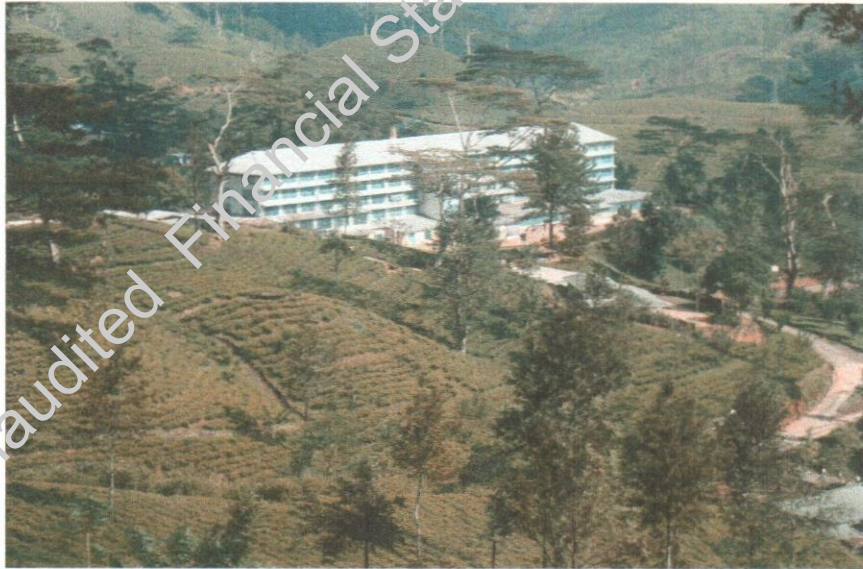


SRI LANKA STATE PLANTATIONS CORPORATION



ANNUAL ACCOUNTS 2023

Head office Address : No. 257, Siri Dhamma Mawatha, Colombo 10

Telephone : 011 4194877 Fax : 011 2438635 e-mail : slspc@sltnet.lk

Date : 27th February 2024

***Sri Lanka State
Plantations
Corporation***

Annual Accounts 2023

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Our Vision

*To be the Government Owned
Strongest Commercial Enterprise
in the Plantation Sector*

Our Mission

*To contribute a maximum to the
Gross Domestic Product of the
Country as well as to the well-
being of the Plantation Worker
families and neighboring villages
by the proper management of the
assets of Sri Lanka State
Plantations Corporation through
worker participation*

Sri Lanka State Plantations Corporation

STATEMENT OF FINANCIAL POSITION

In LKR.

As at 31st December

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

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

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


Mr. S.I.M. Hassan

Deputy General Manager - Finance

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


Mr. Srimal Wijesekara
Chairman/CEO


Mr. V.A. Wagodapola
Board Member


Mr. R.M.S.P.S. Bandara
Board Member

February 27, 2024 Colombo.

Sri Lanka State Plantations Corporation

STATEMENT OF INCOME

In LKR.

Year ended 31st December

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

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

Sri Lanka State Plantations Corporation

STATEMENT OF CHANGES IN EQUITY

In LKR.

Year ended 31 December 2023

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

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

Sri Lanka State Plantations Corporation

STATEMENT OF CASH FLOWS

In LKR.

