

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	2023 Rs.	2022 Rs.
Revenue	4	16,111,246,367	19,287,059,633
Cost of Sales		(11,600,170,608)	(10,550,156,934)
Gross Profit		<u>4,511,075,759</u>	<u>8,736,902,699</u>
Other Income and Gains	5	215,532,916	207,049,922
Administrative Expenses		(1,828,748,836)	(3,352,575,449)
Finance Cost	6	(34,663,657)	(87,338,394)
Finance Income	6	474,334,162	541,537,093
Profit/(Loss) before tax	7	<u>3,337,530,344</u>	<u>6,045,575,871</u>
Income Tax Expense	8	-	(1,131,502,649)
Profit/(Loss) for the year		<u>3,337,530,344</u>	<u>4,914,073,222</u>
Other Comprehensive Income for the period, net of tax		-	(125,052,954)
Total Comprehensive Income/ (Expense) for the period, net of tax		<u><u>3,337,530,344</u></u>	<u><u>4,789,020,268</u></u>
Earnings/(Loss) Per Share	9	33,375,303	49,140,732

The Accounting Policies and Notes on pages 8 to 33 form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

ASSETS	Note	2023	2022
		Rs.	Rs.
Non-Current Assets			
Property, Plant and Equipment	10	2,748,989,512	2,435,563,340
Non Current Investments	8	-	43,544,918
		<u>2,748,989,512</u>	<u>2,479,108,258</u>
Current Assets			
Inventories	11	8,351,132,646	4,961,314,936
Biological Assets	12	814,524,563	890,667,065
Trade and Other Receivables	13	348,462,584	611,771,676
Advances and Prepayments		798,256,933	148,669,124
Loans Due from Farmers	14	1,235,414,607	1,463,467,286
Amounts due from Related Parties	25.1	-	-
Investments	15	2,932,172,626	1,237,947,390
Cash and Cash Equivalents	21	268,093,971	3,972,130,456
		<u>14,748,057,930</u>	<u>13,285,967,934</u>
		<u>17,497,047,442</u>	<u>15,765,076,191</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	16	1,000	1,000
Government Grant	17	4,759,488,363	4,674,488,363
Accumulated Profits		9,559,527,920	6,573,568,061
Total Equity		<u>14,319,017,283</u>	<u>11,248,057,424</u>
Non-Current Liabilities			
Deferred Tax Liability	8	580,381,458	580,381,458
Retirement Benefit Liability	19	772,376,730	814,574,021
Interest Bearing Loans and Borrowings	18	85,434,960	128,784,134
		<u>1,438,193,148</u>	<u>1,523,739,613</u>
Current Liabilities			
Interest Bearing Loans and Borrowings	18	55,519,309	128,842,356
Trade and Other Payables	20	2,466,268,899	2,292,075,108
Income Tax Payable		861,160,887	1,207,048,360
Amounts due to Related Parties		(1,992,575,982)	(634,686,671)
Bank Overdraft		349,463,896	-
		<u>1,739,837,008</u>	<u>2,993,279,153</u>
Total Equity and Liabilities		<u>17,497,047,440</u>	<u>15,765,076,191</u>

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 Deputy General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by:

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 Director

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 Director

The Accounting Policies and Notes on pages 8 to 33 form an integral part of these financial statements.

26th July 2023

Colombo

Banika Sugar Company (Private) Limited
STATEMENTS OF CHANGES IN EQUITY
Year ended 31 December 2023

	Stated Capital Rs.	Government Grant Rs.	Accumulated Profits Rs.	Total Rs.
As at 1 January 2022		4,674,488,363	1,535,883,363	6,210,371,726
Adjustment Entry NBT Reversal	-	-	109,138,256	109,138,256
Prior Year Adjustments	-	-	139,526,174	139,526,174
Profit/(Loss) for the year	-	-	4,914,073,222	4,914,073,222
Other Comprehensive Income	-	-	(125,052,954)	(125,052,954)
Total comprehensive income	-	-	4,789,020,268	4,789,020,268
As at 31 December 2022	-	4,674,488,363	6,573,568,061	11,248,056,424
Government Grant Received	-	85,000,000		85,000,000
Adjustment Entry NBT Reversal	-			-
Prior Year Adjustments	-			-
Profit for the year	-		3,337,530,344	3,337,530,344
Dividends Payment			(351,570,485)	(351,570,485)
Other Comprehensive Income			-	-
Total comprehensive income	-	-	2,985,959,859	2,985,959,859
As at 31 December 2023	-	4,759,488,363	9,559,527,920	14,319,016,283

The Accounting Policies and Notes on pages 8 to 33 form an integral part of these financial statements.

Lanka Sugar Company (Private) Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2023

