ministry has submitted a request to the treasury to draft the post of Estate Superintendent instead of this post.

iv Accountant

The officer who worked as an Accountant left the service on 19.06.2021 and another lady officer was appointed for the same position on 15.11.2022.

v Personal Assistant to the General Manager

The officer recruited for this position on 12.11.2018 resigned from service on 27.05.2020, and the officer recruited for the same position on 21.04.2022 also resigned on 05.08.2022. A letter has been submitted to the line ministry seeking approval to fill this vacancy.

vi Management Assistant (Audit)

Even though a request was submitted to the Treasury in the year 2019 to approve the new post of Audit Officer, it was informed that the said position could not be approved and instead a Management Assistant position was approved for the Audit Division. At that time, there was no need for a Management Assistant in the internal audit department, but now a Management Assistant is required for the Internal Audit Division, so a letter has been sent to the Line Ministry for approval.

vii Management Assistant

Even though there were o6 vacancies in the post of Management Assistant at that time, the recruitments were done for those posts on 19.01.2022.

viii Driver

A letter has been sent to the Line ministry seeking approval for filling the vacancies of 4 Drivers.

xi Labourer

A letter has been sent to the line ministry seeking approval for filling up the vacancies of 4 Labourers.

x Assistant Manager (Regional Office)

As there is an Assistant Accountant working in the Regional Office, no other officer was recruited for this position as the duties of the Assistant Manager could be fulfilled by that officer. However, a letter has been sent to the line ministry for approval to fill the vacancy.

Due to the financial crisis that the institution has been facing for a long time, a limited staff must carry out the functions of the corporation. However, it is also informed that there were difficulties in obtaining approval for new recruitments due to the Corona epidemic situation prevailed in the country in the year 2020 and 2021.

(d) These recruitments have been made on the basis of the service requirement of the institution, and the letter dated 10.10.2022 has been forwarded to the Salary and Cadre Commission through the line ministry for the approval of these posts on a personal basis .

(e). Due to the service requirements of the land Division, a Legal officer was appointed on a contract basis, and after the said officer left the post, an officer was appointed for this position on permanent basis from 03.01.2022.

(f). The scheme of recruitment and promotion prepared for the corporation was forwarded by the line ministry to the Management Services Department on 26.01.2022, and thereafter necessary amendments were made through discussions with the officers of the Management Services Department on several occasions. Accordingly, it is expected that the recruitment and promotion procedure of the corporation will be approved promptly by the Management Services Department.

(g) The contract related to the tender bearing No.SLSPC/PL/TB/T-166/2021 has now been included in the file.

(h) Agreed. It is informed that the necessary measures will be taken that such situations do not occur in the future.

(i) The refundable deposit received by the tenderer for submitting the tender will be repaid according to the request letter provided by the tenderer, and the deposit indemnifying the loss will be repaid after deducting the money according to the report provided by the Estate Superintendent. It is accepted that the details of this have not been included in the procurement files, and it is informed that measures will be taken to prevent these deficiencies in the future.

(j) It is accepted that the files related to the sale of trees do not include details about the removal of trees, and it is informed that measures will be taken to prevent these deficiencies in the future.