Year ended 31st December	Notes	2023	2022
Cash Flows from Operating Activities			
Net Profit /(Loss) Before Taxation		(92,673,903)	19,671,760
Adjustments for :			
Depreciation of Biological Assets	8.1	6,723,618	3,426,102
Depreciation of Assets	8	14,197,209	11,105,732
Amortization of deferred Assets		43,873	43,874
Finance Expenses	20	73,048,571	51,089,659
Finance Income	18	(1,014,565)	(1,974,535)
Gratuity Provision	15	32,279,972	35,498,178
Audit fee Provisions		580,599	692,504
Insurance Provisions		1,490,093	1,035,757
Government Grants & Subsidy	18	(2,655,167)	(592,667)
Prior year adjustments	25	(3,414,552)	(151,628,855)
Profit before Working Capital Changes		26,605,748	(31,632,493)
Changes in Working Capital			
(Increase) / Decrease in Inventories		(18,822,482)	(3,538,062)
(Increase) / Decrease in Trade and Other Receivables		(7,979,242)	(53,058,002)
Increase / (Decrease) in Current Liabilities		149,505,740	325,198,986
Cash generated from operations		122,704,016	268,602,921
Gratuity Paid		(22,738,709)	(25,682,747)
Finance Cost Paid	20	(51,394,143)	(42,952,373)
Net cash generated from operating Activities		75,176,912	168,335,308
Cash flows from investing activities			
Finance Income	18	1,014,565	1,632,892
Government Grants & Subsidy	18	2,655,167	592,667
Treasury Grants Received	14	63,900,000	178,640,000
Withdrawal of Fixed Deposits		9,785,400	-
Additions to Property, Plant and Equipment	8	(187,693,245)	(252,702,032)
Additions to Consumable Biological Assets	9	(932,819)	(4,209,531)
Repayment of Bank Loan - Peoples Bank		(20,690,000)	-
Settlement of Permanent over draft facility		(35,480,000)	-
Investment in FDs		-	(359,413)
Net cash flow from Investing Activities		(167,440,932)	(76,405,417)
Net Increase / (Decrease) in Cash and Cash Equivalents		(92,264,019)	91,929,891
Movement in cash and cash equivalents			
At the beginning of the period	13	(38,038,213)	(129,968,104)
Increase/(Decrease) for the year		(92,264,019)	91,929,891
Cash & Cash Equivalents at end of the year	13	(130,302,233)	(38,038,213)
Cash & Cash Equivalents at end of the year (Note 13)			
Cash in hand and at bank			
- Head Office		3,125,608	105,048,534
- Estates		1,963,235	4,489,398
Bank Overdraft		(135,391,076)	(147,576,144)
		(130,302,233)	(38,038,213)

Sri Lanka State Plantations Corporation

Notes to the Financial Statements

Accounting Policies

Year ended 31 December 2023

1. CORPORATE INFORMATION

General

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

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

Principal Activities

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

2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and UKAS 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%

Sri Lanka State Plantations Corporation

Notes to the Financial Statements

Accounting Policies

Year ended 31 December 2023

3.1.4 Biological Assets

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

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

3.1.4.1 Bearer Biological Assets

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

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

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

3.1.4.2 Consumable Biological Assets

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

Sri Lanka State Plantations Corporation

Notes to the Financial Statements

Accounting Policies

Year ended 31 December 2023

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 counter parties 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.

Sri Lanka State Plantations Corporation

Notes to the Financial Statements

Accounting Policies

Year ended 31 December 2023

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.

Sri Lanka State Plantations Corporation

Notes to the Financial Statements

Accounting Policies

Year ended 31 December 2023

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 2023.

6.1.2.2 Loans and Receivables

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

Sri Lanka State Plantations Corporation

Notes to the Financial Statements

Accounting Policies

Year ended 31 December 2023

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 2023.

6.1.2.4 Available-for-Sale Financial Investments

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

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

6.1.2.5 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.

Sri Lanka State Plantations Corporation

Notes to the Financial Statements

Accounting Policies

Year ended 31 December 2023

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 asset's 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 of 1st January 2012. For the periods up to and including year ended 31 December 2011, the Corporation prepared its financial statements in accordance with previous Sri Lanka Accounting Standards.

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY, PLANT AND EQUIPMENT

Head office	Freehold land	Buildings	Equipment	Furniture & Fittings	Computer	Motor Vehicles	Total
Cost or Valuation							
As at 1st January 2023	4,031,845	4,959,427	12,356,634	7,194,236	5,657,052	66,115,401	100,314,594
Additions	-	-	1,920,735	2,315,890	1,063,099	1,396,574	6,696,298
Disposals	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
As at 31st December 2023	4,031,845	4,959,427	14,277,369	9,510,126	6,720,151	67,511,974	107,010,892
Accumulated Depreciation							
As at 1st January 2023	-	4,959,384	10,951,980	3,953,031	4,777,732	66,094,153	90,736,280
Depreciation Charge for the year	-	-	391,320	810,774	372,046	123,376	1,697,455
Previous Year Adjustment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at 31st December 2023	-	4,959,384	11,343,300	4,763,804	5,149,778	66,217,469	92,433,735
Net book value							
As at 31st December 2023	4,031,845	43	2,934,069	4,746,322	1,570,373	1,294,505	14,577,157
Estates							
Cost or Valuation							
As at 1st January 2023	645,345,972	184,104,453	23,299,859	5,523,633	1,035,022	84,200,574	1,897,794,650
Additions	-	17,462,389	5,621,416	2,767,500	141,700	30,950,415	180,996,947
Previous Year Adjustment	-	-	-	-	-	-	(32,286)
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(6,500)
As at 31st December 2023	645,345,972	201,566,842	28,921,275	8,291,133	1,176,722	84,200,574	2,078,752,811
Accumulated Depreciation							
As at 1st January 2023	-	120,775,860	19,509,922	627,160	896,470	72,527,146	713,257,870
Depreciation Charge for the Year	-	4,106,237	1,089,429	363,295	100,879	879,842	17,223,372
Previous Year Adjustment	-	-	-	-	-	-	(128,317)
Disposals	-	-	-	-	-	-	-
As at 31st December 2023	-	124,882,097	20,599,351	990,455	997,348	73,406,988	730,333,213
Net book value							
As at 31st December 2023	645,345,972	76,684,745	8,321,924	7,300,678	179,374	10,793,586	1,348,419,597
Net book value Head office and Estate as at 31st December 2023 (Total)	649,377,816	76,684,788	11,255,993	12,047,000	1,749,747	12,088,091	1,362,996,754