Cash flows From / (Used in) Operating Activities	Note	2023 Rs.	2022 Rs.
Profit/(Loss) before Taxation		3,337,530,344	6,045,575,871
Adjustments for,			
Depreciation	10	-	378,551,821
Loss on sale of property, plant and equipment			-
Finance Income	6	(474,334,162)	(541,537,093)
Finance Cost	6	34,663,657	87,338,394
Provision for Retirement Benefit Liability	10	60,000,000	122,333,520
Provision for farmer loans	11	(3,618,596)	(3,618,596)
Prior Year Adjustments		248,664,430	248,664,430
Bad Debts			
Operating Profit before Working Capital Changes		<u>3,202,905,673</u>	<u>6,337,308,347</u>
(Increase)/Decrease in Inventories		(3,389,817,710)	(2,345,626,124)
Increase in Trade and Other Receivables		(386,278,717)	(337,845,786)
Decrease in Loans Due from Farmers		231,671,275	(450,055,042)
Increase/(Decrease) in Related Party Payables		(1,357,889,311)	(612,498,720)
Increase/(Decrease) in Trade and Other Payables		143,101,589	(15,920,581)
Net Cash From Operating Activities		<u>(1,556,307,201)</u>	<u>2,575,362,094</u>
Income Tax Paid			
Retirement Benefit Liability Paid	19	<u>(102,197,291)</u>	<u>(23,809,975)</u>
Net Cash Flows From Operating Activities		<u>(1,658,504,492)</u>	<u>2,551,552,119</u>
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant and Equipment		-	(864,985,546)
Net (increase)/decrease in investments in Fixed Deposits		(1,650,680,318)	1,253,981,953
Investment in Biological Assets		76,142,502	(101,178,776)
Proceeds from the sale of Property, Plant and Equipment		-	-
Finance Income Received	6	<u>474,334,162</u>	<u>541,537,093</u>
Net Cash Flows Used in Investing Activities		<u>(1,100,203,654)</u>	<u>829,354,724</u>
Cash Flows From / (Used in) Financing Activities			
Loans/Finance Leases obtained		-	
Loans settlements	18	-	(8,106,458)
Government Grants Received		(266,570,485)	
Principle payments under finance lease obligation	18	-	(103,220,945)
Interest paid	6	(34,663,657)	(87,338,394)
Dividends paid		-	-
Net Cash Flows Used in Financing Activities		<u>(301,234,142)</u>	<u>(198,665,797)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		<u>(3,059,942,289)</u>	<u>3,182,241,046</u>
Cash and Cash Equivalents at the beginning of the year	21	<u>3,972,130,454</u>	<u>789,889,406</u>
Cash and Cash Equivalents at the end of the year	21	<u><u>912,188,167</u></u>	<u><u>3,972,130,454</u></u>

The Accounting Policies and Notes on pages 8 to 33 form an integral part of these financial statements.

Banka Sugar Company (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4. REVENUE		2023	2022		
		Rs.	Rs.		
4.1 Summary					
Sales of Goods		16,111,246,367	19,287,059,633		
		<u>16,111,246,367</u>	<u>19,287,059,633</u>		
4.2 Revenue is derived from the following:					
Sugar		10,035,078,568	9,325,955,975		
Molasses		456,812,236	13,431,087		
ENA		5,619,355,563	9,947,672,571		
Hand Sanitizer		-	-		
		<u>16,111,246,367</u>	<u>19,287,059,633</u>		
4.3 Segment Information					
	Head Office	Pelwatte Division	Sevanagala Division	Elimination	Total
	Ks	Rs.	Rs.	Rs.	Rs.
Segment Revenue	56,400,000	10,579,181,490	5,532,064,877	(56,400,000)	16,111,246,367
Segment Results					
Gross Profit /(Loss)	56,400,000	2,663,533,794	1,847,541,966	(56,400,000)	4,511,075,760
Other					
Capital Expenditure	-	-	-	-	-
Depreciation	-	-	-	-	-
Segment Assets					
Non Current Assets	520,822,813	1,787,214,688	440,952,011	-	2,748,989,512
Current Assets	172,884,193	8,832,505,257	8,948,851,604	(3,206,183,125)	14,748,057,929
Segment Liabilities					
Non Current Liabilities	706,416	1,204,550,961	232,935,772	-	1,438,193,149
Current Liabilities	266,192,202	3,006,841,182	1,672,986,753	(3,206,183,125)	1,739,837,012
5. OTHER INCOME AND GAINS					
				2023	2022
				Rs.	Rs.
Other Service Income				96,686,277	175,430,759
Sundry Income				118,846,639	31,619,163
				<u>215,532,916</u>	<u>207,049,922</u>
6. FINANCE COST AND INCOME					
6.1 Finance Cost				2023	2022
				Rs.	Rs.
Interest Expenses on Bank Loans				-	48,865,753
Interest Expenses on Bank Overdrafts				15,749,343	6,162,674
Finance Charges on Lease Liabilities				18,914,314	32,309,967
				<u>34,663,657</u>	<u>87,338,394</u>
6.2 Finance Income					
Interest Income on Fixed Deposits				474,334,162	541,534,373
Other Interest Income				-	2,720
				<u>474,334,162</u>	<u>541,537,093</u>

Year ended 31 December 2023

7. PROFIT BEFORE TAX	2023	2022
Stated after Charging	Rs.	Rs.
Included in Cost of Sales		
Employee Benefits including the following		
- Defined Contribution Plan Costs - EPF and ETF	-	323,336,509
Depreciation	-	378,551,821
Provision on Farmer Loans	-	(3,618,596)
Included in Administrative Expenses		
Employee Benefits including the following		
- Defined Benefit Plan Costs - Gratuity	-	122,173,101
- Defined Contribution Plan Costs - EPF and ETF	-	103,415,629
Depreciation	-	86,146,079
Management Fee	-	48,300,000
Audit Fee	-	850,000
8. INCOME TAX EXPENSE/(REVERSAL)	2023	2022
	Rs.	Rs.
Current Income Tax	-	901,348,746
Deferred Tax Charge/ (Reversal) (Note 8.2)	-	230,153,903
	-	1,131,502,649
8.1 Reconciliation between Current Tax Expense/(Income) and the product of Accounting Profit/(Loss)		
Accounting profit /(loss) before tax	3,337,530,344	6,045,575,871
Exempt Income /Interest Income		(2,573,877,312)
Adjusted accounting profit/(loss) before tax	3,337,530,344	3,471,698,559
Aggregate disallowed items		451,904,703
Aggregate allowed items		(256,005,921)
Adjustment for Other Income		(704,179,471)
Business profit/(Loss) for tax purpose	3,337,530,344	2,963,417,870
Less : Losses from business		-
Total Assessable Income from business income	3,337,530,344	2,963,417,870
Total Assessable Income from investment income		704,179,471
Total Assessable Income	3,337,530,344	3,667,597,341
Tax losses utilized during the year		-
Taxable Income	3,337,530,344	3,667,597,341
Income Tax at @ 18%		266,707,608
Income Tax at @ 24%		84,501,536
Income Tax at @ 30%		550,139,602
	-	901,348,746
8.2 Deferred Tax Assets	Statement of Financial Position	Statement of Profit and Loss
	2023	2022
	Rs.	Rs.
Deferred Tax Liability		
On Property, Plant & Equipment	(823,667,805)	363,828,290
	-	(823,667,805)
Deferred Tax Asset		
On Property, Plant & Equipment	-	-
On Retirement Benefit Obligation	244,372,206	(137,992,652)
On Tax Loss /Provisions	(1,085,579)	4,318,265
	-	(133,674,387)
	-	230,153,903
Deferred Income Tax reversal	-	-
Net Deferred Tax Asset/(Liability)	-	(580,381,178)
9. EARNINGS/(LOSS) PER SHARE		
9.2 Amounts Used as Numerator:	2023	2022
	Rs.	Rs.
Net Profit/(Loss) Attributable to Ordinary Shareholders for Earnings Per Share	3,337,530,344	4,914,073,222
Numbers of Ordinary Shares Used as Denominator:	2023	2022
	Number	Number
Weighted average Number of Ordinary Shares Applicable to Basic Earnings/(Loss) Per Share	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

10. PROPERTY, PLANT AND EQUIPMENT (Contd....)

10.3 Net Book Values	2023 Rs.	2022 Rs.
Land	-	44,149,728
Land Development	-	103,158,907
Factory Buildings	-	70,113,101
Buildings Others	-	129,878,947
Field Machinery and Equipment	-	230,689,895
Irrigation and Miscellaneous Equipment	-	(5,974,687)
Factory Plant and Equipment	-	746,307,449
Other Plant and Machinery	-	28,833,188
Storage Tank	-	22,817,460
Roads and Bridges	-	1,568,430
Laboratory Equipment	-	-
Motor Vehicles	-	35,701,480
Furniture, Fittings and Equipment	-	51,050,176
Settler Zone Infrastructure	-	1,849,971
	<u>-</u>	<u>1,460,144,045</u>
Assets on Finance Lease		
Motor Vehicles	-	2,294,667
New Holland Tractor	-	-
Mahindra Tractors	-	99,310,581
	-	52,164,000
Field Machinery and Equipment	-	179,317,960
	<u>-</u>	<u>333,087,208</u>
In the Course of Construction		
Land Development	-	11,921,421
Building - Others	-	58,339,565
Bio Fertilizer Factory Building	-	309,357,726
Factory Plant and Equipment	-	84,676,675
Furniture, Fittings and Equipment	-	-
Hotel Project	-	37,410,797
Compost Plant	-	1,897,609
Irrigation Project	-	15,969,604
Power Generation Project	-	2,008,690
Water Treatment Plant	-	-
	<u>-</u>	<u>521,582,087</u>
In the Course of Construction - On Finance Leases		
Factory Plant and Equipment	-	-
	<u>-</u>	<u>-</u>
Total carrying amount of Property, Plant and Equipment	<u>2,748,989,512</u>	<u>2,314,813,340</u>

10.4 During the financial period, the company acquired Property, Plant and Equipment to the aggregate value of Rs. (2022 - Rs.1,001,722,827/-) for cash.

10.5 The useful lives of the assets is estimated as follows;

	2023	2022
Land Development	50 Years	50 Years
Factory Buildings	50 Years	50 Years
Buildings Others	50 Years	50 Years
Field Machinery and Equipment	5 - 6.67 Years	5 - 6.67 Years
Irrigation and Miscellaneous Equipment	16.67 Years	16.67 Years
Factory Plant and Equipment	10-20 Years	10-20 Years
Other Plant and Machinery	5 - 20 Years	5 - 20 Years
Roads and Bridges	20 Years	20 Years
Motor Vehicles	2 - 5 Years	2 - 5 Years
Furniture, Fittings and Equipment	4 - 5 Years	4 - 5 Years

10 PROPERTY, PLANT AND EQUIPMENT (Contd....)

10.6 Reference to the letters from the Department of Valuation dated 07 May 2013 and 26 May 2014, Pelwatte and Sevanagala Divisions did receive valuation reports for its buildings, plant and machinery, agri equipment and motor vehicles. However only the value relating to Plant and Machinery of Sevanagala Division has been incorporated into these financial statements due to several inconsistencies identified by the management in the information contained in such reports.

Whilst the provisions of the Revival of Underperforming Enterprises or Underutilised Assets Act No.43 of 2011 relate only to the transfer of immovable assets to the respective divisions, Pelwatte and Sevanagala Divisions in substance continues to use the assets transferred from the previous owners. However, in accounting for the assets acquired prior to the Act, the Property, Plant and Equipment of Pelwatte Division includes the continuing book balances of previous owners to their books on which depreciation rates have applied, whilst the Property, Plant and Equipment of Sevanagala Division only contains the value of Plant and Machinery based on the valuations carried out.

The value of those revalued amounts which have not been incorporated to these financial statements are as follows.