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		Other Crop Immature Plantation	Coconut	Pepper	Rubber	Coffee	Other	Total
	Mature Plantation	Immature Plantation							
Cost or valuation									
As at 1st January 2023	506,883,377	253,243,396	-	3,870,374	3,709,621	15,270,484	1,565,492	18,757,867	803,300,611
Additions	1,777,648	103,816,149	16,527,314	-	-	-	-	1,932,417	124,053,527
Previous year adjustment									
Transfer/Correction	(6,500)	-	-	-	-	-	-	-	(6,500)
Disposals	-	-	-	-	-	-	-	-	-
As at 31st December 2023	508,654,524	357,059,545	16,527,314	3,870,374	3,709,621	15,270,484	1,565,492	20,690,284	927,347,638
Accumulated Depreciation									
				Coconut	Pepper	Rubber	Coffee	Other	Total
As at 1st January 2023	368,101,655	Immature Plantation	Immature Plantation						
Depreciation Charge for the Year	2,381,862	-	-	2,841,452	2,527,333	5,322,808	1,433,107	1,739,899	381,966,254
Previous Year Adjustment	(140,980)	-	-	517,483	125,435	1,138,502	7,702	552,635	4,723,618
Transfer/Corrections	(19,711)	-	-	-	(4,825)	1,931	(2,189)	13,368	(128,317)
Disposals	-	-	-	-	-	-	-	-	(19,711)
As at 31st December 2023	370,322,825	-	-	3,358,935	2,647,942	6,463,241	1,442,908	2,305,901	386,541,844
Net book value									
As at 31st December 2023	138,331,699	357,059,545	16,527,314	511,439	1,061,679	8,807,242	122,494	18,384,383	540,805,794
Net book value as at 31st December 2023									540,805,794

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

9 BIOLOGICAL ASSETS - CONSUMABLE

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

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

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

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

10 INVESTMENT PROPERTY

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

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

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

	Gazette No.	Gazette Date	Vested by	Number of lands vested to SLSPC	Lands handed over to RPCs	Lands with SLSPC
1	150/12	24.07.1981	LRC	38	38	-
2	569/14	02.08.1989	LRC	3	3	-
3	571/14	18.08.1989	LRC	1	1	-
4	157/13	03.04.1975	Other Govt. Ins.	5	5	-
5	181/12	27.02.1982	LRC	80	54	26
6	195/6	31.05.1981	LRC	14	9	5
7	206/15	20.08.1982	LRC	1	-	1
8	230/12	02.02.1983	LRC	1	1	-
9	439/18	06.02.1987	Other Govt. Ins.	1	-	1
10	937/2	19.08.1996	LRC	7	7	-
11	815/10	21.04.1994	LRC	123	122	1
Total Lands				274	240	34

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

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

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

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

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

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

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

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

b). Trade Debtors - Estates includes the following	As at	As at
	31.12.2023	31.12.2022
Sundry Debtors	38,390,538	37,164,388
Consumer debtors	41,071,407	41,071,407
Sundry Income Debtors	2,588,530	2,588,530
J.E.D.B	1,668,269	1,668,269
Debtors for Produce	726,644	726,644
Less : Prov. Unidentified Nursery Balances	(10,524,054)	(10,524,054)
Less : Specific Impairment of estate debtors	(47,537,070)	(47,537,070)
Less : Provision for Bad Debts	(1,591,349)	(1,591,349)
Other Debtors - Current account balances	167,367,998	156,615,421
	<u>192,160,912</u>	<u>180,182,185</u>