	Pelwatte Division Rs.	Sevanagala Division Rs.
Buildings	766,250,000	3,757,500,000
Plant and Machinery	1,399,000,000	769,500,000
Motor Vehicles	390,600,000	-
Agri Equipment	72,000,000	330,700,000
11. INVENTORIES	2023 Rs.	2022 Rs.
Produced Inventory (11.1)	5,519,042,763	2,486,004,294
Other Inventory (11.2)	2,832,089,883	2,475,310,642
	<u>8,351,132,646</u>	<u>4,961,314,936</u>
11.1 Produced Inventory		
Sugar	2,941,890,805	925,505,450
Molasses	1,621,195,706	1,280,106,810
ENA	955,956,252	280,392,034
	<u>5,519,042,763</u>	<u>2,486,004,294</u>
11.2 Other Inventory		
Fuel and Lubricants	275,766,790	314,934,083
Factory Chemicals	59,516,235	28,658,819
Production Items Distillery	-	10,017,404
Bags and Liners	6,310,200	108,064,233
Fertilizers	298,278,538	561,644,514
General	211,454,492	89,261,493
Agriculture Spares	378,300,787	253,043,731
Stationery	12,739,768	6,772,941
Factory Spares	636,216,009	719,786,068
Other Inventory	-	-
Tires and Tubes	42,729,647	140,034,903
Other Inventory	715,481,538	4,831,870
	<u>2,636,794,003</u>	<u>2,237,050,059</u>
Less: Provision for Obsolete Stocks	(9,251,437)	(9,251,437)
	<u>2,627,542,566</u>	<u>2,227,798,622</u>
Goods-in-Transit	204,547,317	247,512,020
	<u>2,832,089,883</u>	<u>2,475,310,642</u>
12. BIOLOGICAL ASSETS	2023 Rs.	2022 Rs.
Standing Cane	814,524,563	890,667,065
	<u>814,524,563</u>	<u>890,667,065</u>
13. TRADE AND OTHER RECEIVABLES	2023 Rs.	2022 Rs.
Trade Receivables	3,611,050	3,340,350
Other Receivables	84,568,151	363,123,083
Staff Loans (13.1)	260,283,383	245,308,243
	<u>348,462,584</u>	<u>611,771,676</u>
13.1 Staff Loans		
Balance at the beginning of the year	-	28,759,443
Loans granted during the year	-	357,617,054
Repayments made during the year	-	(112,016,251)
Balance at the end of the year	-	<u>244,330,243</u>

14. LOANS DUE FROM FARMERS

	2023 Rs.	2022 Rs.
Balance at the beginning of the year	2,017,532,190	1,567,477,148
Loans granted during the year	-	1,745,641,329
Loans recovered during the year	-	(377,951,861)
Total Loans Granted	1,306,904,271	2,017,532,190
Less: Provision for Doubtful Recoveries	(71,489,664)	(554,064,904)
Balance at the end of the year	1,235,414,607	1,463,467,286

15. INVESTMENTS

	2023 Rs.	2022 Rs.
Current		
Fixed Deposits	2,932,172,626	1,237,947,390
	2,932,172,626	1,237,947,390

16. STATED CAPITAL

	2023 Number	2023 Rs.	2022 Number	2022 Rs.
Fully Paid Ordinary Shares	100	1,000	100	1,000

17. GOVERNMENT GRANT

	2023 Rs.	2022 Rs.
As at beginning of the period	4,674,488,363	4,047,943,334
Received During the year		626,545,029
	4,674,488,363	4,674,488,363

Government acquired the company's land (including any building and fixtures or fittings which are part of such building and any building belonging to and appurtenant thereto or treated as part and parcel thereof) by the revival of Underperforming Enterprises or Underutilized Assets Act, No. 43 of 2011 on 11/11/2011 and appointed a competent Authority to govern the company. Competent authority has governed the company from 11/11/2011 to 30/09/2012. Effective from 01 October 2012 all the assets and liabilities which were vested with the Competent Authority, was transferred to Lanka Sugar Company (Private) Limited.

18. INTEREST BEARING LOANS AND BORROWINGS

	2023			2022		
	Amounts Repayable Within 1 Year Rs.	Amounts Repayable After 1 year Rs.	Total Rs.	Amounts Repayable Within 1 Year Rs.	Amounts Repayable After 1 year Rs.	Total Rs.
Bank Loans (18.1)	-	-	-	58,725,348	101,792,568	160,517,916
Finance Leases (18.2)	55,519,309	85,434,960	140,954,268	70,117,008	26,991,566	97,108,574
	55,519,309	85,434,960	140,954,268	128,842,356	128,784,134	257,626,490

18.1 Bank Loan

	As at 01.01.2023 Rs.	New Loans Obtained Rs.	Repayments Rs.	As at 31.12.2023 Rs.
Bank of Ceylon	-	-	-	-
Sampath Bank	-	-	-	-
NDB Bank	-	-	-	-
	-	-	-	-

18.2 Finance Leases

	As at 01.01.2023 Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.12.2023 Rs.
Bank of Ceylon	290,101,065	-	-	290,101,065
Gross Liability	290,101,065	-	-	290,101,065
Finance Charges Allocated to Future Periods	(32,474,575)	-	-	(32,474,575)
Net Liability	257,626,490	-	-	257,626,490

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. RETIREMENT BENEFIT LIABILITY	2023	2022
	Rs.	Rs.
As at the beginning of the period	814,574,021	590,997,522
Interest Cost	-	64,949,668
Current service cost	60,000,000	57,383,852
Benefit Paid	(102,197,291)	(23,809,975)
Actuarial (Gain)/Loss	-	125,052,954
As at the end of the period	<u>772,376,730</u>	<u>814,574,021</u>
19.1 Messers Actuarial and Management Consultation (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 December 2023. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.		
The key assumptions used in determining the cost of employee benefits were:		
	2023	2022
Pelawatte Division		
Discount Rate	18.00%	8.50%
Rate of Salary Increase	10.00%	1.50%
Retirement Age	60 Years	60 Years
Sevanagala Division		
Discount Rate	18.00%	11.00%
Rate of Salary Increase	Fixed amount	Fixed amount
Retirement Age	60 Years	60 Years
20. TRADE AND OTHER PAYABLES		
	2023	2022
	Rs.	Rs.
Trade Payables (20.1)	2,207,666,312	317,383,067
Advances Received from customers	-	585,551,037
Other Payables (20.2)	50,858,962	58,995,906
Sundry Creditors including Accrued Expenses (20.3)	207,743,628	1,245,567,943
Distilleries Company of Sri Lanka PLC	-	24,784,659
Recovered from Farmers	-	59,792,499
	<u>2,466,268,902</u>	<u>2,292,075,111</u>
20.1 Trade Payables		
Trade Creditors	<u>2,207,666,312</u>	<u>317,383,067</u>
	<u>2,207,666,312</u>	<u>317,383,067</u>
20.2 Other Payables		
VAT Payable	29,919,082	32,817,299
NBT Payable	-	-
Social Security Contribution Levy	20,939,880	26,178,607
	<u>50,858,962</u>	<u>58,995,906</u>
20.3 Sundry Creditors including Accrued Expenses		
Sundry Creditors	144,866,052	598,103,993
Accrued Expenditure	62,877,576	647,463,950
	<u>207,743,628</u>	<u>1,245,567,943</u>
21. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Components of Cash and Cash Equivalents		
	2023	2022
	Rs.	Rs.
21.1 Favorable Cash and Cash Equivalents Balances		
Cash and Bank Balances	268,093,971	2,228,543,278
Investment below 03 months	-	1,743,587,178
	<u>268,093,971</u>	<u>3,972,130,456</u>
21.2 Unfavorable Cash and Cash Equivalent Balances		
Bank Overdrafts	349,463,896	-
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	<u>617,557,867</u>	<u>3,972,130,456</u>

22. COMMITMENTS AND CONTINGENCIES**Capital Expenditure Commitments**

As per the provisions of the Act of Revival of Underperforming Enterprises and Underutilized Assets No.43 of 2011, Government has acquired the immovable assets of Sevanagala Sugar Industries as at 11 November 2011. Previous Management has filed a case against this acquisition. Reference to above stated act, the liabilities should be settled through Labor Tribunal.

At the end of year 2022, Pelwatte Division had 19 legal cases filed by the employees and out side parties against the company and a provision of Rs. 8,500,000 has been made in the financial statements for contingent liability. Sevanagala Division had 07 legal cases in various courts, that were filed by the employees and out side parties against the company. However the Company is unable to confirm any contingency payment that require adjustments or disclosures in the Financial Statements.

		Rs.	
23. Assets Pledged			
Fixed Deposits	Overdraft facility of A/C No 73947899 Bank Of Ceylon		Investment
Fixed Deposits	Overdraft facility of A/C No 75751012 Bank Of Ceylon		Investment
Fixed Deposits	Fertilizer Project of A/C No 73927950 Bank Of Ceylon		
Fixed Deposits	Term Loan - NDE Bank		Investment
Fixed Deposits	Term Loan - Bank of Ceylon		Investment
Fixed Deposits	Permanent Overdraft -Peoples Bank		Investment

24. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments or disclosure in the Financial Statements.

25. RELATED PARTY DISCLOSURES**25.1 Amounts due from Related Parties**

	2023	2022
	Rs.	Rs.
Receivable from Kanthale Sugar Industries	8,831,204	8,831,204
Receivable from Hingurana Sugar Industries	548,134	548,134
Ministry Of Sugar Industry Receivable	3,453,231	3,453,231
SSP Project - Badulla	6,665,725	6,665,725
	<u>19,498,293</u>	<u>19,498,293</u>
Provision for Bad Debts	(19,498,293)	(19,498,293)
	<u>-</u>	<u>-</u>

25.2 Transactions with Key Management Personnel of the Company

The key management personnel of the Company are the members of its Board of Directors.

Key Management Personnel Compensation

	2023	2022
	Rs.	Rs.
Directors Fee	-	820,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise interest bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's management oversees the management of these risks. The Company's management determine on financial risks and the appropriate financial risk governance framework for the Company. The financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term deposits carrying floating interest rates. The Company manages its risk against fluctuating interest by borrowing on fixed interest rate and maintaining investment in floating interest bearing deposits at a insignificant level.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Customer credit risk is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The amount of trade receivables were insignificant since most of the trading is done after receiving an advance from the customers. However the requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The Company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are largely unrelated.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables and deposits with banks and are disclosed in Note 13 and Note 15 respectively.

Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years
Interest-bearing loans and borrowings	(349,463,896)		55,519,309	85,434,960
Trade and other payables	2,466,268,899			
	<u>2,116,805,003</u>	<u>-</u>	<u>55,519,309</u>	<u>85,434,960</u>

Capital management

Capital includes equity attributable to the equity holders of the company. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Interest Bearing Borrowings	(208,509,628)
Trade and Other Payables	2,466,268,899
Less: Cash and Cash Equivalents	<u>(268,093,971)</u>
Net Debt	1,989,665,300
Equity	<u>14,319,017,283</u>
Total Capital	<u><u>14,319,017,283</u></u>
Gearing ratio	12.20%

27. FAIR VALUE MEASUREMENT

Financial instruments of the Company reflected at amortised cost in these financial statements included cash, cash equivalents, trade receivables, other receivables, trade and other payables and interest bearing loans and borrowings.

The management assess that the fair value all financial instruments approximate their carrying amount largely due to the short term maturities and market based interest rates of these instruments

Lanka Sugar Company (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

28. EVENTS AFTER THE REPORTING PERIOD

No any circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the Financial Statements.