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

13 CASH AND CASH EQUIVALANTS	As at	As at
	31.12.2023	31.12.2022
(a). Favourable Balances :	Rs.	Rs.
Cash in hand and at bank		
- Head Office & Regional Office	3,125,608	105,048,534
- All Plantations	1,963,235	4,489,398
	<u>5,088,843</u>	<u>109,537,932</u>
(b). Negative Balances		
- Peoples Bank Current Accounts	(135,391,076)	(147,576,144)
Cash & Cash Equivalents at end of the year	(130,302,233)	(38,038,213)

(c). We have obtained a permanent over draft (POD) facilities for Rs. 130.0 Million from peoples bank and the facility is secured against the Asset/s below. ** The (No Suggestions) building value is based on the valuation done by the Chartered Valuation Surveyor assigned by the People's Bank on 02nd August 2023.

Present structure of the Permanent overdraft (POD) Facility

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

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

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

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

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

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

16 TRADE AND OTHER PAYABLES

	As at 31.12.2023	As at 31.12.2022
	Rs.	Rs.
Head office (a)	442,622,983	348,855,720
Estates (b)	1,714,254,373	1,600,879,129
	2,156,877,357	1,949,734,850

a). Trade and other payables for Head office includes the following

	As at 31.12.2023	As at 31.12.2022
Perth Estate	6,510,411	6,610,411
Janatha Estates Development Board (JEDB)	97,709,342	97,709,342
Advance Received Made Tea Brokers	18,316,765	247,000
Advance Received - Green Leaf Buyers	1,449,988	369,340
Advance payments - Tender Customers	1,139,492	-
Sanstha Tea Customers - Over Payments	6,872	-
State Resources Management Corporation	28,709,029	28,709,029
Fertilizer Corporation	35,931,679	35,931,679
Chilaw Plantation	41,210,959	39,610,959
Loan - Lanka Mineral Sands	25,000,000	25,000,000
Accrued Expenses	23,306,903	19,277,659
EPF - Payable	22,926,897	20,101,188
ESPS - Payable	11,692,077	8,965,776
CPPS - Payable	18,135,315	14,445,397
E.T.F Payable	293,615	175,062
Refundable deposits	41,402,978	38,654,512
Gratuity Payable	3,253,946	1,627,943
Sri Lanka Tea Board -Fertilize	6,666,672	-
Interest payable - PB Loan 100M	20,054,428	6,537,285
Other Payables	8,805,616	4,883,139
Total	442,622,983	348,855,720

b). Trade and other payables for Estates includes the following

	As at 31.12.2023	As at 31.12.2022
Sundry Creditors	6,838,664	5,952,080
Holiday Pay Provision	993,725	1,500,749
Holiday Pay	20,773,747	24,014,560
Elkaduwa Plantation	172,137	172,137
Other Liabilities	102,183,652	57,431,311
Trade Unions	9,557,646	8,714,745
Staff and Workers Payables	34,188,575	50,066,403
Prov. for Audit Fees & Insurance	7,700,651	8,182,158
E. P. F. Payable	666,314,285	617,378,035
E.S.P.S Payable	61,620,943	44,089,555
C.P.P.S. Payable	24,954	24,954
E.T.F. Payable	49,438,814	45,837,829
Gratuity Payable	625,998,758	550,685,803
Accrued Expenses	13,920,970	80,865,163
Attendance Bonus Provision	1,009,067	1,192,301
E.P.F Surcharges Payable	78,378,572	77,726,161
E.T.F Surcharges Payable	9,295,631	6,427,665
Gratuity Surcharges Payable	25,843,582	20,617,519
Total	1,714,254,373	1,600,879,129

16.1 Bank Loan - (People's Bank)

	As at 31.12.2023	As at 31.12.2022
	79,310,000	100,000,000

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

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

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

21 INCOME TAX

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

Sri Lanka State Plantations Corporation

NOTES TO THE FINANCIAL STATEMENTS

22 RELATED PARTY TRANSACTIONS

Transactions with State and State Controlled Entities

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

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

23 COMMITMENTS AND CONTINGENCIES

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

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

24 EVENTS AFTER THE BALANCE SHEET DATE

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

25 PRIOR YEAR ADJUSTMENTS

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

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

26 DEFERRED ASSETS

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