29 RELATED PARTY DISCLOSURE

Related Parties of Lanka Sugar Company (Private) Limited are Ministry of Plantation Industries, General Treasury of Sri Lanka and the Board of Directors. There are no transactions with aforesaid related parties in the reporting financial year, except for the directors' emoluments and fee which already have been declared in the note 25 to this Financial Statements

29 Transactions with Key Management Personnel

29.1. Loans to Directors

No loans have been given to the Directors of the Company.

29.1. Other Transactions With Key Management Personnel

There are no other transactions with the related parties during the reporting financial period.

30. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and assets reported during the financial year ended 31.12.2022 except those mentioned under Note No 22 to the Financial Statement.

31. AGRICULTURE

Biological Assets are stated at fair value and shown under current-assets since they realize within a period of one year and is given in the note 12 to this Financial Statements.

DETAILED COST AND EXPENDITURE STATEMENT

Year ended 31 December 2023

COST OF SALES		2023	2022
		Rs.	Rs.
Nucleus Estate Cost	I	1,411,340,866	886,632,409
Research and Extension	II	462,698,224	352,166,352
Settler Expenditure	III	1,955,616,505	1,825,039,790
Out grower Expenditure	IV	2,387,800,318	2,039,906,896
ISFO Expenditure	V	338,158,404	282,882,349
Factory Cost	VI	1,211,303,458	1,282,022,802
Distilleries Cost	VII	2,127,501,875	1,008,151,263
Agriculture Services	VIII	917,734,212	803,093,544
Cost of Molasses Production		(1,014,520,000)	-
		<u>9,797,633,862</u>	<u>8,479,895,405</u>
Stock Movements			
(Increase) / Decrease in Sugar Stock		(1,679,174,922)	(419,825,349)
(Increase)/ Decrease in Molasses Stock			(335,451,350)
(Increase)/Decrease in ENA Stock		(202,811,243)	(108,773,428)
(Increase) / Decrease in Sanitizer Stock			
		<u>7,915,647,697</u>	<u>7,615,845,278</u>
Cost of Sales - Sevanagala	IX	3,684,522,911	2,934,311,656
Total Cost of Sales		<u><u>11,600,170,608</u></u>	<u><u>10,550,156,934</u></u>

DETAILED COST AND EXPENDITURE STATEMENT

Year ended 31 December 2023

STATEMENT I

	2023	2022
	Rs.	Rs.
NECLEUS ESTATE COST		
Cost of Cane Harvested - Commercial	864,161,394	417,747,747
Cost of Cane Harvested - Seed	16,174,080	489,900
Cane Cutting, Loading & Transport	277,962,236	212,349,521
Estate Supporting Operation	9,205,550	10,739,495
Estate Protection	115,885,121	103,014,843
Agriculture Engineering	11,930,726	27,498,685
Administration and Other Overheads	143,682,095	122,407,072
Valuation Adjustment	(8,888,121)	(7,175,564)
	<u>1,430,113,081</u>	<u>887,071,699</u>
Seed Cane Recoveries	(18,772,215)	(439,290)
	<u><u>1,411,340,866</u></u>	<u><u>886,632,409</u></u>

STATEMENT II

	2023	2022
	Rs.	Rs.
RESEARCH AND EXTENSION COST		
Cost of Seed Cane Harvested - Seed	445,888,742	203,936,681
Cost of Seed Cane Harvested - Commercial	97,640,121	101,737,809
Cane Cutting, Loading and Transportation	98,445,324	51,165,353
Agronomy Administration & Other Overheads	64,028,788	60,528,130
Agronomy Research	6,224,365	4,225,369
Estate Protection	6,171,499	4,212,295
Engineering Maintenance	1,114,427	913,937
Valuation Adjustment	(2,834,702)	(2,245,478)
	<u>716,678,564</u>	<u>424,474,096</u>
Seed Cane Recoveries	(253,980,340)	(72,307,744)
	<u><u>462,698,224</u></u>	<u><u>352,166,352</u></u>

STATEMENT III

	2023	2022
	Rs.	Rs.
SETTLER EXPENDITURE		
Cane Purchases	1,608,225,726	1,376,360,995
Settler Development Cost	62,816,247	188,260,769
Administration and Other Overheads	271,284,974	219,744,416
Settler Engineering Maintenance	21,889,129	19,647,739
Cost of cane Nurseries	(7,858,861)	47,432,804
Cane Cutting, Loading & Transport - Nurseries		3,193,802
Valuation Adjustment		(11,206,478)
Settler write off cost	1,956,357,215	1,843,433,547
Seed Cane Recoveries	(740,710)	(18,393,757)
	<u><u>1,955,616,505</u></u>	<u><u>1,825,039,790</u></u>

STATEMENT IV

	2023	2022
	Rs.	Rs.
OUT GROWER EXPENDITURE		
Cane Purchases	1,764,766,585	1,437,353,565
Out grower Development Cost	131,059,318	215,717,640
Out grower Administration & Other Overheads	296,515,990	231,348,424
Buying Station Cost	92,654,237	52,733,899
Out grower Engineering Cost	9,605,427	9,628,759
Gomadiyawala Project	86,692,269	91,708,302
Cost of cane Nurseries & PSIL Plots	20,761,822	8,925,073
Cane Cutting, Loading & Transport - Nurseries & PSIL Plots	4,561,016	4,179,962
Valuation Adjustment	(10,836,308)	(7,747,929)
	<u>2,395,780,356</u>	<u>2,043,847,695</u>
Seed Cane Recoveries	(7,980,038)	(3,940,799)
	<u><u>2,387,800,318</u></u>	<u><u>2,039,906,896</u></u>

DETAILED COST AND EXPENDITURE STATEMENT

Year ended 31 December 2023

STATEMENT V	2023	2022
	Rs.	Rs.
ISFO EXPENDITURE		
Cane Purchases	313,840,103	246,890,759
Administration Cost	15,410,576	9,032,542
ISFO Development Cost	9,750,302	27,851,158
Valuation Adjustment	(842,577)	(892,110)
	<u>338,158,404</u>	<u>282,882,349</u>
STATEMENT VI	2023	2022
	Rs.	Rs.
FACTORY COST		
Process and Packing Cost	369,688,173	314,939,311
Administration and Other Overheads	89,219,762	75,173,603
Engineering Operations	356,943,563	595,484,862
Engineering Maintenance	496,969,544	397,149,797
Depreciation	133,619,903	120,530,926
Valuation Adjustment	(6,988,239)	(6,377,610)
Recovery (Engineering Maintenance)	(37,656,224)	(61,109,337)
Steam Cost Recoveries	(190,493,024)	(153,768,750)
	<u>1,211,303,458</u>	<u>1,282,022,802</u>
STATEMENT VII	2023	2022
	Rs.	Rs.
DISTILLERIES COST		
Administration costs	59,858,373	53,665,314
Engineering operations	97,307,909	87,155,876
Production operations	1,760,989,768	593,357,160
Depreciation	43,448,001	41,925,368
Valuation adjustment	(10,702,602)	(7,446,055)
Molasses Tax	177,190,000	251,220,000
Recoveries	(589,574)	(11,726,400)
	<u>2,127,501,875</u>	<u>1,008,151,263</u>
STATEMENT VIII	2023	2022
	Rs.	Rs.
AGRICULTURE SERVICES EXPENDITURE		
Agriculture Administration	239,087,033	80,077,982
HLT Administration	62,728,844	51,541,487
Elephant Drive	8,133,199	6,166,629
Agriculture Engineering	101,938,561	81,626,925
Agriculture Workshop	101,151,069	99,491,756
Service Station	4,400,299	5,194,590
Under / (Over) Recoveries - Fleet	85,839,824	246,935,605
Estate Protection Administration	116,325,526	68,607,079
Fire Unit	68,413,417	61,170,392
Buying Station	186,804,814	135,884,731
New Cane Yard	1,661,271	1,692,089
Valuation Adjustment	(6,248,609)	(4,693,841)
Recoveries	(52,501,036)	(30,601,880)
	<u>917,734,212</u>	<u>803,093,544</u>

Lanka Sugar Company (Private) Limited
DETAILED COST AND EXPENDITURE STATEMENT

Year ended 31 December 2023

STATEMENT X (Contd....)

	2023	2022
	Rs.	Rs.
ADMINISTRATIVE EXPENSES - SEVANAGALA		
Land Preparation	130,582	28,124
Planting		8,934,855
Salary & Wages	40,224,480	396,623,336
Overtime		96,937,866
E.P.F.		30,360,727
E.T.F.		7,295,912
Bonus		24,406,244
Farmers Incentives		233,895,151
Cashier Allowance	357,950	172,650
Traveling & Subsistence	4,796,277	3,671,873
Holiday Payment		4,388,824
Petrol , Diesel & Lubricants	184,513,527	154,918,998
Tyres & Tubes	13,471,582	7,918,498
Stationery	8,366,504	5,482,501
License	1,900,538	1,621,906
Postage & Courier Charges	308,718	224,487
Telephone Charges	3,361,892	3,588,214
Books & Periodicals		1,292,493
Bank Charges	383,337	360,806
Legal Expenses	3,975,300	1,062,500
Repairs to Office Equipment	1,358,320	355,700
Education & Training	1,708,725	2,680,740
Medical Facilities	47,701,540	53,817,828
Staff Incentives		200,654,833
Welfare & Sports	3,209,956	11,436,261
Repair & Maintenance - Motor Vehicles	16,025,898	12,568,480
Repair & Maintenance - Buildings		49,402,036
Other Spares & Maintenance		94,113,617
Electricity		12,113,098
Other Allowances	7,058,931	16,358,572
Meal Expenses	46,000	15,267,823
Guest House Expenses	14,824,622	182,298
Computer Expenses		616,142
Donations	1,199,150	1,600,631
Transport & Hiring Charges	7,846,628	8,450,101
Water Rates		10,972,356
Audit Fees		350,000
Depreciation		78,306,583
Other Expenses	1,735,381	413,168
Gratuity		28,914,809
Security Charges	51,600	16,500
Rent & Rates	10,000	10,000
Insurance	6,932,720	6,110,406
Verification Expenses	785,300	741,760
Cess Tax	1,378,360	1,262,810
Penalties and Surcharges	4,390	147,351
Road Renovation Expenses	15,367,845	5,556,572
Ceremonial Expenses	2,760,658	710,477
Consultancy Charges	2,474,435	2,527,300
Farmers Welfare	117,618,974	60,887,376
Vehicle & Fuel Allowance	16,989,542	10,045,080
Bad debts		-
Provision for Doubtful Advances		7,501,296
Yield Target Allowance		-
	<u>528,879,661</u>	<u>1,677,277,969</u>

Lanka Sugar Company (Private) Limited

DETAILED COST AND EXPENDITURE STATEMENT

Year ended 31 December 2023

STATEMENT X (Contd....)

ADMINISTRATIVE EXPENSES - HEAD OFFICE	2023	2022
	Rs.	Rs.
Salaries & Wages	32,033,539	32,860,661
EPF Contribution	2,074,073	1,658,537
ETF Contribution	518,518	414,634
Over Time	524,236	561,832
Bonus & Incentive	5,761,501	1,021,975
Gratuity		160,419
Bata & Subsistances	253,900	209,795
Sick leave payment	232,268	199,005
Staff Training	68,000	
Staff Medical Expenses	68,507	440,500
Traveling & Incidental	275,425	383,648
Amortization of Intangible Asst		-
Cleaning Expenses	533,510	445,768
Depreciation	790,689	705,021
Director Fee	1,012,500	820,000
Electricity	948,197	480,199
Fuel Expenses	6,681,248	5,679,493
Vehicle Repairs & Maintenance	3,307,907	2,610,631
Insurance	2,517,000	2,059,452
Internet and Email		8,000
Office Maintenance		35,400
Postage, Printing & Stationery	1,540,130	1,285,351
Rates	348,995	176,507
Meal Expenses	334,846	366,712
Refreshments - Other		-
Repairs and Maintenance	841,840	822,297
Security Expenses	1,211,800	1,065,800
Telephone Expenses	941,962	1,084,225
Water Supply Expenses	221,816	156,557
Consultancy Fee	2,115,163	2,696,970
Donation	7,500	52,000
Entertainments	255,234	236,739
Legal Fee	1,633,780	175,000
Licence & Rgistration Fee	123,267	142,922
Miscellaneous	540,450	101,548
Office Rent	336,792	336,792
Professional Charges	484,617	195,992
Secretary fee		197,889
Tea Expenses	364,341	216,046
Tender Fee	8,653,000	8,067,000
Bank Charges	99,773	20,560
	<u>77,656,324</u>	<u>68,151,877</u>

Unaudited Financial Statements
DETAILED COST AND EXPENDITURE STATEMENT

Year ended 31 December 2023

STATEMENT IX

COST OF SALES - SEVANAGALA

	2023 Rs.	2023 Rs.	2022 Rs.	2022 Rs.
Raw Material				
Cane Purchase - Allottees	2,510,828,542		1,959,060,874	
Cane Purchase - Private				
Seed Cane Expenses			654,603	
Packing Materials	38,321,053	2,549,149,595	46,518,133	2,006,233,610
Raw Material Consumed		2,549,149,595		2,006,233,610
Direct Labor				
Salary and Wages	883,444,524		266,041,400	
Overtime	264,407,679		77,246,154	
E.P.F.	67,460,982		20,951,586	
E.T.F.	16,092,818	1,231,446,003	4,911,069	369,150,209
Prime Cost		3,780,595,598		2,375,383,819
Factory Overheads				
Repair & Maintenance - Plant and Machinery				
Customs Duty on Raw Materials	81,346,560		138,628,480	
Depreciation	151,661,231		59,708,824	
Process Chemicals	39,109,340		33,568,985	
Electricity	99,504,663		42,341,855	
Water	452,640			
Lubricants	42,605,596		28,361,803	
Spares and Maintenance	184,644,134		124,059,157	
General and Hardware	189,211,819		52,720,287	
Loading and Unloading Charges	578,524		93,449	
Firewood	11,510,744		15,166,153	
Furnace Oil	334,787,233		517,193,445	
Consumable Stores	58,584,850	1,193,997,334	24,190,124	1,036,032,562
Total Production Cost		4,974,592,932		3,411,416,381
Stock Movements				
Opening Inventory	1,203,855,655		726,750,930	
Closing Inventory	2,493,925,676		1,203,855,655	
Increase in Finished Goods Stock		(1,290,070,021)		(477,104,725)
		3,684,522,911		2,934,311,656

DETAILED COST AND EXPENDITURE STATEMENT

Year ended 31 December 2023

STATEMENT X

	2023	2022
	Rs.	Rs.
ADMINISTRATIVE EXPENSES - PELWATTE		
Administration	68,927,652	33,251,690
Financial Accounting Division	19,175,943	16,949,169
Management Accounting Division	3,638,150	4,239,369
Stores and Purchase Division	98,488,850	52,484,894
System Accounting Division	17,544,874	14,983,640
Out grower Accounting Division	5,166,224	3,977,448
Colombo Office	2,862,234	3,229,847
Internal Audit	11,400,010	10,080,078
Depreciation	952,241	935,522
Bank Charges and Debit Taxes	5,790,533	5,250,769
Settler Accounting Division	5,138,166	4,578,525
Audit Fees		500,000
Sugar Packeting & Marketing	62,297,253	53,671,288
Social Services		7,725,768
Operation Department - Admin cost		27,266,842
Cess on Sugar production		2,411,025
Employee and farmer incentives		739,556,368
Valuation Adjustment	(2,853,341)	(1,275,297)
	<u>298,528,789</u>	<u>979,816,945</u>
PERSONNEL AND TRAINING COST - PELWATTE		
Administration, Recruitment and Other Overheads	124,425,912	139,885,964
Medical and Community Health	72,421,199	52,946,304
Training	9,412,415	8,485,547
Township Expenses	96,871,031	97,602,420
Security	139,779,605	115,135,051
Staff Welfare Facilities	75,963,823	90,065,477
Chairman Bungalow Expenses	4,920,206	6,753,872
Transport and Maintenance	98,822,977	84,322,599
Valuation Adjustment	(2,001,101)	(2,915,228)
Recoveries	(33,879,854)	(26,904,447)
Cost of Investigation Officer	2,249,429	2,127,848
Legal Division Expenses	6,206,535	12,957,772
Personnel Services	14,804,193	
Management Complex	36,255,328	
Other Projects	277,432,364	29,347,412
Golf Ground and Menik Gaga Resort Maintenance		17,518,067
	<u>923,684,062</u>	<u>627,328,658</u>
ADMINISTRATIVE EXPENSES - SEVANAGALA	528,879,661	1,677,277,969
ADMINISTRATIVE EXPENSES - HEAD OFFICE	77,656,324	68,151,877
TOTAL ADMINISTRATIVE EXPENSES	<u><u>1,828,748,836</u></u>	<u><u>3,352,575,449</u></u>